

# DBP Contributors 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 2022. 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 DBP Contributors 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)	(2.79%)	(3.70%)
Overseas shares	9.00%	8.21%

The investment return (after tax and expenses) earned by the Scheme for the year ended 31 March 2022 was 0.44% (2021:13.02%). In dollar terms, this represents investment income of \$0.38 million (2021: \$7.69 million).

Around the world the ongoing impacts of the Covid-19 outbreak and the war in Ukraine have 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. The Board continues to monitor the impact of the movements in the market 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 2022

### 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 2022.

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](http://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.

# DBP Contributors Scheme

## EMPLOYER CONTRIBUTION RATE

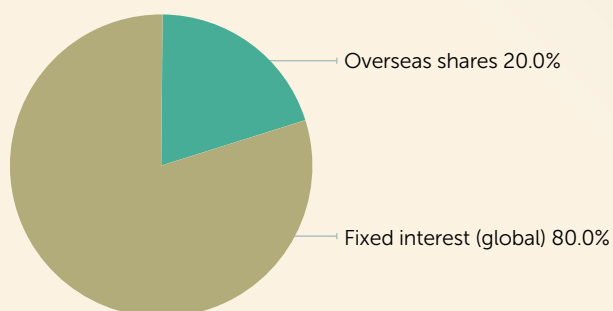
Each year the Board's Actuary carries out a review of the Scheme to determine an employer contribution rate sufficient to meet the accrued and future liabilities of the Scheme.

In the actuarial review, completed as at 31 March 2021, the Actuary recommended an employer contribution rate between two and four times contributor contributions. If the Board remained with the investment strategy applicable as at 31 March 2022, the Actuary recommended an employer contribution rate of two times contributor contributions and if the Board moved to a more conservative investment strategy, the Actuary recommended an employer contribution rate of four times contributor contributions. The Board resolved to move toward a more conservative investment strategy and therefore retain the employer contribution rate at four times contributor contributions, applicable from 1 April 2022.

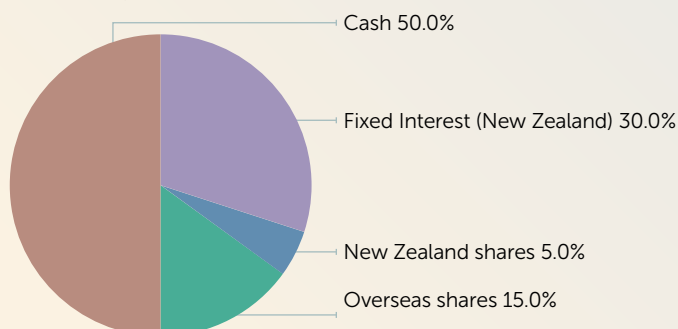
## HOW YOUR MONEY IS INVESTED

The Scheme's strategic asset allocation is set by the Board and reviewed regularly. The asset allocation strategy for the Scheme was reviewed during the year and the Board has determined to adopt a more conservative investment strategy from 1 July 2022. The pie chart below shows the Scheme's asset allocation strategy effective since 1 October 2019 and the new asset allocation strategy effective from 1 July 2022.

**Asset Allocation Strategy  
from 1 October 2019**



**Asset Allocation Strategy  
from 1 July 2022**



The Board's Statement of Investment Policies, Standards and Procedures (SIPSP) is reviewed regularly by the Board. During the year the responsible investment section of the SIPSP was updated. There were no other significant changes to the SIPSP during the year. See our website, [www.npf.co.nz](http://www.npf.co.nz), for more information about your Scheme, including the Board's SIPSP and the Scheme trust deed.

## FUNDING POSITION

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

	2022 Zero Sovereign Bond Curve Basis (\$000)	2022 Funding Basis (\$000)	2021 Funding Basis (\$000)
Net assets	34,165	34,165	57,369
Past service liabilities	(35,454)	(34,760)	(56,107)
Funding level*	96.4%	98.3%	102.2%

\* The funding level has been calculated on two bases. The funding basis used a discount rate of 3.1% pa net of tax and investment related expenses (2021: 2.3% pa). The zero Sovereign bond curve basis uses the zero Sovereign bond yields net of tax and investment expenses, which have increased between 31 March 2021 and 31 March 2022, reducing the value of the liabilities.

## WHO INVESTS YOUR MONEY

### Fixed interest (global)

Brandywine Global Investment Management, LLC  
Pacific Investment Management Company LLC  
PGIM, Inc (Appointed 25 January 2022)

### Overseas shares

Arrowstreet Capital, Limited Partnership  
Lazard Asset Management, LLC  
Russell Investment Management Limited (Transition manager)  
T. Rowe Price Australia Limited

### Foreign exchange hedging

Bank of New Zealand Limited

# DBP Contributors Scheme

## SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2022

<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p>		2022 (\$000)	2021 (\$000)
	Investment income	384	7,691
	Less operating expenses	(251)	(252)
	Net income before tax and membership activities	133	7,439
	Income tax credit	67	69
	<b>Net income after tax and before membership activities</b>	200	7,508
	Contributions	1,154	1,590
	Less benefit and transfer payments	(24,558)	(17,218)
	<b>Net membership activities</b>	(23,404)	(15,628)
	Decrease in net assets for the year	(23,204)	(8,120)
	Net assets available to pay benefits at beginning of year	57,369	65,489
	<b>Net assets available to pay benefits at end of year</b>	34,165	57,369

## SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2022

<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2022.</p> <p>Assets include the Scheme's investments in fixed interest (global) 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>		2022 (\$000)	2021 (\$000)
	<b>Investment assets</b>		
	Fixed Interest Unit Fund	29,396	39,935
	Overseas Equity Unit Fund	7,266	11,091
	<b>Total investment assets</b>	36,662	51,026
	<b>Other assets</b>	(2,393)	6,444
	<b>Total assets</b>	34,269	57,470
	Less liabilities	(104)	(101)
	<b>Net assets available to pay benefits</b>	34,165	57,369

## SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

<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"> <li>operating activities (being contributions less benefit and transfer payments and operating expenses); and</li> <li>investing activities.</li> </ul> <p>The difference between the two cash flows is recorded as an increase or decrease in cash held</p>		2022 (\$000)	2021 (\$000)
	<b>Opening cash brought forward</b>	6,147	952
	Net cash flows from operating activities	(23,386)	(15,970)
	Net cash flows from investing activities	14,734	21,165
	Net (decrease)/increase in cash held	(8,652)	5,195
	<b>Closing cash carried forward</b>	(2,505)	6,147

# DBP Contributors 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 28 June 2022; 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 2021

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 2021	91
Withdrawals	-
Deaths and disablements	(1)
Transfers to DBP Annuitants Scheme	(15)
Transfers	(11)
Extinguished liabilities*	-
Closing membership as at 31 March 2022	64

\* Following a trust deed amendment on 1 July 2005, 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.

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 2022, the net market value of the Scheme's assets was less than the total value of the vested benefits of the Scheme under the funding basis.

The Board confirms that, to the best of its knowledge, not more than 10% of the net market value of the Scheme assets were invested with the employers (or associated entities), either directly or indirectly, who are parties to 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 2021, 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 AMENDMENTS

The Scheme trust deed was last amended on 1 April 2021. The amendments were effective from 1 April 2021 and were made following the repeal of the Trustee Act 1956 to address changes brought about under the Trusts Act 2019 and to allow members in sections A, D and E of the Scheme Trust Deed to receive their pension from age 65 without having to cease employment. There have been no further amendments to the Scheme trust deed since 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 DBP Contributors Scheme's summary financial statements for the year ended 31 March 2022.**

The Auditor-General is the auditor of DBP Contributors 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 2022, 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 2022 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 2022, 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 2022 in our auditor's report dated 28 June 2022. 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.



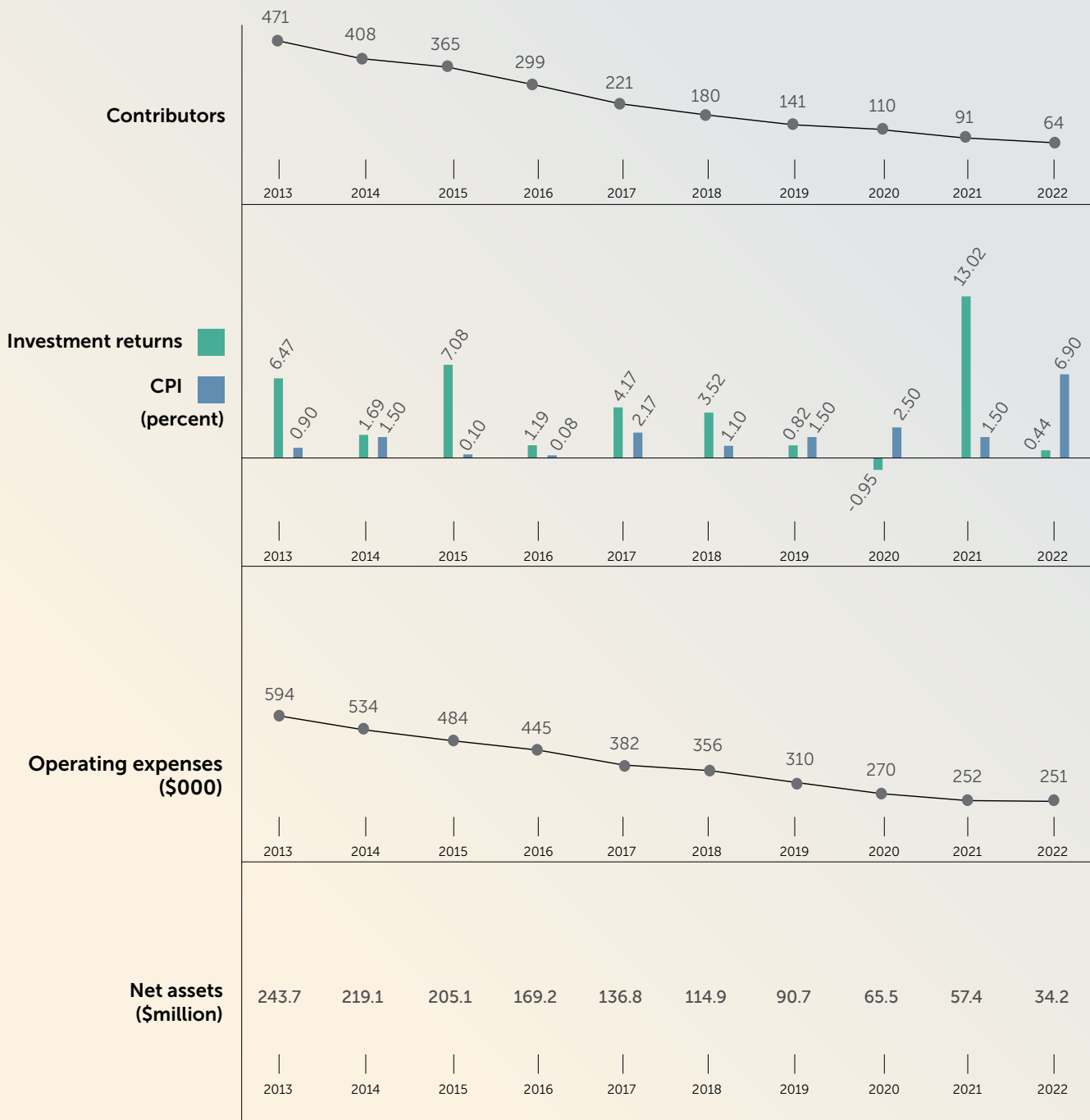
Silvio Bruinsma  
for Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

28 June 2022



# DBP Contributors Scheme

10 year comparison



# Directory as at 28 June 2022

## 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; retired 30 June 2021)

**Graham Ansell** (appointed 12 July 2021)

**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](http://www.npf.co.nz).

## MANAGEMENT

### Simon Tyler

Chief Executive

### Philippa Drury

General Manager – Schemes

### Fiona Morgan

Chief Financial Officer

### Paul Bevin

General Manager – Investments

### 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](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 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.