



# Aircrew Scheme

## SUMMARISED ANNUAL REPORT

For the year ended 31 March 2017

# Deloitte.

This audit relates to the summary financial statements of the Aircrew Scheme for the year ended 31 March 2017 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 summary financial statements since they were initially presented on this website. The audit report refers only to the summary financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these summary 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 summary financial statements and related audit report dated 22 June 2017 to confirm the information included in the audited summary 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



# Aircrew 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 2017. Further information on National Provident Fund's activities, and commentary on investment markets, is set out in the Review.

## YOUR SCHEME

### CROWN GUARANTEE

The Aircrew Scheme is a defined benefit scheme. The benefits payable by the 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 ( New Zealand)	3.4%	1.9%
Fixed interest (global)	6.9%	2.6%
New Zealand shares	9.1%	7.9%
Overseas shares	15.4%	17.6%

The investment return (after tax and operating expenses) earned by the Scheme for the year ended 31 March 2017 was 4.74%.

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.

### EMPLOYER CONTRIBUTION RATE

Each year the Board's Actuary carries out a review of the Scheme to determine an employer contribution rate sufficient to meet the accrued and future liabilities of the Scheme.

In the actuarial review, completed as at 31 March 2016, the Actuary recommended the employer contribution rate continue at 100% of contributors' contributions from 1 April 2017. The recommendation was accepted and endorsed by the Board.

## ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

### 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 2017.

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.



NATIONAL  
PROVIDENT



# Aircrew Scheme

## SOLVENCY POSITION

The Actuary has advised the solvency position (funding level) of the Scheme, as at 31 March, was:

	2017 (\$000)	2016 (\$000)
Net assets	108,324	115,880
Past service liabilities	(108,902)	(111,052)
Funding level	99.5%	104.3%

## WHO INVESTS YOUR MONEY

### Fixed interest

AMP Capital Investors (New Zealand) Limited  
Ashmore Investment Management Limited (*emerging markets*)  
Brandywine Global Investment Management, LLC  
Pacific Investment Management Company LLC (PIMCO)  
Wellington Management Australia Pty, Ltd

### New Zealand shares

ANZ Investments Limited (*terminated November 2016*)  
Devon Funds Management (*appointed November 2016*)  
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

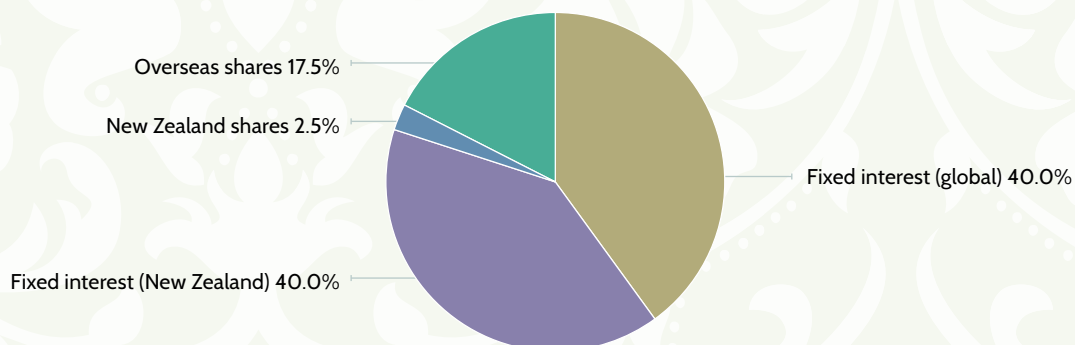
### Foreign exchange hedging

ANZ Bank New Zealand Limited

Bank of New Zealand Limited

## HOW YOUR MONEY IS INVESTED

The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The pie chart shows the Scheme's asset allocation strategy. This strategy came into effect from 1 October 2015.



See our website, [www.npf.co.nz](http://www.npf.co.nz), and the Scheme trust deed for more information about your Scheme.

# Aircrew Scheme

## SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2017

This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.		2017 (\$000)	2016 (\$000)
Investment income		5,359	2,789
Less operating expenses		(215)	(220)
Net income before tax		5,144	2,569
Add income tax credit		42	38
<b>Net income after tax</b>		<b>5,186</b>	<b>2,607</b>
Contributions		3,142	5,039
Less benefit payments		(15,884)	(13,732)
<b>Net membership activities</b>		<b>(12,742)</b>	<b>(8,693)</b>
Decrease in net assets for the year		(7,556)	(6,086)
Net assets available to pay benefits at beginning of year		115,880	121,966
<b>Net assets available to pay benefits at end of year</b>		<b>108,324</b>	<b>115,880</b>

## SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

This is a summary of the cash flows through the Scheme during the year.		2017 (\$000)	2016 (\$000)
Cash was received from:	<b>Opening cash brought forward</b>	4,014	2,452
• operating activities (being contributions less benefit payments and operating expenses); and	Net cash flows from operating activities	(12,856)	(8,760)
• investing activities.	Net cash flows from investing activities	12,225	10,322
The difference between the two cash flows is recorded as an increase or decrease in cash held.	Net (decrease)/increase in cash held	(631)	1,562
	<b>Closing cash carried forward</b>	<b>3,383</b>	<b>4,014</b>

## SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2017

This is a summary of the Scheme's assets and liabilities, as at 31 March 2017.		2017 (\$000)	2016 (\$000)
Assets include the Scheme's investments in fixed interest (New Zealand), fixed interest (global), New Zealand shares and overseas shares plus what the Scheme had in the bank and was owed by others.	<b>Investment assets</b>		
	Fixed Interest No.2 Unit Fund (New Zealand)	42,004	44,385
	Fixed Interest Unit Fund (global)	41,005	45,061
	New Zealand Equity Unit Fund	2,656	3,005
	Overseas Equity Unit Fund	19,278	19,423
Liabilities are what the Scheme owed to others.	<b>Total investments assets</b>	<b>104,943</b>	<b>111,874</b>
Net assets is the money available to pay future entitlements.	<b>Other assets</b>	<b>3,453</b>	<b>4,082</b>
	<b>Total assets</b>	<b>108,396</b>	<b>115,956</b>
	<b>Less liabilities</b>	<b>(72)</b>	<b>(76)</b>
	<b>Net assets available to pay benefits</b>	<b>108,324</b>	<b>115,880</b>

## NOTES TO THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements:

- have been extracted from the full financial statements which were:
  - prepared in accordance with, and comply with, the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS);
  - authorised for issue by the Board on 22 June 2017; and
  - audited and received an unmodified opinion;
- cannot be expected to provide as complete an understanding as provided by the full financial statements;
- are reported in New Zealand dollars, rounded to the nearest thousand;
- are for a profit oriented entity; and
- comply with Financial Reporting Standard 43: Summary Financial Statements.

### TRUSTEE'S REPORT

For the year ended 31 March 2017

The Board of Trustees of the National Provident Fund, as trustee of the Scheme, provides members with the following information in respect of the Scheme.

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

	Contributors	Pensioners	Total
Opening membership as at 1 April 2016	77	2	79
Retirements	-	-	-
Pensioner*	-	(1)	(1)
Transfer to another scheme	-	-	-
Transfers to another NPF scheme	(8)	-	(8)
Deaths	-	-	-
Closing membership as at 31 March 2017	69	1	70

\*Child allowance ceased.

On the basis of evidence available, the Board believes all contributions required to be made to the Scheme, in accordance with the terms of the Scheme trust deed, have been made.

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.

The Board based on the advice of the Actuary certifies that, as at 31 March 2017, the market value of the net assets of the Scheme was less than the total value of the vested benefits of the Scheme.

The Board confirms that, to the best of its knowledge, not more than 10 per cent of the market value of the Scheme assets were invested with the employer or associated entities, either directly or indirectly, who are parties to the Scheme.

### TRUST DEED AMENDMENTS

The Scheme trust deed has been amended since the date of the last annual report, 23 June 2016 to comply with the requirements of the Financial Markets Conduct Act 2013. The amendment is effective from 20 October 2016. There has been no change to member entitlements as a result of the amendment. A copy of the trust deed is available on [www.npf.co.nz](http://www.npf.co.nz).

### INDEPENDENT AUDITOR'S REPORT

To the readers of Aircrew Scheme's summary financial statements for the year ended 31 March 2017

#### Opinion

The summary financial statements of the Aircrew Scheme (the Scheme), that comprise the summary statement of net assets as at 31 March 2017, the summary of the statement of changes in net assets, and the summary statement of cash flows for the year ended on that date, and related notes, are derived from the full financial statements for the year ended 31 March 2017 that we have audited.

In our opinion, the summary financial statements is consistent, in all material respects, with the full financial statements for the year ended 31 March 2017, in accordance with FRS-43: Summary Financial Statements issued by the New Zealand Accounting Standards Board.

#### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the full financial statements and the auditor's report thereon.

The summary financial statements do not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full financial statements.

#### The full financial statements and our audit report thereon

We expressed an unmodified audit opinion on the full financial statements for the year ended 31 March 2017 in our auditor's report dated 22 June 2017.

#### Board of Trustees' responsibility for the summary financial statements

The Board of Trustees is responsible on behalf of the Scheme for the preparation of the summary financial statements in accordance with FRS-43: Summary Financial Statements.

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements is consistent, in all material respects, with the full audited financial statements of the Scheme, based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the Scheme.

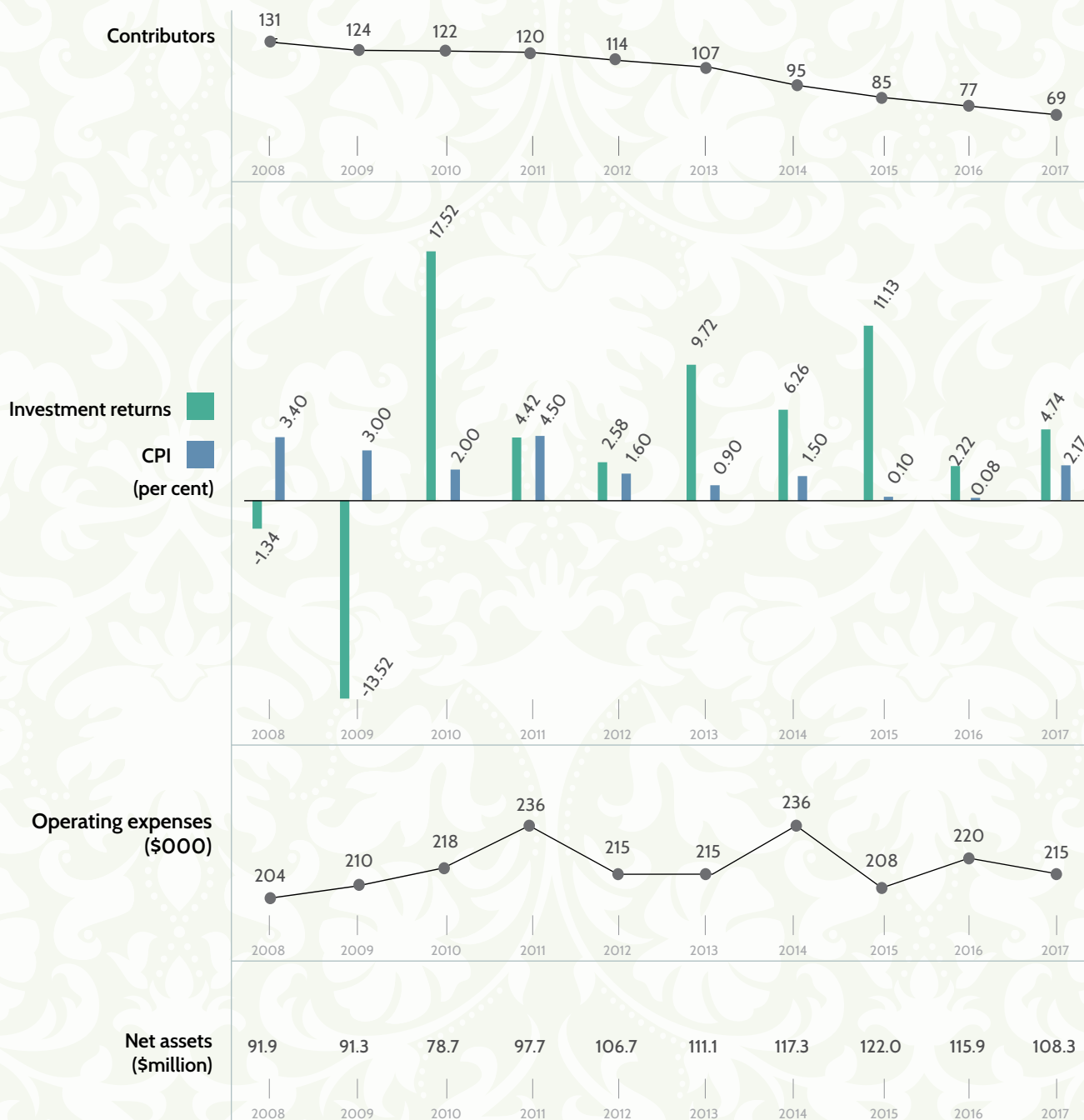


Michael Wilkes  
Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

22 June 2017

# Aircrew Scheme

## 10 YEAR COMPARISON





## Aircrew Scheme Directory as at 22 June 2017

### BOARD MEMBERS



#### Catherine McDowell

Catherine McDowell (appointed 2013 and as Chair in 2016) is a director of ASB Bank Limited, Todd Family Office Limited and Courtenay Nominees Limited, and a member of the Institute of Directors Commercial Board. Catherine has extensive 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 10 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 and a director of Barnardos New Zealand and Retirement Income Group Limited and its subsidiaries. He is Chairman of the Audit and Risk Committee for the Ministry of Justice, the Ministry of Social Development and the Human Rights Commission, and a member of the Audit and Risk Committee for the Porirua City Council. He is also an 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 and Chair of Vinta Funds Management Limited. She is also a director of Wynyard Group Limited and Tilt Renewables, and a member of the Inland Revenue Risk and Assurance Committee. Fiona has held senior leadership and consultancy roles in the financial services industry specialising in asset and funds management. Fiona has also worked in private practice and in-house in Auckland, Sydney and London as a corporate and commercial lawyer, specialising in corporate finance. Fiona previously worked for AMP managing the Wealth Management Product team and Wealth Management Integration Initiatives (following AMP's purchase of AXA).



#### 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 extensive 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 PhD, MBA

Edward Schuck (appointed 2015) is principal and a director of Fidato Advisory, a provider of investment consulting and research 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. He is also a director of MFL Mutual Fund Limited, Accuro Healthcare, Superannuation Investments Limited and Continuity Capital PE2 GP Limited. Ed promotes private investment in New Zealand by working actively with the Property Council of New Zealand and the New Zealand Private Equity and Venture Capital Association.



#### Stephen Ward

Stephen Ward (appointed 2016) is a non-executive director of Sovereign Assurance Limited, ASX listed Sydney Airport Limited and SecureFuture Wiri Limited. Stephen is the chair of the nomination and remuneration committee at Sydney Airport and he is on the audit and risk committees of Sovereign and SecureFuture. SecureFuture has designed, built and now operates Auckland South Corrections Facility in a public private partnership with the New Zealand Department of Corrections.

Stephen also has a number of not for profit roles. He is a board member of The Life Flight Trust (which operates the Wellington based Westpac Rescue Helicopter and a national air ambulance service) and the Wellington Free Ambulance Service (WFA). He is a WFA appointed director of Central Emergency Communications Limited which operates the central New Zealand ambulance dispatch control room. He is also the independent chair of the Advisory Council for the Financial Dispute Resolution Scheme.

Stephen is also a consultant in the Wellington office of national law firm, Simpson Grierson. He was previously a partner and led the Corporate and Commercial Practice of Simpson Grierson for 6 years to 2013; and was on Simpson Grierson's Board of Management for 14 years.



#### Daniel Mussett

Daniel Mussett (appointed 2016) is the owner of consulting firm, ALSA Consulting, which advises a select number of large investors, most of which are not-for-profit or Crown entities. Daniel is a member of the Quartz Wealth Management Investment Committee and works part-time as the Investment Manager for Southern Cross Medical Care Society. He is the Chairman of the Board of a small charity that supports the needs of boys in straitened financial circumstances and serves as the independent member of the investment committee of a boutique financial advisory firm. Daniel has held a number of senior positions at global consulting firms in both New Zealand and Switzerland. He is a qualified actuary and a member of the Institute of Directors.

### 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

## DATACOM

### ADMINISTRATION

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](mailto: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](http://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:** Michael Wilkes, 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