



New Zealand Harbours Superannuation Plan

Chairman's Newsletter

August 2007

The most recent meeting of Trustees was held on 23 August 2007. The purpose of this newsletter is to bring you up to date on some of the issues discussed by the Trustees.

Investment performance

The results for the quarter ended 30 June 2007 were mixed. Most sharemarkets had a modest gain (ranging from 3% to 7%), which was more than offset by a rise in the value of the New Zealand dollar. Overseas investments which were protected against a rise in the dollar did well. The fixed interest markets did not do as well, with the New Zealand bond market losing over 1% and the overseas bond markets having a small negative return for the quarter.

Growth forecasts are down, with the difficulties in the sub prime (lower-end) mortgage markets in the US having an adverse influence on markets around the world. Official cash rates are on the rise in most countries, and the increased cost of borrowing is of concern in relation to the possibility of increased inflation. It is likely that investment returns will remain volatile for some time.

Plan earning rates

Based on the returns over the quarter after investment fees and expenses, it was not possible to allocate any interest to members' balances for the quarter ending 30 June 2007.

The investment managers are suggesting that there will be small but positive returns for the current quarter, to 30 September 2007, and the present situation is that an interim after tax rate of positive 1.25% has been accepted by the Trustees as applying for the balance of the quarter. That interim rate is updated each month and is only used to calculate benefits for members who leave the Plan.

KiwiSaver Scheme

The New Zealand Harbours KiwiSaver Scheme is now fully functional, so that every member of the Plan can become a member of the KiwiSaver Scheme if the member satisfies the KiwiSaver requirements. The Plan website, www.harbourssuper.org.nz, has full details including information on what has to be done to obtain the maximum advantage from your KiwiSaver contributions.

KiwiSaver contributions are currently being passed to the Inland Revenue, and will be forwarded to the Plan as from October 2007. Once the Plan has received the contributions (and interest), they will be processed and shown on the website, together with the current information in respect of the Superannuation Scheme.

The Scheme has set up an 0800 number to assist members – the number is 0800SAVER0 (0800 728 370).

Statutory requirements

The year end processes have been completed and the statutory filing has been done. The Trustees were advised that the Prospectus and the Investment Statement for the Superannuation Scheme currently comply with the relevant legislation, but will need to be updated within the next few weeks. The current Prospectus and the Investment Statement can be found on the Plan's website and are also held by the Administration Manager, although paper copies can be obtained on request.

Complaints

The Trustees were advised that there are no outstanding complaints. Members should be aware that a complaints procedure is available to them if there are outstanding issues that they do not consider have been dealt with satisfactorily.

David S Stevens
Chairman of Trustees