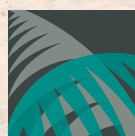


Statement of Intent

July 2026 to June 2030



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)

Contents

Statement from the Board.....	2
The Authority	3
Investment	4
Schemes.....	14
Forecast Financial Statements.....	27
Government Superannuation Fund	28
Forecast Statement of Changes in Net Assets	28
Forecast Statement of Net Assets.....	29
Forecast Statement of Cash Flows	30
Forecast Reconciliation of Net Changes in Net Assets to Net Operating Cash Flows.....	31
Statement of Material Accounting Policies.....	32
Government Superannuation Fund Authority	35
Forecast Statement of Comprehensive Revenue and Expense	35
Forecast Statement of Financial Position	35
Forecast Statement of Cash Flows	36
Forecast Reconciliation of Net Operating Result to Net Cash Flows from Operating Activities.....	36
Statement of Material Accounting Policies.....	37

This Statement of Intent is presented to the House of Representatives pursuant to section 149 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.

We have adopted an Investment Objective (see page 4) and strategy that involves taking additional investment risk to improve the Crown’s position compared to investing solely in New Zealand Government Bonds.

Our investment strategy is also benchmarked against a Reference Portfolio, which is a simple, notional portfolio that would be expected to largely achieve the Investment Objective by investing only in major, liquid, public markets at low cost. This helps define the risk of the implemented investment portfolio (the Actual Portfolio) and is used to assess the contribution that active investment decisions make to the Actual Portfolio’s performance.

We report on how we have performed relative to our objectives in the Annual Reports of the Authority and the Fund. More information on the Authority and its policies and operations is available on our website – www.gsfa.govt.nz.



Anne Blackburn
Chair



Michelle Tsui
Chair, Audit and Risk Review Committee

June 2026



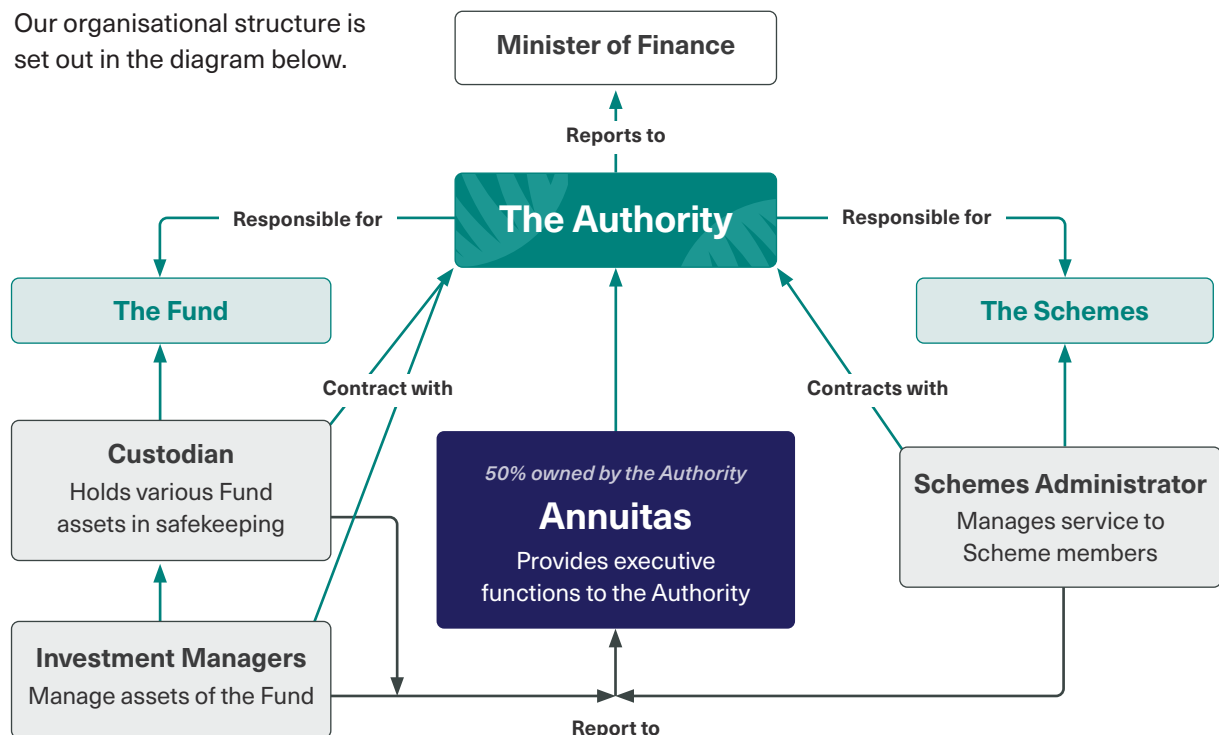
The Authority

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 Intent (SOI) is prepared pursuant to Part 4 of the Crown Entities Act 2004 (Crown Entities Act), having regard to the Statement of Intent guidance published by the Treasury. In addition, as required by Section 15N of the Act, the SOI includes specific comments on the expected performance of the Fund, the key risks to the performance and the steps taken to manage those risks (see pages 7-16).

This SOI covers the four financial years from 1 July 2026 to 30 June 2030.

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 10 (Investment) and page 16 (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.

Best Practice Portfolio Management

We interpret best practice portfolio management as:

- having a clear investment objective that reflects our statutory responsibilities and desired outcomes;
- maintaining a sound investment strategy consistent with that objective and our Investment Beliefs¹;
- having strong governance with clear assignment of responsibilities that promotes accountability, clear reporting and effective communication with the Fund's stakeholders;
- ensuring cost-effective management of investments by engaging an external custodian of its assets and investment managers with the requisite skills and alignment of interests with the Authority, and monitoring their performance closely; and
- sharing relevant knowledge and resources with other Crown Financial Institutions (CFIs), peer funds and experts.

Maximising Return Without Undue Risk to the Fund as a Whole

We seek to develop and maintain a diversified and efficient investment portfolio that will meet the Investment Objective described below. We implement this strategy by allocating the Fund's assets across a mix of exposures to broad categories of market risk and return and supplementing this with active, skill-based sources of return.

We have defined our Investment Objective as follows:

Investment Objective

The Authority aims to maximise the Fund's excess return relative to NZ Government Bonds (before New Zealand tax) without undue risk of underperforming NZ Government Bonds measured over rolling ten-year periods.

¹ Investment Beliefs are presented in the Statement of Investment Policies, Standards and Procedures (SIPSP).

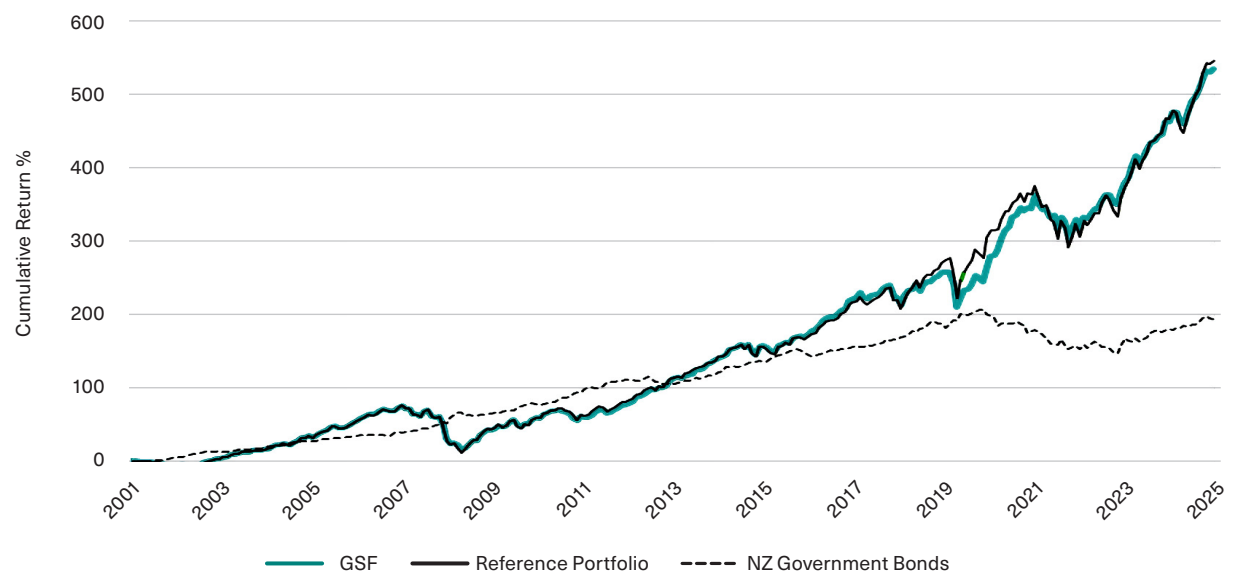
We benchmark the Fund's investment performance against a Reference Portfolio as well as against the Investment Objective. The Reference Portfolio is a simple, notional portfolio that we expect to largely achieve the Investment Objective by investing only in major, liquid, public markets at low cost. Most of the Fund's performance will be attributable to the market risk factors captured in the Reference Portfolio.

In addition, we aim to outperform the Reference Portfolio on a net-of-fees and other costs basis in two ways:

- exposing the Fund to sources of risk and return not represented in the Reference Portfolio. These alternative sources of return include other risk factors, such as insurance-linked risks, premia for holding illiquid assets, and short-term positions on markets that are temporarily mis-valued.
- capturing returns attributable to investment managers' skill ('alpha') rather than systematic risk bearing ('beta').

The Fund's investment return since October 2001, when the Authority assumed responsibility for managing the Fund, is compared with the Investment Objective and the Reference Portfolio in Graph 1 below.

Graph 1: GSF Cumulative Return since Inception (before tax and after fees)



Over the next 10 years, we expect the Fund to achieve an average return of 7.2% p.a. before tax and investment costs, from:

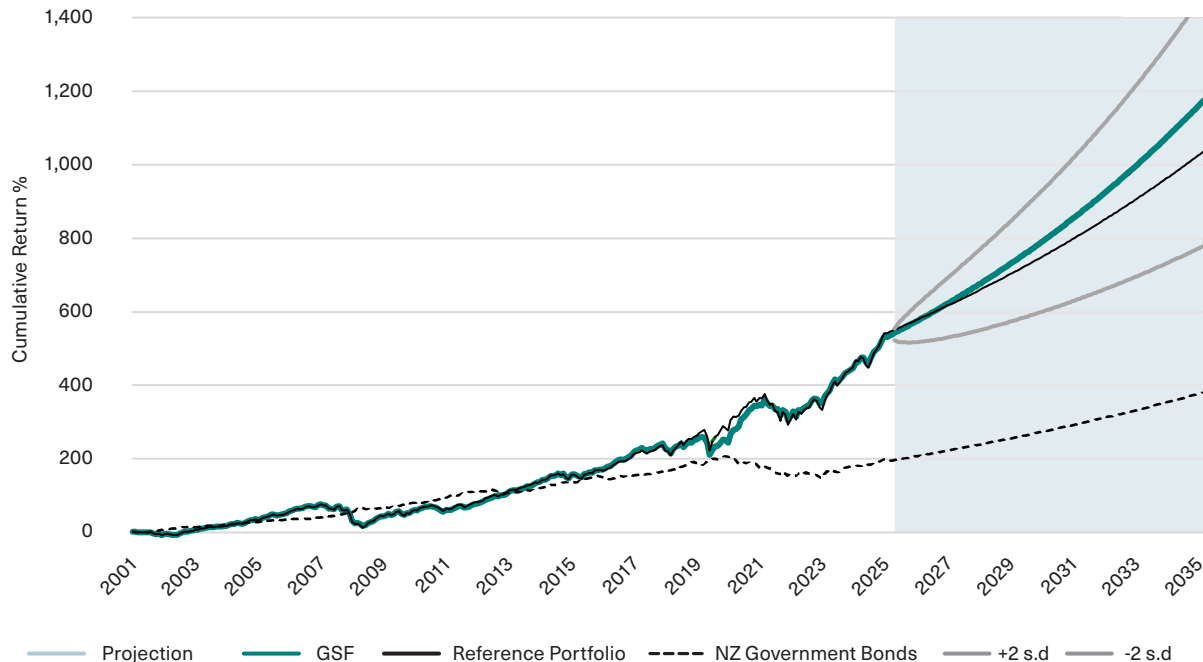
- an expected return of 5.0% p.a. from NZ Government Bonds;
- an expected return of 0.8% p.a. from additional risk in the Reference Portfolio; and
- an expected return of 1.4% p.a. from alternative market exposures and active management strategies.

We expect investment costs to amount to 0.6% and therefore expect the 10-year net-of-fees but before tax return to be 6.6%.

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

The forecast return for the next ten years and the expected range of outcomes are illustrated in Graph 2 below.

Graph 2: GSF Return Projection (cumulative since 2001, before tax and after fees)



Because the Fund will pay entitlements for many years to come, we take a long-term view in setting the Fund's investment strategy. We measure the Fund's performance over rolling ten-year periods. The Fund's returns since the Authority was established in 2001 have been similar to the Reference Portfolio.

We regularly review the Fund's investment strategy and believe the current strategy and risk profile are appropriate to achieve the investment objective over the Fund's long-term horizon.

Avoid Prejudice

We have developed programmes to monitor the risk of investments to New Zealand's reputation, exclude prejudicial investments where practicable, engage companies on environmental, social and governance (ESG) issues and generally support greater integration of material ESG issues into investment processes. This includes measuring the Fund's carbon footprint, and aligning investments with Government policies to reduce global greenhouse gas emissions. Our Responsible Investment policies are contained in section 6 of the Statement of Investment Policies, Standards and Procedures (SIPSP). The SIPSP is available for viewing on our website – www.gsfa.govt.nz/policies.

We are a signatory to the United Nations supported Principles for Responsible Investment (PRI). Signatories seek to address six aspirational principles established by PRI where they are consistent with each signatory's fiduciary duties. The principles can be viewed on the PRI website – www.unpri.org/about-us/what-are-the-principles-for-responsible-investment.

We have entered into a resource sharing agreement with other CFIs to help us meet our 'avoid prejudice' obligations and implement our policies, including our PRI commitments, efficiently.

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 12).

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%¹ before tax and investment costs (see Table 1 on page 8). This translates to forecast investment income, including valuation changes, of \$441 million².

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.

1. 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.
2. Refer Forecast Statement of Changes in Net Assets on page 27.

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

Investment Performance	Actual Portfolio 2026/27		Reference Portfolio 2026/27	
	\$m	%	\$m	%
Gross Investment Income	441	7.3	351	5.8
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
Forecast Investment Income After Tax	316	5.2	256	4.2
Investment Costs				
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
Total Investment Costs	38	0.63	16	0.26

Notes for Table 1

1. Numbers may not add due to rounding.
2. The Actual Portfolio includes investment activities aimed at improving risk-adjusted return compared to the Reference Portfolio.
3. Table 3 on page 12 shows the assumed asset allocations for the Actual Portfolio and the Reference Portfolio.
4. The assumed returns from each asset class are set out in Table 4 on page 13 and include, where appropriate, the added value expected from active management of the asset class.
5. Total investment costs include the forecast investment management fees and custody expenses and 73% of the Authority's forecast operating expenses. The other 27% of the Authority's expenses is allocated to Schemes. Operating expenses are split between Investments and Schemes based on how closely each cost relates to managing the investment portfolio versus administering the Schemes. For the Reference Portfolio assumptions, the Authority's expenses are allocated 50:50 between the Investments and the Schemes.

Table 2: Forecast Investment Performance for the years to 30 June 2030

Forecast Performance of Actual Portfolio	2026/27 (%)	2027/28 (%)	2028/29 (%)	2029/30 (%)
Gross Investment Income	7.3	7.2	7.2	7.1
Total Investment Costs	(0.6)	(0.6)	(0.6)	(0.5)
Net Investment Income	6.6	6.6	6.6	6.6
Tax	(1.4)	(1.4)	(1.4)	(1.4)
Forecast Investment Income After Tax	5.2	5.2	5.2	5.1

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			
Performance Expectations	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.
Outputs	Best Practice • Clear objectives. • Strong governance. • Sound investment programme.	Return and Risk • Fund risk consistent with the Investment Objective and any Ministerial direction. • Fund outperforms Reference Portfolio for a similar level of risk. • Cost-effective management.	Avoiding Prejudice • Investments consistent with relevant law, New Zealand's international agreements and Government policy.
Key Activities	• Maintain and adhere to up-to-date Statement of Investment Policies, Standards and Procedures. • Manage the Fund to meet the Investment Objective and outperform the Reference Portfolio. • Review and evaluate strategies and incumbent asset managers against expected outcomes. • Identify and evaluate new strategies and managers with potential to improve outcomes. • Monitor custodian performance against KPIs. • Closely monitor all costs to ensure they represent value for money.		

Goal	Minimise the Crown's contributions to the Fund		
Measures	Best Practice	Return and Risk	Avoiding Prejudice
	Measured by: • Five-yearly Statutory Review finds that GSFA meets its obligations. • Annual independent review finds GSFA has complied with evaluated SIPSP elements in all material respects.¹ • Quarterly review of custodian performance against agreed service standards. • Investment managers always comply with mandates.² • Annual review of peer collaboration.	Measured by: • The Reference Portfolio outperforms NZ Government Bonds over rolling 10-year periods. • The Actual Portfolio outperforms the Reference Portfolio over 3-, 5- and 10-year periods. • 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.³ • The Actual Portfolio's ex-ante active risk relative to the Reference Portfolio is always within the risk tolerance set by the Board. • Annual independent benchmarking of investment costs versus peers finds costs to be comparable when measured like for like in terms of size and risk.⁴	Measured by: • Triennial independent review finds GSFA has complied with its Responsible Investing (RI) Policy in all material respects.⁵ • Carbon footprint of listed equity and credit portfolios is consistent with a net-zero-by-2050 trajectory.⁶ • No material negative publicity regarding the Authority arising from Fund investments.⁷
Strategic Objectives	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 3 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.

We seek to enhance the Fund's performance by investing in certain alternative market exposures, such as private equity, catastrophe insurance, life settlements and active management strategies. We reflect these exposures and strategies in the Actual Portfolio and expect them to increase the Actual Portfolio's expected return and/or reduce its investment risk compared with the Reference Portfolio, after allowing for incremental costs.

Table 3: Assumed Asset Allocations (%) of the Actual Portfolio and the Reference Portfolio as at 30 June 2026

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

1. The Actual Portfolio'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.

Table 4: Assumed 10-year Returns (% p.a.) and Risk (%) for each Asset Class (before tax and before fees)

Asset Class	Actual Portfolio % p.a.	Reference Portfolio % p.a.	Risk %
International Equities	7.2	6.2	15
New Zealand Equities	7.4	6.6	13
Global Fixed Interest	4.6	3.6	4
New Zealand Fixed Interest	5.2	n/a	4
Global Private Equity	8.9	n/a	14
Catastrophe Risk	6.8	n/a	5
Life Settlements	5.2	n/a	9
Dynamic Asset Allocation	0.3	n/a	0.7
Total	7.2	5.8	10

Table 4 Notes

1. The assumed returns for the Reference Portfolio allow for current market conditions.
2. The risk measure is the assumed annual volatility of return for each asset class.
3. Actual investment management fees may vary significantly from those forecast (in Table 1 above). 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.
4. 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.
5. Dynamic asset allocation returns are calculated as a percentage of the total Fund.
6. 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%.
7. 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.
8. Forecast entitlement payments from the Fund are \$25 million per month.
9. Taxation assumptions are summarised in Table 5 below.

Table 5: Taxation Assumptions

Asset Class	Tax Assumptions
International Equities	28% on 5% of the average value of the portfolios during the year.
New Zealand and majority of Australian Equities	28% on dividends, allowing for 20% imputation credits.
Global and New Zealand Fixed Interest, Catastrophe Risk and Life Settlements	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 6 below. The UPSL values are estimates of the Crown contributions required to meet the past service liabilities of the Fund.

Table 6: 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 6 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 27 – 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 28).

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:

Goal	Manage and administer the Fund and the Schemes in accordance with the Act		
Performance Expectations	Meet the reasonable expectations of stakeholders		
Output	Effective Management of the Schemes		
Key Activities	Pay entitlements	Systems and technology	Interpretation of the Act and exercise of discretionary powers
	• Ensure all contributions and entitlements are processed correctly and on time.	• Maintain relevant business systems. • Maintain cyber security controls. • Ensure privacy of member information. • Maintain business continuity plans.	• Interpretation of the provisions of the Act and exercise of discretionary powers set out in the Act. • Timely response to all requests for information from stakeholders and meeting deadlines.
Measures	• 100% of all annuities paid on time, all contributions banked on receipt and allocated as soon as verified as being correct. • 98% of routine correspondence responded to within 5 working days.	• No permanent loss or corruption of data. • Business system is available 98% of the time in any given month. • No critical business system request outstanding for more than 3 months without appropriate remedial action in place. • No material cyber events.¹ • No notifiable breach of member privacy.² • Business continuity plans in place.	• Compliance with legislative requirements. • SLAs in place for requests for information and monitored. • Average satisfaction score above 60% in the triennial survey of members and employers.³
Strategic Objectives	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.

Organisational Health and Capability

Governance

The Board is the governing body of the Authority and is responsible for making all strategic decisions relating to the Fund and the Schemes. The Board has all the powers necessary for managing, and for directing or supervising the management of, the business of the Fund.

The Minister appoints the members of the Board. The Board has a wide range of experience and expertise in the investment, financial and business sectors.

The Board has prepared a Board Charter, Governance Manual and a Corporate Governance Statement.

The documents incorporate legislative and regulatory requirements as well as the policies and practices developed by the Board. The Authority's Corporate Governance Statement is available on our website – www.gsfa.govt.nz.

Our key practices are set out below:

- Our obligations with respect to the Fund and the Schemes are supported by business planning, business risk assessment, management reporting, and arrangements for audit, internal control and compliance, all conducted on at least an annual basis.
- The Board reviews, on at least an annual basis, its own activities and the activities of Annuitas, to ensure that clear and proper sets of accountabilities remain in effect, delegations are properly implemented, and reporting is comprehensive.
- The Board reviews its own performance annually and, at all times, aims to achieve best practice.
- The Board has established two committees: Audit and Risk Review, and Investment.

to perform and exercise the functions and powers of the Board delegated to each committee, as applicable. The committees have written terms of reference and ensure their activities remain consistent with the Crown Entities Act. Each committee reviews its performance annually and their performance is also reviewed by the Board.

- The Board meets at least six times per annum and ensures that it receives appropriate and reliable reporting on the Fund and the Schemes, and on the actions of Annuitas and other service providers.
- The Board regularly considers the resources required for the effective and proper management of the Fund and the administration of the Schemes and acts to ensure that resources available to the Authority, both through Annuitas and externally, aligns with these requirements. The Board aims to use resources of appropriate quality and capacity for its needs, at a reasonable cost. The Board ensures that comprehensive service level agreements are entered into with the major external service providers, which specify reporting and compliance standards.
- The Board has a systematic compliance programme with its service providers and any breaches of compliance are reported to the Board.
- The Board has established a risk management programme, which is implemented and reviewed regularly by Annuitas. The Audit and Risk Review Committee monitors matters of risk management and reports to the Board.

Organisational Structure

We have adopted an outsourced model for the key activities of Schemes administration and investment management (including custody of the Fund's assets).

The Authority and the Board of Trustees of the National Provident Fund (NPF) have formed a joint venture company, Annuitas Management Limited (Annuitas). Each organisation has entered into a management services agreement (MSA) with Annuitas.

The main function of Annuitas is to provide executive services to the Authority and NPF. The MSA between the Authority and Annuitas contains delegations of authority to enable Annuitas to carry out the day-to-day management of the Authority's investment, custody and Schemes administration functions. At its quarterly meetings the Board receives reports from Annuitas on all significant decisions made and matters determined under the delegations of authority.

The joint venture with NPF is seen to be the most appropriate way of providing the management and support required by the Board. The Schemes and the NPF schemes are closed to new members and both organisations have adopted an outsourced model for the major activities of investment, custody and Schemes administration. Annuitas allows economies of scale and higher quality resourcing than could be justified if each organisation operated on a stand-alone basis.

We have appointed:

- Datacom as the Schemes Administrator. Datacom is responsible for the collection and processing of contributions to the Schemes, maintenance of member records, calculating, notifying, processing and paying of all entitlements under the Schemes, maintaining toll free lines and a help desk to log and process all oral and written enquiries, and maintaining the financial records of the Schemes. All interpretation issues and determinations, arising under the Act and the Policies, must be referred by Datacom to us for decision;
- JP Morgan Chase Bank as the global custodian for the Fund. The custodian is responsible for the safekeeping of the assets of the Fund held in custody, settling transactions, and reporting on the performance and compliance of the investment managers we appoint;
- Specialist investment management organisations to undertake day to day investment decisions and trading, currency hedging and investment advice; and
- Towers Watson Australia Pty Limited to provide specialist actuarial advice.

Organisational Development

Board members are typically appointed for three years and often serve two or more terms. From the 1st of January 2026, the Minister of Finance aligned appointments to the Authority and NPF boards, so that the same members serve on both boards. By extension, the same members also serve on the Annuitas board.

The Board, through the Chair, advises the Minister to help ensure an appropriate balance of skills and experience is maintained in the membership of the Board.

The Board generally sets aside a session each year for strategic planning and has regular investment refresher sessions to stay abreast of current and emerging best practices. The Board assesses whether its strategies remain appropriate and the capabilities of the organisation to achieve its Objectives. In particular, the Board reviews the robustness and sustainability of its systems and technology and assesses whether appropriate resources and skills are in place for the Authority and Annuitas to achieve their accountabilities and responsibilities.

Investment workshops provide an opportunity for the Board to receive presentations and discuss contemporary issues and new approaches relating to investment management, or other parts of our business. Board members are also encouraged to take advantage of training and development opportunities available in superannuation and investment.

We maintain close working relationships with other CFIs. A formal collaboration process is in place to facilitate sharing of information and strategies with other CFIs where appropriate, including joint evaluation of investments.

Management of the Fund's assets and the administration of the Schemes will continue to be outsourced to specialist organisations. A key element of an outsourced model is to ensure each contracted manager, where appropriate, has in place a well-planned and tested business continuity plan (BCP), including a disaster recovery programme (DRP). This is particularly important in the key areas of custody and Schemes administration. The BCPs/DRPs for the custodian and the Schemes Administrator are tested on a regular basis and reported to the Board.

Annuitas is responsible for overseeing the key roles and responsibilities – Investment, Schemes administration, Finance and Risk. Key person risk within Annuitas is reduced by maintaining appropriate back-up support in the four key areas. Annuitas is committed to being a 'good employer' and offering equal employment opportunities to prospective and existing staff.

Consultation and Reporting to the Minister

Matters Requiring Consultation with the Minister

We are required to consult with the Minister on the following matters:

- The method for calculating interest on contributors' contributions, where the contributor is discharged or released from the regular forces in circumstances where no retiring allowance is payable (section 71K(b) of the Act).
- Approval of any class of transactions which involve:
 - borrowing money;
 - mortgaging or charging any of the real property of the Fund, whether present or in the future, as security; or
 - entering into a derivative transaction or amending the terms of that transaction (where derivative transaction includes swaps, options, futures and any combination of those things).
- Approval to operate bank accounts outside the provisions set out in section 158 of the Crown Entities Act.

Approvals have been sought and granted for some of the matters outlined above.

With regard to derivative transactions, the Minister has given approval for the Authority to enter into such transactions where their use is consistent with the SIPSP.

No approvals from the Minister have been necessary with respect to section 71K(b), or with respect to borrowing of money or mortgaging of real property.

Reporting to the Minister

The financial statements of the Authority and the Fund are maintained and reported in accordance with the Act and the Crown Entities Act. The Act requires us to report to the Minister on the Fund at intervals, and include any information, that the Minister requires. In addition to the annual reports of the Authority and the Fund, we provide information to the Minister for inclusion in the Crown's budget and economic updates. The Actuary appointed by the Authority calculates the Unfunded Past Service Liabilities for inclusion in the Crown's financial statements.

Treasury also reports to the Minister on a six-monthly basis, following consultation with us, on the Fund's investment performance and on key operational issues.

The Act requires that an independent review, by an independent consultant appointed by the Minister, must be conducted every five years of how effectively and efficiently we are performing our functions under the Act. Reviews were undertaken in 2006, 2011, 2016 and 2021. The 2026 review was underway at the time this document was being prepared.

Processes in Relation to Acquisitions

Section 141 of the Crown Entities Act requires us to report on any processes to be followed for the purpose of section 100 (Acquisitions of shares or interests in companies, trusts and partnerships).

We believe the intention of section 100 is to cover situations where the Authority buys shares to facilitate an acquisition strategy. The Authority has no plans to acquire shares for this purpose.

Risk Management

A summary of our assessment of the key risks to the business, including the key risks to the performance of the Fund, and actions being taken to manage those risks is set out below.

Investment Risks

Risk	Action to Manage
Investment strategy and asset allocation are inappropriate.	• Establish quantified investment objectives in terms of risk, return and horizon reflected in a Reference Portfolio. • Diversify the risk exposures, assets and management techniques of the Fund. • Seek professional advice on the investment strategy and asset allocation. • Compare the investment strategy and asset allocation with peer funds. • Peer reviews of advice and regular consultation with other CFIs and large investment funds. • Independent statutory review every 5 years. • Review the SIPSP annually, as required by section 15L of the Act.
Poor performance of active investment managers.	• Robust selection process for all investment managers, based on demonstrated ability. • Diversification among strategies and managers where appropriate. • Avoid investment in strategies with low likelihood of adding value. • Mandates for active investment managers with clearly prescribed risk limits. • Regular monitoring and review of manager performance. • Management agreements, which provide for dismissal at our discretion.

Risk	Action to Manage
Overall investment management risk.	• Adoption of a Reference Portfolio that reflects an appropriate investment horizon and desired level of risk. • Specific mandate for each investment manager, based on best practice portfolio management. • Constraints to govern credit and liquidity risks. • Regular rebalancing of the Fund to approved risk exposure limits and use of strategic tilts. • Use of a custodian to hold securities, settle and record transactions, report on performance and monitor compliance of investment managers with mandates. • Due diligence of managers, and monitoring of their ongoing compliance with contractual terms. • A comprehensive SIPSP, reviewed annually and enforced by the Authority. • Clear separation of functions between investment management, custody, and overall supervision. • Appropriate resourcing of the Annuitas team to conduct the oversight function.
Currency risk, for example the risk that the Fund will lose value through adverse exchange rate movements.	• Maintaining an overall level of foreign currency risk that is prudent in the context of the total Fund. • Limiting external managers' ability to add currency risk.
The assumed gross pre- tax investment returns for each asset class are not achieved.	• Adopting a diversified asset allocation for the Fund, reflected in the Reference Portfolio, and governance arrangements that ensure adherence to the strategy through time. • Appointing investment managers based on demonstrated ability, with benchmarks relevant to total portfolio risk. • Shifting asset or risk allocation to limit losses from extreme market events when asset values are extreme.
Major structural changes to investment markets and/or taxation environment.	• Neither of these risks is within our control. However, we take into account changes in these risks in our reviews of the investment strategy and asset allocation.

Reputation Risk

Risk	Action to Manage
Prejudice to New Zealand's reputation.	• Determination of authorised investments and markets in investment mandates. • Exclusion of direct investment in certain activities that are illegal in New Zealand, contrary to international obligations and/or widely discouraged in New Zealand, such as nuclear weapons, landmines, cluster bombs, tobacco and whaling. • Assessment of Fund's exposure to climate-related risks and opportunities and alignment with Government policies to reduce global greenhouse gas emissions. • Implementing the Responsible Investment policies in collaboration with other CFIs and with support from the Guardians of New Zealand Superannuation. We monitor securities with significant responsible investment risks, engage with high-risk entities and may exclude those with unacceptable risks. • Encouraging external investment managers of commingled funds to consider our responsible investment policies.
The Authority's reputation risk.	• Robust selection process for contracted managers. • Comprehensive management and service level agreements and clearly defined and agreed mandates and reporting standards. • Informing contracted managers of our responsible investment policies, as set out in the SIPSP, and excluded investments. • Maintenance of an internal governance framework for appropriate fiduciary oversight, performance management and control of functions carried out by the Board and Annuitas. • Implementation of a comprehensive risk management programme. • Sustainable management of the Schemes to enable accurate calculation, payment and reporting of members' entitlements. • Clear communication with stakeholders.

Schemes Risks

Liabilities

The Fund's liabilities arise from the defined benefit schemes specified in the Act. Factors that may affect the liabilities include:

- Movements in the consumer price index (CPI) (all retiring allowances and spousal annuities are CPI indexed).
- The rate of increase in contributors' salaries, especially as it affects the last five years of contributory service.
- The discount rate used to value the liabilities.
- Factors affecting retirement or cessation of service by contributors, including state sector restructuring and privatisations.
- Patterns of entitlement selection on retirement.
- Mortality rates.
- Quality of information (data) received from employers.

None of the above factors are within the control of the Authority. We will, however, ensure that accurate and timely information is provided to the Actuary to enable preparation of actuarial projections of the liabilities in accordance with the provisions of the Act.

Risk	Action to Manage
The provisions of the Act relating to the Schemes are not complied with and discretions relating to the Schemes are inappropriately applied.	• Monitoring the performance of the Schemes Administrator and resolving any issues of interpretation of the Act. • Ensuring all discretionary decisions are exercised in accordance with the Act and the Policies. • Ensuring any changes to the Policies are made only after taking into account the interests of relevant persons, including the Crown, in accordance with the Act. • Appropriate resourcing of the Management team to conduct the oversight function.

Administration

We are responsible for the management and administration of the Schemes. Day to day administration duties are carried out by the Schemes Administrator, Datacom, in accordance with an updated agreement dated 1 April 2020, as amended on 15 February 2024.

In administering the Schemes, heavy reliance is placed on the Business System¹ owned by the Authority. Support is provided for the Business System by Sensity Limited.

Risk	Action to Manage
Poor performance by Datacom.	• Having a detailed scheme administration management agreement in place with Datacom, backed by a parent company guarantee. • Maintaining a close liaison with Datacom. • Monitoring Datacom's performance against the KPIs. • Carrying out a triennial survey that assesses, amongst other things, the level of satisfaction of members and employers with the service provided by Datacom. • Taking remedial action on any issues identified in the survey.
Serious information technology problems.	• Ensuring any system modifications to the Business System¹ are approved by the Authority and consistent with its IT strategy and governance framework. • Ensuring Datacom and Sensity Limited have back-up procedures in place and a fully tested business continuity plan. • Ensuring the Authority, the Custodian, Datacom and Sensity have in place appropriate cyber security protocols, consistent with the Authority's IT strategy and governance framework. • Business continuity plan and disaster recovery plan in place, and regular monitoring of systems reliability.
Breach of member privacy.	• Ensuring the Authority, Datacom and Sensity have in place appropriate member privacy controls.

1. Pension Administration and Management System (PAMS)

Forecast Financial Statements

For the four years ending 30 June 2030

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	Forecast 2027/28 \$000	Forecast 2028/29 \$000	Forecast 2029/30 \$000
	Increase in assets from:				
633,669	Investing activities	441,209	441,080	439,215	436,679
	Operating activities				
(43,012)	Expenses ¹	(43,221)	(41,404)	(39,914)	(37,911)
590,657	Surplus before tax and membership activities	397,988	399,676	399,301	398,768
(64,002)	Tax	(86,642)	(87,010)	(87,346)	(87,704)
526,655	Surplus after tax and before membership activities²	311,346	312,666	311,955	311,064
	Membership activities				
708,000	Contributions – Crown	654,000	649,000	642,000	632,000
8,000	Contributions – members	5,000	4,000	3,000	2,000
4,000	Contributions – other entities	4,000	3,000	3,000	2,000
(1,031,000)	Benefits paid	(1,022,000)	(1,011,000)	(998,000)	(982,000)
(311,000)	Net membership activities	(359,000)	(355,000)	(350,000)	(346,000)
215,655	Net increase/ (decrease) in net assets	(47,654)	(42,334)	(38,045)	(34,936)
5,839,380	Opening assets available to pay benefits	6,055,035	6,007,381	5,965,047	5,927,002
6,055,035	Net assets available to pay benefits	6,007,381	5,965,047	5,927,002	5,892,066

1. 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 35).
2. The surplus after tax in the Forecast Statement of Changes in Net Assets is lower than the Forecast Investment Income after Tax in Table 1 as the Forecast Statement of Change 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	Forecast as at 30 June 2028 \$000	Forecast as at 30 June 2029 \$000	Forecast as at 30 June 2030 \$000
5,912,991	Investments	5,889,698	5,748,880	5,880,565	5,828,858
	Other assets:				
259,946	Cash and cash equivalents	253,632	344,383	187,820	198,940
273,727	Receivables, prepayments and other assets	281,865	270,739	305,435	261,091
533,673		535,497	615,122	493,255	460,031
6,446,664	Total assets	6,425,195	6,364,002	6,373,820	6,288,889
	<i>Less</i>				
391,629	Payables	417,814	398,955	446,818	396,823
391,629		417,814	398,955	446,818	396,823
6,055,035	Net assets available to pay benefits	6,007,381	5,965,047	5,927,002	5,892,066
11,900,000	Estimated actuarial present value of promised retirement benefits	11,459,000	11,003,000	10,534,000	10,057,000
5,844,965	Deficit ¹	5,451,619	5,037,953	4,606,998	4,164,934
6,055,035	Net assets available to pay benefits	6,007,381	5,965,047	5,927,002	5,892,066

1. 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	Forecast 2027/28 \$000	Forecast 2028/29 \$000	Forecast 2029/30 \$000
	Cash flows from operating activities				
	<i>Cash was provided from</i>				
722,268	Contributions – Crown	653,803	650,873	642,391	631,304
8,010	Contributions – members	4,990	4,005	3,029	1,946
2,552	Contributions – other entities	3,988	3,062	3,016	2,099
162,833	Interest and Dividends	110,891	110,270	109,809	109,177
	<i>Cash was disbursed to</i>				
(1,030,683)	Benefit payments	(1,022,010)	(1,010,968)	(998,026)	(982,007)
(99,456)	Income tax	(77,948)	(86,669)	(87,395)	(87,569)
(45,229)	Operating expenses	(43,291)	(41,357)	(39,840)	(37,824)
(279,705)	Net cash (outflows) from operating activities	(369,577)	(370,784)	(367,016)	(362,874)
	Cash flows from investing activities				
	<i>Cash was provided from</i>				
6,262,532	Maturities and sales of investment assets	6,466,474	6,186,223	6,309,303	6,370,451
	<i>Cash was disbursed to</i>				
(6,053,045)	Purchase of investment assets	(6,103,211)	(5,724,688)	(6,098,850)	(5,996,457)
209,487	Net cash inflows from investing activities	363,263	461,535	210,453	373,994
(70,218)	Net (decrease)/increase in cash held	(6,314)	90,751	(156,563)	11,120
330,164	Opening cash brought forward	259,946	253,632	344,383	187,820
259,946	Closing cash balance	253,632	344,383	187,820	198,940

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

Estimate 2025/26 \$000		Forecast 2026/27 \$000	Forecast 2027/28 \$000	Forecast 2028/29 \$000	Forecast 2029/30 \$000
215,655	Net increase/(decrease) in net assets	(47,654)	(42,334)	(38,045)	(34,936)
	<i>Add non-cash items</i>				
2,575	Amortisation of Business system	858	-	-	-
(721)	Change in deferred tax	(240)	-	-	-
1,854	Total non-cash items	618	-	-	-
	<i>Add/(less) movements in working capital items</i>				
(64,084)	(Increase)/Decrease in receivables and prepayments	(8,997)	11,125	(34,695)	44,343
42,752	Increase/(decrease) in other payables	22,272	(22,484)	43,876	(54,380)
(21,332)	Total movement in working capital items	13,275	(11,359)	9,181	(10,037)
	<i>Add/(less) items classified as investing activities</i>				
(472,324)	(Decrease) in net investment assets	(330,907)	(330,810)	(329,411)	(327,509)
79,125	Decrease/(increase) in investment receivables	9,056	(8,258)	34,581	(44,755)
(82,683)	(Decrease)/increase in investment payables	(13,965)	21,977	(43,322)	54,363
(475,882)	Total movement in investing activities	(335,816)	(317,091)	(338,152)	(317,901)
(279,705)	Net cash outflows from operating activities	(369,577)	(370,784)	(367,016)	(362,874)

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 Intent 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	Forecast 2027/28 \$000	Forecast 2028/29 \$000	Forecast 2029/30 \$000
43,012	Transfer from the Fund	43,221	41,404	39,914	37,911
44	Other revenue	45	45	45	45
43,056	Total revenue	43,266	41,449	39,959	37,956
5,799	Schemes administration	3,979	2,982	2,853	2,756
32,765	Investment management	34,527	33,576	32,126	30,091
4,492	Operating expenses	4,760	4,891	4,980	5,109
43,056	Total expenses	43,266	41,449	39,959	37,956
-	Net operating result	-	-	-	-

Forecast Statement of Financial Position

Estimate as at 30 June 2026 \$000		Forecast as at 30 June 2027 \$000	Forecast as at 30 June 2028 \$000	Forecast as at 30 June 2029 \$000	Forecast as at 30 June 2030 \$000
	Taxpayers' equity				
-	General funds	-	-	-	-
-	Total taxpayers' equity	-	-	-	-
	<i>Represented by:</i>				
	Current assets				
1,227	Cash	1,982	1,872	1,747	1,780
6,486	Receivables and prepayments	3,885	3,802	3,619	3,298
7,713	Total assets	5,867	5,674	5,366	5,078
	Current liabilities				
7,713	Payables and accruals	5,867	5,674	5,366	5,078
7,713	Total liabilities	5,867	5,674	5,366	5,078
-	Net assets	-	-	-	-

Forecast Statement of Cash Flows

Estimate 2025/26 \$000		Forecast 2026/27 \$000	Forecast 2027/28 \$000	Forecast 2028/29 \$000	Forecast 2029/30 \$000
	Cash flows from operating activities				
	<i>Cash was provided from:</i>				
9,000	Government Superannuation Fund	10,000	9,000	9,000	9,000
44	Interest	45	45	45	45
	<i>Cash disbursed to:</i>				
(8,795)	Operating expenses	(9,290)	(9,155)	(9,170)	(9,012)
249	Net cash flows from operating activities	755	(110)	(125)	33
249	Net (decrease)/increase in cash held	755	(110)	(125)	33
978	Opening cash brought forward	1,227	1,982	1,872	1,747
1,227	Closing cash balance	1,982	1,872	1,747	1,780

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

Estimate 2025/26 \$000		Forecast 2026/27 \$000	Forecast 2027/28 \$000	Forecast 2028/29 \$000	Forecast 2029/30 \$000
-	Net operating result	-	-	-	-
	<i>Add/(less) movements in working capital items</i>				
1,273	Decrease/(increase) in receivables and prepayments	2,601	83	183	321
(1,024)	(Decrease)/increase in payables and accruals	(1,846)	(193)	(308)	(288)
249	Net cash flows from operating activities	755	(110)	(125)	33

Statement of Material 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 Intent 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.



GOVERNMENT SUPERANNUATION FUND
Te Pūtea Penihana Kāwanatanga



**GOVERNMENT
SUPERANNUATION FUND
AUTHORITY**

