



DBP Annuitants Scheme

SUMMARISED ANNUAL REPORT

For the year ended 31 March 2017

Deloitte.

This audit relates to the summary financial statements of the DBP Annuitants 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



DBP Annuitants 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 DBP Annuitants Scheme's solvency position is set out in a table in this report. The numbers in the table show the net assets are insufficient to meet the Scheme's current and future obligations to pay pensions.

The net assets available to pay the benefits of the Scheme were exhausted in May 2009, after a provision was made for future operating expenses. However, members should not be concerned as the benefits payable by your Scheme are guaranteed by the Crown.

A call was made under the Crown guarantee in May 2009 and the first payment from the Crown, to fund the pension benefits payable by the Scheme, was received on 27 May 2009. The Crown has been meeting the cost of paying pension benefits from the Scheme as they fall due since May 2009 and continues to do so.

The Board provides information to the Crown on an annual basis on the financial position of the Scheme and the Crown has made a provision in its financial statements for the future funding of the Scheme.

INVESTMENT PERFORMANCE

The residual assets of the Scheme are invested in cash. The return achieved (before tax and operating expenses) was 2.64% compared to the benchmark index of 2.3%.

The investment return (after tax and operating expenses) earned by the Scheme for the year ended 31 March 2017 was 0.65%.

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 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

DBP Annuitants 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	36,765	38,095
Liabilities/vested benefits	(884,854)	(928,909)
Funding level	4.2%	4.1%

WHO INVESTS YOUR MONEY

AMP Capital Investors (New Zealand) Limited

ANZ Bank New Zealand Limited

HOW YOUR MONEY IS INVESTED

The pie chart below shows the Scheme's asset allocation strategy for the residual assets held by the Scheme.

Cash 100.0%



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

DBP Annuitants 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		724	1,096
Less operating expenses		(636)	(642)
Net income before tax		88	454
Add income tax credit		152	143
Net income after tax		240	597
Crown contributions		59,400	66,700
Transfers from the DBP Contributors Scheme		29,478	24,418
Less benefit payments		(90,448)	(92,871)
Net membership activities		(1,570)	(1,753)
Decrease in net assets for the year		(1,330)	(1,156)
Net assets available to pay benefits at beginning of year		38,095	39,251
Net assets available to pay benefits at end of year		36,765	38,095

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:	Opening cash brought forward	3,237	6,462
• operating activities (being contributions less benefit payments and operating expenses); and	Net cash flows from operating activities	(1,010)	(3,082)
• investing activities.	Net cash flows from investing activities	1,358	(143)
The difference between the two cash flows is recorded as an increase or decrease in cash held.	Net increase/(decrease) in cash held	348	(3,225)
	Closing cash carried forward	3,585	3,237

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 cash plus what the Scheme had in the bank and was owed by others.	Investment assets		
Liabilities are what the Scheme owed to others.	Cash Unit Fund	33,035	33,760
Net assets is the money available to pay future entitlements.	Total investment assets	33,035	33,760
	Other assets	3,806	4,417
	Total assets	36,841	38,177
	Less liabilities	(76)	(82)
	Net assets available to pay benefits	36,765	38,095

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:

	Pensioners
Opening membership as at 1 April 2016	5,352
Transfers in from the DBP Contributors Scheme	48
Pensioner change of beneficiary	95
Deaths	(349)
Closing membership as at 31 March 2017	5,146

Under the terms of the Scheme trust deed, contributions are not required to be made to the Scheme.

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

The summary financial statements of the DBP Annuitants 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.

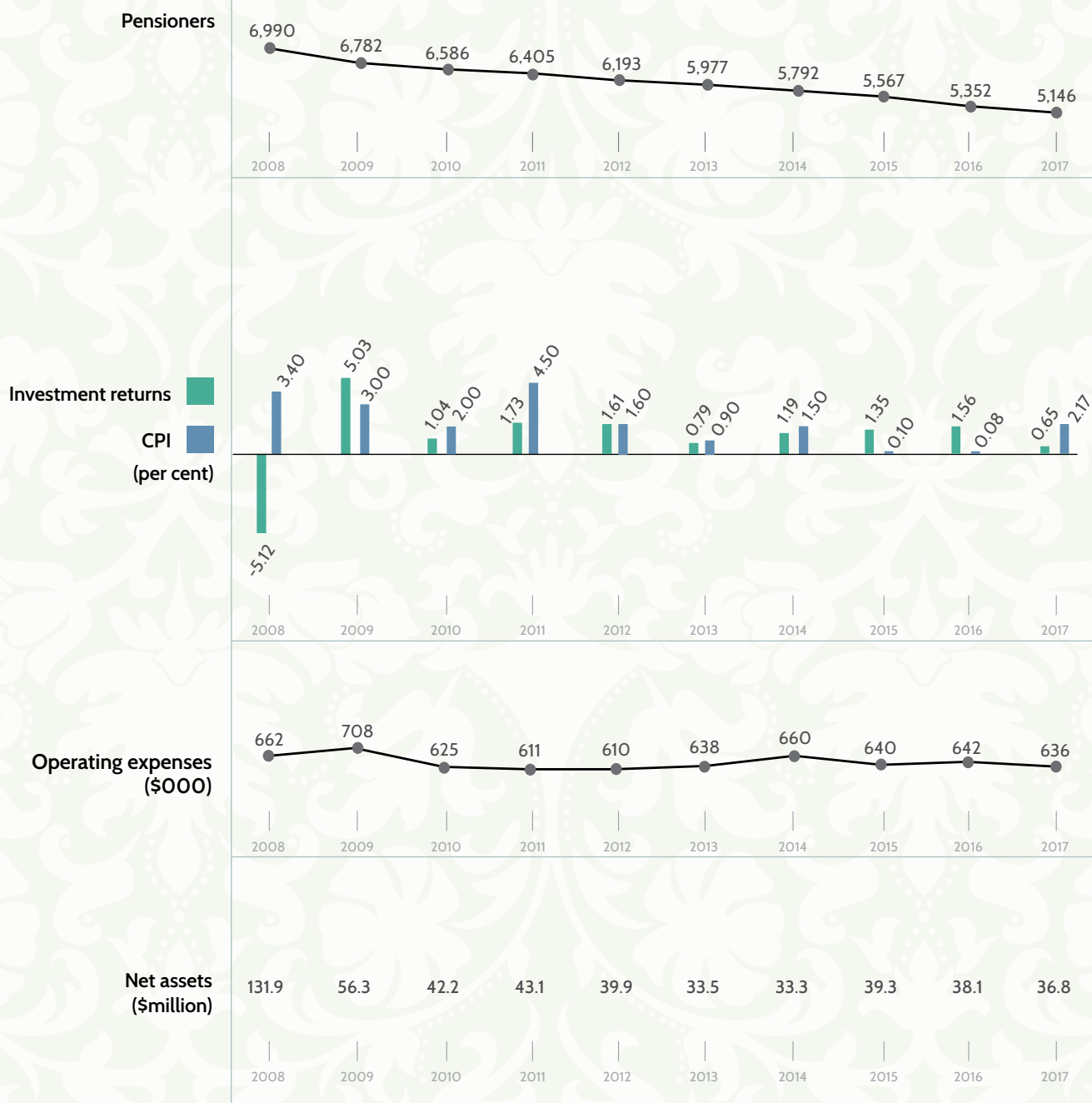


Michael Wilkes
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

22 June 2017

DBP Annuitants Scheme

10 YEAR COMPARISON



DBP Annuitants 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 despatch 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

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: 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