

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 2021. Further information on the National Provident Fund's activities, and commentary on investment markets, is set out in the Review.

Your Scheme

CROWN GUARANTEE

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

The Scheme's funding 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.

Annual Report for the year ended 31 March 2021

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 2021.

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.



DBP Annuitants Scheme

INVESTMENT PERFORMANCE

The assets of the Scheme are invested in cash. The return achieved (before tax and expenses) was 0.57% compared to the benchmark index of 0.31%.

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2021 was (1.18%).

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.

FUNDING POSITION

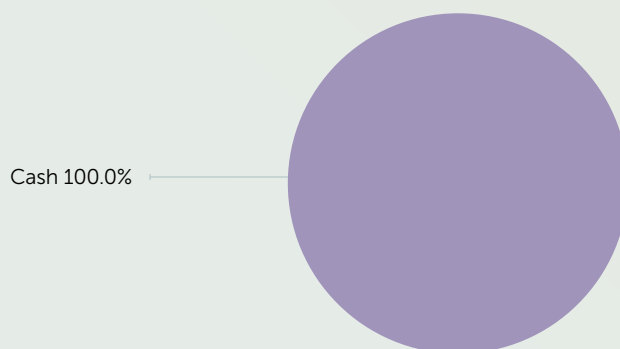
The Actuary has advised the funding level of the Scheme, as at 31 March, was:

	2021 (\$000)	2020 (\$000)
Net assets	50,193	35,776
Liabilities/vested benefits	(852,320)	(922,560)
Funding level*	5.9%	3.9%

* The funding level has been calculated using the year on year risk free forward rates determined according to the methodology prescribed by the Treasury for Crown financial reporting purposes.

HOW YOUR MONEY IS INVESTED

The pie chart below shows the Scheme's asset allocation strategy for the residual assets held by the Scheme since May 2009.



The Board's Statement of Investment Policies, Standards and Procedures (**SIPSP**) is reviewed regularly by the Board. There were no significant changes to the SIPSP during the year. 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

AMP Capital Investors (New Zealand) Limited
ANZ Bank New Zealand Limited (*contract ended 20 April 2020*)

DBP Annuitants Scheme

SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2021

This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.		2021 (\$000)	2020 (\$000)
Investment income		(38)	568
Less operating expenses		(644)	(628)
Net (loss) before tax and membership activities		(682)	(60)
Add income tax credit		174	167
Net (loss)/ income after tax and before membership activities		(508)	107
Crown contributions		81,900	69,900
Transfers from the DBP Contributors Scheme		12,821	11,112
Less pension payments		(79,796)	(83,315)
Net membership activities		14,925	(2,303)
Increase/(decrease) in net assets for the year		14,417	(2,196)
Net assets available to pay benefits at beginning of year		35,776	37,972
Net assets available to pay benefits at end of year		50,193	35,776

SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2021

This is a summary of the Scheme's assets and liabilities, as at 31 March 2021. Assets include the Scheme's investments in cash plus what the Scheme had in the bank and was owed by others. Liabilities are what the Scheme owed to others. Net assets is the money available to pay future entitlements.		2021 (\$000)	2020 (\$000)
Investment assets			
Cash Unit Fund		35,153	35,213
Total investment assets		35,153	35,213
Other assets		15,128	652
Total assets		50,281	35,865
Less liabilities		(88)	(89)
Net assets available to pay benefits		50,193	35,776

SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

This is a summary of the cash flows through the Scheme during the year. Cash was received from: • operating activities (being contributions less benefit and transfer payments and operating expenses); and • investing activities. The difference between the two cash flows is recorded as an increase or decrease in cash held.		2021 (\$000)	2020 (\$000)
Opening cash brought forward		393	3,296
Net cash flows from operating activities		14,336	(2,738)
Net cash flows from investing activities		-	(165)
Net increase/(decrease) in cash held		14,336	(2,903)
Closing cash carried forward		14,729	393

DBP Annuitants 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 24 June 2021; 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.

COVID-19 IMPACT

Around the world the Covid-19 outbreak has led to significant economic slowdown and volatility. These disruptions are likely to continue into the foreseeable future and provide uncertainty for the value of the investment assets and the income earned from them.

For the year ended 31 March 2021 the Scheme has recorded a loss from unit funds of \$0.06 million. This compares to a gain of \$0.53 million in the previous year. The Board continues to monitor the impact of the movements in the market on an ongoing basis.

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 2021

MEMBERSHIP

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 2020	4,444
Transfers in from the DBP Contributors Scheme	12
Pensioner change of beneficiary	85
Deaths	(347)
Closing membership as at 31 March 2021	4,194

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 2021, the market value of the net assets of the Scheme was less than the total value of the vested benefits of the Scheme.

FEES

Scheme administration fees are calculated on fee per member and fee per transaction bases and are charged to the Scheme as a whole. Effective 1 October 2020, the administration fees increased in line with 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

The Scheme trust deed was last amended on 6 May 2021 (after year end). The amendments are effective from 30 January 2021 and were made following the repeal of the Trustee Act 1956 to address changes brought about under the Trusts Act 2019. A copy of the trust deed is available on request.

INDEPENDENT AUDITOR'S REPORT

To the readers of DBP Annuitants Scheme's summary financial statements for the year ended 31 March 2021.

The Auditor-General is the auditor of DBP Annuitants 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 2021, 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 2021 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 2021, 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 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 2021 in our auditor's report dated 24 June 2021. 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.

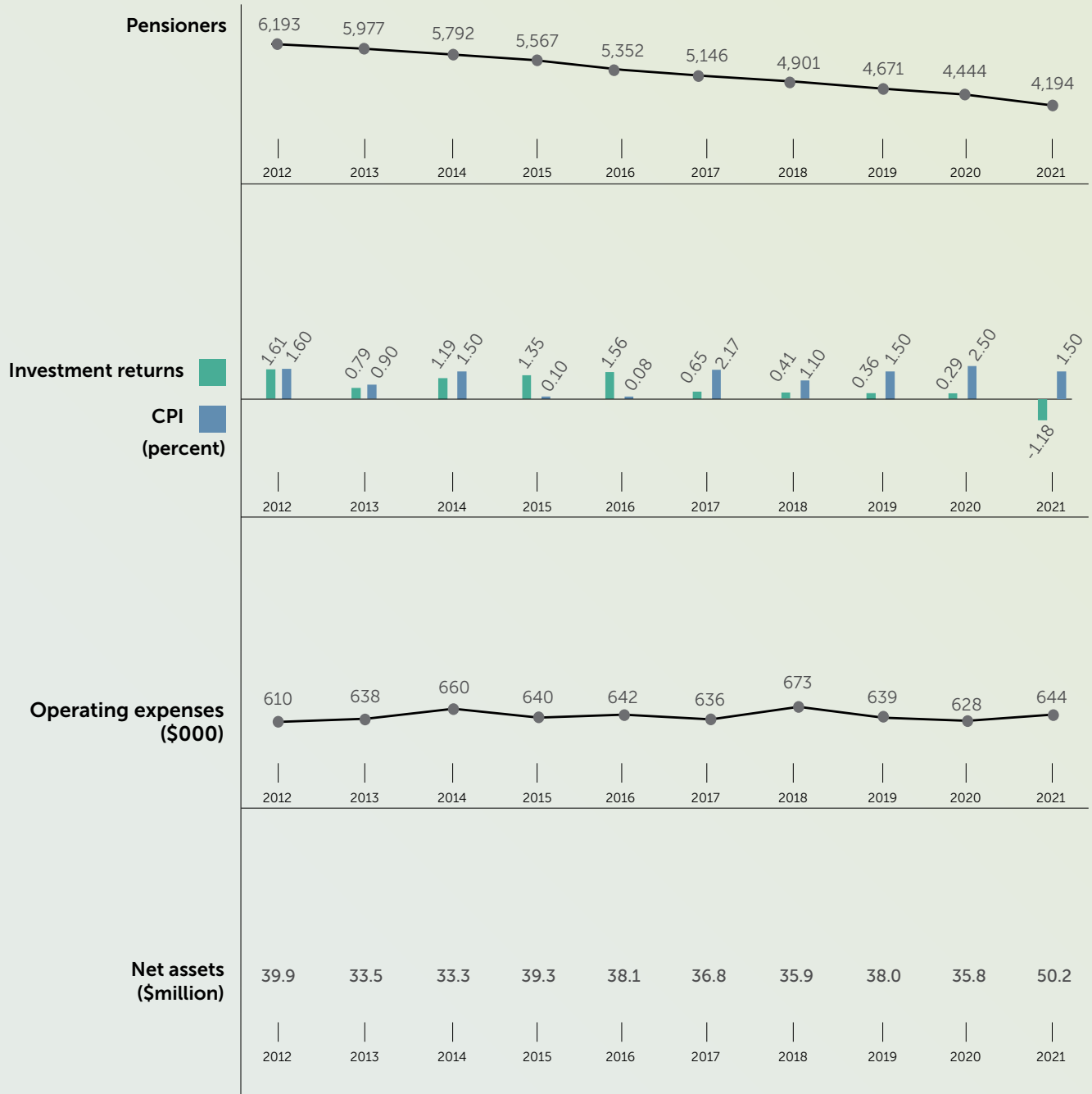


Silvio Bruinsma
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

24 June 2021

DBP Annuitants Scheme

10 year comparison



DBP Annuitants Scheme

Directory as at 24 June 2021

TRUSTEE

Board of Trustees of the National Provident Fund

BOARD MEMBERS

Edward Schuck PhD, MBA – Board Chair (appointed 2015 and Chair from 1 September 2017)

Louise Edwards (appointed 1 July 2019)

Daniel Mussett (appointed 2016)

Sarah Park (appointed 1 February 2020)

Wayne Stechman (appointed 2012)

Stephen Ward – Deputy Chair (appointed 2016 and Deputy Chair from 1 February 2020)

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

MANAGEMENT

Simon Tyler

Chief Executive

Fiona Morgan

Chief Financial Officer

Philippa Drury

General Manager – Schemes

Janet Shirley

Manager – Schemes (retired March 2021)

Paul Bevin

General Manager – Investments

Nicky Rumsey

Manager – Investments

Peter McCaffrey

Manager – Equities and Alternatives

Keith Poore

Manager – Asset Allocation

There was one change to Management during the year as noted above.

DATAKOM

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.