



Meat Industry Scheme

FINANCIAL STATEMENTS

For the year ended 31 March 2016

Deloitte.

This audit report, dated 23 June 2016, relates to the financial statements of the Meat Industry Scheme for the year ended 31 March 2016 included on this website. The Board is responsible for the maintenance and integrity of this website. We have not been engaged to report on the integrity of this website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on this website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 23 June 2016 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements and summary financial statements may differ from legislation in other jurisdictions.



NATIONAL
PROVIDENT





Meat Industry Scheme

On behalf of the Board of Trustees of the National Provident Fund, set out below is a report on the performance and activities of your Scheme for the year ended 31 March 2016. Further information on National Provident Fund's activities, and commentary on investment markets, is set out in the Review.

YOUR SCHEME

CROWN GUARANTEE

The Meat Industry Scheme is a defined contribution scheme. The benefits payable by your Scheme are guaranteed by the Crown.

INVESTMENT PERFORMANCE

The asset class returns (before tax and operating expenses) and comparative performance of the benchmark indices are shown in the table below.

	Return	Index
Fixed interest	2.6%	5.4%
New Zealand shares	18.2%	17.3%
Overseas shares	5.1%	0.5%

The investment return (after tax and operating expenses) earned by the Scheme, for the year ended 31 March 2016, was 3.13%.

See the comparison over the page for the key statistics of your Scheme over the last 10 years. For an overview of the financial performance of the Scheme, refer to the tables on the following pages.

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

SUMMARY FINANCIAL STATEMENTS

The summary financial statements included in this Annual Report have been extracted from the full financial statements for the year ended 31 March 2016.

The summary financial statements cannot be expected to provide as complete an understanding as the full financial statements.

Members are welcome to contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



Meat Industry Scheme

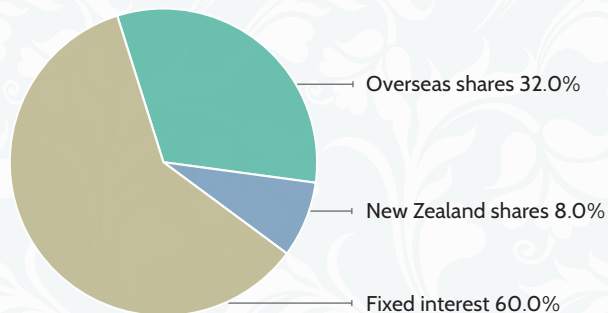
EARNINGS RATE

The earnings rate declared by the Board for the Scheme for the year ended 31 March 2016 was 4.0% on contributors' total credits as at 1 April 2015, and 2.0% on contributions paid during the year. In line with the Board's crediting and reserving policy, the difference between the investment return of 3.13% and the earnings rate of 4.0% has been drawn from the reserves of the Scheme. The reserves are now 8.5% of contributors' total credits (2014: 9.1%).

The objective of the Board's crediting and reserving policy is to build the reserves back up to 10% of contributors' total credits. An equitable share of any positive reserves is added to a contributor's total credit on retirement, withdrawal through redundancy or permanent incapacity, or on death before the contributor has commenced receiving a benefit.

HOW YOUR MONEY IS INVESTED

The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The pie charts show the Scheme's asset allocation strategy. This strategy came into effect on 1 May 2014.



See our website, www.npf.co.nz, and the Scheme trust deed for more information about your Scheme.

WHO INVESTS YOUR MONEY

Fixed interest

Ashmore Investment Management Limited (*emerging markets*)
Brandywine Global Investment Management, LLC (*appointed 9 April 2015*)
Pacific Investment Management Company LLC (PIMCO)
Wellington Management Company, LLP

New Zealand shares

ANZ Investments Limited
Harbour Asset Management Limited

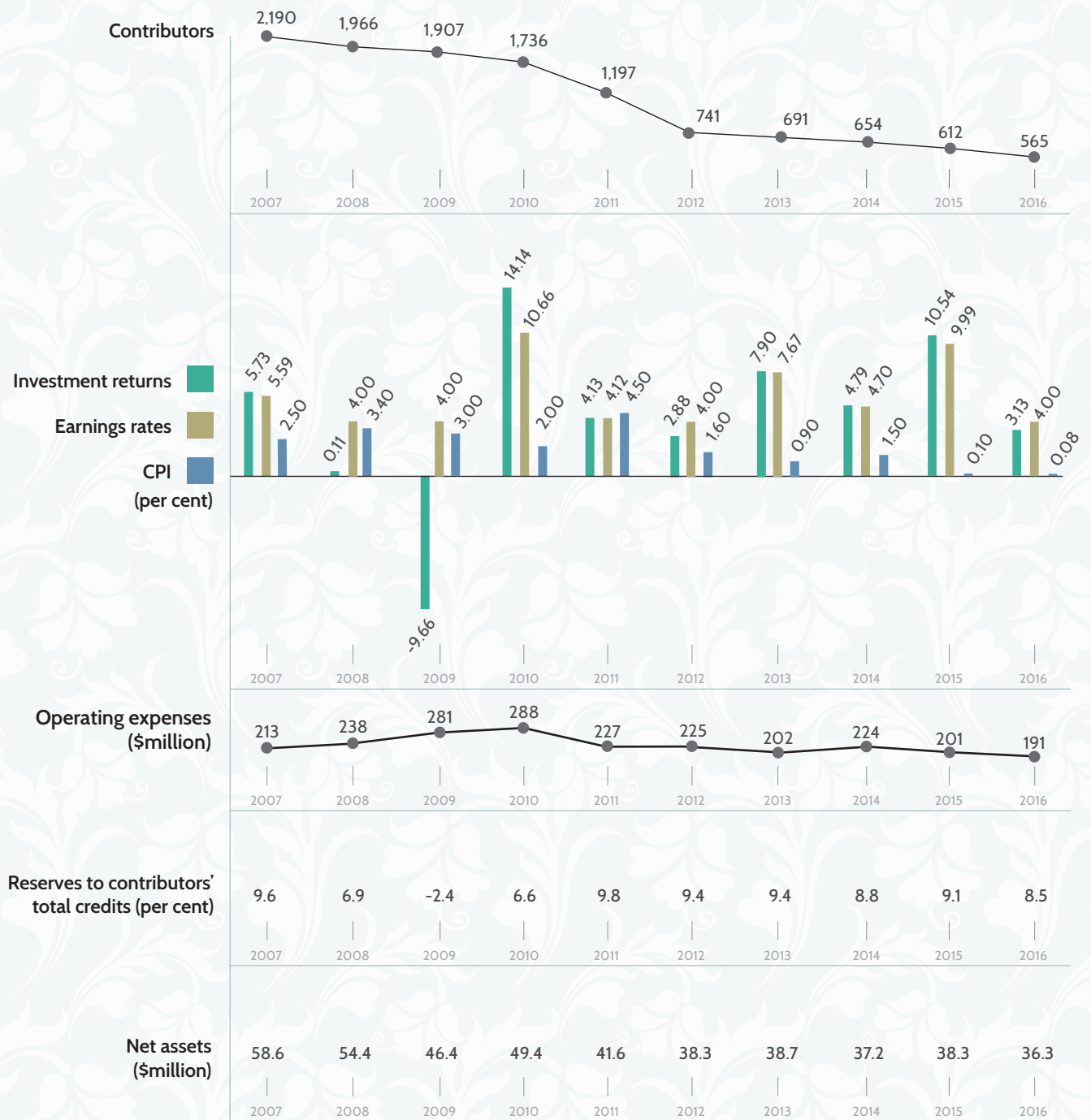
Overseas shares

AQR Capital Management, LLC (*global tactical asset allocation mandate terminated 30 June 2016 and replaced with investment in AQR's Style Premia Fund effective 1 July 2016*)
Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC
Marathon Asset Management, LLP
Russell Investment Management Limited (*terminated 4 August 2015*)

Foreign exchange hedging

ANZ Bank New Zealand Limited
Bank of New Zealand Limited

10 YEAR COMPARISON



**Meat Industry Scheme (the Scheme)
Statement of Changes in Net Assets
for the year ended 31 March 2016**

	Note	2016 (\$000)	2015 (\$000)
Investment income			
Income from unit funds	4	1,262	3,891
Interest received		33	42
Other income		1	1
Total investment income		1,296	3,934
Operating expenses			
Actuarial fees		10	5
Audit fees		3	3
Bank fees		1	1
Board member expenses	5	22	24
Management expenses	5	155	168
Total operating expenses		191	201
Net income before tax and membership activities		1,105	3,733
Income tax credit	6	44	44
Net income after tax and before membership activities		1,149	3,777
Scheme receipts			
Contributor contributions	1	360	380
Employer contributions		228	251
Total scheme receipts		588	631
Scheme payments			
Benefits paid		3,147	2,950
Transfers paid to other schemes		432	218
Transfers to National Provident Pension Scheme		130	78
Withdrawals		10	153
Total scheme payments		3,719	3,399
Net membership activities		(3,131)	(2,768)
(Decrease)/increase in liability for accrued benefits	9	(1,982)	1,009

The notes to the financial statements on pages 4 to 14 form an integral part of these financial statements.

Meat Industry Scheme (the Scheme)
Statement of Net Assets
as at 31 March 2016

	Note	2016 (\$'000)	2015 (\$'000)
Investment assets	3		
Units held in:			
Fixed Interest Unit Fund		20,803	22,232
New Zealand Equity Unit Fund		2,958	2,947
Overseas Equity Unit Fund		10,930	12,169
		34,691	37,348
Other assets			
Cash		1,757	931
Contributions receivable - employers		10	7
Other receivables	8	26	21
Receivable from the Global Asset Trust	7	44	44
		1,837	1,003
Total assets		36,528	38,351
Current liabilities			
Accounts payable		258	100
Total liabilities		258	100
Net assets available to pay benefits		36,270	38,251
Represented by:			
Liability for accrued benefits			
Allocated to contributors' total credits			
Contributor contributions		19,457	20,364
Employer contributions		13,955	14,685
Unallocated reserves	11	2,858	3,202
		36,270	38,251

Authorised for issue on 23 June 2016.

On behalf of the Board of Trustees of the National Provident Fund.



Catherine M Savage
Chairman



Graeme R Mitchell
Chairman
Audit and Risk Review Committee

The notes to the financial statements on pages 4 to 14 form an integral part of these financial statements.

Meat Industry Scheme (the Scheme)
Statement of Cash Flows
for the year ended 31 March 2016

	Note	2016 (\$000)	2015 (\$000)
Cash flows from operating activities			
Cash was provided from:			
Contributor contributions		358	401
Employer contributions		227	266
Interest received		33	42
Other income		1	1
		<u>619</u>	<u>710</u>
Cash was applied to:			
Benefits paid		3,070	2,871
Operating expenses		148	152
Transfers paid to other schemes		355	218
Transfers to National Provident Pension Scheme		130	78
Withdrawals		10	153
		<u>3,713</u>	<u>3,472</u>
Net cash flows used in operating activities	9	<u>(3,094)</u>	<u>(2,762)</u>
Cash flows from investing activities			
Cash was provided from sale of units in:			
Cash Unit Fund		-	3,563
Fixed Interest Unit Fund		2,058	1,459
New Zealand Equity Unit Fund		512	227
Overseas Equity Unit Fund		2,004	1,090
		<u>4,574</u>	<u>6,339</u>
Cash was applied to purchase units in:			
Cash Unit Fund		-	7
Fixed Interest Unit Fund		324	1,465
New Zealand Equity Unit Fund		108	1,275
Overseas Equity Unit Fund		222	1,075
		<u>654</u>	<u>3,822</u>
Net cash flows from investing activities		<u>3,920</u>	<u>2,517</u>
Net increase/(decrease) in cash held		826	(245)
Add opening cash brought forward		931	1,176
Closing cash		<u><u>1,757</u></u>	<u><u>931</u></u>

The notes to the financial statements on pages 4 to 14 form an integral part of these financial statements.

**Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016**

Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared under the requirements of clause 37 of the Scheme trust deed, the Financial Reporting Act 1993 and section 14 and the Second Schedule of the Superannuation Schemes Act 1989. A description of the Scheme and funding arrangements is outlined in note 1.

Upcoming changes to the Financial Reporting Framework

From 1 April 2014, the new Financial Reporting Act 2013 (FRA 2013) and the Financial Market Conduct Act 2013 (FMCA 2013) were enacted replacing the previous financial reporting obligations under the Financial Reporting Act 1993 and the Superannuation Schemes Act 1989. This is effective for all Superannuation Scheme entities with reporting periods beginning on or after 1 April 2014. The Scheme is subject to the transitional provisions under section 55 of the FRA 2013 allowing for the deferral of the application of the new enactment until 1 December 2016.

It is expected that the change in legislation will have no material impact on the Scheme's obligation to prepare general purpose financial statements. The reporting that is undertaken will be similar to that which is currently performed.

Statement of Compliance

These financial statements comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities and also with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Measurement Base

The measurement base adopted is that of historical cost, except for investment assets which are stated at their fair value as discussed below.

Presentational and Functional Currency

The financial statements are presented in New Zealand dollars, which is the Scheme's functional currency, rounded to the nearest thousand dollars (\$000).

Critical Accounting Estimates and Judgements

The preparation of financial statements, in conformity with NZ IFRS, requires judgements, estimates and assumptions to be made that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgement has been applied in selecting the accounting policy to designate assets at fair value through profit or loss upon initial recognition. This policy has a significant impact on the amounts disclosed in the financial statements. There are no material assumptions or major sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of scheme assets at year end. However as with all investments their value is subject to variation due to market fluctuations.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016**

Critical Accounting Estimates and Judgements (continued)

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Investment

The Scheme is authorised to invest only in the Global Asset Trust (the GAT) or in bank deposits. The GAT is divided into separate unit funds representing various asset classes.

Financial Instruments

Financial instruments include both financial assets and financial liabilities.

Financial assets, designated at fair value through profit or loss upon initial recognition, are managed and their performance evaluated on a fair value basis, consistent with the Scheme's documented investment strategy. The assets are investments in units in the GAT which, in turn, invest in New Zealand equities, overseas equities and fixed interest instruments.

Financial assets, classified as loans and receivables, include contributions due from employers, receivables from related parties and other receivables.

Financial liabilities, measured at amortised cost, include accounts payable and bank overdrafts (if any).

Recognition

The Scheme recognises financial assets and financial liabilities on the date the Scheme becomes a contractual party to the financial instruments.

Measurement

Financial instruments are initially measured at fair value and their subsequent treatment depends on their classification as described below.

Financial assets, classified at fair value through profit or loss, are recorded at fair value where all resulting gains or losses are recorded in the Statement of Changes in Net Assets. The fair value of the units held by the Scheme in the GAT is based on the valuation of the financial instruments held by the GAT. The fair value of these financial instruments is based on exit prices at balance date without any deduction for future selling costs. If the exit price for an instrument is not available on a recognised exchange the fair value is estimated taking into account comparable markets and advice from specialised advisories.

Financial assets, classified as loans and receivables, and other financial liabilities are recorded at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

Impairment

Financial assets, which are recorded at amortised cost, are reviewed at each financial statement date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised in the Statement of Changes in Net Assets as the difference between the asset's carrying amount and the recoverable amount.

**Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016**

Derecognition

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Scheme transfers the financial asset and the transfer qualifies for derecognition in accordance with *NZ IAS 39: Financial Instruments: Recognition and Measurement*. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Cash and Cash Equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, where there is an insignificant risk of change in value, and that are held for the purpose of meeting short-term cash commitments.

Contributions

Contributions are recognised in the Statement of Changes in Net Assets when they become receivable.

Benefits

Benefits are recognised in the Statement of Changes in Net Assets when a request for payment is made and all relevant criteria for payment has been met.

Investment Income Recognition

Interest income is recognised using the effective interest rate of the instrument. Changes in the fair value on GAT unit funds are recognised in the Statement of Changes in Net Assets. Interest income on assets, designated at fair value through profit or loss, is accrued at balance date. Dividend income is recognised in the Statement of Changes in Net Assets on the ex dividend date.

Expenses

All expenses are recognised in the Statement of Changes in Net Assets on an accrual basis.

Taxation

Any income or loss arising from the movement in the fair value of the unit funds of the GAT is received by the Scheme tax paid. The Scheme's deductible operating expenses are offset against the Scheme's interest received to result in nil assessable income.

Any surplus deductible operating expenses are transferred to the GAT under section DV 2 of the Income Tax Act 2007 (the Tax Act) (refer notes 6 and 7).

Accrued Benefits

The liability for accrued benefits is the Scheme's present obligation to pay benefits to contributors and beneficiaries and has been calculated as the difference between the carrying amounts of the Scheme's assets and the carrying amounts of the Scheme's liabilities, as at balance date.

**Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016**

Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

Cash – comprises cash balances held with banks in New Zealand.

Investing activities – comprise acquisition and disposal of units in the GAT.

Operating activities – include any activities that are the result of normal business activities not classified as investing activities.

Standards issued but not effective

Various standards, interpretations and amendments have been issued by the External Reporting Board but have not been adopted because they are not yet effective. The applicable standards and interpretations are adopted in the period in which they become mandatory.

The standard which has not yet been adopted because its not yet effective is *NZ IFRS 9 'Financial Instruments'*. This is effective for annual reporting periods beginning on or after 1 January 2018.

1 Description of the Scheme and Funding Arrangements

The Scheme is a defined contribution scheme, governed by a trust deed.

Under the terms of the Scheme trust deed, a contributor makes contributions to the Scheme at the rate of 2%, 3% or 5% of the minimum weekly wage, as set out in the applicable employment contract, or such other amount as specified by the contributing employer, after consultation with contributor representatives, provided that any such other amount shall not be less than the contribution rate as applicable at 14 May 1991. The contributing employer's contributions are made to the Scheme, in respect of a contributor, at the rate of \$1 for every \$1 contributed by that contributor.

Each year contributors are credited with an earnings rate, which is not less than 4%.

2 Related Parties

Under the terms of the National Provident Fund Restructuring Act 1990 (the Act), the Board of Trustees of the National Provident Fund (the Board) is trustee of the Scheme. Members of the Board are appointed by the Minister of Finance (the Minister).

The Board and the Government Superannuation Fund Authority (the Authority) have formed a joint venture company, Annuitas Management Limited (Annuitas). Each organisation has entered into a management services agreement with Annuitas. The main function of Annuitas is to provide staff who act in management and secretarial roles on behalf of the Board and the Authority. The costs of running Annuitas are shared between the Board and the Authority on an equitable basis, as agreed between the organisations.

Catherine Savage and Catherine McDowell are the two Board appointed directors of Annuitas.

The Board is also the trustee of the GAT, which holds the assets of all the National Provident Fund schemes. The schemes are authorised to invest only in the GAT or in bank deposits. The GAT is divided into separate unit funds, representing various asset classes, which have issued units to the Board, as trustee of the Scheme, according to the prescribed asset allocation strategy (refer note 3).

There were no transactions between the Board or management, as individuals, and the Scheme.

If a contributor elects to receive a pension, his or her membership, the liability to pay the pension (including any pension or other benefit contingently payable and any minimum payment) and assets to meet that liability are transferred to the National Provident Pension Scheme.

**Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016**

3 Asset Allocation

The benchmark asset allocations as at 31 March 2016 and 31 March 2015 are shown below. The asset allocation remains unchanged at 31 March 2016.

	2016	2015
	%	%
Fixed Interest Unit Fund	60.0	60.0
New Zealand Equity Unit Fund	8.0	8.0
Overseas Equity Unit Fund	32.0	32.0

4 Income from Unit Funds

Income from unit funds was derived from the changes in value of units and reflects both realised and unrealised gains and losses, net of expenses directly related to investment activities, as follows:

	2016	2015
	(\$000)	(\$000)
Cash Unit Fund	-	10
Fixed Interest Unit Fund	304	1,661
New Zealand Equity Unit Fund	416	282
Overseas Equity Unit Fund	542	1,938
Income from unit funds	<u>1,262</u>	<u>3,891</u>

The income from unit funds is received tax paid.

Management Expenses

5 Management Expenses

Management expenses comprise administration fees charged by Datacom Employer Services Limited, and a share of the expenses of the Board. The Board's expenses are apportioned to each scheme through a costing system, which equitably allocates the expenses based on membership and transaction numbers, and investment asset values.

Investment management and custodial fees are deducted from the earnings of each of the unit funds.

**Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016**

6 Income Tax

Income specific to the Scheme is subject to tax at 28 percent, after allowing for deductible expenses. The income tax reconciliation is as follows:

	2016	2015
	(\$000)	(\$000)
Scheme specific income	33	43
Deductible expenses	(191)	(201)
Expense election to the GAT under section DV 2	158	158
Taxable income	<u>-</u>	<u>-</u>
Profit before tax	1,105	3,733
Tax at 28%	309	1,046
Adjusted for tax effect of:		
- Non-assessable income	(353)	(1,090)
Income tax credit	<u>(44)</u>	<u>(44)</u>
Represented by:		
Income tax credit on current year income	(44)	(44)
Prior year adjustment	-	-
Income tax credit	<u>(44)</u>	<u>(44)</u>

The current year tax credit results from the benefit of the Scheme electing to transfer surplus deductible expenses to the GAT under section DV 2 of the Tax Act (refer note 7). The GAT is subject to tax at the rate of 28 percent.

The income of \$1.262 million (2015: \$3.891 million) from unit funds, shown on the Statement of Changes in Net Assets, is all received tax paid.

7 Receivable from the GAT

This receivable represents the outstanding tax credits utilised by the GAT, resulting from the transfer of the Scheme's surplus deductible expenses to the GAT under section DV 2 of the Tax Act. The Scheme will realise the receivable by investing in unit funds of the GAT.

8 Other Receivables

Other receivables consist of:

	2016	2015
	(\$000)	(\$000)
Management fee refund	26	21
Total other receivables	<u>26</u>	<u>21</u>

Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016

9 Reconciliation of (decrease)/increase in Liability for Accrued Benefits to Net Cash Flows used in Operating Activities

	2016	2015
	(\$000)	(\$000)
(Decrease)/increase in liability for accrued benefits for the year	(1,982)	1,009
Movements in working capital:		
Change in accounts payable	158	78
Change in other receivables	(5)	(4)
Change in contributions receivable - employers	(3)	36
	150	110
Change in non cash items		
Movement in receivable from the GAT	-	10
	-	10
Items classified as investing activities		
(Income) from unit funds	(1,262)	(3,891)
	(1,262)	(3,891)
Net cash flows used in operating activities	(3,094)	(2,762)

10 Guaranteed Benefits

Under section 60 of the Act, the benefits payable by the Scheme are guaranteed by the Crown.

11 Unallocated Reserves

The unallocated reserves are derived from the income or loss for the year, earnings not allocated to contributors' total credits, and balances of any total credits not transferred, or otherwise disbursed, in accordance with the provisions of the Scheme trust deed.

Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016

11 Unallocated Reserves (continued)

Movements in reserves during the year were as follows:

	2016	2015
	(\$000)	(\$000)
Reserves at beginning of year	3,202	3,017
Applied to transfers	(242)	(286)
Extinguished liabilities	78	(68)
Net income after tax	1,149	3,777
Applied to exits	(60)	(112)
Applied to contributors' total credits	(1,269)	(3,126)
Reserves at end of year	<u><u>2,858</u></u>	<u><u>3,202</u></u>

The reserves, which have not been allocated to contributors' total credits, may be distributed at the discretion of the Board, and with the agreement of the employer and employee representatives, in accordance with the trust deed, principally for:

- a meeting all or part of contributors' or employers' contributions on an equitable basis;
- b increasing total credits of all contributors on an equitable basis;
- c providing benefits, other than the retirement benefits, to all contributors on an equitable basis; and
- d paying Scheme expenses.

12 Vested Benefits

The value of the vested benefits is the value of the benefits contributors would have been entitled to if they left the Scheme.

As at 31 March 2016, the transfer values of contributors exceeded their total credits. Therefore the value of vested benefits has been calculated by the Actuary as the amount that would have been payable if all contributors had transferred out of the Scheme on this date.

	2016	2015
	(\$000)	(\$000)
Value of vested benefits	35,516	37,328
Value of net assets	36,270	38,251

This table should be read in conjunction with note 10.

**Meat Industry Scheme (the Scheme)
Notes to the Financial Statements
for the year ended 31 March 2016**

13 Actuarial Valuation

The Scheme is a defined contribution scheme. As the Scheme has no pensioners, an actuarial valuation is not required under the Superannuation Schemes Act 1989.

The National Provident Fund Restructuring Act 1990 Act does however require an actuarial examination to be undertaken every three years. The last examination was undertaken, as at 31 March 2015, and covered the three years 31 March 2012 to 31 March 2015.

The Actuary reported that the funding level of the Scheme decreased from 109.4% to 109.1% over the three years to 31 March 2015. The valuation results were:

Valuation date	2015	2012
	(\$000)	(\$000)
Present value of -		
Total credits	34,628	34,470
Provision for extinguished liabilities	421	521
Reserves	3,202	3,292
Net assets	38,251	38,283
Funding level	109.1%	109.4%

14 Financial Instruments and Associated Risks

The Scheme invests in units of the GAT depending upon the asset allocation determined for the Scheme (see note 3). The unit funds hold quoted equity, fixed interest and debt instruments. These instruments are all measured at fair value.

Under *IFRS 13: Fair Value measurement*, disclosures for fair value instruments are required using a three-level fair value hierarchy. These tiers reflect the availability of observable market inputs. The Scheme's investment in units of the GAT is classified as a level 2 investment as the unit prices are based on a net asset valuation derived from either quoted prices for similar assets or unquoted but observable inputs.

The Scheme's major risk in its investment in the GAT is the price risk that the value of its units may fluctuate. Other risks, such as market risk (currency risk, interest rate risk and other price risk) credit risk and liquidity risk, are managed in the GAT.

For more information on the disclosures under IFRS 13 and the risks mentioned above reference should be made to the financial statements of the GAT. A copy of the financial statements of the GAT can be viewed on the National Provident Fund's website (www.npf.co.nz).

The Board manages the other risks by determining a diversified asset allocation appropriate for the Scheme's liabilities. In addition, the Board selects the investment managers, sets their mandates and monitors performance against those mandates.

Based on the Scheme's asset allocation and the long term rate of return for each asset class (after investment management and custody fees, and after tax), and after deducting the Scheme's operating expenses (after tax), the long run investment return for the Scheme is estimated to be 2.9% per annum.

14 Financial Instruments and Associated Risks (continued)

If the long term rates of return for all of the asset classes increased by 10% this would increase the investment return from 2.9% to 3.2% per annum. Similarly, if the long term rates of return for the asset classes decreased by 10%, the investment return would decrease to 2.5% per annum. This would increase or decrease the profit by approximately \$139,000.

The earnings rate each year is determined with reference to the investment return, but is not less than 4.0% per annum as per the Scheme trust deed.

15 Subsequent Events

There were no material events subsequent to balance date requiring amendments to these financial statements.

**Meat Industry Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2016**

The Board of Trustees of the National Provident Fund (the Board), as trustee of the Scheme, provides members with the following information, as required by the Second Schedule to the Superannuation Schemes Act 1989.

1 Changes in the Scheme membership numbers during the year were as follows:

	Contributors
Opening membership as at 1 April 2015	612
Retirements	(45)
Withdrawals	(8)
Transfers	(2)
Deaths and disablements	(16)
Extinguished liabilities +	24
Closing membership as at 31 March 2016	565

+ Following a trust deed amendment on 5 April 2001, once reasonable efforts have been made to locate a member, who has been missing for at least five years, the Board may extinguish the liabilities to that member.

Where a person re-establishes contact with the Board within 15 years of the liabilities to that person being extinguished, the person is reinstated as a member of the Scheme.

- 2 On the basis of evidence available, the Board believes that all contributions required to be made to the Scheme, in accordance with the terms of the Scheme trust deed, have been made.
- 3 The Board certifies that, to the best of its knowledge, all benefits required to be paid from the Scheme were paid in accordance with the terms of the Scheme trust deed.
- 4 The Board, based on the advice of the Actuary, certifies that, as at 31 March 2016, the market value of the net assets of the Scheme exceeded the total value of vested benefits. The amounts are shown in note 12 to the financial statements.
- 5 The Board confirms that, to the best of its knowledge, not more than 10% of the market value of the Scheme assets were invested with employers (or associated entities), either directly or indirectly, who are parties to the Scheme.
- 6 The Scheme's earnings rate (crediting rate) declared by the Board for the year ended 31 March 2016 was 4%.
- 7 The Scheme trust deed has not been amended since 25 June 2015, being the date of the Scheme's last annual report.

**Meat Industry Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2016**

8 Directory

Trustee	Board of Trustees of the National Provident Fund Members of the Board are: Catherine M Savage (<i>Chairman</i>) Catherine McDowell Graeme R Mitchell Fiona A Oliver Edward J Schuck (<i>appointed 01 July 2015</i>) Wayne L Stechman
Administration manager	Datacom Employer Services Limited
Investment managers	Fixed interest managers Ashmore Investment Management Brandywine Global Investment Management, LLC Pacific Investment Management Company, LLC Wellington Management Company, LLP New Zealand equity managers ANZ Investments Limited Harbour Asset Management Limited Overseas equity managers AQR Capital Management, LLC Arrowstreet Capital, Limited Partnership Lazard Asset Management, LLC Marathon Asset Management, LLP Foreign exchange hedging managers ANZ Bank New Zealand Limited Bank of New Zealand Limited
Actuary	Christine D Ormrod, PricewaterhouseCoopers
Auditor	David J Shadwell, Deloitte (<i>on behalf of the Auditor-General</i>)
Solicitor	DLA Piper New Zealand
Bank	Bank of New Zealand
Custodian	JP Morgan Chase Bank

**Meat Industry Scheme (the Scheme)
Trustee's Report
for the year ended 31 March 2016**

9 All correspondence relating to the Scheme should be addressed to:

The Manager
National Provident Fund Administration
Datacom Employer Services Limited
PO Box 1036
WELLINGTON 6140

OR

The Secretary
Board of Trustees of the National Provident Fund
P O Box 3390
WELLINGTON 6140

For and on behalf of the Board of Trustees of the National Provident Fund.



Catherine M Savage
Chairman

23 June 2016



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
THE MEAT INDUSTRY SCHEME FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

The Auditor-General is the auditor of the Meat Industry Scheme (the Scheme). The Auditor-General has appointed me, David Shadwell, using the staff and resources of Deloitte, to carry out the audit of the financial statements of the Scheme on her behalf.

Opinion

We have audited the financial statements of the Scheme on pages 1 to 14 that comprise the statement of net assets as at 31 March 2016, the statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Scheme:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the Scheme's:
 - financial position as at 31 March 2016; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 23 June 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Scheme's financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.



An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Trustees;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also, we did not evaluate the security and controls over the electronic publication of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Trustees

The Board of Trustees is responsible for preparing financial statements for the Scheme that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the Scheme's financial position, financial performance and cash flows.

The Board of Trustees' responsibilities arise from the Superannuation Schemes Act 1989.

The Board of Trustees is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Trustees is also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Scheme.

David Shadwell
Deloitte
On behalf of the Auditor-General
Wellington, New Zealand

Directory as at 23 June 2016

BOARD MEMBERS



Catherine Savage, BCA, CA

Catherine Savage (appointed as a Board member and Chair in 2009) is a director of, and indirect shareholder in, CMS Capital Limited, a director of The Griffin Savage Coy Limited; a director and indirect shareholder of Savage Group Limited and its subsidiaries; a director of Savage Capital Holdings Limited, Savage Capital Limited, Pathfinder Asset Management Limited, The Todd Family Office Limited, Courtenay Nominees Limited and Annuitas Management Limited; and Chair of Guardians of New Zealand Superannuation. She is a Member of the Samuel Marsden Collegiate School Trust Board.



Catherine McDowell

Catherine McDowell (appointed 2013) is a director of ASB Bank Limited, a member of the Institute of Directors Commercial Board and a director of Annuitas Management Limited, Todd Family Office Limited and Courtenay Nominees Limited. Catherine has over 30 years' experience in the investment and financial services industry in senior executive and advisory roles, working with Executive Management and Boards. She has held management roles at Barclays both in New York and London, following which she moved to ANZ in 2006 in New Zealand. She has over 15 years of Board experience with not for profit, listed and non-listed companies.



Graeme Mitchell, BA, CA, FCAANZ

Graeme Mitchell (appointed 2010) is Chair of the External Reporting Board, Barnardos New Zealand and Lifetime Income Limited. He is Chair of the Audit and Risk Committee for the Ministry of Justice, the Ministry of Social Development and for the Human Rights Commission, and a member of the Audit and Risk Committee for the Porirua City Council. He is a licensed independent trustee of the Local Government KiwiSaver Scheme "Super-easy" and Honorary Consul General for Norway. Graeme was previously a senior audit partner with Deloitte in Wellington.



Fiona Oliver, LLB, BA

Fiona Oliver (appointed 2011) is Deputy Chair of Public Trust, a member of the Inland Revenue Risk and Assurance Committee, Chair of Vinta Funds Management Limited and a director of Wynyard Group Limited. Fiona has held Executive level leadership and consultancy roles in the financial services industry, specialising in asset and funds management. She has managed Westpac's investment arm, BT Funds Management and more recently, was GM Wealth Management for AMP, managing over \$10bn funds. Fiona's initial career was as a corporate and commercial lawyer where she worked in both private practice and in-house in New Zealand and overseas, specialising in corporate finance.



Wayne Stechman

Wayne Stechman (appointed 2012) is a professional director. He retired from Tower Asset Management Limited in 2008 after 18 years as Portfolio Manager and Head of Australasian Equities. Prior to that Wayne worked for a leading share broking firm as an investment advisor/portfolio manager. Wayne has 35 years' experience in the financial services and funds management industry in New Zealand. Other current roles include director and shareholder of Harbour Asset Management, and panel member of Financial Services Complaints Ltd.



Ed Schuck

Ed Schuck (appointed 2015) is principal of Fidato Advisory Limited, a provider of investment consulting, research and tender services to institutional investors, Crown agencies and wealth management businesses. Prior to starting Fidato in 2009, he held leadership roles in the financial services industry in New Zealand and the United Kingdom, most recently as Managing Director of Russell Investments. A Chartered Member of the Institute of Directors, Ed is also an independent director of MMC Limited, MFL Mutual Fund Limited, Superannuation Investments Limited, Continuity Capital PE2 GP Limited and Accuro Healthcare (where he also chairs the Audit & Risk Committee). Completed in 2001, Ed's doctoral thesis considered the efficiency of real estate markets and the distributional characteristics of real estate investment risk.

MANAGEMENT



Simon Tyler,
Chief Executive



Euan Wright,
Board Secretary
and Chief
Financial Officer



Fiona Morgan,
Manager,
Finance



Philippa Drury,
General
Manager,
Schemes



Janet Shirley,
Manager,
Schemes



Paul Bevin,
General
Manager,
Investments



Peter McCaffrey,
Manager,
Portfolio
Strategy and Risk



Nicky Rumsey,
Manager,
Investments

DATAKOM

MANAGEMENT

Datacom Employer Services Limited is the administrator of the NPF schemes.

CONTACT DETAILS

You are welcome to contact Datacom if you have any specific questions about the information in this package, if you would like to receive a free copy of the full financial statements in the mail, to purchase a copy of the trust deed (\$10) or the actuarial valuation (\$10), or to enquire about your Scheme membership in general.

Please quote your identity number when contacting Datacom.

Free phone: 0800 628 776 between 8.30am and 5.00pm, Monday to Friday

Phone: (04) 381 0600

Fax: (04) 381 0502

Post:

The Manager
National Provident Fund Administration
Datacom Employer Services Limited
PO Box 1036
Wellington 6140

Email: npfenquiries@datacom.co.nz

If you would like to know more about NPF in general, or if you would like to view or download a copy of the Scheme's full financial statements rather than receive a copy in the mail, please visit our website - www.npf.co.nz.

You may contact the Board by writing to:

The Board Secretary
Board of Trustees of the National Provident Fund
Level 12, The Todd Building
95 Customhouse Quay
Wellington 6011

Auditor: David J Shadwell, Deloitte, on behalf of the Auditor-General

Actuary: Christine D Ormrod, PricewaterhouseCoopers

Bank: Bank of New Zealand Limited

Custodian: JP Morgan Chase Bank, N.A.

Solicitor: DLA Piper