



New Zealand Harbours Superannuation Plan

Chairman's Newsletter

December 2009

The most recent meeting of Trustees was held on 26 November 2009. The purpose of this newsletter is to bring you up to date on some of the issues discussed by the Trustees.

Investment performance

During the quarter ending 30 September 2009, there were gains in both New Zealand and overseas investment markets. Views varied over the quarter, from confidence in the recovery to major doubts about how the markets could suddenly be fine. The doubter's views were summed up by the Governor of the Bank of England, who stated that the causes of the crisis had not been addressed and unless they were we would have the same problems in the next year.

In September the Governor of the Reserve Bank of New Zealand noted that there was more evidence that the decline in economic activity was coming to an end and that a patchy recovery was underway, although the medium-term growth outlook remains weak. He also noted that price inflation was currently well within the Reserve Bank target band and was expected to track comfortably within the band over the medium term.

Plan earning rates

Based on the investment returns over the quarter ending 30 September 2009, the Plan has allocated a return for that quarter of positive 8.2% for members subject to tax at 19.5% and has allocated a return of positive 7.7% for members subject to tax at 33%. The returns are after deduction of investment fees, expenses and tax.

Based on the monthly investment returns for October and a market view of the investment returns since that date, interim interest rates of negative 2.7% for members who are 19.5% taxpayers and negative 2.9% for members who are 33% taxpayers have been accepted by the Trustees as applying for the balance of the quarter. The interim interest rates are used only for the calculation of benefits for members who leave the Plan.

Because tax is payable when interest is allocated, all the benefits provided from the Plan are tax free.

Change of Investment Manager

Over recent months the Trustees have considered reports from the Plan's Investment Advisor in relation to the appointment of ING (New Zealand). Those reports concluded that the best interests of the Plan members would be served if AMP Capital Investors (New Zealand) was chosen to replace ING as an investment manager, with TOWER Asset Management and Tyndall Investment Management New Zealand continuing as the other managers. Following a presentation by AMPCI and discussion by the Trustees, a decision was made to move the investment of the Australian Equities allocation from ING to TOWER, with the balance of the investments with ING being transferred to AMPCI. The changes will take place over the next few months.

Plan documentation

The information held on the Plan's website www.harbourssuper.org.nz has been updated. The Trustees would encourage members to link to the website regularly, to understand what is happening to the Plan and to the member's account balances within the Plan. The website holds many relevant documents including an update of each of the Schemes and the Investment Statements.

Change of Trustee

Gary Smith recently resigned as a Trustee on his resignation from the Industry. He has been replaced by Matt Ballard, General Manager Human Resources and IT, Port Otago. Matt has two young daughters to occupy his other time, but likes to keep fit - most recently completing the Kepler challenger in 8 hours.

Drew McFarlane retired as a Trustee at the conclusion of the meeting. He has been replaced by Dion Young, who works as a cargo handler / crane driver for C3 Limited in Tauranga. Dion, a South Islander who has lived in Mount Mangonui for 7 years, is Vice-President of the RMTU Bay of Plenty Port Branch.

A gift of appreciation for their service to members has been made to Gary and Drew by the Trustees and the Rail & Maritime Union.

David S Stevens
Chairman of Trustees