

# Meat Industry 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 2020. 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 Meat Industry Scheme is a defined contribution 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.

	Return	Index
Fixed interest	2.17%	6.02%
Alternatives	(15.89%)	1.50%
New Zealand shares	1.34%	0.36%
Overseas shares	(7.85%)	(6.12%)
Cash	1.87%	1.50%

The investment return (after tax and expenses) earned by the Scheme, for the year ended 31 March 2020, was -2.51%.

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 2020

### 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 2020.

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.



# Meat Industry Scheme

## EARNINGS RATE

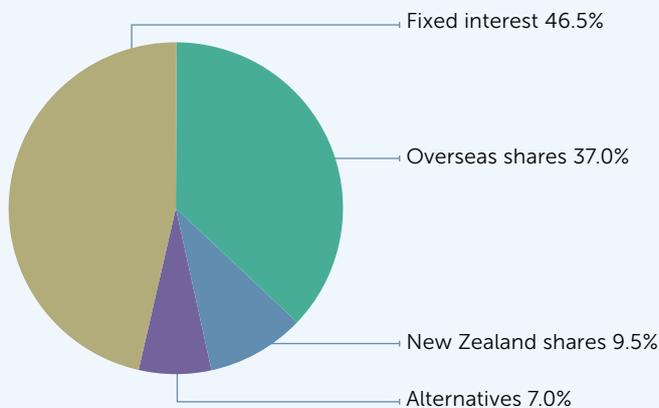
The earnings rate declared by the Board for the Scheme for the year ended 31 March 2020 was 4.0% on contributors' total credits as at 1 April 2019, and 2.0% on contributions paid during the year. In line with the Board's crediting and reserving policy, the difference between the investment return of -2.51% and the earnings rate of 4.0% has been taken from the reserves of the Scheme. The reserves are now 0.0% of contributors' total credits (2019 :7.3%).

The objective of the Board's crediting and reserving policy is to build the reserves back up to 10% of contributors' total credits. An equitable share of any positive reserves is added to a contributor's total credit on retirement, withdrawal through redundancy or permanent incapacity, or on death before the contributor has commenced receiving a benefit.

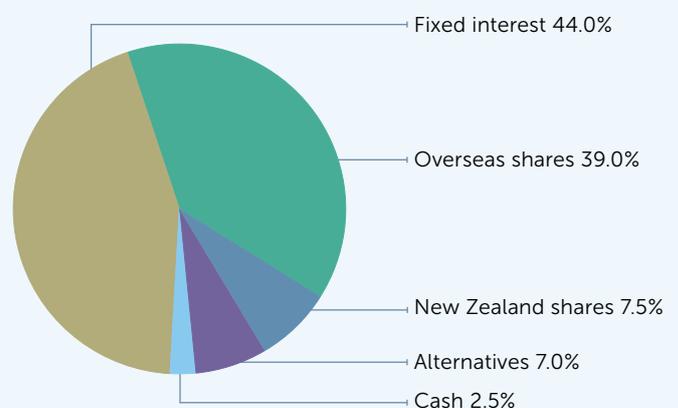
## HOW YOUR MONEY IS INVESTED

The Scheme's asset allocation strategy is set by the Board and reviewed regularly. In addition, during the year, the Board has applied its Dynamic Asset Allocation (DAA) tilting programme as outlined in the Statement of Investment Policies, Standards and Procedures (SIPSP). The pie charts show the Scheme's asset allocation strategy effective from 1 October 2018 and the DAA position in place as at 31 March 2020.

Asset Allocation Strategy from 1 October 2018



DAA tilt at 31 March 2020



The Board's 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](http://www.npf.co.nz), for more information about your Scheme, including the Board's SIPSP, and the Scheme trust deed.

## WHO INVESTS YOUR MONEY

### Cash

AMP Capital Investors (New Zealand) Limited

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

### Fixed interest

Ashmore Investment Management Limited (emerging markets) (*contract ended 25 November 2019*)

Brandywine Global Investment Management, LLC

Pacific Investment Management Company LLC

### Alternatives

AQR Capital Management, LLC (Style Premia Fund)

### New Zealand shares

Devon Funds Management Limited

Harbour Asset Management Limited

### Overseas shares

Arrowstreet Capital, Limited Partnership

Lazard Asset Management, LLC

Marathon Asset Management, LLP (*contracted ended 4 March 2020*)

T. Rowe Price Australia Limited (*appointed 24 March 2020*)

### Foreign exchange hedging

ANZ Bank New Zealand Limited

Bank of New Zealand Limited

# Meat Industry Scheme

## SUMMARY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

		2020 (\$000)	2019 (\$000)
<p>This is a summary of the Scheme's income and expenses, and membership contributions and payments during the year.</p> <p>NPPS refers to the National Provident Pension Scheme.</p>	Investment income	(585)	1,114
	Less operating expenses	(168)	(176)
	Net (loss)/ income before tax and membership activities	(753)	938
	Add income tax credit	43	41
	<b>Net (loss)/ income after tax and before membership activities</b>	<b>(710)</b>	<b>979</b>
	Contributions	326	361
	Less benefit, transfer and withdrawal payments	3,205	(3,147)
	Less transfers to the NPPS	-	-
	<b>Net membership activities</b>	<b>(2,879)</b>	<b>(2,786)</b>
	<b>Other receipts</b>		
	Section 72 claim	5	-
	<b>(Decrease) in liability for accrued benefits</b>	<b>(3,584)</b>	<b>(1,807)</b>

## SUMMARY STATEMENT OF NET ASSETS AS AT 31 MARCH 2020

		2020 (\$000)	2019 (\$000)
<p>This is a summary of the Scheme's assets and liabilities, as at 31 March 2020.</p> <p>Assets include the Scheme's investments in cash, fixed interest, alternatives, 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>	<b>Investment assets</b>		
	Fixed Interest Unit Fund	11,854	12,831
	Alternatives Unit Fund	1,837	1,965
	New Zealand Equity Unit Fund	1,737	2,567
	Overseas Equity Unit Fund	8,665	10,773
	Cash Unit Fund	693	-
	<b>Total investment assets</b>	<b>24,786</b>	<b>28,136</b>
	<b>Other assets</b>	<b>1,418</b>	<b>1,650</b>
	<b>Total assets</b>	<b>26,204</b>	<b>29,786</b>
	<b>Less liabilities</b>	<b>(33)</b>	<b>(32)</b>
	<b>Net assets available to pay benefits</b>	<b>26,171</b>	<b>29,754</b>
	<b>Represented by:</b>		
	<b>Liability for accrued benefits</b>		
Allocated to contributors' total credits	26,160	27,719	
Unallocated reserves	11	2,035	
	<b>26,171</b>	<b>29,754</b>	

## SUMMARY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

		2020 (\$000)	2019 (\$000)
<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, transfer and withdrawal 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>	<b>Opening cash brought forward</b>	1,536	813
	Net cash flows from operating activities	(2,962)	(2,901)
	Net cash flows from investing activities	2,750	3,624
	Net (decrease)/increase in cash held	(212)	723
	<b>Closing cash carried forward</b>	<b>1,324</b>	<b>1,536</b>

# Meat Industry 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 29 June 2020; 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

Since 31 March 2020 the continued spread of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global markets have also experienced significant volatility. The subsequent quarantine measures and travel restrictions imposed by the New Zealand government have caused disruption to businesses and economic activity. As the Scheme is an essential service, operations have been able to continue remotely during the government alert levels. Governments and central banks have reacted with monetary and fiscal interventions designed to stabilise economic conditions, however, the duration and extent of the impact of Covid-19 outbreak, as well as the effectiveness of the responses, remain unclear at this time.

The Scheme has recorded a loss from unit funds of \$0.600 million for the year ended 31 March 2020. As at 30 April 2020, one month after the reporting date of these financial statements, the fair value of the Scheme's investment assets had increased by \$1.183 million. It is expected the volatility in local and global markets affecting the investment assets will continue in the foreseeable future and will continue to have an impact on the value of the investment assets. These are considered to be non-adjusting subsequent events and therefore there is no change in value reflected in these financial statements. The Board is monitoring the impact of the movements in the market on an ongoing basis.

## TRUSTEE'S REPORT

For the year ended 31 March 2020

## MEMBERSHIP

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

	Contributors
Opening membership as at 1 April 2019	383
Retirements	(44)
Withdrawals	(1)
Transfers	(2)
Deaths and disablements	(15)
Extinguished liabilities*	31
Closing membership as at 31 March 2020	352

\* Following a trust deed amendment on 5 April 2001, 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 2020 the market value of the net assets of the Scheme exceeded the total value of the vested benefits of the Scheme.

The Board confirms, to the best of its knowledge, not more than 10 percent of the market value of the assets of the Scheme at any time during the year was invested with 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 2019, 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 has not been amended since the date of the last annual report, being 25 June 2019. A copy of the trust deed is available on our website - [www.npf.co.nz](http://www.npf.co.nz).

## INDEPENDENT AUDITOR'S REPORT

### To the members of Meat Industry Scheme Summary financial statements for the year ended 31 March 2020

The Auditor-General is the auditor of Meat Industry 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 changes in net assets as at 31 March 2020, the summary statement of 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 2020 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 2020, 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 2020 in our auditor's report dated 29 June 2020. That report also includes an emphasis of matter that draws attention to note 16 of the audited financial statements which explains the impact of the Covid-19 pandemic on the Scheme.

### 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.

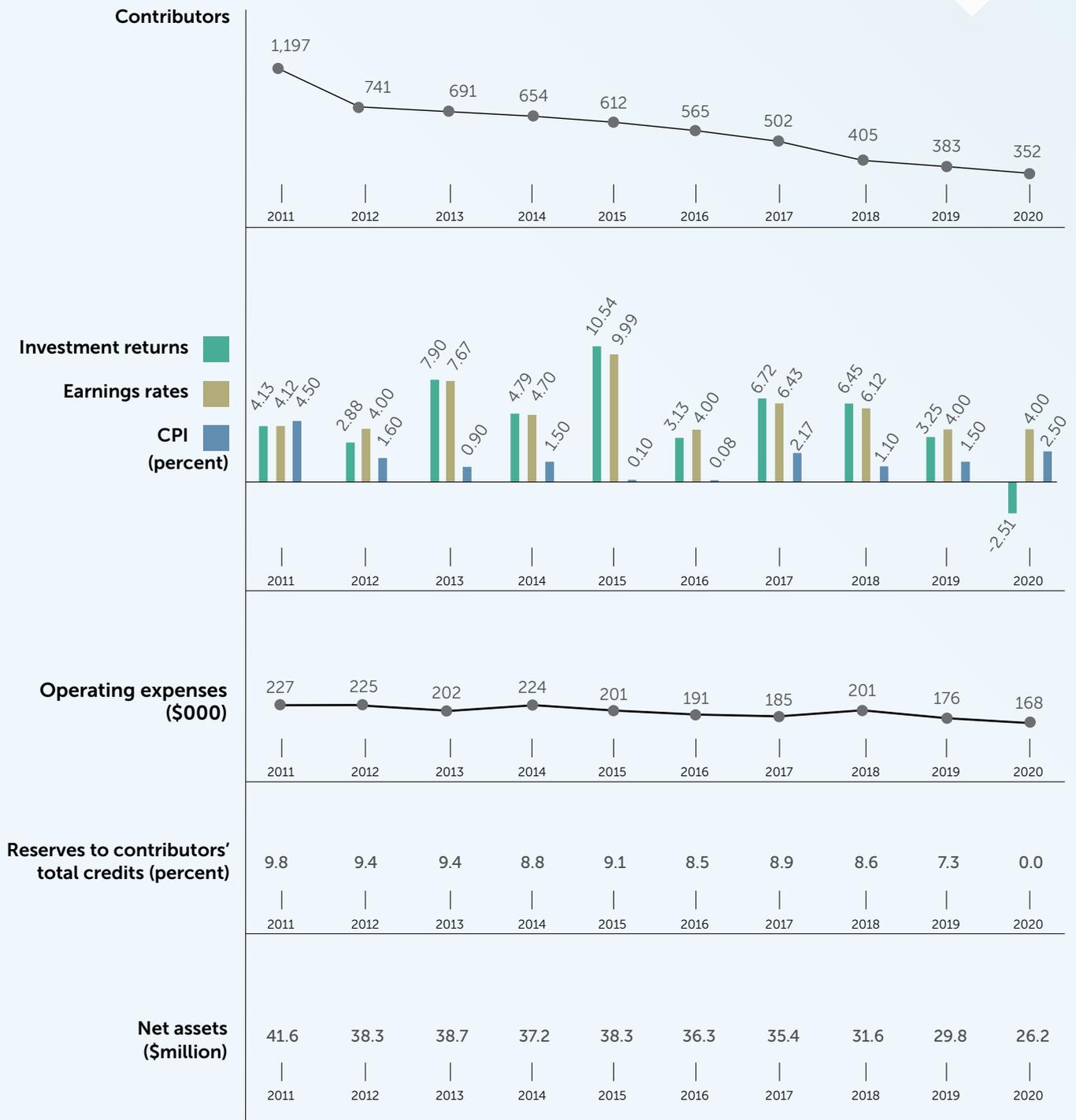


Silvio Bruinsma  
for Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

29 June 2020

# Meat Industry Scheme

## 10 year comparison



# Meat Industry Scheme

## Directory as at 29 June 2020

### BOARD MEMBERS

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

**Louise M Edwards** (appointed 1 July 2019)

**Catherine McDowell** (retired 30 June 2019)

**Graeme Mitchell** BA, CA, FCA (retired 30 June 2019)

**Daniel Mussett** (appointed 2016)

**Sarah N Park** (appointed 1 February 2020)

**Wayne Stechman** (appointed 2012)

**Stephen Ward** (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

**Fiona Morgan**

Chief Financial Officer

**Philippa Drury**

General Manager – Schemes

**Janet Shirley**

Manager – Schemes

**Paul Bevin**

General Manager – Investments

**Nicky Rumsey**

Manager – Investments

**Peter McCaffrey**

Manager – Equities and Alternatives

**Keith Poore**

Manager – Portfolio Strategy and Risk

There were no changes to Management during the year.

## 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](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

The Auditor last year was Michael Wilkes, also of Deloitte Limited, on behalf of the Auditor-General. There were no changes to the Actuary, Bank, Custodian or Solicitor during the year.