

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 2023. Further information on the National Provident Fund's activities, and commentary on investment markets, is set out in the Chair's letter.

Your Scheme

CROWN GUARANTEE

The Aircrew Superannuation Scheme is a defined benefit scheme. The benefits payable by your Scheme are guaranteed by the Crown.

INVESTMENT PERFORMANCE

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

Asset Class	Return	Index
Fixed interest (global)	(5.49%)	(4.89%)
New Zealand shares	(1.87%)	(1.17%)
Overseas shares	0.13%	(2.77%)

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2023 was (1.55%) (2022:1.53%). In dollar terms, this represents investment loss of \$309,000 (investment gain 2022: \$738,000).

Around the world the ongoing impacts of the Covid-19 pandemic, central banks' response to address rising inflation and heightened geo-political instability, most noticeably evident in the ongoing conflict in Ukraine, have led to a significant economic slowdown and financial market volatility. The impact of these factors is likely to continue into the foreseeable future with flow on impact on the returns from the Scheme's investments. The Board

continues to monitor the impact of the movements in the market, and the implication for investment strategy, on an ongoing basis.

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 2023

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 2023.

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

Members are welcome to view the full financial statements on our website – www.npf.co.nz/members/schemes – or contact the Scheme administrator, Datacom (see details on back page), for a free copy of the Scheme's full financial statements.



Aircrew Scheme

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 2022, the Actuary recommended the employer contribution rate be maintained at 3.9 times contributors' contributions from 1 April 2023. Taking into account changes in the investment markets, Scheme membership post the valuation date of the report and the Board's review of the investment strategy, the Board recommended, and the Associate Minister of Finance accepted, a continuation of the current employer contribution rate of 3.9 times contributors' contributions.

TA/TB RATIO AND FUNDING LEVEL

The most relevant measure of the financial health of the Scheme for members is the TA/TB Ratio (total assets (TA) as a percentage of accrued retirement benefits (TB)), because

members generally elect to receive a transfer value from the Scheme rather than a pension payable from the National Provident Pension Scheme. A member's transfer benefit is the TA/TB Ratio times the member's accrued retirement benefit. At 31 March 2023, the TA/TB Ratio was 96.95% (2022: 102.4%).

The funding level of the Scheme is used to determine the employer contribution rate. The funding level is the net assets of the Scheme divided by the past service liabilities. At 31 March 2023 the funding level was 97.6% (2022: 97.6%). The funding level has been calculated using a discount rate of 4.6% pa, net of tax and investment related expenses (2022: 3.9% pa). The discount rate is the expected investment return on the assets of the Scheme for the next 10 years. Calculating the funding level on a zero Sovereign bond curve basis, being zero Sovereign bond yields net of tax and investment expenses, would give a funding level of 93.4% at 31 March 2023 (31 March 2022: 92.0%).

FUNDING POSITION

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

	2023 Zero Sovereign Bond Curve Basis (\$000)	2022 Zero Sovereign Bond Curve Basis (\$000)	2023 Funding Basis (\$000)	2022 Funding Basis (\$000)
Net assets	32,458	31,033	32,458	31,033
Past service liabilities	(34,741)	(33,729)	(33,264)	(31,793)
Funding level*	93.4%	92.0%	97.6%	97.6%

* The funding levels differ to the TA/TB ratio as the funding levels allow for assumed future increases in salaries and discounting from when the member entitlement is expected to be paid. Neither the funding levels nor the TA/TB ratio allow for the possibility of members electing a pension benefit.

HOW YOUR MONEY IS INVESTED

The Scheme's asset allocation strategy is set by the Board and reviewed regularly. The asset allocation strategy for the Scheme was reviewed during the year and no changes were made. The pie chart shows the Scheme's asset allocation strategy effective from 1 February 2022 (and current as at 31 March 2023).

The Board's Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the SIPSP was updated and there were no significant changes to the SIPSP relating to the Scheme.

See our website, www.npf.co.nz, for more information about your Scheme, including the Board's SIPSP and the Scheme trust deed.

WHO INVESTS YOUR MONEY

Fixed Interest Managers

Brandywine Global Investment Management, LLC
Pacific Investment Management Company LLC
PGIM, Inc

New Zealand Equity Managers

Devon Funds Management Limited
Harbour Asset Management Limited

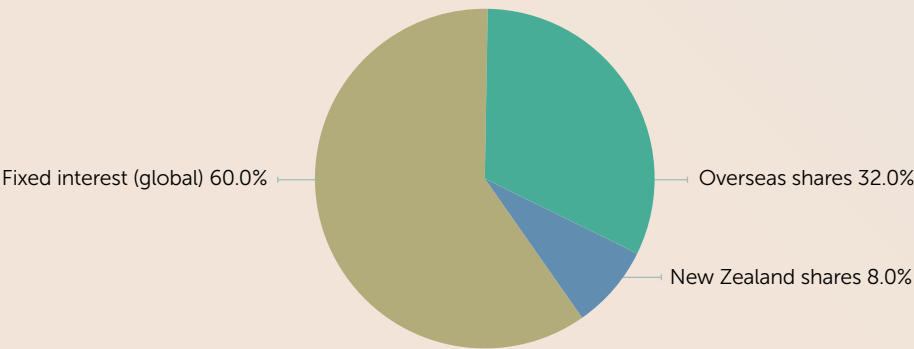
Overseas Equity Managers

Arrowstreet Capital, Limited Partnership
Lazard Asset Management, LLC
Russell Investment Management Limited (*terminated 14 June 2022*)
T. Rowe Price Australia Limited

Foreign Exchange Currency Hedging Manager

Bank of New Zealand Limited

Asset Allocation Strategy from 1 February 2022
(and current as at 31 March 2023)



Aircrew Scheme

SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023

<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p>		2023 (\$000)	2022 (\$000)
	Investment (loss)/income	(309)	738
	Less operating expenses	(186)	(174)
	Net (loss)/income before tax and membership activities	(495)	564
	Income tax (expense)/credit	(1)	39
	Net (loss)/income after tax and before membership activities	(496)	603
	Contributions	1,921	1,987
	Less pension and transfer payments	-	(20,187)
	Net membership activities	1,921	(18,200)
	Increase/(decrease) in net assets for the year	1,425	(17,597)
	Net assets available to pay benefits at beginning of year	31,033	48,630
	Net assets available to pay benefits at end of year	32,458	31,033

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2023

<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2023.</p> <p>Assets include the Scheme's investments in fixed interest (global), New Zealand shares and overseas shares plus what the Scheme had in the bank and was owed by others.</p> <p>Liabilities are what the Scheme owed to others.</p> <p>Net assets is the money available to pay future entitlements.</p>		2023 (\$000)	2022 (\$000)
	Investment assets		
	Fixed Interest Unit Fund	16,201	15,426
	Alternatives Unit Fund	-	106
	New Zealand Equity Unit Fund	2,141	1,904
	Overseas Equity Unit Fund	8,902	8,167
	Total investments assets	27,244	25,603
	Other assets	5,311	5,511
	Total assets	32,555	31,114
	Less liabilities	(97)	(81)
	Net assets available to pay benefits	32,458	31,033

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

<p>This is a summary of the cash flows through the Scheme during the year.</p> <p>Cash was received from:</p> <ul style="list-style-type: none"> operating activities (being contributions less pension and transfer payments and operating expenses); and investing activities. <p>The difference between the two cash flows is recorded as an increase or decrease in cash held.</p>		2023 (\$000)	2022 (\$000)
	Opening cash brought forward	5,463	9,131
	Net cash flows from operating activities	1,980	(18,252)
	Net cash flows from investing activities	(2,139)	14,584
	Net decrease in cash held	(159)	(3,668)
	Closing cash carried forward	5,304	5,463

Aircrew Scheme

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;
 - authorised for issue by the Board on 6 July 2023; 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.

SUBSEQUENT EVENTS

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

TRUSTEE'S REPORT

For the year ended 31 March 2023

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
Opening membership as at 1 April 2022	19
Deaths and disablements	-
Retirement	-
Transfer to another scheme	-
Transfers to another NPF scheme	-
Closing membership as at 31 March 2023	19

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.

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 2023, the net market value of the Scheme's assets was less than the total value of the vested benefits of the Scheme.

FEES

New scheme administration fees were negotiated with effect from 1 April 2022. Scheme administration fees are apportioned on fee per member and fee per transaction bases and are charged to the Scheme as a whole. As at 1 April 2023 the fees were increased for inflation.

The Board certifies it is satisfied the increase in the administration fees for the Scheme is not unreasonable. The Board is satisfied the total management fees charged to the Scheme are not unreasonable.

TRUST DEED AMENDMENT

There have been no amendments to the Scheme trust deed since 28 June 2022, being the date of the Scheme's last annual report. A copy of the trust deed is available on request.

INDEPENDENT AUDITOR'S REPORT

To the readers of Aircrew Superannuation Scheme's summary financial statements for the year ended 31 March 2023.

The Auditor-General is the auditor of Aircrew Superannuation Scheme (the Scheme). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to carry out the audit of the summary financial statements of the Scheme on his behalf.

OPINION

The summary financial statements of the Scheme that comprise the summary statement of net assets as at 31 March 2023, the summary 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 2023 that we have audited.

In our opinion, the summary financial statements are consistent, in all material respects, with the full financial statements for the year ended 31 March 2023, 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 2023 in our auditor's report dated 6 July 2023. That report also includes the communication of key audit matters.

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 are 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.

We did not evaluate the security and controls over the electronic publication of the summary financial statements.

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

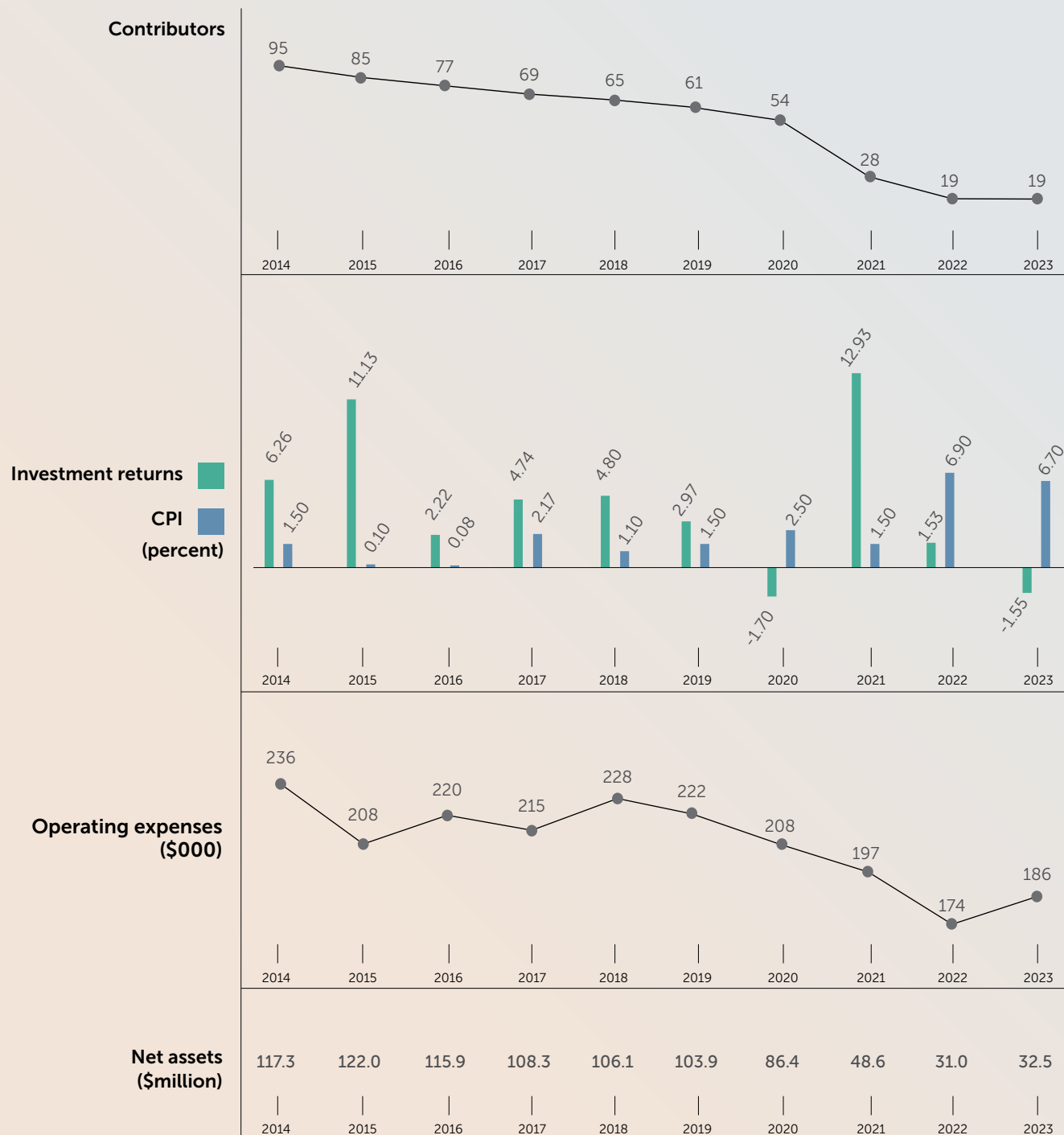


Silvio Bruinsma
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

6 July 2023

Aircrew Scheme

10 year comparison



Aircrew Scheme

Directory as at 6 July 2023

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Edward Schuck – Chair – appointed 2015
and Chair from 1 September 2017

Sarah Park – Deputy Chair – appointed 1 February
2020 and Deputy Chair from 1 July 2022

Louise Edwards – appointed 1 July 2019

Graham Ansell – appointed 12 July 2021

Tracey Berry – appointed 1 July 2022

Lloyd Kavanagh – appointed 1 July 2022

Daniel Mussett (appointed 2016)
– retired 30 June 2022

Stephen Ward – Deputy Chair (appointed 2016
and Deputy Chair from 1 February 2020)
– retired 30 June 2022

Further information on the Board members is provided
on our website – www.npf.co.nz.

MANAGEMENT

Tim Mitchell

Chief Executive and Acting General Manager –
Investments

Philippa Drury

General Manager – Schemes

Fiona Morgan

Chief Financial Officer

Hadyn Hunt

Chief Risk Officer

DATACOM

ADMINISTRATION

Datacom Connect 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 8.30 am and
5.00 pm, Monday to Friday.

Phone: (04) 381 0600

Post to:

The Manager
National Provident Fund Administration
Datacom Connect Limited
P O 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 Chief Executive
Board of Trustees of the National Provident Fund
Level 12, The Todd Building
95 Customhouse Quay
WELLINGTON 6011

Auditor: Silvio Bruinsma, Deloitte Limited, on behalf
of the Auditor-General

Actuary: Christine D Ormrod,
PricewaterhouseCoopers Consulting (New
Zealand) LP

Bank: Bank of New Zealand Limited

Custodian: JPMorgan Chase Bank, N.A.

Solicitor: DLA Piper New Zealand

There were no changes to the Actuary, Bank, Custodian
or Solicitor during the year.