



Report of the
Government Actuary

for the year ended
30 June 2004

*Presented to the House of Representatives pursuant to
Section 28 of the Superannuation Schemes Act 1989*

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MINISTER OF COMMERCE

In accordance with section 28 of the Superannuation Schemes Act 1989, I submit my report for the year ended 30 June 2004 on the principal matters transacted under that Act.

INTRODUCTION

The Act came into force on 22 March 1989. It provided for the implementation of the current regime for superannuation schemes, and for the phasing-out of the previous regime which had been defined by the Superannuation Schemes Act 1976 and its accompanying regulations.

My responsibilities are with the administration of the Act. The Act now having been in force for 15 years, I have included in section 3 of this report, as I did the previous year, comment on matters arising from the administration of the Act in respect of changes in the environment in which the Act operates.

1. BACKGROUND

- 1.1 The Superannuation Schemes Act 1989 places emphasis on the role and responsibilities of trustees and makes no distinction between schemes which are provided to the general public, set up by individuals for themselves, or sponsored by private and state sector employers.

As can be seen from the figures given in Appendix 5, the predominant arrangements are private sector employer-sponsored schemes and retail schemes, with assets of \$8.7 billion and \$6.4 billion respectively, and membership of 246,376 and 390,212 respectively. The average amount of assets per member in private sector employer-sponsored schemes is \$35,312, compared to \$16,401 in retail schemes. It may be noted that these figures are based on returns for balance dates in the calendar year 2003, with most being as at 31 March 2003. I would also like to draw your attention to the fact that the asset values of private sector employer sponsored schemes, including master trust products, have for the second year in a row been below the asset values at 1 January 1990, the date from which this statistics series commenced.

These figures do not include the Government Superannuation Fund, which was closed 30 June 1992, and which at 30 June 2004 had \$3.374 billion in assets and 77,180 members of whom 53,473 were receiving pensions or had deferred pension entitlements. Special requirements for state sector schemes are set out in the State Sector Act 1988, Defence Act 1990 and Police Act 1958. Appendix 5 shows 8 such schemes, with assets of \$0.453 billion and 25,362 members. These membership figures do not include the members who have joined the State Sector Retirement Savings Scheme effective 1 July 2004. There are now 32 schemes whose trust deeds satisfy the requirements of section 84B of the State Sector Act 1988.

- 1.2 Principally, my role is to react to the decisions and actions (or lack of action) of persons responsible for managing registered superannuation schemes, where necessary or appropriate. My aim is to encourage compliance with the Act; and to resort to the use of my statutory powers only where that encouragement has proved ineffective, or where “encouragement” would be inappropriate due to the circumstances of the particular matter under consideration. From time to time, whether on request or when a situation comes to my attention, I may indicate what my view is likely to be of a particular decision, or of a course of action under consideration. Section 6 of this report identifies the discretionary powers that may be exercised by the Government Actuary under the Act.
- 1.3 In practice, the services that I require for the administration of the Act have been provided by the Insurance and Superannuation Unit of the Business Services Branch of the Ministry of Economic Development. In this report the operations of myself and the Insurance and Superannuation Unit in connection with the Act are referred to as “the office”.

2. GENERAL OVERVIEW OF YEAR ENDED 30 JUNE 2004

2.1 The office’s activities have been directed towards:

- discussing particular problems with trustees and their advisers;
- auditing the activities of trustees and their advisers;
- investigating complaints regarding alleged activities of trustees and/or promoters and/or administration managers of registered superannuation schemes;
- assisting the market on ad hoc issues.

2.2 All trustees’ annual reports, actuarial reports, trust deeds and trust deed amendments forwarded to this office have been read from the point of view of the Government Actuary’s supervisory responsibilities under the Act, and actioned as considered appropriate.

As in previous years, the level of examination varied according to the office’s experience of the activities of those involved, and to the nature of the potential issues. The office has placed equal emphasis on the examination of financial matters and on the audit of trust deeds and their amendments, the latter require certification under the Act.

Annual reports

The Act requires trustees to provide scheme members with a copy of an annual report which contains the information stated in the Second Schedule to the Act. The standard of these reports has, overall, been maintained at an acceptable level. Most reports contain all the information required by the Act (see also paragraph 3.5 below). The Superannuation Schemes Amendment Act 2004 came into force on 14 April 2004 and introduced some additional annual report disclosure requirements. We are currently liaising with the industry to develop a workable solution to the requirement to disclose crediting rates applied during the year. I am pleased to note that the Association of Superannuation Funds of

New Zealand continues to promote its Annual Competition on Excellence in Reporting.

The office spends considerable time in ensuring trustees comply with the requirement to file annual reports. The office sends "reminder letters" to the trustees of every registered superannuation scheme. Current practice is to send two letters: the first letter reminds the trustees that an annual report is to be produced (368 posted in March 2004 for schemes with a 1 April 2004 review date, 390 letters posted in March 2003); the second letter informs the trustees that a copy of the annual report has not yet been received (275 letters posted in July 2004 for schemes with a 1 April 2004 review date, 293 letters posted in July 2003).

The reminder letter procedure has generally helped to maintain the timeliness of reports submitted to this office. However, there remains the odd instance where there is an unacceptable delay in sending copies of reports to the office.

Trust deed certificates

Trustees, solicitors or administration managers are required to provide certificates of compliance with the Act in respect of every new Trust Deed and Deed of Amendment of a Trust Deed. This is an important responsibility.

From time to time it has appeared that a view was being taken as to interpretation of sections 7, 9 and/or 9A of the Act which was not in accordance with what might be considered an industry consensus. In some instances the office has obtained legal advice to clarify interpretation. We still occasionally receive certificates that have not been given properly in accordance with the Act.

Actuarial reports

The Act requires trustees of certain types of schemes to obtain an actuarial report on the financial position of the scheme at least once every three years. The purpose of this is to provide trustees with an independent report on their ability to pay the benefits promised by the trust deed. A copy of this report is to be made available upon request to scheme members, and a copy is required to be forwarded for the Government Actuary's attention within 28 days of it being received by the trustees.

Generally copies of the actuarial reports have been received by the office within the timeframes specified in the Act. All such reports were examined. Where it was considered appropriate, questions were raised directly with the actuary who signed the report. Appendix 2 contains an analysis of actuarial reports where the date of the actuarial investigation was in the 2003 calendar year.

- 2.3 All applications for registration of new schemes have been processed within the 14 days time limit specified in the Act.
- 2.4 All scheme terminations have been checked for compliance with the Act. Section 21 of the Act sets out the statutory responsibilities for trustees when a registered superannuation scheme is to be wound up.

Whilst there continues to be a relatively constant number of schemes in the process of being wound up (currently 47), trustees and their advisers are in the main ensuring that these schemes are meeting their obligations under the Act.

- 2.5 Approval was given to the reversion of \$508,019 of superannuation scheme assets to employers who had sponsored those schemes. No other cases are currently under formal consideration, but informal discussions have been held with trustees and their advisers.
- 2.6 We have received no formal notices this year arising from Section 18A of the Act ("whistleblowing") but have continued to have a number of informal discussions. The matters of concern continue to relate to actions or lack of appropriate action by scheme trustees.
- 2.7 There has been no reversal of the continued fall in the number of employer sponsored superannuation schemes. A number of these have not terminated as such, but have transferred into multi-employer arrangements, reducing administration and compliance costs. Others however have wound up and distributed assets to members. Of perhaps greater concern is the continuing fall in the number of members in relation to workforce numbers; more detail on this is given in section 8.4.
- 2.8 All complaints have been acknowledged, and an investigation initiated where appropriate, within a fortnight of receipt. Queries and complaints regarding the alleged activities of superannuation scheme promoters and/or trustees and/or administration managers continue to be made to the office (in writing, by telephone, or in person) by scheme members and trustees. Where I have considered it appropriate, these queries and complaints have been investigated using the Government Actuary's powers under section 24 of the Act. My concerns are to determine whether there has been a breach of either the Trust Deed governing the scheme, or the Act.
- 2.9 The fees charged by the office are as prescribed by the Superannuation Schemes (Fees) Regulations 1992 and amended effective 1 January 2002.

3. MATTERS ARISING

3.1 The Superannuation Schemes Act 1989 emphasises the role and responsibilities of trustees, combining the elements of:

- Trustees' freedom of action
- Trustees to be responsible for their actions
- Transparency of trustees' actions.

Trustees are, of course, required to act in the best interests of the schemes' members and beneficiaries at all times, in accordance with the trust deed and general law.

This includes the need to meet the deadlines for reporting both to this office and to both members and pensioners.

In last years report I referred to the fact that a prosecution had been commenced and I can now advise that the prosecution was discontinued after the Trustee of an employer sponsored superannuation complied with my Order to wind the Scheme up for reasons of inadequate management. The facts of the case were that I had received a complaint from a member that the Corporate Trustee had refused to provide the member with information that the member was entitled to receive under section 17 of the Act and had also failed to ensure that contributions had been remitted to the investment manager of the scheme by the employer after giving me a commitment that it would after a previous breach. It transpired that the sole director of the Corporate Trustee (which was also the Employer) was also a member of the Scheme. When I ordered the scheme be wound up the Trustee choose in the first instant to ignore my order and in its capacity as employer continued to withhold the unpaid contributions. It was only after commencing a prosecution under section 25 of the Act that the matter was resolved.

The case provides yet another example why consideration should be given to the requirement for all registered superannuation schemes to have at least one independent trustee.

3.2 For the last three years the main continuing issue affecting superannuation schemes has been the effect of poor investment returns, which has continued to have a detrimental effect on the security of members' benefits. This issue was raised in each of the last three annual reports. It remains important to ensure that the reporting of the financial position of schemes and the impact on the security of benefits, together with the proposed action to remedy any deficit, are clearly explained for the benefit of members and pensioners. In general terms the issue is being addressed with Trustees adopting the recommendations contained in the Actuarial reports. Usually Employers are increasing their contributions to extinguish any loss over a reasonably short period of time.

Current valuations covered by this report show an average investment return of negative 3.1%. Recent investment returns have shown more positive trends which demonstrates that the situation may be easing for individual schemes.

Overall the average scheme currently has accrued benefit liability in excess of the underlying assets. It will be sometime before the more positive returns will have a significant effect and hence any absence of attention to the adequacy of funding may lead to some scheme members receiving less than they were expecting. If the beneficiaries are already retired and the employer fails without funding being adequate, then this lack of security becomes reality.

- 3.3 It continues to be of concern that there are a few defined benefits schemes where employers are disinclined to make contributions “unnecessarily”. There are currently no legislative requirements in respect of funding adequacy so that unless the trust deed governing the scheme has specific provisions, the level of funding is on the whole discretionary. This continues to have implications for the security of members’ benefits.
- 3.4 In respect of disclosure, in most instances there is a willingness to give full and proper information. However, in a few instances members are not given the information they need or are not given it in a useful form.

Last year I commented on one area not currently covered by the Act namely where pensioners are made an offer to “cash out” their pension (ie to exchange pension for a cash sum). The information provided to pensioners has occasionally required the pensioners to determine whether the exchange assumptions were reasonable.

This issue led my predecessor to lay a complaint with the New Zealand Society of Actuaries. This complaint was subsequently upheld. I have advised the particular Trustee of the result of this complaint so that they could consider whether remedial action was necessary.

- 3.5 The New Zealand Society of Actuaries valuation standard that provides guidance to actuaries undertaking valuations of defined benefit schemes was reviewed and applies to reports made on or after 31st March 2003. This has led to an improvement in the commentary on the sufficiency of assets on wind up and where relevant the level to which pensions could be purchased with the appropriate wind up proceeds. It remains important to ensure that the comments are meaningful whilst not alarming the members without reason.

Section 8.7 of the Actuarial Standard now requires the actuary to comment on the sufficiency of assets on wind up. It is clear that an estimate of the cost of providing benefits by purchasing annuities is required.

- 3.6 The development of International Accounting Standards continues at a pace. Some comment on IAS26 and IAS19 is included on the website.

4. LEGISLATION

In previous reports this section has contained brief notes on legislative change. This has tended to be static information and has been moved to the website www.isu.govt.nz

5. CASE LAW

In previous reports this section has included brief information on recent New Zealand decisions as well as significant overseas decisions. This information can now be found on the website www.isu.govt.nz

6. EXERCISE OF DISCRETIONARY POWERS

6.1 The Act provides the Government Actuary with various discretionary powers.

My general preference is to seek to persuade trustees to comply with the Act, rather than to force compliance by exercising the powers contained in the Act.

However, where I do exercise - or indicate that I may exercise - discretionary powers under the Act, it is usually with a view to making trustees realise the seriousness of a situation, and giving them a final opportunity to correct a problem.

6.2 Examples of instances where I have felt it necessary to exercise my powers under the Act, or would very probably have exercised those powers if trustees had not accepted an invitation to address a particular matter, are as follows:

- (a) Directions to trustees (section 20)
- (b) Trustees required to supply Government Actuary with specified information (section 24)
- (c) Administration Manager to supply Government Actuary with specified information (section 24)
- (d) Deregistration of scheme (section 20)
- (e) Deregistration of scheme, and sections 8 to 10 of the Act to cease to be implied in the trust deed (sections 19(2) and 19(3)) and
- (f) Order the wind up of a scheme (section 20)

6.3 During the year, I approved 4 requests under section 22 of the Act for superannuation scheme assets to revert to an employer. The total sum involved was \$508,019.

6.4 The prosecution initiated under section 25 of the Act referred to in last years report was discontinued after the Trustee complied with the Order to wind up.

6.5 A number of requests were received for information. Nearly all of these requests could be classified as:

- copies of superseded trust deeds and amending deeds, scheme members information booklets, actuarial reports, trustees annual reports, or specified correspondence;
- requests for marketing information; or
- requests for statistical data.

All formal requests consistent with office guidelines were met where the office held the information requested.

7. COMMUNICATIONS

7.1 The office endeavours to maintain effective communications with those concerned in the superannuation industry.

As part of this process, office staff have attended various seminars, and discussed various matters concerning the administration of the Act with the Association of Superannuation Funds of New Zealand, Investment Savings and Insurance Association of New Zealand, New Zealand Society of Actuaries, Institute of Chartered Accountants of New Zealand, Inland Revenue Department, Chief Human Rights Commissioner, and the Retirement Commissioner.

7.2 To further smooth the administration of the Act –

- the office continues to be willing to discuss particular problems on an informal basis with trustees and their professional advisers. Within the office a facility is provided to respond to telephone enquiries from trustees and their professional advisers;
- newsletters are issued on technical superannuation matters from time to time. These newsletters are generally subject to a “peer review” process before being issued: a draft of a newsletter is produced within the office, and then sent to selected external industry experts who are invited to comment. However, where the content of the newsletter is not contentious, this procedure may be condensed.

Earlier this year the initiative was taken to move to issuing future newsletters only in an electronic format and we currently have 153 email addresses comprising scheme trustees, accountants, actuaries, solicitors, banks, life offices and other providers of investment and administration services, other consultants, government departments and agencies and the financial press.

Three newsletters were issued during the past year:

Newsletter 56, July 2003:

It contained an update of industry statistics and comment on matters relating to defined benefit superannuation schemes.

Newsletter 57, November 2003:

It contained advice that the Government Actuary's Annual Report for the year ended 30 June 2003 was available on the website www.isu.govt.nz and commentary on the Office's view of the lodgement requirements for Employer Participating Agreements

Newsletter 58, May 2004:

Provided information and comment on amendments made by the Superannuation Schemes Amendment Act 2004 and the Securities Amendment Act 2004 and which came into force on 15 April 2004.

8. STATISTICS

8.1 Introduction

A statistical analysis has been carried out in respect of superannuation schemes which were in force on their balance dates in 2003. A corresponding analysis has been made for schemes which were in force on their balance dates in 1990. This provides an approximate comparison between the situation immediately prior to the commencement of the current regime for superannuation schemes (1990 data) with the latest complete information available to me (2003 data).

The Government Superannuation Fund has been excluded from all these analyses.

8.2 Comparison between 1990 and 2003

Detailed information is shown in Appendices 3 to 7. In particular, Appendix 4 shows that the majority of superannuation schemes are still relatively small, although the proportion with assets of \$5 million or more has increased to 34% of the total from 32% in the 2002 year.

8.3 Continuing decline in number of schemes

The number of superannuation schemes declined from 727 in 2002 to 675 in 2003, a reduction of 52 compared to 88 in the previous year. The corresponding reduction in the number of employer sponsored schemes was from 550 in 2002 to 505 in 2003, a reduction of 45 compared to 75 in the previous year.

In part, the reduction in private sector employer sponsored schemes is likely to be the result of stand alone schemes moving into multi-employer arrangements, so as to save on administration and compliance costs. It is doubtful if the

removal of prospectus requirements will stem this flow given the proportionately large number of schemes whose fund values are less than \$5 million.

8.4 Changes in number of members of occupational schemes

For the years 1990 to 2003 the table below shows (in thousands):

- The number, in 000's, of active members in private sector employer occupational schemes, from Appendix 5.1 of Government Actuary reports;
- The number, in 000's, of active members in the Government Superannuation Fund taken from its annual reports, plus the number, in 000's, of active members in Public Service schemes similarly from Appendix 5.1;
- The number, in 000's, of active Labour Force participants, as given in Statistics New Zealand Labour Force Employed figures for March each year;
- The ratio of membership of private employer, Government employer and total employer schemes as a percentage of the employed workforce.

Year	Private	Government	Labour	Private	Government	Total
		t	force		t	
1990	273	60	1,480	18.5%	4.1%	22.6%
1991-92	-	-	-	-	-	-
1993	273	61	1,475	18.5%	4.1%	22.6%
1994	258	59	1,532	16.8%	3.9%	20.7%
1995	254	58	1,608	15.8%	3.6%	19.4%
1996	247	55	1,670	14.8%	3.3%	18.1%
1997	244	52	1,731	14.1%	3.0%	17.1%
1998	233	50	1,732	13.5%	2.9%	16.4%
1999	222	49	1,741	12.8%	2.8%	15.6%
2000	217	46	1,766	12.3%	2.6%	14.9%
2001	218	45	1,806	12.1%	2.5%	14.6%
2002	216	44	1,870	11.55%	2.35%	13.90%
2003	217	51	1898	11.4%	2.7%	14.1%

The downward trend in employer superannuation coverage in relation to the employed labour force from 1993 onwards continues for the private sector whilst for the public sector the introduction of the Teachers Retirement Savings Scheme which commenced September 2002 has boosted the Government membership figures above. If the membership figures of the new State Sector Retirement Savings Scheme which commenced on 1 July this year were included the Government Sector statistic would increase to 4.6%.

8.5 Superannuation Savings

The assets of retail superannuation schemes totalled \$6,449 million at year 2003 balance dates and \$7,147 million at year 2002 balance dates, a decrease of \$698 million. A decrease of \$718 million was noted in the previous year.

9. STAFF AND EXTERNAL ADVISERS

- 9.1 The office has a small team of persons with particular skills and expertise. The office supplements its resources, where and if appropriate, by making use of other resources within the Business Services Branch of the Ministry, and by seeking external assistance from experts in the private sector in dealing with particular problems as they arise.

In seeking external professional advice, the office looks for persons who have particular skills and experience which match the nature of the problem. Appropriate external private sector professional advice is also sought to provide quality assurance processes.

During the year I have appreciated the assistance and advice given by Mr H Rennie QC, Chapman Tripp, Phillips Fox, Kensington Swan and Deloitte.

The staff carrying out the work of the Insurance and Superannuation Unit have shown ongoing dedication and commitment, and I would like to record my appreciation for the efforts during the year of Gavin Quigan, Manager Insurance and Superannuation Unit and Lesley Carrig, Superannuation Officer.



D G Benison BSc(Econ) FIA FNZSA
Government Actuary

APPENDIX 1

SUPERANNUATION SCHEMES ACT 1989 AND AMENDMENTS

In previous years this appendix contained static information on superannuation legislation. This information will be added to the website www.isu.govt.nz

APPENDIX 2

ACTUARIAL REPORTS UNDER SECTION 15 OF THE ACT FOR CALENDAR YEAR 2003

1. INTRODUCTION

- 1.1 A number of employer sponsored superannuation schemes in the private sector operate on the principle of unallocated funding - the amount payable on retirement is determined by reference to a formula stated in the Trust Deed or Act which governs the scheme, and not by reference to contributions which have been allocated to specific members of the scheme.
- 1.2 This type of superannuation scheme is commonly called a "defined benefit" scheme. The formula defining the benefits may make reference to a member's salary, length of service or membership, or other characteristics such as the contributions the member has himself or herself made. An actuary will recommend to the scheme trustees what contributions should be paid by the employer in order to provide financial security for the promised benefits.
- 1.3 At intervals of not less than three years, Section 15 of the Act requires the scheme trustees to obtain an actuarial examination of the scheme; the report is to be received by the trustees within 7 months of the date as at which the examination is made; and a copy is to be sent to the Government Actuary when received by the trustees.
- 1.4 The poor investment experience of the past few years continues to have a detrimental effect on the financial strength of schemes.
- 1.5 I continue to monitor valuation assumptions, and to discuss with the actuary concerned instances where assumptions differ to a material extent from what appears to be generally accepted practice.

2. STATISTICAL ANALYSIS

- 2.1 I have analysed all actuarial reports in respect of these "defined benefit" schemes received in my office where the date of the actuary's investigation was in calendar year 2003. The form of this analysis generally follows that for previous years.

UPDATE REQUIRED

The analysis covers 51 schemes with 13,566 contributing members and pensioners, and total assets of \$1.7 billion.

The results of this analysis are not dissimilar to the results of the corresponding analysis carried out in respect of calendar year 2003, and contained in Appendix B of the Government Actuary's report for the year ending 30 June 2003.

- 2.2 The analysis shows the following matters of interest:
 - 22 of 51 schemes had an actuarially-assessed surplus of assets over accrued liabilities, 29 of 51 schemes had an actuarial deficit (last year 28 out of 70)
 - 20 of the 29 schemes showing an actuarial deficit had a ratio of assets to accrued liabilities (the "funding ratio") of less than 90% (last year 12 out of 28)
 - no schemes had surplus assets in excess of \$30 million (last year 2 schemes)
 - generally schemes reporting rates of salary increase had that rate higher than the reported investment yield (last year 27 of 44)
 - members of these schemes continue to be generally middle-aged and to earn above-average incomes
 - the average pension currently being paid by schemes with actuarial examinations in 2003 is \$12,507 pa

- increases were made (28 of the schemes), the average increase was 2.8% pa
-

Size of scheme Total assets are:	Total Number of Schemes	Average Number of Members & Pensioners	Average Total Assets \$m	Average Surplus Assets \$k	Average Investment Yield %	Average Salary Increase rate %
less than \$1m	7	21	0.4	*	*	*
\$1m to \$4.9m	15	24	2.1	-10	-1.4	3.8
\$5m to \$19.9m	9	149	10.8	-283	-4.2	3.5
\$20m to \$49.9m	9	331	30.1	-179	-2.3	4.7
\$50m and over	11	796	118.1	-700	-7.2	4.2
TOTALS	51	266	33.4	-273**	-3.1**	4.1**

* data such that averages meaningless

** average for schemes with assets over \$1m

Size of scheme Total assets are:	Total Number of Schemes	Average Age (Years)	Average Membership (Years)	Average Salary \$	Average Pension pa \$
less than \$1m	7	*	*	52,022	5,754
\$1m to \$4.9m	15	40	11.1	56,256	11,614
\$5m to \$19.9m	9	44	11.2	49,892	9,137
\$20m to \$49.9m	9	42	9.2	56,748	12,898
\$50m and over	11	44	13.8	58,847	12,601
TOTALS	51	43.5**	11.6**	57,049	12,597

NOTES

1. The data is in respect of "defined benefit" superannuation schemes where an actuarial report was made under section 15 of the Superannuation Schemes Act 1989. The date at which the actuarial investigation was carried out is in calendar year 2003.
2. "Total Assets" have been determined as follows: Market Value for 51 schemes.
3. A surplus has arisen when "Total Assets" exceed "the actuarial present value of accrued benefits after allowing for future salary increases".
A deficit has arisen when "Total Assets" are less than "the actuarial present value of accrued benefits after allowing for future salary increases".
4. "Investment yield" is the actual average annual investment earning yield, net of tax and expenses of investment, for the period of the examination ending on the date "as at" which the actuarial investigation was carried out.
5. "Salary Increase Rate" is the actual average annual rate of salary increase, for the period of the examination ending on the date "as at" which the actuarial investigation was carried out, for persons who were members of the scheme at the beginning and at the end of that investigation period. The salary increase rate has not been weighted by total salaries.
6. In respect of the actuarial bases used in assessing the present value of the liabilities to pay benefits, excluding the 9 schemes where pensioners are the only scheme members:
 - the assumed annual average future rate of investment earnings net of tax was 5.4% and
 - the difference between the assumed annual future rates of investment earnings net of tax and the assumed annual future rates of salary increase averaged 1.3%

APPENDIX 3
REGISTERED SUPERANNUATION SCHEMES:
ACCOUNTS SUMMARY AND MEMBERSHIP ANALYSIS

	In force on scheme balance dates in the 12 months:		Included in (b):	
	to 31 Dec 1990 (a)	to 31 Dec 2003 (b)	Prior period reports (c)	Terminating schemes (d)
Number of Schemes	2,863	675	15	50
ACCOUNTS SUMMARY	\$m	\$m	\$m	\$m
Opening Balance	11,044	16,830	6	100
<i>Add:</i> Contributions	908	1,784	0	6
Investment Accrual	578	-250	-1	1
Transfers In	0	214	0	0
Other Income	330	23	0	0
<i>Less:</i> Pension Payments	227	230	0	4
Retirement Lump Sums	481	927	0	6
Deaths/Disablements	49	91	0	0
Redundancies	0	142	0	2
Transfers Out	0	182	0	30
Other Exits	764	1,141	1	20
Administration Expenses	112	145	0	1
Insurance Premiums	106	21	0	0
Taxation	90	48	0	0
Closing Balance	11,032	15,675	4	44
CURRENT MEMBERS				
At start of year	511,940	647,488	60	1,705
<i>Add:</i> New members	62,406	49,764	5	80
Transfers In	6,765	3,900	0	0
<i>Less:</i> Retirements	13,684	22,183	1	24
Deaths/Disablements	2,132	2,720	0	1
Transfers Out	14,171	2,917	0	378
Redundancies	0	2,259	0	21
Other Exits	42,929	39,384	14	711
At end of year	508,195	631,724	50	650
OTHER MEMBERS with preserved benefits	3,411	1,739	19	19
CURRENT PENSIONERS	35,747	28,553	3	65
TOTAL MEMBERS AND PENSIONERS	547,353	662,016	72	734

Notes:

1. The data in column (b) includes data for schemes which are presumed current but which have not forwarded their annual reports for the balance date falling in the 12 months ending 31/12/03; refer column (c).
2. The data in column (b) includes the latest data for schemes which we have been informed will terminate after the balance date falling in the 12 months ending 31/12/03; refer column (d), which may include some cases in column (c).
3. The data has been obtained from annual reports made by the trustees of superannuation schemes "registered" under the Superannuation Schemes Act 1989 to the members and pensioners of those schemes. Data in respect of the Government Superannuation Fund is not included.

4. Some registered superannuation schemes are “investment only” schemes, whose members are trustees of other registered superannuation schemes. To avoid double counting, investment only schemes are excluded from this data.
5. Some registered superannuation schemes are “multiple class” schemes, whose members may be trustees of other registered superannuation schemes. Some double counting may therefore exist in this and later appendices.
6. **ACCOUNTS SUMMARY**
The figures for Investment Accrual, Administration Expenses and Taxation are understated: for many schemes the investment figure has been reported net of some expense charge and/or taxation.

Beginning in November 1994, amounts transferred in or out from other superannuation schemes, and amounts paid out on redundancy, have been recorded by the Office separately from the amounts paid on resignation, to the extent that reporting by scheme trustees makes the distinction. The figure of “Other Exits” comprises amounts paid on resignation, and in respect of reports filed before November 1994, amounts paid on redundancy and amounts transferred to other superannuation schemes. Similarly, the figure for “Other Income” includes amounts transferred in from other superannuation schemes in respect of reports filed before November 1994.

7. **MEMBERSHIP**
Some double counting may exist in the figures for numbers of members and pensioners: some persons may contribute to, and draw pensions from, different schemes.

“Transfers In” and “Transfers Out” refer to persons transferring membership between schemes. These figures do not seem to have been reported correctly. “Other Exits” includes resignation and, in respect of reports filed before November 1994, redundancy.
8. Some totals may not add exactly due to rounding.

APPENDIX 4

**REGISTERED SUPERANNUATION SCHEMES IN FORCE ON SCHEME BALANCE DATES IN 2003:
ANALYSIS ACCORDING TO SIZE OF SCHEME ASSETS**

(All registered schemes except investment only schemes)

<i>Assets grouping</i>	Number of Schemes			Total Assets			Total Membership		
	<u>2003</u>	<u>2002</u>	<u>1990</u>	<u>2003</u> \$m	<u>2002</u> \$m	<u>1990</u> \$m	<u>2003</u>	<u>2002</u>	<u>1990</u>
1. Under \$0.5m	194	212	1,881	33	34	227	1,179	1,367	16,607
2. \$0.5m to under \$1m	63	66	314	45	50	225	1,447	1,647	12,929
3. \$1m to under \$5m	189	214	415	452	526	943	16,833	19,758	58,582
4. \$5m to under \$20m	110	111	166	1,215	1,238	1,524	72,409	64,358	63,595
5. \$20m to under \$50m	57	58	44	1,949	2,006	1,312	77,214	72,847	77,023
6. \$50m and over	62	66	43	11,981	13,157	6,801	492,934	524,874	318,617
TOTAL	675	727	2,863	15,675	17,011	11,032	662,016	684,851	547,353

Notes:

1. The data has been obtained from annual reports made by the trustees of superannuation schemes "registered" under the Superannuation Schemes Act 1989 to the members and beneficiaries of those schemes. Data in respect of the Government Superannuation Fund is not included.
2. Some registered superannuation schemes are "investment only" schemes, whose members are trustees of other registered superannuation schemes. To avoid double counting, investment only schemes are excluded from this data.
3. Some registered superannuation schemes are "multiple class" schemes, whose members may be trustees of other registered superannuation schemes. Some double counting of assets and members may therefore exist.
4. Some totals may not add exactly, due to rounding.

APPENDIX 5

**REGISTERED SUPERANNUATION SCHEMES IN FORCE ON SCHEME BALANCE DATES IN 2003:
ANALYSIS BY NATURE OF SCHEME**

Nature of scheme	Number of Schemes			Total Assets			Total Membership		
	<u>2003</u>	<u>2002</u>	<u>1990</u>	<u>2003</u> \$m	<u>2002</u> \$m	<u>1990</u> \$m	<u>2003</u>	<u>2002</u>	<u>1990</u>
Private	47	50	508	29	29	58	66	70	550
Employer (1)	497	543	2,242	8,744	9,466	9,508	246,376	247,414	310,741
Employer (2)	8	7	0	453	370	0	25,362	16,961	0
Retail	<u>123</u>	<u>127</u>	<u>113</u>	<u>6,449</u>	<u>7,147</u>	<u>1,466</u>	<u>390,212</u>	<u>420,406</u>	<u>236,062</u>
TOTAL	675	727	2,863	15,675	17,011	11,032	662,016	684,851	547,353
Investment Only Schemes	26	26	2	9,667	10,266	55	547	588	100

Notes:

- “Private” schemes are schemes set up by individuals for themselves and their immediate family.
 “Employer (1)” schemes are schemes sponsored by private sector employers and all NPF employer sponsored schemes.
 “Employer (2)” schemes provide superannuation arrangements as alternatives to the Government Superannuation Fund, which are sponsored by public sector employers and approved under section 84C of the State Sector Act 1988. (Employer (1) and Retail statistics also include an unknown number of public sector employees who receive an employer subsidy).
 “Retail” schemes are schemes where membership is made available to the general public.
 “Investment Only schemes” (referred to as Master Schemes in previous years) are schemes whose members are trustees of other registered superannuation schemes.
- The data has been obtained from annual reports made by the trustees of superannuation schemes “registered” under the Superannuation Schemes Act 1989 to the members and beneficiaries of those schemes.
- Some totals may not add exactly, due to rounding.

APPENDIX 5.1

REGISTERED SUPERANNUATION SCHEMES IN FORCE ON SCHEME BALANCE DATES IN 2003: ANALYSIS BY NATURE OF SCHEME

Private Sector Employer sponsored schemes and all NPF employer sponsored schemes

	In force on scheme balance dates in the 12 months:		Included in (b):	
	to 31 Dec 1990 (a)	to 31 Dec 2003 (b)	Prior period reports (c)	Terminating Schemes (d)
Number of schemes	2,242	497	10	47
<i>Membership:</i>				
Actives	273,065	218,805	48	647
Deferreds	3,032	1,739	19	19
Pensioners	34,644	25,832	0	65
Total members	310,741	246,376	67	731
<i>Accounts Summary (\$millions):</i>				
Opening balance	9,624.8	9,300.0	4.8	91.3
Contributions	646.6	838.1	0.3	5.9
Net Investment Income	571.9	-339.0	-0.4	-0.1
Benefit Payments	1,334.9	1,055.1	0.8	53.4
Closing balance	9,508.4	8,744.0	3.9	43.7

Public Service Schemes approved by Government Actuary under section 84C State Sector Act 1988

	In force on scheme balance dates in the 12 months:		Included in (b):	
	to 31 Dec 1990 (a)	to 31 Dec 2003 (b)	Prior period reports (c)	Terminating Schemes (d)
Number of schemes	0	8	0	0
<i>Membership:</i>				
Actives	0	25,362	0	0
Deferreds	0	0	0	0
Pensioners	0	0	0	0
Total members	0	25,362	0	0
<i>Accounts Summary (\$millions):</i>				
Opening balance	0.0	369.6	0.0	0.0
Contributions	0.0	114.2	0.0	0.0
Net Investment Income	0.0	6.5	0.0	0.0
Benefit Payments	0.0	37.1	0.0	0.0
Closing balance	0.0	453.2	0.0	0.0

Notes:

- The data in column (b) includes data for schemes which are presumed current but which have not forwarded their annual reports for the balance date in the 12 months to 31/12/03; refer column (c).
- The data in column (b) includes the latest data for schemes which we have been informed will terminate after the balance date in the 12 months to 31/12/03; refer column (d), which may include some cases in column (c).
- "Net Investment Income" consists of investment income and realised and unrealised capital gains as recorded in the Statement of Financial Performance, less expenses (including the cost of insurance if any) and taxation.
- "Benefit Payments" consists of amounts paid by way of pensions, lump sums on retirement, death, disablement, redundancy and withdrawal, and transfers to other schemes less transfers received from other schemes.
- Some totals may not add exactly, due to rounding.

APPENDIX 5.2

REGISTERED SUPERANNUATION SCHEMES IN FORCE ON SCHEME BALANCE DATES IN 2003: ANALYSIS BY NATURE OF SCHEME

	In force on scheme balance dates in the 12 months:		Included in (b):	
	to 31 Dec 1990	to 31 Dec 2003	Prior period reports	Terminating Schemes
	(a)	(b)	(c)	(d)
Private Schemes (schemes set up by individuals for themselves and their immediate families)				
Number of schemes	508	47	5	2
<i>Membership:</i>				
Actives	540	63	2	3
Deferreds	10	0	0	0
Pensioners	0	3	3	0
Total members	550	66	5	3
<i>Accounts Summary (\$millions):</i>				
Opening balance	76.5	28.3	1.0	0.3
Contributions	8.9	0.2	0.0	0.0
Net Investment Income	3.5	1.3	-0.5	0.0
Benefit Payments	30.9	1.1	0.0	0.0
Closing balance	58.0	28.7	0.5	0.3

	In force on scheme balance dates in the 12 months:		Included in (b):	
	to 31 Dec 1990	To 31 Dec 2003	Prior period reports	Terminating Schemes
	(a)	(b)	(c)	(d)
Retail Schemes (schemes where membership is made available to the general public)				
Number of schemes	113	123	0	1
<i>Membership:</i>				
Actives	234,590	387,494	0	0
Deferreds	369	0	0	0
Pensioners	1,103	2,718	0	0
Total members	236,062	390,212	0	0
<i>Accounts Summary (\$millions):</i>				
Opening balance	1,343.1	7,132.5	0.0	8.4
Contributions	252.9	831.7	0.0	0.0
Net Investment Income	24.5	-109.9	0.0	0.0
Benefit Payments	154.7	1,405.2	0.0	8.4
Closing balance	1,465.7	6,449.1	0.0	0.0

Notes:

- The data in column (b) includes data for schemes which are presumed current but which have not forwarded their annual reports for the balance date in the 12 months to 31/12/03; refer column (c).
- The data in column (b) includes the latest data for schemes which we have been informed will terminate after the balance date in the 12 months to 31/12/03; refer column (d), which may include some cases in column (c).
- "Net Investment Income" consists of investment income and realised and unrealised capital gains as recorded in the Statement of Financial Performance, less expenses (including the cost of insurance if any) and taxation.
- "Benefit Payments" consists of amounts paid by way of pensions, lump sums on retirement, death, disablement, redundancy and withdrawal, and transfers to other schemes less transfers, received from other schemes.
- Some totals may not add exactly, due to rounding.

APPENDIX 5.3
REGISTERED SUPERANNUATION SCHEMES IN FORCE ON SCHEME
BALANCE DATES IN 2003: ANALYSIS BY NATURE OF SCHEME

All Schemes excluding investment only schemes

	In force on scheme balance dates in the 12 months:		Included in (b):	
	to 31 Dec 1990 (a)	to 31 Dec 2003 (b)	Prior period reports (c)	Terminating Schemes (d)
Number of schemes	2,863	675	15	50
<i>Membership:</i>				
Actives	508,195	631,724	50	650
Deferreds	3,411	1,739	19	19
Pensioners	35,747	28,553	3	65
Total members	547,353	662,016	72	734
<i>Accounts Summary (\$millions):</i>				
Opening balance	11,044.4	16,830.4	5.7	100.0
Contributions	908.4	1,784.2	0.3	5.9
Net Investment Income	599.8	-441.1	-0.9	-0.1
Benefit Payments	1,520.5	2,498.5	0.8	61.8
Closing balance	11,032.1	15,674.9	4.4	44.0

Investment Only Schemes

	In force on scheme balance dates in the 12 months:		Included in (b):	
	to 31 Dec 1990 (a)	to 31 Dec 2003 (b)	Prior period reports (c)	Terminating Schemes (d)
Number of schemes	2	26	0	0
<i>Membership:</i>				
Actives	100	547	0	0
Deferreds	0	0	0	0
Pensioners	0	0	0	0
Total members	100	547	0	0
<i>Accounts Summary (\$millions):</i>				
Opening balance	51.3	10,267.2	0.0	0.0
Contributions	11.2	4,542.5	0.0	0.0
Net Investment Income	- 1.7	-1,380.2	0.0	0.0
Benefit Payments	5.5	3,762.3	0.0	0.0
Closing balance	55.3	9,667.1	0.0	0.0

Notes:

1. The data in column (b) includes data for schemes which are presumed current but which have not forwarded their annual reports for the balance date in the 12 months to 31/12/03; refer column (c).
2. The data in column (b) includes the latest data for schemes which we have been informed will terminate after the balance date in the 12 months to 31/12/03; refer column (d), which may include some cases in column (c).
3. "Net Investment Income" consists of investment income and realised and unrealised capital gains as recorded in the Statement of Financial Performance, less expenses (including the cost of insurance if any) and taxation.
4. "Benefit Payments" consists of amounts paid by way of pensions, lump sums on retirement, death, disablement, redundancy and withdrawal, and transfers to other schemes less transfers received from other schemes.
5. Some totals may not add exactly, due to rounding.

APPENDIX 6

**REGISTERED SUPERANNUATION SCHEMES IN FORCE ON SCHEME BALANCE DATES IN 2003: PRIVATE
SECTOR EMPLOYER SPONSORED SCHEMES AND ALL NPF EMPLOYER SPONSORED SCHEMES - ANALYSIS BY
ADMINISTRATION MANAGER**

Number of Schemes	<i>Type of Scheme</i>								
	<u>2003</u>	<u>2002</u>	<u>1990</u>	<u>2003</u>	<u>2002</u>	<u>1990</u>	<u>2003</u>	<u>2002</u>	<u>1990</u>
	Defined Benefit			Defined Contribution			Total		
Self Managed	30	37	143	77	73	240	107	110	383
Life Office	35	37	244	149	176	1,273	184	213	1,517
Consulting Actuary	90	98	47	87	94	93	177	192	140
Other	14	13	18	15	15	184	29	28	202
TOTAL	169	185	452	328	358	1,790	497	543	2,242
Total Assets (\$millions)									
Self Managed	980	1,156	4,011	177	243	483	1,157	1,399	4,494
Life Office	450	409	888	1,544	1,597	1,057	1,993	2,006	1,945
Consulting Actuary	1,793	1,963	321	1,464	1,465	292	3,257	3,428	614
Other	1,238	1,440	1,470	1,099	1,194	986	2,337	2,634	2,456
TOTAL	4,460	4,968	6,691	4,284	4,498	2,817	8,744	9,466	9,508
Total Members									
Self Managed	10,889	11,932	59,666	4,770	5,758	18,662	15,659	17,960	78,328
Life Office	4,308	4,273	18,235	47,986	48,789	41,132	52,294	53,062	59,367
Consulting Actuary	32,093	31,981	6,561	43,994	42,783	10,859	76,087	74,764	17,420
Other	22,417	22,783	16,755	79,919	79,115	138,871	102,336	101,898	155,626
TOTAL	69,707	70,969	101,217	176,669	176,445	209,524	246,376	247,414	310,741

Notes:

1. All NPF employer sponsored schemes are included in Administration Manager category "Other".
2. Some totals may not add exactly, due to rounding.

APPENDIX 7
REGISTERED SUPERANNUATION SCHEMES IN FORCE ON
SCHEME BALANCE DATES IN 2003: ANALYSIS ACCORDING TO
NATURE OF SCHEME AND SIZE OF SCHEME ASSETS
(excluding Investment Only schemes)

NUMBER OF SCHEMES:

Assets Grouping	Private	Employer (1)	Employer (2)	Retail	TOTAL
1. Under \$.0.5m	36	138	0	20	194
2. \$0.5m to under \$1m	6	46	0	11	63
3. \$1m to under \$5m	4	157	2	26	189
4. \$5m to under \$20m	1	84	3	22	110
5. \$20m to under \$50m	0	35	0	22	57
6. \$50m and over	0	37	3	22	62
Total, all groups	47	497	8	123	675

TOTAL ASSETS (\$ millions):

Assets Grouping	Private	Employer (1)	Employer (2)	Retail	TOTAL
1. Under \$.0.5m	5	24	0	4	33
2. \$0.5m to under \$1m	4	33	0	87	45
3. \$1m to under \$5m	8	379	6	59	452
4. \$5m to under \$20m	12	917	36	250	1,215
5. \$20m to under \$50m	0	1,224	0	725	1,949
6. \$50m and over	0	6,167	411	5,403	11,981
Total, all groups	29	8,744	453	6,449	15,675

TOTAL MEMBERSHIP:

Assets Grouping	Private	Employer (1)	Employer (2)	Retail	TOTAL
1. Under \$.0.5m	46	658	0	475	1,179
2. \$0.5m to under \$1m	12	710	0	725	1,447
3. \$1m to under \$5m	7	9,848	487	6,491	16,833
4. \$5m to under \$20m	1	23,357	9,273	39,778	72,409
5. \$20m to under \$50m	0	27,178	0	50,036	77,214
6. \$50m and over	0	184,625	15,602	292,707	492,934
Total, all groups	66	246,376	25,362	390,212	662,016

Number of schemes for which nil
assets advised:

1	26	0	2	29
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Notes:

1. "Private" schemes are schemes set up by individuals for themselves and their immediate family
2. "Employer (1)" schemes are schemes sponsored by private sector employers and all NPF employer sponsored schemes
3. "Employer (2)" schemes are schemes provided as alternative arrangements to the Government Superannuation Fund, sponsored by public sector employers and approved under section 84C of the State Sector Act 1988. (Employer (1) and Retail statistics also include an unknown number of public sector employees who receive an employer subsidy).
4. "Retail" schemes are schemes where membership is made available to the general public