

New Zealand
Permit No. 2665

Permit 

NEW ZEALAND FIRE SERVICE SUPERANNUATION SCHEME

2010 ANNUAL REPORT

TRUSTEES

Appointed by the New Zealand Fire Service

Janine Hearn
Allan Kerrisk
Russell Wood

Appointed by the New Zealand Professional Firefighters Union

Athol Conway – until 26 November 2009
Denis Fitzmaurice
Stephen Warner
Ian Wright – from 27 November 2009

Independent Trustee appointed by the Trustees

Tim McGuinness

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
ING (NZ) Ltd
New Zealand Assets Management Ltd
Russell Investment Group Ltd
Tower Asset Management Ltd

Scheme Secretary

Barry Dent

Solicitor

DLA Phillips Fox

ADMINISTRATOR CONTACT

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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 2010. It should be read in conjunction with the scheme's *Investment Statement* and the information available at www.firesuper.co.nz



Steve Warner
Chairman of Trustees

The Trustees are pleased to bring you this Annual Report of your Superannuation Scheme which covers the year to the 31st March 2010.

The year has seen the returns for Members, in most cases, increase dramatically from the lows of last year. While markets have climbed and generally been relatively stable from April 2009, there is a feeling within the industry that this could be a false rebound.

Your Trustees have been very vigilant in reviewing the assets of each of the Member Investment Choice options to ensure that the investment benchmark allocation is maintained. During the year 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 benchmark.

A perusal of this report will enable you to see, probably for the first time since Member Investment Choice was introduced, the difference in returns between the four options. In the past returns have been erratic to say the least and this comparison was difficult to define.

At a recent Trustee meeting Trustees resolved to alter the way that Members are able to change their options related to their Member Investment Choice. Instead of all changes having to be made at the end of September in any year, Members may alter their options once a year in any month. This will mean that provided you have your request for change logged online by the 20th of the month, changes will be processed at the end of that month. There has been a small delay in getting this up and running, but Trustees are

hopeful this will be available to Members by the end of July 2010. Members will be informed when this is available in a relevant SuperNews.

I would like to thank my fellow Trustees and the providers of services to the Scheme for their continued efforts during the past year. It is with the help of these people that the Scheme is able to offer continued retirement savings for our Members.

I would recommend that you read this report as it contains important information regarding your retirement funds.

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

Steve Warner
Chairman of Trustees

Ring-fenced Cash Investment Choice interest credited (%)	2.42
Cash Investment Choice interest credited (%)	0.10
Conservative Investment Choice interest credited (%)	8.95
Balanced Investment Choice interest credited (%)	17.28
High Growth Investment Choice interest credited (%)	22.14
New Members	39
New contributions (million)	\$ 15.379
Benefits paid (million)	\$ 8.376
Scheme net assets (million)	
01 April 2009	\$ 226.614
31 March 2010	\$ 261.808



Gross Performance (%) by Asset Class for the year ended 31 March 2010

Asset Class	Fund	Actual	Benchmark	Variance
Australasian shares	AMPCI Strategic NZ Shares	29.2	31.7	-2.5
	Direct Capital IV Ltd Partnership	n.a	n.a	
Global Shares	AllianceBernstein Global Value Equities	28.5	22.6	5.9
	AMPCI Core Global Shares	24.9	22.6	2.3
	AMPCI Core Hedged Global Shares	61.0	60.1	0.9
	AMPCI Extended Markets Global Shares	31.5	39.3	-7.8
	NZ Assets Management Global	15.0	47.1	-32.1
Property	AMPCI NZ Property	-30.2	-3.6	-26.6
	ING Global Listed Property	77.1	81.7	-4.6
NZ Bonds	ING Wholesale NZ Bond	10.3	5.4	4.9
	ING Wholesale NZ Government Bond	4.2	4.1	0.1
Global Bonds	Russell Global Bond	4.1	1.7*	2.4
	TAM International Bond (FDR)	21.9	9.5	12.4
New Zealand Cash	ING Wholesale Cash Fund	3.9	2.9	1.0

* For four months to 31 March 2010 only.

Overview

The following commentary provides a brief review of some of the major events affecting investment markets over the last twelve months.

Most share markets reached their nadir in March 2009 and so using this as a starting point paints a very rosy picture for the year. In local currency terms, global markets (and Australia) produced returns of over 40% for the year. New Zealand not having fallen as far as global markets previously had a lower return, but it was still one of the best years on the NZ stock exchange. The NZ dollar rebounded strongly and this penalised unhedged investors heavily.

The global property sector continued to be volatile and the index ended the year up over 80%. NZ property produced a solid result for the year as listed vehicles rebounded. However, direct property had mixed results.

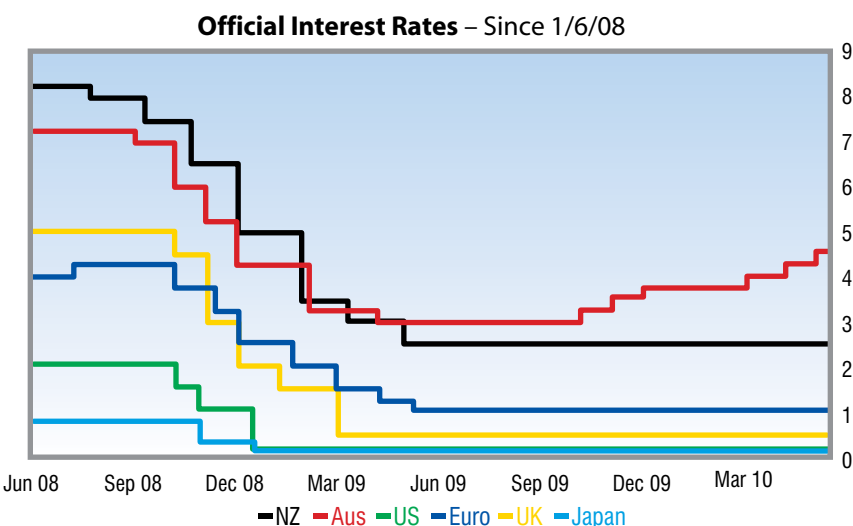
In the fixed interest space, corporate securities outperformed sovereign debt. The former had a good year while the latter was subdued which was the reverse of the previous year. Global bonds offered a small premium over New Zealand. Cash produced a low result given the very low official cash rate.

Interest rates

Most developed countries maintained their extraordinary stimulus measures throughout the year. The US Federal Reserve, Bank of England, European Central Bank, and Bank of Japan all kept their official interest rates low from mid-2009 to 31 March 2010.

Australia on the other hand saw its economy come through the crisis relatively well and began raising its official cash rate by 0.25% increments from October 2009. By 31 March 2010 it had increased the rate a full 1%, and has continued to lift it in the following months.

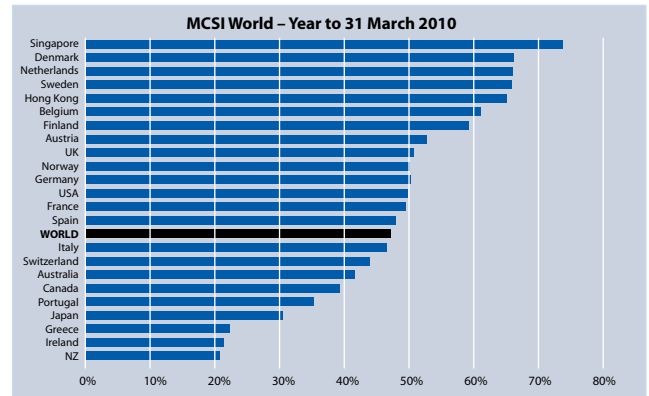
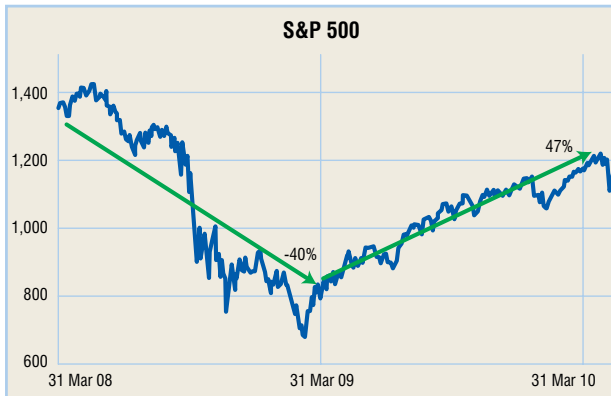
The chart below illustrates the official interest rates for several economies:



Share markets

As noted above, the low point for share markets occurred just before the start of the scheme's financial year. Since then it has been more or less an uninterrupted march upwards to 31 March 2010.

Initially this was driven by investors returning to the market when sentiment turned positive indicating that a global depression could be avoided. However, in the latter half of the year earnings results from key companies became positive indicating the global economy has turned the corner. Not even heightening concerns around Greek sovereign debt in late 2009 and 2010 was able to dent the progress in the US S&P 500 over the year to 31 March 2010.



New Zealand, having a more insulated financial sector than other developed countries, did not rebound as sharply. In fact, when compared to the other countries monitored by the MSCI in their 'World' index, New Zealand was last over the year.

The countries faring the best were mainly northern European countries with relatively stronger fiscal positions. Weaker were the 'PIIGS' (Portugal, Italy, Ireland, Greece and Spain) who made headlines as their finances deteriorated. Other countries, like Australia, Canada and New Zealand, found themselves at the bottom of the pack just by virtue of their stock markets not having fallen as far the previous year. New Zealand was in fact top over the previous year.

Economies

In the USA the unemployment rate remains high. At 31 March 2010 it stood at 9.7%, just down from its peak of 10.1% in October 2009. The broader under-employed rate, that includes those working part time seeking full-time, discouraged workers and marginally attached workers, ended the year above 17%.

Despite this, US GDP rose 2.5% for the year to 31 March 2010. This was after collapsing 3.3% in the previous 12 months. Inflation has not yet raised its head as a concern. The consumer price index remained suppressed, falling 0.4% over the year. Despite this the gold price has increased dramatically over the year, rising over 20% as investors anticipate a future inflationary environment. In the previous 5 years it has risen over 150% and one has to question whether there is a bubble forming.

World growth has been revised upwards by the International Monetary Fund. The world economy is expected to have shrunk 0.6% in calendar year 2009 and to bounce 4.2% in 2010. Advanced economies will continue to lag developing markets. The G7 was down 3.4% in 2009 and is expected to only rebound 2.4% in 2010.

China is expected to continue to grow at a frenetic pace. The IMF estimates the economy grew at 9.6% during the 2009 calendar year and will grow 8.7% in 2010. The following 5 years are expected to average just less than 10% pa.

New Zealand

Locally the economy appears to be over the worst of the recession.

Unemployment which peaked at 7.1% is now down to 6.0%. In the December 2009 quarter, the annual change in GDP returned to positive territory for the first time since June 2008. The March quarter release is expected to bring the change close to 2% for the 12 months.

Fortunately for the Reserve Bank inflation remains benign. The annual change in the consumer price index is sitting at 2.0%, right in the middle of the Bank's target range. Nevertheless, Governor Bollard is expected to begin raising the official cash rate from June.

HOW THE INVESTMENT CHOICE OPTIONS PERFORMED

Cash Investment Choice

This Choice returned 0.10% after tax and expenses for the year.

This performance is less than the benchmark for the cash assets.

The inability to withdraw from the AMPCI Property Fund contributed to this disappointing performance. This investment in property reduced the after tax and expenses performance by about 2.32%. The AMPCI Property Fund is expected to continue to be closed to withdrawals for the full financial year to 31 March 2011.

	Benchmark allocation (%) at 31 March 2010	Actual allocation (%) at 31 March 2010
Growth assets		
AMPCI NZ Property	0	4.65
Income assets		
ING Wholesale NZ Cash	100	95.35
Assets under management (\$ million)		
		38.53
Gross performance (%)		
	Benchmark	Scheme
	2.9	1.6

The cost of the administration and investment expenses for this Choice were 0.29%.

Ring-fenced Cash Investment Choice

This Choice returned 2.42% after tax and expenses for the year.

This performance is in excess of the benchmark for the cash assets.

	Benchmark allocation (%) at 31 March 2010	Actual allocation (%) at 31 March 2010
Income assets		
ING Wholesale NZ Cash	100	100
Assets under management (\$ million)		
		15.35
Gross performance (%)		
	Benchmark	Scheme
	2.9	3.9

The cost of the administration and investment expenses for this Choice were 0.29%.

This Choice option was established for Members of the previous Cash Portfolio and is available to them only. All the assets of this Choice option will be transferred to the Cash Investment Choice option once the AMPCI Property assets are sold from that Choice option.

Conservative Investment Choice

This Choice returned 8.95% after tax and expenses for the year.

This performance is slightly less than the benchmark for these assets.

The inability to withdraw from the AMPCI Property Fund contributed to this disappointing performance. This investment in property reduced the after tax and expenses performance by over 1.5%. The AMPCI Property Fund is expected to continue to be closed to withdrawals for the full financial year to 31 March 2011.

The gross performance is less than the Melville Jessup Weaver KiwiSaver Survey average by 0.3%.

	Benchmark allocation (%) at 31 March 2010	Actual allocation (%) at 31 March 2010	
Growth assets			
AMPCI Australasian Shares	5.0	4.33	
AllianceBernstein Global Value Shares	3.0	3.04	
AMPCI Core Global Shares	3.0	1.47	
AMPCI Core Hedged Global Shares	6.45	3.93	
AMPCI Extended Market Global Shares	1.05	0.98	
NZ Assets Management Global Shares	1.50	3.70	
AMPCI NZ Property	0	4.57	
Income assets			
ING NZ Bond Fund	9.75	8.66	
ING NZ Government Bond Fund	5.25	4.44	
Tower Investment Global Bonds	26.0	27.53	
Russell Global Bond Fund	4.0	4.36	
ING Wholesale NZ Cash	35.0	32.99	
Assets under management (\$ million)			
		16.41	
Gross performance (%)			
	Benchmark	Scheme	KiwiSaver Survey
	11.7	11.3	11.6

The cost of the administration and investment expenses for this Choice were 0.39%.

Balanced Investment Choice

This Choice returned 17.28% after tax and expenses for the year.

This performance is slightly less than the benchmark for these assets. Given the significant negative performance to 31 March 2009 and the extremely uncertain investment environment then, the Trustees took a deliberate decision in April 2009 to slightly underweight growth assets compared to benchmark. This slightly underweight position continued throughout the year and reduced to 0.24% by 31 March 2010. This underweight position reduced the after tax and expenses performance by about 2.0%.

The gross performance is in excess of the Melville Jessup Weaver KiwiSaver Survey average by 0.3%.

Benchmark allocation (%)
at 31 March 2010

Actual allocation (%)
at 31 March 2010

Growth assets

	Benchmark allocation (%) at 31 March 2010	Actual allocation (%) at 31 March 2010
AMPCI Australasian Shares	13.5	12.82
Direct Capital		0.21
AllianceBernstein Global Value Shares	7.0	5.89
AMPCI Core Global Shares	8.0	8.03
AMPCI Core Hedged Global Shares	14.05	15.31
AMPCI Extended Market Global Shares	2.45	2.36
NZ Assets Management Global Shares	3.5	4.35
AMPCI NZ Property	5.0	4.12
ING Global Property	5.0	5.17

Income assets

	Benchmark allocation (%) at 31 March 2010	Actual allocation (%) at 31 March 2010
ING NZ Bond Fund	7.5	7.76
ING NZ Government Bond Fund	4.5	4.35
Russell Global Bond Fund		8.52
Tower Asset Management Global Bonds	24.5	15.55
ING Wholesale NZ Cash	5.0	5.56

Assets under management (\$ million)

177.16

Gross performance (%)	Benchmark	Scheme	KiwiSaver Survey
	23.3	21.3	21.0

The cost of the administration and investment expenses for this Choice were 0.53%.

High Growth Investment Choice

This Choice returned 22.14% after tax and expenses for the year.

The performance is slightly less than the benchmark for these assets. Given the significant negative performance to 31 March 2009 and the extremely uncertain investment environment then, the Trustees took a deliberate decision in April 2009 to slightly underweight growth assets compared to benchmark. This slightly underweight position continued throughout the year and reduced to 3.31% by 31 March 2010. This underweight position reduced the after tax and expenses performance by about 3.4%.

The gross performance is in excess of the Melville Jessup Weaver KiwiSaver Survey average by 0.2%.

Benchmark allocation (%)
at 31 March 2010

Actual allocation (%)
at 31 March 2010

Growth assets

	Benchmark allocation (%) at 31 March 2010	Actual allocation (%) at 31 March 2010
AMPCI Australasian Shares	20.0	21.72
AllianceBernstein Global Value Shares	9.0	8.10
AMPCI Core Global Shares	9.0	8.68
AMPCI Core Hedged Global Shares	19.35	19.36
AMPCI Extended Market Global Shares	3.15	3.29
NZ Assets Management Global Shares	4.5	4.57
AMPCI NZ Property	10.0	5.69
ING Global Property	10.0	10.27

Income assets

	Benchmark allocation (%) at 31 March 2010	Actual allocation (%) at 31 March 2010
ING NZ Bond Fund	3.0	3.34
ING NZ Government Bond Fund	2.0	1.73
Russell Global Bond Fund		1.48
Tower Asset Management Global Bonds	10.0	8.63
ING Wholesale NZ Cash	0	3.14

Assets under management (\$ million)

13.70

Gross performance (%)	Benchmark	Scheme	KiwiSaver Survey
	30.4	27.0	26.8

The cost of the administration and investment expenses for this Choice were 0.59%.

Investment Configuration

The benchmarks for all Member Investment Choice options were amended slightly from 15 June given the change in investment conditions and again on 17 November to maintain the scheme's offshore shares hedge at 50%.

\$12 million was transferred from the ING Wholesale Cash Fund to various other Funds in November and a further \$4.1 million was transferred to the Russell Global Bond Fund in February to effect a rebalance closer to benchmark.

The Russell Global Bond Fund was chosen to manage the offshore Bond mandate and in December the ING BGI Global Bond Fund was terminated and these assets transferred to the Russell Global Bond Fund.

AllianceBernstein advised they were closing their New Zealand funds management operation from January and would be transferring all funds to AXA Global Investors. Trustees resolved to withdraw all the funds from the AllianceBernstein Australasian Equity Fund and transfer these to the AMPCI New Zealand Strategic Equities Fund in December. Trustees resolved to invest half of the scheme's Australasian Equities in the Harbour Asset Management Australasian Equities Fund in February. These funds, totalling \$13.065 million were to be transferred early in April 2010.

All of the AllianceBernstein Global Value Equities Fund assets totalling \$12.029 million were withdrawn and in the process of being transferred through the scheme's cheque account to the AMPCI Future Directions Global Equity Fund at 31 March 2010.

Trustees resolved to commit to invest a total of \$5.0 million in the Direct Capital Limited Partnership over time for the Balanced Member Investment Choice only. At year end \$382,860 had been invested.

New Zealand Assets Management advised they were developing a new Global Share Fund from 01 September. The new Fund was identical to their current fund and Trustees resolved to continue to invest in the NZAM Global Fund.

The earlier decision to invest in the Tyndall Hedge Fund will not now proceed.

The Trustees have maintained a close watch on the scheme's investments and sought more regular advice from the Investment Adviser. All new net contributions continue to be invested in the ING Wholesale Cash Fund. This decision provides the scheme with extra liquidity and will continue until this need is declared 'not required' by Trustees.

How the scheme has performed compared to the Investment Objectives

The scheme has an objective to work to five year rolling averages:

- to achieve an average after tax rate of return at least equal to the CPI rate plus 2.5% per annum.

The Balanced Member Investment Choice is the only option that has existed for a five year period. The Balanced Member Investment Choice has met this objective.

- to achieve a before tax return above the total scheme benchmark of 1.0% per annum.

Only the Ring-fenced Cash Member Investment Choice has met this objective.

- to achieve a gross return in the top two quartiles of the Mercer Investment Performance Survey.

The Conservative and the High Growth Investment Choices did not meet this objective. The Balanced Investment Choice met this objective.



Trustees

In November 2009 the New Zealand Professional Firefighters Union notified the scheme that Trustee Athol Conway had been replaced by Ian Wright.

Trustees met on six occasions during the year.

The costs

Administration expenses and investment management fees for the year totalled \$1,099,018 up \$87,363 from last year, as a result of investment management fees being higher this year because of more assets being under management.

Investment Managers charge fees to the scheme both inside and outside their Funds. In the interest of transparency the Trustees have developed a process to identify both the internal and the external fees.

The Trustees use an international method of measuring and comparing these expenses from year to year known as the 'Management Expenses Ratio' (MER). The MER comparison over the last two years is shown below:

To 31 March	Outside Fund MER (%)	Inside Fund MER (%)	Total MER (%)
2010	0.450	0.318	0.768
2009	0.421	0.339	0.760

When you compare these costs to other savings products in the market place the scheme's costs are significantly lower. The overall effect of lower costs to Members is higher performance.

Scheme administration

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

Kerryn McLay continues to administer the scheme in a very professional manner.

During the year the ability to make changes to beneficiaries on-line was approved. As well the ability for Members to reset their Security PIN on-line commenced.

Legislation

In response to the December 2008 amendments to the KiwiSaver Act the Trust Deed of the scheme was amended on 24 July 2009 to permit Members to make contributions to the 'Complying Superannuation Fund' within this scheme at either two or four per cent of their wages/salary, with the Employer contributing dollar for dollar at two per cent and the remainder of their and the Employer contributions being placed in the regular section of the scheme. At the same time the opportunity was taken to make other amendments to the Trust Deed to clarify benefit payment levels where a Member of the 'Complying Superannuation Fund' becomes entitled to a benefit.

Trustees updated both the Investment statement and the scheme brochure twice to ensure it remained accurate given changes to the scheme.

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.

Disputes

The Disputes Handling Procedure approved by the Trustees continued in place. There have been no amendments to the procedure. One complaint was received related to the Member Investment Choice elections. The Sub-Committee that investigated this complaint did not uphold the complaint.

A complaint was made against the scheme Secretary during the year. A Sub-Committee of the Trustees investigated the matter and did not uphold the complaint.

Transfer from other funds

During the year transfers from other registered superannuation schemes totalling \$368,032 were received. A comparison of the transfers from other schemes over the last five years is shown below:

To 31 March	Transfer Value (\$)
2010	368 032
2009	112 350
2008	399 986
2007	37 185
2006	520 728

Voluntary contributions

During the year the scheme received voluntary contributions totalling \$49,572. Thirty three 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 either of the two opportunities set out above contact the scheme Secretary at any of the contacts set out in the Directory inside the front cover.

Risk Management Policy and Plan

Work continued on the updating of a risk management policy and plan to identify and establish solutions for the risks the scheme faces in carrying out its normal business.

PRI Membership



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

Other matters

Trustees also dealt with the following matters during the year:

- Overcoming the application issues of the interim interest rate process to ensure it is robust in the future
- Reviewing the need to purchase Trustee Indemnity insurance or to maintain the policy of non insurance. The previous policy was maintained
- The Gareth Morgan Investment Report on the scheme was reviewed and was referred to the scheme Promoter
- Reviewing the policy and to allow Members to make their Investment Choice election once a year at any time rather than in September.

Membership

The number of Members of the scheme reduced slightly during the year.

A breakdown of the Membership changes for the year follows:

Members at 01 April 2009	1761
New Members	39
Members leaving	
Death	0
Dismissal	0
Loss of medical fitness	7
Loss of physical fitness	0
Resignation	29
Retirement	9
Retrenchment	0
Subtotal	45

Members at 31 March 2010 **1755**

There were 40 deferred Members of the scheme at 31 March 2010.

SUMMARY FINANCIAL STATEMENTS

Presented on pages 12 and 13 are the Summary Financial Statements of the New Zealand Fire Service Superannuation Scheme, a profit-oriented entity, for the year ended 31 March 2010, 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 03 June 2010.

An unqualified audit report was issued for the full Financial Statements on 03 June 2010.

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.

CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2010

		2010	2009
		\$	\$
Investment and Administration Activities			
Investment Revenue	Note 1	34,512,956	(27,984,810)
Investment Expenses		<u>(569,083)</u>	<u>(419,367)</u>
Net Investment Revenue		33,943,873	(28,404,177)
Administration Expenses	Note 2	<u>(529,935)</u>	<u>(592,288)</u>
Change in Net Assets Before Taxation and Membership Activities		33,414,938	(28,996,465)
Taxation Credit / (Expense)		<u>(5,351,979)</u>	<u>1,390,398</u>
Change in Net Assets After Taxation		28,061,959	(27,606,067)

Membership Activities

Contributions:

Transfers In	368,032	112,350
Members	5,965,820	5,737,368
Lump Sum	49,572	41,416
Employer	8,996,068	8,698,615
FSC Reimbursement	<u>128,081</u>	<u>201,366</u>
	15,507,573	14,791,115
Withdrawals, Retirements and Other Benefits	<u>(8,375,769)</u>	<u>(14,195,528)</u>
Net Contributions Received	7,131,804	595,587

Liability for Promised Benefits

Liability for Promised Benefits at Beginning of Year	226,613,895	253,624,375
Net (Decrease) in Net Assets After Taxation	28,061,959	(27,606,067)
Net Contributions Received	<u>7,131,804</u>	<u>595,587</u>
Liability for Promised Benefits at End of Year	261,807,658	226,613,895

Represented as at 31 March by:

Member Accounts	108,066,160	94,071,901
Employer Accounts	153,741,358	132,541,994
Reserve Account	140	-
Liability for Promised Benefits	261,807,658	226,613,895

NET ASSETS AS AT 31 MARCH 2010

Assets

Cash		12,118,431	182,456
Investments:			
Short Term Securities	67,853,329		75,609,906
New Zealand Fixed Interest	24,756,044		25,099,675
Offshore Fixed Interest	49,479,275		40,402,965
New Zealand Equities	26,381,380		9,122,405
Offshore Equities	59,768,006		58,041,110
Property	<u>21,178,211</u>		<u>18,155,246</u>
		249,416,245	226,431,307
Receivables	282,629		-
Tax Refundable	<u>51,968</u>		<u>696,720</u>
		334,597	696,720
Total Assets		261,869,273	227,310,483
Less:			
Payables	61,615		208,472
Deferred Taxation	<u>-</u>		<u>488,116</u>
		61,615	696,588
Net Assets Available to Pay Benefits at End of Year		261,807,658	226,613,895

NOTES FOR THE YEAR ENDED 31 MARCH 2010

	2010 \$	2009 \$
Note 1: Investment Revenue		
Interest	159,085	818,961
Dividends	599,122	-
Change in Net Market Value of:		
New Zealand Fixed Interest	4,839,256	10,671,328
Offshore Fixed Interest	5,983,557	(5,306,734)
New Zealand Equities	2,086,291	(3,237,195)
Offshore Equities	22,751,534	(25,252,575)
Property	(1,905,889)	(5,688,108)
Sundry Income	-	9,513
	<u>33,754,749</u>	<u>(28,803,771)</u>
Total Investment Revenue	<u>34,512,956</u>	<u>(27,984,810)</u>
Note 2: Administration Expenses		
Accountancy Fees	9,563	14,850
Administration Fees	189,172	218,540
Audit Fees	17,719	18,144
Interest Expense	-	8,294
Investment Advice	114,517	111,996
Legal Fees	47,760	16,456
Printing & Stationery	16,785	17,761
Tax Consultancy Fees	68,586	101,290
Trustees Fees & Expenses	63,768	79,812
Other Administration Fees	2,065	5,145
	<u>529,935</u>	<u>592,288</u>
Summary of Cash Flows		
Net Cash Flows from Operating Activities	7,273,186	2,392,612
Net Cash Flows from Investing Activities	4,662,789	(21,201,385)

To the members of the New Zealand Fire Service Superannuation Scheme

The Summary Financial Statements of the New Zealand Fire Service Superannuation Scheme (the "Scheme") set out on pages 12 and 13 have been extracted from audited financial statements for the year ended 31 March 2010 on which we expressed an unqualified opinion dated 3 June 2010.

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' Responsibilities

The Trustees are responsible for preparing the Summary Financial Statements in accordance with New Zealand law and generally accepted accounting practice.

Auditor's Responsibilities

We are responsible for reporting whether the information contained in the Summary Financial Report has been correctly extracted from audited financial statements.

Basis of Opinion on the Summary Financial Report

We have undertaken procedures to provide reasonable assurance that the amounts set out in the Summary Financial Report have been correctly taken from the audited financial statements of the Scheme for the year ended 31 March 2010.

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

Unqualified Opinion on the Summary Financial Report

In our opinion, the information reported in the Summary Financial Statements for the year ended 31 March 2010 on pages 12 and 13:

- complies with FRS-43: Summary Financial Statements ;
- has been correctly taken from the audited financial statements of the Scheme from which it was extracted; and
- is consistent in all material respects with the audited financial statements of the Scheme for the year ended 31 March 2010.

For a better understanding of the scope of our audit of the Scheme's financial statements and of the Scheme's net assets, changes in net assets and cash flows for the year ended 31 March 2010, this report should be read in conjunction with the Scheme's audited financial statements for that period.

Our examination of the summary financial statements was completed on 3 June 2010 and our unqualified opinion is expressed as at that date.



CHARTERED ACCOUNTANTS
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 2010 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 3 June 2010 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 2010 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 2010 have been paid.
- Certify that the market value of the assets of the scheme as at 31 March 2010 equalled 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 on 24 July 2009 to permit Members to make contributions to the 'Complying Superannuation Fund' within this scheme at either two or four per cent of their wages/salary, with the Employer contributing dollar for dollar at two per cent and the remainder of their and the Employer contributions being placed in the regular section of the scheme, and to clarify benefit payment levels where a Member of the 'Complying Superannuation Fund' becomes entitled to a benefit.

- Confirm the interim interest rates for the Member Investment Choice options that applied from 01 April 2009 to 31 March 2010 were:

Interest rates (%)	Ring-fenced Cash	Cash Option	Conservative Option	Balanced Option	High Growth Option
April	+0.11	-0.68	+1.25	+4.08	+5.87
May	+0.19	+0.25	+0.63	+0.64	+1.19
June	+0.20	+0.17	+0.38	+0.05	-0.72
July	+0.23	+0.07	+1.85	+3.96	+5.40
August	+0.24	+0.19	+0.96	+1.56	+2.11
September	+0.24	-0.20	+0.46	+0.82	+1.01
October	+0.21	+0.05	+0.12	-0.46	-0.99
November	+0.22	+0.19	+0.93	+1.44	+1.45
December	+0.21	+0.20	+0.24	+1.25	+2.18
January	+0.19	+0.17	+0.55	-0.65	-1.52
February	+0.17	+0.15	+0.49	+0.69	+0.79
March	+0.20	-0.48	+0.39	+2.40	+3.26

- Confirm the market value of assets subject to complying fund rules is \$961,637.00 these assets relate to 75 Members and the value of withdrawals subject to complying fund rules was zero.

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 of 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.

