

New Zealand Fire Service
Superannuation Scheme

New Zealand
Permit No. 2665

Permit



ANNUAL REPORT 2012


Firesuper



DIRECTORY

TRUSTEES

Appointed by the New Zealand Fire Service Commission

Angela Foulkes
Peter Harris
Keith Taylor

Appointed by the New Zealand Professional Firefighters Union

Denis Fitzmaurice
Stephen Warner
Ian Wright

Independent Trustee appointed by the Trustees

Tim McGuinness

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ADMINISTRATION

Accountant

Kendons Chartered Accountants Ltd

Administration Manager

Mercer NZ Ltd

Auditor

Deloitte

Investment Adviser

Melville Jessup Weaver

Investment Managers

AMP Capital Investors Ltd
Direct Capital Ltd
Harbour Asset Management Limited
OnePath (NZ) Ltd
New Zealand Assets Management Ltd
Russell Investment Group Limited

Scheme Secretary

Barry Dent

Solicitor

DLA Phillips Fox

TRUSTEE/SCHEME SECRETARY CONTACT

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This Report has been produced by the Trustees to provide you with an understanding of how the scheme has operated over the twelve months to 31 March 2012. It should be read in conjunction with the scheme's Investment Statement and the information available at www.firesuper.co.nz

CHAIRMAN'S REPORT



Steve Warner
Chairman of Trustees

The Trustees are pleased to bring you this Annual Report of your Superannuation Scheme for the year to the 31st March 2012.

During this very volatile year for investing the scheme's returns have been in line with market conditions. Comparisons with similar schemes show similar returns.

Regular meetings have been held with investment advisors and managers to review markets and manager returns. Manager performance has been compared to each manager's benchmark and on the whole returns have been close to benchmarks.

Further work was completed by the Trustees on the report into the Scheme carried out by the scheme Sponsor, the New Zealand Fire Service Commission last year. This report was initiated because the Commission needs to be sure that the scheme they sponsor is being managed to an acceptable level and achieves their aims. Many of the matters raised in the report have been finalised and more are progressing.

The Trustees this year amended the Trust Deed with the cooperation of the Sponsor to enable those members who were severely financially impacted by the Canterbury Earthquakes to withdraw a portion of their funds. This offer is in line with the Government's offer in regard to KiwiSaver. This withdrawal is a one off offer and is covered by strict criteria. All members who reside in the affected areas have been notified of this offer.

During last year the ability of members to change their Member Investment Choice was enhanced with members being able to change once per year in any month. This has recently been increased to two times in any one year. The second change will attract an administration fee.

Your Trustees have been very vigilant in reviewing the assets of each of the Member Choice Options to ensure that the tactical allocation of investments is maintained. It is important to balance allocations of assets in line with changes made by members to their choice options.

I would like to thank my fellow Trustees and the contractors employed by the scheme for their continued efforts during the year.

I would recommend that you read this report. It contains information that is important to you regarding your retirement savings.

A handwritten signature in blue ink, appearing to read 'S Warner', written in a cursive style.

Steve Warner
Chairman of Trustees

Cash Investment Choice interest credited (%)	2.17
Conservative Investment Choice interest credited (%)	3.28
Balanced Investment Choice interest credited (%)	1.01
High Growth Investment Choice interest credited (%)	-1.83
New Members	65
Total Members	1772
New contributions (million)	\$ 15.075
Benefits paid (million)	\$ 12.086
Scheme net assets (million)	
01 April 2011	\$ 283.408
31 March 2012	\$ 289.453

What we try to do with your retirement savings

Setting the Objectives

In managing your money, Trustees start by forming a set of investment choices that provide members with distinct options for the type of investments they wish to be invested in. These choices range from a low risk 'cash' type option through to a higher risk option.

Investments in less risky assets tend to be in cash or in bonds, which are termed 'income' assets. The expectation is that there will be less volatility – both up and down – in the capital value of the assets. Investments in more risky assets tend to be in property or in shares. These are known as 'growth' assets, because there is an expectation that returns will also come from capital gains, but at the same time there is a risk of capital losses.

To help members understand the trade-off between the expected return and risks with each of the options, the Trustees set investment objectives for each of them. These objectives vary across each member investment choice option. In general, as investors seek to achieve higher returns, they need to take on more risk, which means that the chances of negative returns also increase.

Our objectives are set in relation to changes in consumer prices, because at the end of the day the thing that matters is how your retirement savings have performed in relation to what any given amount of money will buy.

The more we strive to 'beat' the CPI, the greater the risk, so we set those objectives over longer time-frames to allow for bad years as well as good. The objectives are based on what our Investment Consultant currently believes are the best estimates looking ahead for the returns and risks from investing in the various asset classes.

Currently, our objectives, after deducting fees, administration expenses and tax, for the Member Investment Choice options are:

High Growth:

CPI plus 4% per annum over ten years

Balanced:

CPI plus 3% per annum over five years

Conservative:

CPI plus 1.5% per annum over three years

Cash:

CPI plus 0.25% per annum over three years

A review of how these choice options have performed over the last three years is set out on page 9.

Allocating the Assets

Having formed the general investment choices and set the objectives, we take advice from professional investment advisors as to what specific allocation of assets between cash, bonds, property and equities best aligns the risk involved with the return sought. The percentage in each asset category will vary within each Member Investment Choice option. Where appropriate, assets are also allocated between domestic and global holdings to again get the best anticipated mix of risk and return.

We review the combined performance of the assets within each investment choice to see if, in aggregate, we have out-performed what might have been earned by just investing in the various assets passively. This is an overall test of how our managers are doing.



Appointing the Managers

Again, on professional advice, we engage Managers for the different asset types. The performance of each individual manager is regularly assessed against a 'benchmark' that is relevant to the class of asset they are investing in. For example, if a manager is investing in global equities, their benchmark will be a margin against a relevant global share index measure.

We review the performance of each manager each quarter, meet them face-to-face once a year, or more often if necessary, and can change managers if we think that is in the best interest of members.

With that background, this report now sets out:

- The performance of each Member Investment Choice option during the year.
- How assets were allocated within those categories.

In setting the scene for scheme performance last year and the variation across the investment choices it is worth noting the most significant factors that influenced after tax returns were:

- Sharemarkets overall returned less than fixed interest as concerns over such things as Europe and economic growth in the USA and China pushed investors towards 'safe' assets.
- The increase in the New Zealand dollar (up around 8% on average during the year) meant any unhedged international investments were negatively influenced – in fact, modest positive gains on international shares were turned negative when the NZ dollar change was taken into account (the scheme maintains some exposure to offshore currency as it is considered prudent to maintain some currency diversification within the funds).

- The tax basis for international shares was not favourable this year with tax having to be paid as though a return of 5% had been made, even though returns in New Zealand dollars were negative. This is particularly notable for the Balanced and High Growth options when comparing the pre-tax and after-tax returns.

All of these factors favoured the investment choices with higher weightings in income type assets compared to growth type assets last year.



HOW THE INVESTMENT CHOICE OPTIONS PERFORMED

Cash Investment Choice

This option returned 3.48% before and 2.17% after tax and expenses for the year.

The gross performance of 3.48% is in excess of the gross benchmark of 2.76% set for cash assets.

	Benchmark allocation (%) at 31 March 2012	Actual allocation (%) at 31 March 2012
Income assets		
OnePath Wholesale NZ Cash	100	100
Assets under management (\$ million)		
		43.648
Gross performance (%)	Benchmark	Option
	2.76	3.48

The cost of expenses for this Choice were 0.46%.

Conservative Investment Choice

This option returned 6.32% before and 3.28% after tax and expenses for the year.

The gross performance of 6.32% is in excess of the gross benchmark of 5.45% set for this option. It is also in excess of the KiwiSaver Median Return of 5.4%.

	Benchmark allocation (%) at 31 March 2012	Actual allocation (%) at 31 March 2012	
Growth assets			
AMPCI Australasian Shares	2.50	2.20	
Harbour Asset Management Australasian Shares	2.50	2.91	
AMPCI Core Global Shares	15.0	5.32	
AMPCI Core Hedged Global Shares		7.89	
AMPCI Extended Market Global Shares		2.07	
NZ Assets Management Global Shares		1.57	
AMPCI NZ Property	0	0	
Income assets			
OnePath Sovereign Bond Fund	15.0	3.58	
OnePath High Grade Bond Fund		9.38	
OnePath High Yield Bond Fund		1.94	
Russell Global Fixed Interest Fund	30.0	29.94	
OnePath Wholesale NZ Cash	35.0	33.21	
Assets under management (\$ million)			
		22.276	
Gross performance (%)	Benchmark	Option	KiwiSaver Median Return
	5.45	6.32	5.4

The cost of expenses for this Choice were 0.67%.

HOW THE INVESTMENT CHOICE OPTIONS PERFORMED



Balanced Investment Choice

This option returned 4.07% before and 1.01% after tax and expenses for the year.

The gross performance of 4.07% is below the gross benchmark of 4.70% set for this option. It is however in excess of the KiwiSaver Median Return of 3.6%.

Benchmark allocation (%)
at 31 March 2012

Actual allocation (%)
at 31 March 2012

Growth assets

AMPCI Australasian Shares		6.31
Harbour Asset Management Australasian Shares	13.5	6.62
Direct Capital		0.75
AMPCI Core Global Shares		14.24
AMPCI Core Hedged Global Shares	35.0	14.00
AMPCI Extended Market Global Shares		3.11
NZ Assets Management Global Shares		3.72
AMPCI NZ Property		3.86
OnePath NZ Property	10.0	1.10
OnePath Global Property		5.11

Income assets

OnePath Sovereign Bond Fund		3.04
OnePath High Grade Bond Fund	12.0	7.95
OnePath High Yield Bond Fund		1.18
Russell Global Fixed Interest Fund	24.5	25.05
OnePath Wholesale NZ Cash	5.0	3.90

Assets under management (\$ million)

203.090

Gross performance (%)	Benchmark	Option	KiwiSaver Median Return
	4.7	4.07	3.6

The cost of expenses for this Choice were 0.86%.

High Growth Investment Choice

This option returned 2.17% before and -1.83% after tax and expenses for the year.

The gross performance of 2.17% is less than the gross benchmark of 3.32% set for this option. It is however in excess of the KiwiSaver Median Return of 0.8%.

Benchmark allocation (%)
at 31 March 2012

Actual allocation (%)
at 31 March 2012

Growth assets

AMPCI Australasian Shares	20.0	10.79
Harbour Asset Management Australasian Shares		10.25
AMPCI Core Global Shares		18.25
AMPCI Core Hedged Global Shares	45.0	16.14
AMPCI Extended Market Global Shares		3.71
NZ Assets Management Global Shares		4.55
AMPCI NZ Property		5.63
OnePath NZ Property	20.0	3.86
OnePath Global Property		10.51

Income assets

OnePath Sovereign Bond Fund		1.55
OnePath High Grade Bond Fund	5.0	4.12
OnePath High Yield Bond Fund		0.45
Russell Global Fixed Interest Fund	10.0	9.75
OnePath Wholesale NZ Cash	0	0.43

Assets under management (\$ million)

20.158

Gross performance (%)	Benchmark	Option	KiwiSaver Median Return
	3.32	2.17	0.8

The cost of expenses for this Choice were 0.95%.

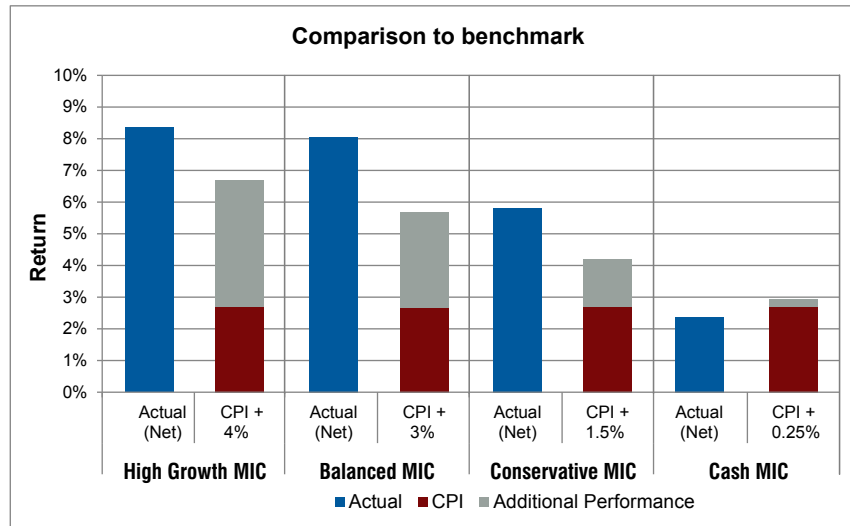
How has the Scheme performed compared to the Investment Objectives set out in the SIPO?

The Trustees maintain a 'Statement of Investment Policies and Objectives – SIPO' that summarises key investment policies, the investment objectives for the various investment options and the performance expected from each investment manager compared to the most relevant benchmark index.

The current Investment Objectives from the SIPO follow as does progress towards achieving them:

Overall long term performance

Measured after the deduction of fees, investment fees and tax.



The increase in GST to 15% in October 2010 had the effect of a one-off increase in the CPI of 2.25% at that time. The effects of the GST increase will take a number of years to work through the system.

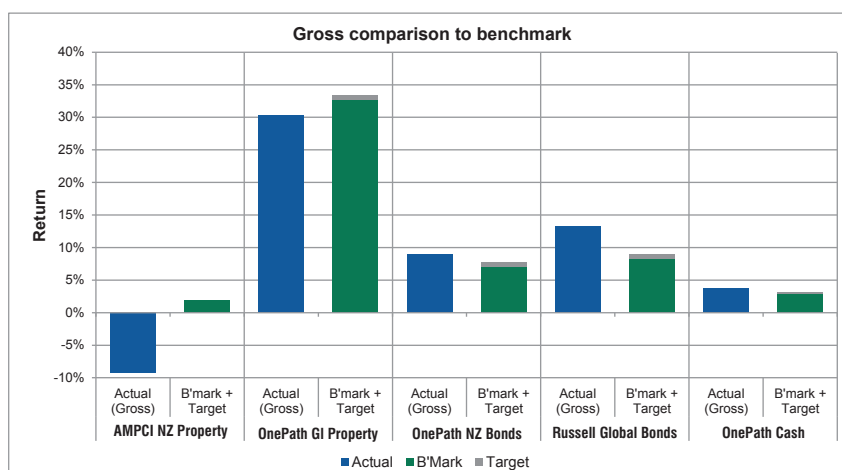
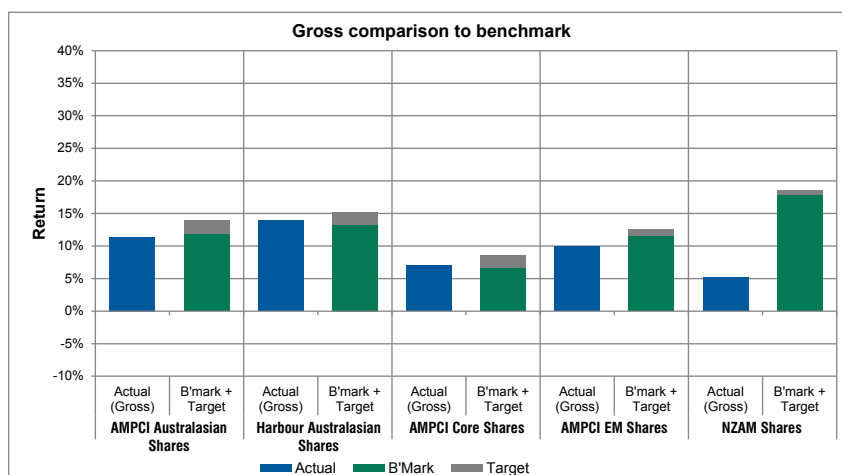
Apart from the Cash Option, the performance is very good.

A reporting period of three years is used this year while performance data for the High Growth, Conservative and Cash Options since their inception in October 2008 is gathered.



Individual Manager Performance compared to Benchmark

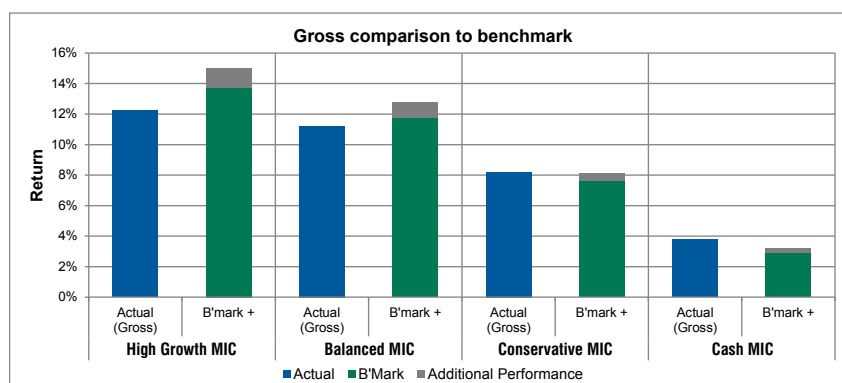
Measured before the deduction of investment fees and tax. The measurement period is rolling 3 years.



The manager performance for growth assets – shares and property – has been below the benchmark and the Trustees set target over the three year period. The manager performance for income assets – bonds and cash – has been in excess of the benchmark and the Trustees set target over the three year period.

Investment Choice Performance compared to Benchmark

Measured before the deduction of investment fees and tax. The measurement period is rolling 5 years.



A reporting period of three years is used this year while performance data for the High Growth, Conservative and Cash Options since their inception in October 2008 is gathered.

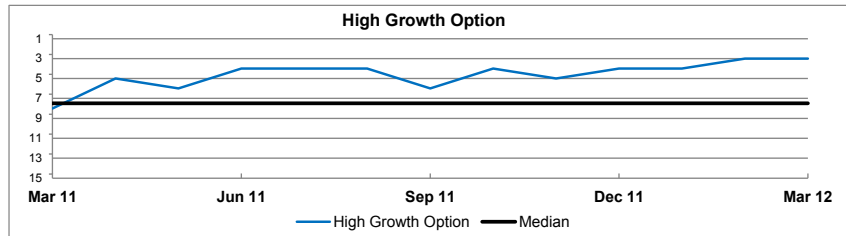
Performance compared to KiwiSaver Funds

Measured after the deduction of investment fees but before the deduction of administration expenses and tax. Compared to funds within $\pm 5\%$ growth asset allocation. The measurement period is rolling 3 years.

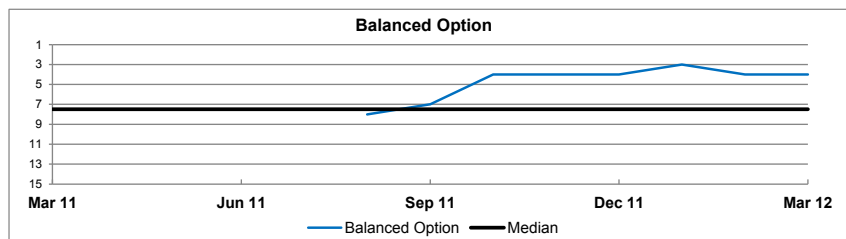
The performance of all three options compared to similar KiwiSaver funds as measured by the Meville Jessup Weaver Survey is very pleasing.

A reporting period of two years is used this year while performance data for the High Growth and Conservative Options since their inception in October 2008 is gathered.

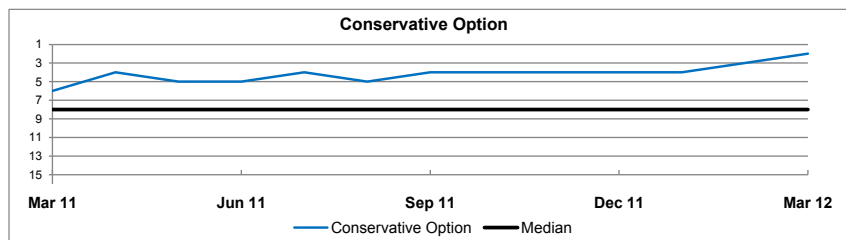
2 year rolling performance comparison to KiwiSaver Funds



3 year rolling performance comparison to KiwiSaver Funds



2 year rolling performance comparison to KiwiSaver Funds



Investment Configuration

On 30 May 2011 all of the AMP Property assets that had remained in the Cash and Conservative Member Investment Choice options since the MIC options commenced in October 2008 were able to be redeemed. The AMP fund had been frozen for some years severely limiting our ability to make the changes we had wished to make. The effect of that was all MIC options reverted much closer to the asset allocation established in 2008 for the first time and all the assets of the 'Ring-fenced Cash' were transferred to the Cash MIC option.

All of the Russell Global Bond assets were redeemed from the AON Master Trust on 20 December 2011 and invested in the Russell Investments Global Fixed Interest

Fund through a New Zealand unit trust managed by Implemented Investment Solutions. This was a change only in the product provider in New Zealand. The underlying assets in the new Fund are identical to the previous Fund.

On 29 March 2012 an initial investment of \$ 3.1 million was made into the OnePath Property Securities Fund which invests in New Zealand property. This investment has been made to ensure sufficient New Zealand property is held to meet the required asset allocation in a form that is able to be sold more quickly than normal property holdings.

At year's end the investment in Direct Capital totalled \$ 1 738 697 of a

committed capital contribution of \$ 5.0 million on behalf of the Balanced Member Investment Choice option. Direct Capital manages a fund that invests in a mix of smaller private companies in New Zealand and Australia.

In March 2012 a Review of the Investment Adviser was commenced. At year's end the review process was continuing.

The Trustees have maintained a close watch on the scheme's investments and sought regular advice from the Investment Adviser. Trustees are satisfied a good level of liquidity is maintained at all times to meet any cashflow requirements the scheme may have.

Trustees

Trustees met on eight occasions during the year.

Independent Trustee, Tim McGuinness, was reappointed for a further term of three years from 01 June 2011.

New Zealand Fire Service Commission Report into FireSuper

The New Zealand Fire Service Commission sought a Report on 'Options for Changes to FireSuper' in 2010. Upon receipt of the Report the Commission consulted widely on the Report.

The four recommendations where scheme Trustees had an ability to influence changes were:

- The Composition of the Trustee Board
- Performance comparatives with KiwiSaver
- Review of the Investment Adviser, and the
- Development of a Communications Strategy

In all cases apart from the composition of the Trustee Board, actions related to the recommendations have been adopted. The development of a communications strategy is in its preliminary stages. In the case of the composition of the Trustee Board, Trustees are awaiting upcoming legislation prior to finalising action on this recommendation.

The Costs

Administration expenses and investment management fees paid outside the Investment Funds for the year totalled \$ 1 316 241, up \$ 180 458 from last year, as a result of increases to investment management fees paid to Investment Managers. Administration expenses were held at last year's levels.

Some investment managers deduct fees from inside their Investment Funds. Others directly bill the scheme for fees in accordance with their Investment Management Agreements. Since 2010, in the interest of transparency, the Trustees have developed and enhanced a process to include both types of investment fees we pay in the expenses section of the scheme's financial statements. This ensures the full expenses of the scheme are clearly identified.

The Trustees use an international method of measuring and comparing these expenses from year to year known as the 'Management Expenses Ratio' (MER). This ratio shows the level and trend in scheme expenses for investment and administration compared against the total funds being managed. The MER comparison over the last three years is shown below:

To 31 March	Investment MER (%)	Administration MER (%)	Total MER (%)
2012	0.461	0.200	0.661
2011	0.496	0.208	0.704
2010	0.574	0.217	0.791

When you compare these costs to other retail savings products in the market place the scheme's costs are significantly lower.

Scheme Administration

Mercer continued to administer the scheme dealing with day to day enquiries through the HelpLine from their call centre in Melbourne.

Carrie Talbot continues to administer the scheme in a very professional manner.

Further changes to the Member Investment Choice election process were developed during the year and implemented just after the scheme's year end. For the year ended 31 March, 107 Members exercised their right to elect a different Member Investment Choice option.

The Mercer web site was updated in December 2011 which improved the functionality for Members. During the year several additions, in the form of mini-sites, at the Mercer web site were added to enhance the knowledge of Members.

Legislation

Last year has seen a number of future changes to KiwiSaver identified and a number of changes identified last year introduced by the Government. Changes to KiwiSaver invariably also mean changes to the scheme's Complying Fund – our KiwiSaver equivalent inside the scheme – and the last year has been no exception. These changes have been outlined to Members in SuperNews.

During the year work commenced to ensure compliance with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT) by the operative date of 30 June 2013.

The scheme's Investment Statement and Brochure were updated three times during the year.

Disputes

Two Complaints were received during the year and both were resolved in accordance with the Disputes Resolution Procedure and within the time frame set out in it.

The Disputes Resolution Procedure is set out inside the back cover of this Report.

Financial Services Complaints Limited (FSCL) continue to administer the Dispute Resolution Scheme on behalf of the Trustees. No Complaints/Disputes were escalated to FSCL during the year.

Privacy Issues

The scheme's Privacy Officer reported that the scheme had complied with the Privacy Act and its principles throughout the year. No complaints related to privacy issues were received during the year.

Voluntary Contributions

During the year the scheme received voluntary contributions totalling \$ 45 249. Thirty one Members made voluntary contributions to the scheme in excess of their normal contributions.

Any Member may make voluntary contributions at any time. If you wish to avail yourself of this opportunity contact the scheme Secretary at any of the contacts set out in the Directory inside the front cover.

PRI Membership

The scheme continued its policy of having adopted the United Nations Principles of Responsible Investing (UNPRI) during the year. Reporting on activity related to the Six Principles was completed during the year.

Membership

The number of Members of the scheme increased slightly during the year. A breakdown of the Membership changes for the year follows:

Members at 01 April 2011	1770
New Members	65
Members leaving	
Death	1
Dismissal	0
Loss of medical/physical fitness	4
Resignation	43
Retirement	15
Retrenchment	0
Subtotal	63
Members at 31 March 2012	1772

There were 50 deferred Members of the scheme at 31 March 2012.



SUMMARY FINANCIAL STATEMENTS



CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2012

		2012 \$	2011 \$
Investment and Administration Activities			
Investment Revenue	Note 1	9,187,746	20,315,091
Investment Expenses		(743,434)	(567,296)
Net Investment Revenue		8,444,312	19,747,795
Administration Expenses	Note 2	(572,807)	(568,487)
Change in Net Assets Before Taxation and Membership Activities		7,871,505	19,179,308
Taxation Expense		(4,815,399)	(3,540,504)
Change in Net Assets After Taxation		3,056,106	15,638,804

Membership Activities

Contributions:

Transfers In	-	-
Members	6,004,922	5,956,197
Lump Sum	45,249	486,260
Employer	8,893,286	8,971,818
FSC Reimbursement	131,709	191,652
	15,075,166	15,605,927
Withdrawals, Retirements and Other Benefits	(12,086,487)	(9,644,063)
Net Contributions Received	2,988,679	5,961,864

Liability for Promised Benefits

Liability for Promised Benefits at Beginning of Year	283,408,326	261,807,658
Net Increase in Net Assets After Taxation	3,056,106	15,638,804
Net Contributions Received	2,988,679	5,961,864
Liability for Promised Benefits at End of Year	289,453,111	283,408,326

Represented as at 31 March by:

Member Accounts	118,887,160	117,215,763
Employer Accounts	170,565,951	166,192,563
Reserve Account	-	-
Liability for Promised Benefits	289,453,111	283,408,326

NET ASSETS AS AT 31 MARCH 2011

Assets

Cash		321,763	50,987
Investments:			
Short Term Securities	59,192,606		63,825,662
New Zealand Fixed Interest	29,256,321		27,088,469
Offshore Fixed Interest	59,401,751		54,705,178
New Zealand Equities	15,446,441		15,242,763
Offshore Equities	101,054,103		99,377,108
Property	24,569,988		22,942,826
		288,921,210	283,182,006
Receivables	584,740		283,823
Tax Refundable	-		-
	584,740		283,823
Total Assets		289,827,713	283,516,816
Less:			
Payables	348,245		63,185
Tax Payable	26,357		45,305
		374,602	108,490
Net Assets Available to Pay Benefits at End of Year		289,453,111	283,408,326

SUMMARY FINANCIAL STATEMENTS – NOTES

NOTES FOR THE YEAR ENDED 31 MARCH 2012

	2012 \$	2011 \$
Note 1: Investment Revenue		
Interest	19,390	31,669
Dividends	2,794,913	972,902
Change in Net Market Value of:		
New Zealand Fixed Interest	4,694,277	4,826,367
Offshore Fixed Interest	3,766,674	2,016,577
New Zealand Equities	(761,368)	254,159
Offshore Equities	(2,542,297)	10,634,836
Property	1,216,157	1,578,581
	<u>6,373,443</u>	<u>19,310,520</u>
Total Investment Revenue	<u>9,187,746</u>	<u>20,315,091</u>
Note 2: Administration Expenses		
Accountancy Fees	10,373	11,250
Administration Fees	237,497	221,336
Audit Fees	18,250	16,875
Investment Advice	117,766	120,603
Legal Fees	49,422	36,321
Printing & Stationery	11,350	11,708
Tax Consultancy Fees	44,936	63,301
Trustees Fees & Expenses	81,329	85,051
Other Administration Fees	1,884	2,042
	<u>572,807</u>	<u>568,487</u>
Summary of Cash Flows		
Net Cash Flows from Operating Activities	3,126,692	3,714,702
Net Cash Flows from Investing Activities	(2,855,916)	(15,782,146)

SUMMARY FINANCIAL STATEMENTS

Presented on pages 14 and 15 are the Summary Financial Statements of the New Zealand Fire Service Superannuation Scheme, a profit-oriented entity, for the year ended 31 March 2012, which were extracted from the full Financial Statements which comply with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and with International Financial Reporting Standards ('IFRS'). The full Financial Statements were authorised for issue by the Trustees on 31 May 2012.

An unmodified audit report was issued for the full Financial Statements on 31 May 2012.

As the summary Financial Statements do not include all the disclosures that are in the full Financial Statements, it cannot be expected to provide as complete an understanding of the change in net assets, net assets and cash flows of the scheme as provided by the full Financial Statements. These summary Financial Statements are in compliance with FRS-43: Summary Financial Reports.

The full Financial Statements are available to Members from the scheme Secretary at no charge. The postal address of the scheme Secretary is:

The Secretary to the Trustees

New Zealand Fire Service Superannuation Scheme
PO Box 36287
Merivale
CHRISTCHURCH 8146.



Report on the Summary Financial Statements

The accompanying summary financial statements of New Zealand Fire Service Superannuation Scheme (the Scheme) on pages 14 and 15, which comprise the summary statement of net assets as at 31 March 2012, and the summary statement of changes in net assets and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of New Zealand Fire Service Superannuation Scheme for the year ended 31 March 2012. We expressed an unmodified audit opinion on those financial statements in our report dated 31 May 2012.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Scheme.

This report is made solely to the Scheme's members, as a body in accordance with Section 13(1)(c) of the Superannuation Schemes Act 1989. Our audit has been undertaken so that we might state to the Scheme's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's members as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor and the provision of taxation advice, we have no relationship with or interests in New Zealand Fire Service Superannuation Scheme.

Opinion

In our opinion, the summary financial statements are correctly extracted from the audited financial statements of the Scheme for the year ended 31 March 2012 and are consistent, in all material respects, with those financial statements, in accordance with FRS-43.



Chartered Accountants
31 May 2012
Wellington, New Zealand.

This audit report relates to the summary financial statements of the New Zealand Fire Service Superannuation Scheme for the year ended 31 March 2012 included on the New Zealand Fire Service Superannuation Scheme's website. The Board of Trustees is responsible for the maintenance and integrity of the New Zealand Fire Service Superannuation Scheme's website. We have not been engaged to report on the integrity of New Zealand Fire Service Superannuation Scheme website. We accept no responsibility for any changes that may have occurred to the summary financial statements since they were initially presented on the 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 31 May 2012 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.

In accordance with the reporting requirements of the Superannuation Schemes Act 1989 the Trustees:

- Confirm that all contributions required to be made to the scheme in accordance with the Trust Deed for the year ended 31 March 2012 have been made.
- Certify that all the benefits required to be paid from the scheme in accordance with the Trust Deed for the year ended 31 March 2012 have been paid.
- Certify that the market value of the assets of the scheme as at 31 March 2012 equaled or exceeded the total value of all benefits that would have been payable had all Members ceased to be Members at that date.
- Confirm there has been one amendment to the Trust Deed of the scheme during the year ended on 31 March 2012 where a new Significant Financial Hardship benefit was established for Canterbury Members who have been significantly affected by the Canterbury Earthquakes.
- Confirm the interim interest rates for the Member Investment Choice options that applied from 01 April 2011 to 31 March 2012 were:

Interest rates (%)	Ring-fenced Cash	Cash Option	Conservative Option	Balanced Option	High Growth Option
April	+0.18	+0.20	+0.50	+0.67	+0.82
May	+0.17	+0.18	+0.07	-0.63	-0.95
June	na	+0.18	-0.41	-1.27	-1.75
July	na	+0.18	-0.40	-1.25	-1.74
August	na	+0.18	-0.66	-3.21	-4.87
September	na	+0.19	-0.02	-1.17	-1.94
October	na	+0.20	+1.19	+2.60	+3.46
November	na	+0.19	-0.29	-0.73	-1.38
December	na	+0.16	+1.15	+1.56	+1.38
January	na	+0.15	+0.65	+0.92	+1.00
February	na	+0.16	+0.72	+1.81	+2.06
March	na	+0.19	+0.79	+1.87	+2.30

- Confirm the market value of assets subject to complying fund rules is \$ 1,728,289, these assets relate to 96 Members and the value of withdrawals subject to complying fund rules was nil.

In accordance with the Securities Act 1978 the Trustees confirm:

- That no trustee, promoter, or manager of the scheme, or any director of that trustee, promoter, or manager has, during the last 5 years preceding the balance date, been adjudged bankrupt or insolvent, convicted of any crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management or receivership.
- None of the scheme's assets (calculated in accordance with generally accepted accounting practice) was, at any time during the year preceding the balance date, represented directly or indirectly by any securities that were issued by a trustee, manager or custodian of the scheme (or any associated person or any of them).
- No legal proceedings or arbitrations were pending at the balance date that may have a material adverse effect on the scheme.
- In their opinion, after due enquiry by them, that neither
 - the value of the scheme's assets relative to its liabilities (including contingent liabilities);
 - the ability of the scheme to pay its debts as they become due in the normal course of business
 have materially and adversely changed since the balance date.

IF YOU HAVE A COMPLAINT – FOLLOW THIS PROCEDURE

1. Members, including deferred Members and pensioners, are advised that the Secretary to the Trustees, Barry Dent, is the named individual whom they should contact if they have any dispute or a complaint about the operation of the scheme. His contact details are set out inside the front cover.
2. In the case of a dispute or a complaint about the operation of the scheme he is to:
 - acknowledge receipt of the complaint,
 - check whether or not anonymity is requested and advise the Member whether or not that is likely to be practicable,
 - advise the Member when a substantive reply can be expected,
 - ensure that the Trustees are notified of the complaint,
 - ensure that the complaint is dealt with within 40 days following its receipt.
3. The Trustees have formed a sub-committee to handle complaints. Membership of the sub-committee is Angela Foulkes, Steve Warner and Barry Dent.
4. The sub-committee shall make a decision on all complaints received. If you are not satisfied with the decision you have the right to take an unresolved complaint to FSCL – Financial Services Complaints Limited – who have been selected as the scheme's Disputes Resolution Scheme provider.
5. The FSCL contact details are:

Website: www.fscl.org.nz
Email: info@fscl.org.nz
Freephone: 0800 347257
Telephone: (04) 472FSCL (472 3725)
Fax: (04) 472 3727

Postal Address: PO Box 5967
Lambton Quay
WELLINGTON 6145.

Comment:

- **Complaints about the rates of return of the scheme or the level of benefits provided in the Trust Deed.** These are not matters that would be expected to be dealt with by this procedure. Members are encouraged to write to the Secretary to the Trustees at any time to bring them to the attention of the Trustees.
- **Complaints of a clerical nature, such as contributions not being recorded correctly or personal details not being corrected.** These are not matters that would be expected to be dealt with by this procedure. Members should write to the Secretary to the Trustees immediately an error is detected in order that it can be corrected as soon as possible.
- **Complaints about failure to exercise a discretion by Trustees.** Members generally do not appreciate that Trustees can, at law, be required to consider whether or not to exercise a discretion, but cannot be compelled to exercise it. Complaints about the exercise or non-exercise of a discretion may be addressed under this procedure.
- **Complaints about employer actions or non-actions.** These are outside the scope of this procedure, but the Trustees intend to advise the employer of the nature and frequency of these complaints as necessary and at least on an annual basis.

