

# Statement of Performance Expectations

1 July 2026 to 30 June 2027



**GOVERNMENT SUPERANNUATION FUND**  
Te Pūtea Penihana Kāwanatanga



**GOVERNMENT  
SUPERANNUATION FUND  
AUTHORITY**



COVER IMAGE: *Whangamatā, Coromandel Peninsula, New Zealand*  
Photography by Rob Suisted ([www.naturespic.com](http://www.naturespic.com))

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This Statement of Performance Expectations is presented to the House of Representatives pursuant to section 149C of the Crown Entities Act 2004.

# Statement from the Board

The Government Superannuation Fund Authority (the Authority, “we”, “our”) is an autonomous Crown Entity established under the Government Superannuation Fund Act 1956 (the Act).

The functions of the Authority are to manage and administer the Government Superannuation Fund (GSF or the Fund) and the GSF superannuation schemes (the Schemes) in terms of the Act.

The Fund has an actuarial deficit in that the assets are significantly less than the gross liabilities of the Schemes. The deficit exists primarily because, over the years, successive governments have elected not to pay employer contributions on behalf of their staff. Instead, governments provided funding as entitlements were paid. The Authority relies on the provisions in the Act for the Minister of Finance (the Minister) to ensure that sufficient funds will be available to the Fund to pay entitlements as they fall due.

In carrying out our functions, we have established two desired outcomes:

1. Improve the Crown’s economic position by minimising its contributions to the Fund.

To do this, we seek to maximise the net-of-costs returns of the Fund without taking undue risk. We take a long-term view when developing our investment strategy because, although the Schemes have been closed for many years, we expect the Fund to continue to pay entitlements for many years to come.

2. Meet the needs and reasonable expectations of stakeholders.

Our key stakeholders and their reasonable expectations are as follows:

- Members – for entitlements to be calculated correctly and to be paid on time.
- Employers – for contributions to be minimised.

More information on the Authority and its policies and operations is available on our website – [www.gsfa.govt.nz](http://www.gsfa.govt.nz).



**Anne Blackburn**  
Chair



**Michelle Tsui**  
Chair, Audit and Risk Review Committee

**June 2026**



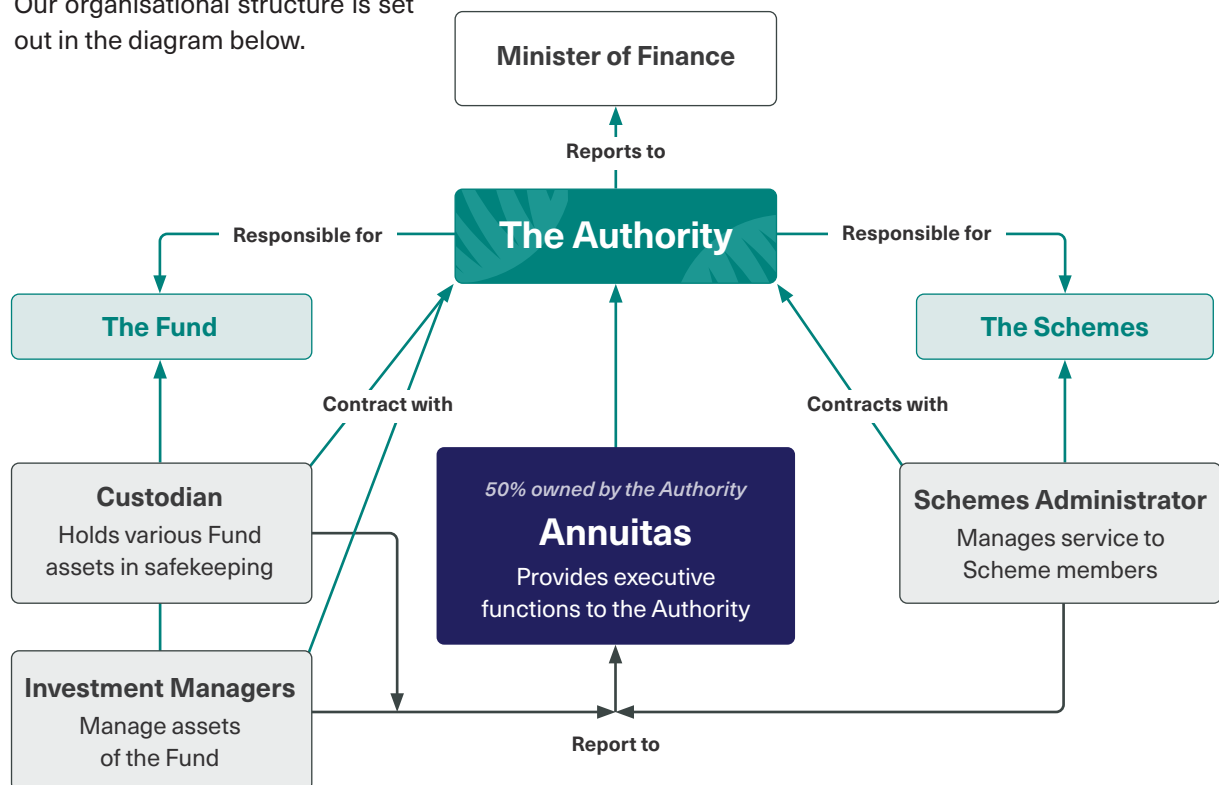
# The Authority

## Nature and Scope

The Authority was established in 2001 to manage and administer the assets of the Fund and the Schemes in accordance with the Act.

We oversee management of the Fund and the Schemes and have outsourced the day-to-day activities in relation to Schemes administration and investment management, including custody of the Fund's assets.

Our organisational structure is set out in the diagram below.



This Statement of Performance Expectations (SPE) is prepared pursuant to Part 4 of the Crown Entities Act 2004 (Crown Entities Act), having regard to the Statement of Performance Expectations guidance published by the Treasury. This SPE covers the financial year from 1 July 2026 to 30 June 2027.

## Functions and Operations

Our functions are to manage and administer the Fund and the Schemes in accordance with the Act. All decisions relating to the business of the Authority are made under the authority of the Board.

Our key activities fall into the following two broad categories:

### Investment

- Managing the investment assets of the Fund.

### Schemes

- Managing and administering the Schemes.
- Interpretation of the provisions in the Act and exercise of discretionary powers in relation to any Schemes matters.

We provide details on the outputs and performance measures for these activities on page 6 (Investment) and page 12 (Schemes).

# Investment

## Objectives and Strategy

Our investment responsibilities under the Act are to:

- invest the Fund on a prudent, commercial basis, in a manner consistent with best practice portfolio management;
- maximise returns without undue risk to the Fund as a whole; and
- avoid prejudice to New Zealand's reputation as a responsible member of the world community.

We meet these responsibilities by developing and implementing:

- principles for best practice portfolio management;
- an investment strategy centred on a defined return objective over the long term and within a defined risk limit; and
- responsible investment policies to meet the requirement to avoid prejudice to New Zealand's reputation as a responsible member of the world community.

How we do this is described in our Statement of Intent 2026, which covers the period from July 2026 to June 2030.

## Forecast Service Performance

### Investment Performance Expectations

Our forecast investment return is based on expected average ten-year returns for each asset class held (see Significant Assumptions used in the Forecast of the Fund on page 8).

Given the volatility of market prices for risky assets like equities, the actual return in any given year may vary widely from the ten-year average. The range of potential annualised returns over rolling ten-year periods is also much narrower than the range for any single year.

Our forecast return for the Fund for the year ended 30 June 2027 is 7.3%<sup>1</sup> before tax and investment costs (see Table 1 on page 5). This translates to forecast investment income, including valuation changes, of \$441 million.<sup>2</sup>

We forecast the Reference Portfolio to have approximately a 45% chance of returning less than NZ Government bonds over the next 10 years. In contrast, the Actual Portfolio has a higher expected return for the same amount of risk, and therefore has approximately a 40% chance of under-performing NZ Government bonds.

The forecast return for the Fund includes added value from alternative market exposures and active management strategies. These increase the Fund's expected return compared with the Reference Portfolio for a comparable degree of risk. In 2026/27 the Actual Portfolio is forecast to return 1.5% (\$90 million) more than the Reference Portfolio, before tax and investment costs.

<sup>1</sup> Note that this is slightly higher than the 10-year projection as that projection incorporates some rundown in the Fund's exposure to private equity as existing investments are realised.

<sup>2</sup> Refer Forecast Statement of Changes in Net Assets on page 14.

**Table 1: Forecast Investment Performance for the year ended 30 June 2027**

Investment Performance	Actual Portfolio 2026/27		Reference Portfolio 2026/27	
	\$m	%	\$m	%
<b>Gross Investment Income</b>	<b>441</b>	<b>7.3</b>	<b>351</b>	<b>5.8</b>
Total Investment Costs	38	0.6	16	0.3
Net Investment Income	403	6.6	335	5.5
Tax	87	1.4	79	1.3
<b>Forecast Investment Income After Tax</b>	<b>316</b>	<b>5.2</b>	<b>256</b>	<b>4.2</b>
<b>Investment Costs</b>				
Investment Management Base Fees	24	0.39	12	0.20
Investment Management Performance Fees	10	0.16	0	0
Custody Expenses	1	0.02	1	0.02
Overheads (share of Authority's operating expenses)	3	0.06	2	0.04
<b>Total Investment Costs</b>	<b>38</b>	<b>0.63</b>	<b>16</b>	<b>0.26</b>

Numbers may not add due to rounding.

## Outputs and Performance Measures

In addition to setting the Investment Objective, we set specific outputs and performance measures for investment. These help us achieve the investment outcomes we have established. Some outputs are ongoing, while others reflect specific projects that may be completed over a period beyond one year.

We have identified the following service performance outputs and performance measures for investment:

Goal	Minimise the Crown's contributions to the Fund		
<b>Performance Expectations</b>	Invest the Fund on a prudent, commercial basis, in a manner consistent with best practice portfolio management.	Maximise returns without undue risk to the Fund as a whole.	Avoid prejudice to New Zealand's reputation as a responsible member of the world community.
<b>Outputs</b>	<b>Best Practice</b> <ul style="list-style-type: none"> <li>• Clear objectives.</li> <li>• Strong governance.</li> <li>• Sound investment programme.</li> </ul>	<b>Return and Risk</b> <ul style="list-style-type: none"> <li>• Fund risk consistent with the Investment Objective and any Ministerial direction.</li> <li>• Fund outperforms Reference Portfolio for a similar level of risk.</li> <li>• Cost-effective management.</li> </ul>	<b>Avoiding Prejudice</b> <ul style="list-style-type: none"> <li>• Investments consistent with relevant law, New Zealand's international agreements and Government policy.</li> </ul>
<b>Key Activities</b>	<ul style="list-style-type: none"> <li>• Maintain and adhere to up-to-date Statement of Investment Policies, Standards and Procedures.</li> <li>• Manage the Fund to meet the Investment Objective and outperform the Reference Portfolio.</li> <li>• Review and evaluate strategies and incumbent asset managers against expected outcomes.</li> <li>• Identify and evaluate new strategies and managers with potential to improve outcomes.</li> <li>• Monitor custodian performance against KPIs.</li> <li>• Closely monitor all costs to ensure they represent value for money.</li> </ul>		

Goal	Minimise the Crown's contributions to the Fund		
<b>Measures</b>	<b>Best Practice</b>  Measured by: <ul style="list-style-type: none"> <li>• Five-yearly Statutory Review finds that GSFA meets its obligations.</li> <li>• Annual independent review finds GSFA has complied with evaluated SIPSP elements in all material respects.<sup>1</sup></li> <li>• Quarterly review of custodian performance against agreed service standards.</li> <li>• Investment managers always comply with mandates.<sup>2</sup></li> <li>• Annual review of peer collaboration.</li> </ul>	<b>Return and Risk</b>  Measured by: <ul style="list-style-type: none"> <li>• The Reference Portfolio outperforms NZ Government Bonds over rolling 10-year periods.</li> <li>• The Actual Portfolio outperforms the Reference Portfolio over 3-, 5- and 10-year periods.</li> <li>• The Actual Portfolio's risk of underperforming NZ Government Bonds over a 10-year period is always within the risk tolerance set by the Board.<sup>3</sup></li> <li>• The Actual Portfolio's ex-ante active risk relative to the Reference Portfolio is always within the risk tolerance set by the Board.</li> <li>• Annual independent benchmarking of investment costs versus peers finds costs to be comparable when measured like for like in terms of size and risk.<sup>4</sup></li> </ul>	<b>Avoiding Prejudice</b>  Measured by: <ul style="list-style-type: none"> <li>• Triennial independent review finds GSFA has complied with its Responsible Investing (RI) Policy in all material respects.<sup>5</sup></li> <li>• Carbon footprint of listed equity and credit portfolios is consistent with a net-zero-by-2050 trajectory.<sup>6</sup></li> <li>• No material negative publicity regarding the Authority arising from Fund investments.<sup>7</sup></li> </ul>
<b>Strategic Objectives</b>	Adhere to principles of best practice portfolio management.	Manage an investment strategy within a defined risk limit to achieve a desired return objective over the long term.	Adhere to responsible investment policies.

Notes:

1. SIPSP compliance is reviewed on a staggered 3-year cycle, with one-third of SIPSP elements reviewed each year.
2. Excludes "passive" breaches caused by changes in security valuations.
3. The Board may vary its risk tolerance at any time. Changes are recorded in an update to the SIPSP when they occur.
4. "Comparable" with respect to investment cost benchmarking means "total excess cost" is within +/- 5 basis points of the peer median as measured by CEM benchmarking after deducting differences for 1) how much active management is used within the implementation style and 2) global active equities performance fees (which are closely linked to 1 and are highly variable).
5. "Material respects" means any departure, omission, or non-compliance that could reasonably influence the assessment of Parliament, the responsible Minister, or the public as to whether GSFA has given proper effect to its Responsible Investing Policy.
6. "Consistent with" means no more than 5% above forecast intensity at financial year end.
7. "Material" with respect to negative publicity means having an adverse reputational consequence rated moderate or above as per the Authority's risk policy.

## Significant Assumptions Used in the Forecast of the Fund

Table 2 sets out the assumptions we have used for the asset allocation of the Fund's Actual Portfolio and Reference Portfolio. The Reference Portfolio is a simple, notional portfolio, invested passively in liquid public markets only.

**Table 2: Assumed Asset Allocations (%) of the Actual Portfolio and the Reference Portfolio as at 30 June 2026**

Asset Class	Actual Portfolio % <sup>1</sup>	Reference Portfolio %
<b>International Equities</b>	<b>70</b>	<b>70</b>
Public	55	70
Private	15	-
<b>New Zealand Equities</b>	<b>10</b>	<b>10</b>
Public	7	10
Private	3	-
<b>Fixed Interest</b>	<b>16</b>	<b>20</b>
Global Fixed Interest	11	20
New Zealand Fixed Interest	5	-
<b>Catastrophe Risk</b>	<b>3</b>	<b>-</b>
<b>Life Settlements</b>	<b>1</b>	<b>-</b>
<b>Total</b>	<b>100</b>	<b>100</b>
Foreign Currency Exposure	20	20

Notes:

1. The Fund's actual exposures may differ from those set out above. Limits on the degree to which they can vary are set out in the Authority's Statement of Investment Policies, Standards and Procedures.

### Other Assumptions

1. The Board's forecast of the performance of the Actual Portfolio depends on assumptions with respect to the returns (before tax) from each asset class. Actual returns from each asset class in the year may vary significantly from expected returns. In addition, performance fees are paid to some managers if agreed performance targets are exceeded.
2. The assumed returns for each asset class in the Actual Portfolio include, where appropriate, the added value expected from active management of the asset class.
3. Dynamic asset allocation returns are calculated as a percentage of the total Fund.
4. Currency hedging to New Zealand dollars is in place for all international assets while leaving an overall level of foreign currency exposure the Board considers is prudent. The net currency exposure benchmark is currently 20% of the Actual Portfolio's assets. The Fund may have foreign currency exposure anywhere between 0% and 40%.
5. Forecast investment assets at 1 July 2026 are estimated using asset values and asset class allocations as at 31 January 2026 with expected returns applied to 30 June 2026.
6. Forecast entitlement payments from the Fund are \$25 million per month.

**Table 3: Taxation Assumptions**

<b>Asset Class</b>	<b>Tax Assumptions</b>
<b>International Equities</b>	28% on 5% of the average value of the portfolios during the year.
<b>New Zealand and majority of Australian Equities</b>	28% on dividends, allowing for 20% imputation credits.
<b>Global and New Zealand Fixed Interest, Catastrophe Risk and Life Settlements</b>	28% on profit or loss.

## Schemes

### Background

The Schemes were established in 1948 to provide a way for public sector employees to save for their retirement.

The Schemes were closed to new members from 1 July 1992, except for people who were eligible for membership through their employment with certain Pacific Island governments. Membership was closed to those people in 1995.

There are seven Schemes, each of which is deemed to be registered as a superannuation scheme under the Financial Markets Conduct Act 2013 pursuant to section 19H of the Act.

At 30 June 2025, the Schemes had 44,198 members, made up of 4,234 contributory members and deferred annuitants (e.g. members who have elected to receive their entitlements from a future date) and 39,964 annuitants. The Authority expects that entitlements will continue to be paid by the Fund for the many years to come.

Contributory members contribute a defined percentage of their superable salaries (which may be different to their total remuneration) to the Fund on a regular basis. In return, they receive a retiring entitlement based on their average superable salary for the last five years of contributory service, years of service and age at retirement.

Certain non-Government employers contribute the balance of the accruing cost of their employees' retirement entitlements to the Fund. The Government, as an employer, meets its share of members' retirement entitlements as they fall due for payment. Therefore, the Schemes are only partially funded, with the accumulated employee contributions, investment returns and employer contributions (from non-Government employers) being deemed by the Authority's Actuary to be sufficient to meet 42% of the entitlements for the 2026/2027 year.

The actual and projected present values of the Unfunded Past Service Liabilities (UPSL) of the Fund have been calculated by the Authority's Actuary in the actuarial valuation, as at 30 June 2025. The results are set out in Table 4 on page 10. The UPSL values are estimates of the Crown contributions required to meet the past service liabilities of the Fund.

**Table 4: Actual and Projected Unfunded Past Service Liabilities**

	Actual 30 June 2025 \$m	Projected 30 June 2026 \$m	Projected 30 June 2027 \$m	Projected 30 June 2028 \$m	Projected 30 June 2029 \$m	Projected 30 June 2030 \$m
Past Service Liabilities	12,328	11,900	11,459	11,003	10,534	10,057
Net Assets	5,839	5,740	5,638	5,535	5,429	5,323
Unfunded Past Service Liabilities	6,489	6,160	5,820	5,468	5,105	4,733

## Table 4 Notes:

1. Numbers may not add due to rounding.
2. The actual and projected unfunded past service liabilities were calculated by the Authority's Actuary using a net of tax investment rate. The UPSL, calculated using a gross discount rate, are recorded in the Crown's financial statements. In estimating the future net assets, the Actuary has assumed there will be no added value from active investment management.
3. Investment returns have been greater than assumed by the Authority's Actuary since the valuation was undertaken at 30 June 2025.
4. The Actuary's projected net asset values, prepared as at 30 June 2025, were \$5.7 billion as at 30 June 2026 and \$5.6 billion as at 2027, reducing to \$5.3 billion in 2030. In comparison, the Board is projecting the net assets to be \$6.1 billion as at 30 June 2026 and \$6.0 billion as at 2027, reducing to \$5.9 billion in 2030 (refer page 14 – Forecast Statement of Changes in Net Assets).

In all actuarial valuations since 30 June 2012, the Authority's Actuary has made allowance for continued improvements in mortality (i.e. for annuitants living longer) which has increased the past service liabilities and consequently the UPSL.

We are responsible for managing and administering the Schemes in accordance with the Act. The day-to-day administration of the Schemes is outsourced to Datacom Connect Limited (Datacom).

The overall expected costs for year ending 30 June 2027 (Schemes) of \$5.3 million include the expected Schemes administration expenses, estimated actuarial costs and approximately 27% of the Authority's forecast operating expenses (see page 14).

## Objectives and Strategy

We aim to ensure sustainable, cost-effective management of the Schemes to enable accurate calculation, payment and reporting of members' entitlements. We do this by ensuring:

- contributions are collected and entitlements are calculated and paid correctly in a cost effective and timely manner, in terms of the Act and the policies maintained by the Authority (Policies); and
- service levels agreed with Datacom are met.

The sustainability of the Pension Administration and Management System ("Business System") used for administration of the Schemes, is fundamental to achievement of this strategy. The Business System, in use by Datacom since December 2016, is performing well and is expected to be sustainable over the medium to long term.

Also key in achieving the Schemes' outcome is the performance of Datacom. We have established and maintain a co-operative relationship with Datacom to ensure all issues relating to the administration of the Schemes are communicated early to us and are managed and resolved in an open collaborative manner, taking into account the interests of the members of the Schemes and the Crown.

The Actuary appointed by the Authority undertakes actuarial reviews of the Fund on a regular basis. Based on these reviews, we report to the Crown on the value of the liabilities of the Fund, as required by section 94 of the Act.

In communicating with members and employers, we seek to ensure information provided is of a high standard and is timely. This includes information on member entitlements and our activities.

We interpret the provisions of the Act and the Policies, and exercise our discretionary powers, in relation to matters raised by members. We seek to achieve equity and consistency in our application of the provisions of the Act and the Policies.

### **Forecast Service Performance**

Our key activities in relation to the Schemes are:

- management and administration of the Schemes, including the agreement between the Authority and the Schemes Administrator; and
- interpretation of the provisions in the Act and the Policies and exercising discretionary powers (set out in the Act).

## Outputs and Performance Measures

We have identified the following outputs and performance measures to assist in achieving the Schemes' outcome:

<b>Goal</b>			
<b>Manage and administer the Fund and the Schemes in accordance with the Act</b>			
<b>Performance Expectations</b>	Meet the reasonable expectations of stakeholders		
<b>Output</b>			
<b>Effective Management of the Schemes</b>			
<b>Key Activities</b>	<b>Pay entitlements</b>	<b>Systems and technology</b>	<b>Interpretation of the Act and exercise of discretionary powers</b>
	<ul style="list-style-type: none"> <li>Ensure all contributions and entitlements are processed correctly and on time.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain relevant business systems.</li> <li>Maintain cyber security controls.</li> <li>Ensure privacy of member information.</li> <li>Maintain business continuity plans.</li> </ul>	<ul style="list-style-type: none"> <li>Interpretation of the provisions of the Act and exercise of discretionary powers set out in the Act.</li> <li>Timely response to all requests for information from stakeholders and meeting deadlines.</li> </ul>
<b>Measures</b>	<ul style="list-style-type: none"> <li>100% of all annuities paid on time, all contributions banked on receipt and allocated as soon as verified as being correct.</li> <li>98% of routine correspondence responded to within 5 working days.</li> </ul>	<ul style="list-style-type: none"> <li>No permanent loss or corruption of data.</li> <li>Business system is available 98% of the time in any given month.</li> <li>No critical business system request outstanding for more than 3 months without appropriate remedial action in place.</li> <li>No material cyber events<sup>1</sup>.</li> <li>No notifiable breach of member privacy<sup>2</sup>.</li> <li>Business continuity plans in place.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with legislative requirements.</li> <li>SLAs in place for requests for information and monitored.</li> <li>Average satisfaction score above 60% in the triennial survey of members and employers.<sup>3</sup></li> </ul>
<b>Strategic Objectives</b>	Strong external relationships and agreed service levels with external providers.	Business system that is relevant and sustainable with robust business continuity plans in place.	Appropriate resourcing in place, fully documented policies, procedures, and processes.

### Notes

1. "Material" with respect to cyber events means having an adverse financial impact rated moderate or above as per the Authority's risk policy.
2. "Notifiable breach" has the meaning as defined in the Privacy Act 2020.
3. Measured across those questions where satisfaction is measured.

# Forecast Financial Statements

for the year ending 30 June 2027

## **The Fund**

Forecast Statement of Changes in Net Assets

Forecast Statement of Net Assets

Forecast Statement of Cash Flows

Forecast Reconciliation of Net Changes in Net Assets to Net Operating Cash Flows

Statement of Material Accounting Policies

## **The Authority**

Forecast Statement of Comprehensive Revenue and Expense

Forecast Statement of Financial Position

Forecast Statement of Cash Flows

Forecast Reconciliation of Net Operating Result to Net Cash Flows from Operating Activities

Statement of Material Accounting Policies

# Government Superannuation Fund

## Forecast Statement of Changes in Net Assets

	Estimate 2025/26 \$000	Forecast 2026/27 \$000
Increase in assets from:		
Investing activities	633,669	441,209
Operating activities		
Expenses <sup>1</sup>	(43,012)	(43,221)
<b>Surplus before tax and membership activities</b>	<b>590,657</b>	<b>397,988</b>
Tax	(64,002)	(86,642)
<b>Surplus after tax and before membership activities<sup>2</sup></b>	<b>526,655</b>	<b>311,346</b>
Membership activities		
Contributions – Crown	708,000	654,000
Contributions – members	8,000	5,000
Contributions – other entities	4,000	4,000
Benefits paid	(1,031,000)	(1,022,000)
Net membership activities	<b>(311,000)</b>	<b>(359,000)</b>
<b>Net increase/(decrease) in net assets</b>	<b>215,655</b>	<b>(47,654)</b>
Opening assets available to pay benefits	5,839,380	6,055,035
<b>Net assets available to pay benefits</b>	<b>6,055,035</b>	<b>6,007,381</b>

## Notes:

- Expenses – This amount is transferred from the Fund to the Authority to meet the investment, schemes administration and operating expenses of the Authority (see page 21).
- The surplus in the Forecast Statement of Changes in Net Assets is lower than the projected Forecast Investment Income in Table 1 as the Forecast Statement of Changes in Net Assets above includes all the costs for the Authority.

## Forecast Statement of Net Assets

	Estimate as at 30 June 2026 \$000	Forecast as at 30 June 2027 \$000
<b>Investments</b>	<b>5,912,991</b>	<b>5,889,698</b>
Other assets:		
Cash and cash equivalents	259,946	253,632
Receivables, prepayments and other assets	273,727	281,865
	<b>533,673</b>	<b>535,497</b>
<b>Total assets</b>	<b>6,446,664</b>	<b>6,425,195</b>
<i>Less</i>		
Payables	391,629	417,814
	391,629	417,814
<b>Net assets available to pay benefits</b>	<b>6,055,035</b>	<b>6,007,381</b>
Estimated actuarial present value of promised retirement benefits	11,900,000	11,459,000
Deficit <sup>1</sup>	5,844,965	5,451,619
<b>Net assets available to pay benefits</b>	<b>6,055,035</b>	<b>6,007,381</b>

### Notes:

- The estimated actuarial present value of Promised Retirement Benefits (Gross Liability) is the present value of the expected payments by the Fund to existing and past members, attributable to the services rendered. The present value was calculated by the Authority's Actuary at 30 June 2025 using a net discount rate.

The Deficit shown in the Forecast Statement of Net Assets differs from that estimated by the Authority's Actuary in their actuarial valuation of the Fund as at 30 June 2025, under NZ IAS 26: Accounting and Reporting by Retirement Benefit Plans (NZ IAS 26), dated 15 August 2025. The Authority's estimate at 30 June 2026 includes actual investment income to 31 January 2026.

There is no requirement on the Crown to fully fund the Deficit in relation to the Schemes and the Crown pays its share of the Deficit on a cash flow (pay as you go) basis.

Reliance is placed by the Authority on the provisions of section 95 of the Act which requires the Minister to appropriate funds from public money to ensure that sufficient funds are available, or will be available, to pay entitlements as they fall due.

## Forecast Statement of Cash Flows

	Estimate 2025/26 \$000	Forecast 2026/27 \$000
<b>Cash flows from operating activities</b>		
<i>Cash was provided from</i>		
Contributions – Crown	722,268	653,803
Contributions – members	8,010	4,990
Contributions – other entities	2,552	3,988
Interest and Dividends	162,833	110,891
<i>Cash was disbursed to</i>		
Benefit payments	(1,030,683)	(1,022,010)
Income tax	(99,456)	(77,948)
Operating expenses	(45,229)	(43,291)
<b>Net cash (outflows) from operating activities</b>	<b>(279,705)</b>	<b>(369,577)</b>
<b>Cash flows from investing activities</b>		
<i>Cash was provided from</i>		
Maturities and sales of investment assets	6,262,532	6,466,474
<i>Cash was disbursed to</i>		
Purchase of investment assets	(6,053,045)	(6,103,211)
<b>Net cash inflows from investing activities</b>	<b>209,487</b>	<b>363,263</b>
Net (decrease)/increase in cash held	(70,218)	(6,314)
Opening cash brought forward	330,164	259,946
<b>Closing cash balance</b>	<b>259,946</b>	<b>253,632</b>

## Forecast Reconciliation of Net Changes in Net Assets to Net Operating Cash Flows

	Estimate 2025/26 \$000	Forecast 2026/27 \$000
<b>Net increase/(decrease) in net assets</b>	<b>215,655</b>	<b>(47,654)</b>
<i>Add non-cash items</i>		
Amortisation of Business System	2,575	858
Change in deferred tax	(721)	(240)
<b>Total non-cash items</b>	<b>1,854</b>	<b>618</b>
<i>Add/(less) movements in working capital items</i>		
(Increase)/Decrease in receivables and prepayments	(64,084)	(8,997)
Increase/(decrease) in other payables	42,752	22,272
<b>Total movement in working capital items</b>	<b>(21,332)</b>	<b>13,275</b>
<i>Add/(less) items classified as investing activities</i>		
(Decrease) in net investment assets	(472,324)	(330,907)
Decrease/(increase) in investment receivables	79,125	9,056
(Decrease)/increase in investment payables	(82,683)	(13,965)
<b>Total movement in investing activities</b>	<b>(475,882)</b>	<b>(335,816)</b>
<b>Net cash outflows from operating activities</b>	<b>(279,705)</b>	<b>(369,577)</b>

## Statement of Material Accounting Policies

### *Reporting Entity and Statutory Base*

The Fund was established by section 13 of the Act. It consists of the assets held in respect of various defined benefit superannuation schemes prescribed in the Act. Pursuant to section 19H of the Act, each of the schemes must be treated as if it is registered on the register of managed investment schemes under the Financial Markets Conduct Act 2013 as a superannuation scheme, but Part 4 of the Financial Markets Conduct Act 2013 otherwise does not apply to it.

The Fund is managed by the Authority. The Authority was established as a Crown entity by section 15A of the Act and became an autonomous Crown entity under the Crown Entities Act 2004.

As the primary objective of the Fund is to make a financial return, the Authority has determined the Fund is a profit-oriented entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

### *Basis of Preparation*

#### **Statement of Compliance**

The forecast financial statements meet the requirements of section 15N of the Act and comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The forecast financial statements also comply with New Zealand equivalents to NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. Compliance with NZ IFRS ensures that the financial statements comply with International Financial Reporting Standards (IFRS).

These forecast financial statements have been prepared for the Statement of Performance Expectations of the Authority commencing on 1 July 2026 and for the Minister.

They are not prepared for any other purpose and should not be relied upon for any other purpose.

Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

#### **Measurement Base**

The forecast financial statements have been prepared on the basis of historical cost with the exception of investment assets, including derivatives, which have been measured at fair value.

#### **Functional and Presentation Currency**

The reporting currency of the Fund is New Zealand dollars. All values are rounded to the nearest thousand dollars (\$000). The functional currency of the Fund is New Zealand dollars.

#### **Accounting Policies**

The following accounting policies, which significantly affect the measurement of changes in net assets, net assets and cash flows, have been consistently applied:

##### **a. Reporting Requirements**

The forecast financial statements have incorporated the requirements of NZ IAS 26 with the provisions of relevant legislative requirements.

**b. Investments**

Investments are recorded on a trade date basis and are stated at fair value. Forecast Investment assets at 1 July 2026 are estimated using actual asset values as at 31 January 2026 with expected returns applied to 30 June 2026.

**c. Promised Retirement Benefits**

The actuarial present value of promised retirement benefits is the present value of the expected payments by the Fund to existing and past members, attributable to the services rendered.

**d. Financial Instruments**

The Fund is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, receivables and payables. Financial instruments, including derivatives that are hedges of specific assets, are recognised on the same basis as their underlying hedged assets. All financial instruments are recognised in the Statement of Net Assets and all revenues and expenses in relation to financial instruments are recognised in the Statement of Changes in Net Assets. Financial instruments are shown at their estimated fair value.

**e. Receivables**

Receivables are carried at amortised cost.

Assets that are stated at amortised cost, are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised as the difference between the asset's carrying amount and the present value of the recoverable amount.

**f. Other Assets**

Other assets include the Business System. The Business System is being amortised over ten years. Amortisation is being recovered from the Authority as the user of the Business System.

**g. Investment Income and Expenses**

Dividend income is recorded on the ex-dividend date. Interest is recorded on an accrual basis.

Gains and losses on the sale of equities are determined by using the average cost of equities sold and are recorded on the settlement date.

All realised and unrealised gains and losses, at the end of the year (including those arising on translation of foreign currencies), are included in the Income Statement.

Costs of administration of the Fund, including investment management and custodian fees, are paid out of the Fund and recovered in accordance with section 15E of the Act.

**h. Operating Revenue**

In terms of section 15E(1) of the Act, the administration expenses of the Authority, including investment management and custody expenses, are reimbursed by the Fund. Employer subsidy payments made to the Fund by the Crown and other employers includes a share of the expenses.

**i. Contributions and Benefits**

Contributions are recognised in the Income Statement, when they become receivable, resulting in a financial asset for amounts receivable from both employees and employers.

Entitlements are recognised in the Income Statement when they become payable.

Contribution and entitlement projection numbers are taken from the PBE IPSAS 39: Employee Benefits actuarial valuation prepared for the Crown financial statements as at 31 January 2026.

## **j. Taxation**

For tax purposes, the Fund is classified as a portfolio investment entity (PIE). Income taxation expense includes both the current year's provision and the income tax effects of temporary differences (if any).

Since the Fund became a PIE there have been no temporary differences. The Fund is not registered for Goods and Services Tax.

## **k. Statement of Cash Flows**

The following are the definitions of the terms used in the Statement of Cash Flows:

- Cash and other cash equivalents includes cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Fund and its managers invest as part of its day to day cash management. All balances have an original maturity of less than three months.
- Investing activities are those activities relating to the acquisition, holding and disposal of investments. Investments include securities not falling within the definition of cash, including cash flows from the settlement of forward foreign exchange contracts.
- Operating activities include all transactions and other events that are not investing or financing activities.

## **l. Consolidation**

The Fund's financial statements include the Judges' Superannuation Account and the Parliamentary Superannuation Account.

## ***Changes in Accounting Policies***

There are no material changes in accounting policies.

# Government Superannuation Fund Authority

## Forecast Statement of Comprehensive Revenue and Expense

	Estimate 2025/26 \$000	Forecast 2026/27 \$000
Transfer from the Fund	43,012	43,221
Other revenue	44	45
<b>Total revenue</b>	<b>43,056</b>	<b>43,266</b>
Schemes administration	5,799	3,979
Investment management	32,765	34,527
Operating expenses	4,492	4,760
<b>Total expenses</b>	<b>43,056</b>	<b>43,266</b>
Net operating result	-	-

## Forecast Statement of Financial Position

	Estimate as at 30 June 2026 \$000	Forecast as at 30 June 2027 \$000
<b>Taxpayers' equity</b>		
General funds	-	-
<b>Total taxpayers' equity</b>	<b>-</b>	<b>-</b>
<i>Represented by:</i>		
Current assets		
Cash	1,227	1,982
Receivables and prepayments	6,486	3,885
<b>Total assets</b>	<b>7,713</b>	<b>5,867</b>
Current liabilities		
Payables and accruals	7,713	5,867
<b>Total liabilities</b>	<b>7,713</b>	<b>5,867</b>
Net assets	-	-

## Forecast Statement of Cash Flows

	Estimate 2025/26 \$000	Forecast 2026/27 \$000
<b>Cash flows from operating activities</b>		
<i>Cash was provided from:</i>		
Government Superannuation Fund	9,000	10,000
Interest	44	45
<i>Cash disbursed to:</i>		
Operating expenses	(8,795)	(9,290)
<b>Net cash flows from operating activities</b>	<b>249</b>	<b>755</b>
Net (decrease)/increase in cash held	249	755
Opening cash brought forward	978	1,227
<b>Closing cash balance</b>	<b>1,227</b>	<b>1,982</b>

## Forecast Reconciliation of Net Operating Result to Net Cash Flows from Operating Activities

	Estimate 2025/26 \$000	Forecast 2026/27 \$000
<b>Net operating result</b>	-	-
<i>Add/(less) movements in working capital items</i>		
Decrease/(increase) in receivables and prepayments	1,273	2,601
(Decrease)/increase in payables and accruals	(1,024)	(1,846)
<b>Net cash flows from operating activities</b>	<b>249</b>	<b>755</b>

## Statement of Accounting Policies

### *Reporting Entity and Statutory Base*

The Authority was established as a Crown entity by section 15A of the Act. The core business of the Authority is to manage and administer the Fund and the Schemes (see below).

The Fund was established by section 13 of the Act. It consists of various defined benefit superannuation schemes as prescribed in the Act. A separate financial forecast has been prepared for the Fund. Pursuant to section 19H of the Act, each of the schemes must be treated as if it is registered on the register of managed investment schemes under the Financial Markets Conduct Act 2013 as a superannuation scheme, but Part 4 of the Financial Markets Conduct Act 2013 otherwise does not apply to it.

The forecast financial statements have been prepared on the basis that the Authority is a going concern. The Authority is an Autonomous Crown Entity for legislative purposes and, as the primary objective is not to make a financial return, the Authority has designated itself a Public Benefit Entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**).

### *Basis of Preparation*

#### **Statement of Compliance**

The forecast financial statements have been prepared in accordance with section 142 of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (**NZ GAAP**). The forecast financial statements comply with other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities.

These forecast financial statements have been prepared for the Statement of Performance Expectations of the Authority commencing on 1 July 2026 and for the Minister. They are not prepared for any other purpose and should not be relied upon for any other purpose.

Actual financial results achieved for the period are likely to vary from the information presented.

#### **Measurement Base**

The forecast financial statements are prepared on the historical cost basis.

#### **Functional and Presentation Currency**

The reporting currency of the Authority forecast financial statements is New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Authority is New Zealand dollars.

#### **Accounting Policies**

The following accounting policies, which significantly affect the measurement of financial performance, financial position, and cash flows, have been consistently applied:

##### **a. Forecast Figures**

The forecast figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Authority for the preparation of the financial statements.

## **b. Revenue and Expenses**

Revenue and expenses are recognised on an accrual basis.

Revenue is measured at the fair value of consideration received/or receivable. Revenue from the Fund is recognised as earned and reported in the financial period to which it relates.

Expenses paid in foreign currency are recorded at the rates of exchange prevailing at the date of the transactions and there are no currency gains or losses.

## **c. Goods and Services Tax**

The Authority makes principally exempt supplies for Goods and Services Tax (**GST**), as it manages superannuation schemes. GST is imposed on imported services if those services would be a taxable supply in New Zealand. The affected transactions for the Authority are fees incurred in relation to the custody of assets and investment reports undertaken overseas. GST on services is not reclaimable and GST is therefore included in expenditure.

## **d. Statement of Cash Flows**

The Forecast Statement of Cash Flows has been prepared using the direct approach.

## **e. Taxation**

As a Public Authority, in terms of section CW 38(2) of the Income Tax Act 2007, the Authority is exempt from income tax.

## **f. Accounting for Joint Ventures**

The Authority has a 50% ownership in Annuitas. Staff employed by Annuitas act in management roles on behalf of the Authority. Reimbursement of Annuitas costs, calculated on a time basis, are included in the operating expenses of the Authority. The Authority does not equity account for Annuitas as this is deemed to be immaterial.

## ***Changes in Accounting Policies***

All policies have been applied on bases consistent with those used in the year ended 30 June 2025.

## ***Investment Management Expenses***

Investment management fees (including custody costs) are forecast to increase from the estimate of \$32.765 million in 2026 to a forecast of \$34.527 million in 2027. This is predominantly due to an increase in the estimated performance fees for some managers.

## ***Schemes Administration Expenses***

The forecast Schemes administration expenses include reimbursement to the Fund for amortised expenditure on the Business System owned by the Fund.

## *Recovery of Expenses*

The forecast expenses of the Authority, for the management and administration of the Fund and the Schemes for the 2026/2027 year, are \$43.266 million. These expenses, net of other revenue of \$0.045 million are recovered from the Fund in accordance with section 15E of the Act.

The Fund then recovers payments made to the Authority (forecast \$43.221 million), partly from the Crown, under a Permanent Legislative Authority (PLA), and partly from non-Government employer contributions.

The payments to the Authority by the Fund are recovered from the Crown and from non-Government employer contributions in proportions determined by the Appointed Actuary. The Authority's appointed Actuary has determined that, from 1 July 2025, the Crown's share will be 99% (forecast \$42.789 million) and the share to be met from the non-Government employer contributions 1% (forecast \$0.432 million).

The expenses of the Authority include:

- Management of the GSF assets (the Fund).
- Expenses related to investment management, custodial arrangements and fees for implementing processes for avoiding prejudice to New Zealand's reputation as a responsible member of the world community.
- Management of the Schemes, including the agreement between the Authority and the Schemes Administrator.
- Interpretation of the provisions of the Act and the Policies and the exercising of discretionary powers (set out in the Act).
- The fee paid to Annuitas under the management services agreement between the Authority and Annuitas.



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Te Pūtea Penihana Kāwanatanga



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