Highlights

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Your scheme at a glance

Interest credited after expenses & tax – year ended 31 March

<table>
<thead>
<tr>
<th>Investment choice</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>2.27%</td>
<td>2.59%</td>
<td>2.10%</td>
</tr>
<tr>
<td>Conservative</td>
<td>3.22%</td>
<td>7.53%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Balanced</td>
<td>4.07%</td>
<td>13.52%</td>
<td>8.69%</td>
</tr>
<tr>
<td>Growth</td>
<td>3.83%</td>
<td>16.21%</td>
<td>11.47%</td>
</tr>
</tbody>
</table>

| New members       | 102    | 108    | 111    |
| Total members     | 1875   | 1853   | 1804   |
| New contributions (million) | $17.697 | $16.672 | $15.891 |
| Benefits paid (million)   | $24.263 | $25.378 | $15.162 |

<table>
<thead>
<tr>
<th>Scheme net assets (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 April (previous year)</td>
</tr>
<tr>
<td>31 March</td>
</tr>
</tbody>
</table>

This Report has been produced by the trustees to provide you with an understanding of how the scheme has operated over the 12 months to 31 March 2016. It should be read in conjunction with the scheme’s Investment Statement and the information available at www.firesuper.superfacts.co.nz.
The trustees are pleased to bring you this annual report for the year to 31 March 2016.

As you will see later in this report, this year’s returns to members are more modest than those experienced recently. For much of the year, financial markets, particularly share markets were very volatile, reflecting investors’ concerns about Greek debt, slowing Chinese growth, low oil prices and the potential pace of US interest rate rises. Markets began to recover from mid-February onward, as the US dollar started to soften and the price of oil started to rise, suggesting that the global economy was not headed for a crash.

As mentioned in last year’s annual report, by 1 December 2016 all registered superannuation schemes will need to comply with the Financial Markets Conduct Act (FMC Act). We are aiming to transition the scheme on 30 September 2016. While most changes to the scheme will be operational and behind the scenes, the scheme’s current investment statement will be replaced by a new product disclosure statement.

Another change is that the scheme will move to a corporate trustee structure, where a company is appointed to manage the scheme. The current trustees will become directors of that company. At least one of the trustee directors must be a licenced independent trustee. This is to ensure that there is one trustee director who is separate from the scheme’s sponsors and who brings specific governance skills relating to financial services. Tim McGuinness has been appointed to this position.

There was one change to the trustee group during the year. On behalf of my fellow trustees, I would like to welcome Steve Warner back to the trustee group and thank Ian Wright, who resigned in August 2015, for his valuable assistance during his time as a scheme trustee. Steve’s long experience with the scheme will be invaluable as we navigate our way through the requirements of the FMC Act.

Effective 1 August 2015, following Barry Dent’s retirement, Jan Barber was appointed as Scheme Secretary. Some of you will be familiar with Jan as she was previously involved in the scheme’s administration.

Finally, I would like to thank my fellow trustees and the scheme’s advisors for their assistance over the past year. I recommend that you read this report as it contains important information regarding your retirement savings.

Denis Fitzmaurice
Chairman of trustees
Your trustees

Denis Fitzmaurice: Denis began his career with the Fire Service in 1980, having spent the previous five years in the banking industry. His Fire Service career involves 33 years as an operational Firefighter and Officer, with the last two years seconded to a Black Watch role. He is a Life Member of the New Zealand Professional Firefighters Union, and formerly served as South Island President and as a member of the National Committee. Currently he is Chairman of trustees and has been a trustee since 2006.

Angela Foulkes: Formerly Secretary of the NZ Council of Trade Unions (NZCTU) and a Member of the New Zealand Fire Service Commission, Angela has had a 20 year involvement in superannuation policy development. She is currently Deputy Chair of the Remuneration Authority, and involved in public sector policy issues.

Peter Harris: Peter worked in the research and advocacy divisions of the PSA, Combined State Unions and CTU between 1976 and 1999. He was the economic advisor to Finance Minister Michael Cullen from then until 2002. He has been involved in the design and revision of various superannuation schemes, including chairing the group that designed what evolved into KiwiSaver. He carried out a comprehensive review of FireSuper in 2008.

Tim McGuinness: Tim has held trustee and director positions with substantial New Zealand based investment management organisations and funds for over 15 years. He has extensive specialist knowledge and experience built up through involvement with managing and administering investment funds for over 26 years. As well as being the scheme’s licensed independent trustee, Tim is also a trustee of a number of other large superannuation schemes including the Westpac Staff Superannuation Scheme, the Rio Tinto New Zealand Retirement Fund and the Police Superannuation Scheme. He chairs the Dairy Industry Superannuation Scheme trustee board. His directorships include Whai Rawa Fund Ltd and Unimed, a health insurer. He was on the Board of the Government Superannuation Fund Authority for 10 years (including three as Chair) and the Board of the Earthquake Commission for eight years. These positions followed senior funds management roles with Royal & SunAlliance and Norwich Union / State Insurance.

Boyd Raines: Boyd was appointed a trustee in December 2013 by the New Zealand Professional Firefighters Union and has completed the Workplace Savings NZ trustee education programme.

Geoff Taylor: Geoff is a director and manager of Dairy Investment Fund Limited and TDB Advisory Limited. Dairy Investment Fund Limited is a specialised private equity vehicle in the dairy sector and has a range of investments in the dairy sector. TDB is a NZ corporate finance and economics advisory business involved in funds management, treasury, economic analysis and public policy. Geoff is a Fellow of the Institute of Finance Professionals of NZ.

Steve Warner: Steve retired from the New Zealand Fire Service after 42 years’ service in 2013. He is a Life Honorary Member of the New Zealand Professional Firefighters Union and served on the National Committee of the Union for 25 years, including two terms as National President. He was appointed as a trustee by the Union in 1994. Steve had been a trustee of the scheme for 19 years and is the past Chairman of trustees, a position he held for 10 years. He is currently retired and lives in Christchurch, his home town. Steve was reappointed as a trustee in September 2015.
Investments

Investment Expectations

Setting the Expectations

In managing your money, we (the trustees) start by developing a set of investment options that provide you with distinct choices for the investment of your retirement savings. The scheme’s investment options range from a low risk Cash option through to the higher risk Growth option.

Investments in less risky assets tend to be in cash or bonds, which are termed “income” assets. The expectation is that there will be less volatility – both up and down – in the capital value of these assets. Investments in more risky assets tend to be in shares. These are known as “growth” assets, because there is an expectation that returns will also come from capital gains, but at the same time there is a greater risk of capital losses.

The trustees set investment expectations for each option. These expectations vary across each investment option. In general, as investors look for higher returns, the likelihood of short-term negative returns also increases.

Our expectations are generally set in relation to changes in consumer prices, because at the end of the day what matters is how your retirement savings have performed in relation to what your money will buy.

The more we strive to “beat” the Consumers Price Index (CPI), the greater the risk, so we set those expectations over longer time frames to allow for bad years as well as good. The expectations are based on what our investment consultant currently believes are the best estimates looking ahead for the returns and risks from investing in the various asset classes.

During the year, in conjunction with our investment consultant, we reviewed and adjusted our expectations for each investment option to take into account the level of expected returns.

Our revised expectations, after deducting fees, administration expenses and tax, for the investment options are:

- **Growth**: CPI plus 4% per annum over 10 years plus
- **Balanced**: CPI plus 3% per annum over 10 years plus
- **Conservative**: CPI plus 1.5% per annum over 10 years plus
- **Cash**: To perform broadly in line with the after-tax movement of the S&P/NZX 90-day Bank Bill Index

A review of how the investment options have performed over the last seven years is set out on page 10.

Allocating the Assets

Having designed the investment options and set the expectations, we take advice from our professional investment consultant as to the mix of assets (cash, bonds, shares, property and infrastructure) that best aligns the risk involved with the return sought.

The percentage in each asset category will vary within each investment option. Where appropriate, assets are also allocated between domestic and global holdings to again get the best anticipated mix of risk and return. The differences between the asset allocations of the four investment choice options are illustrated below.

We review the combined performance of the assets within each investment choice to see if, in aggregate, we have outperformed what might have been earned by just investing in the various assets passively. This is an overall test of how our managers are doing.

<table>
<thead>
<tr>
<th>Option</th>
<th>Cash (%)</th>
<th>Bonds (%)</th>
<th>Shares (%)</th>
<th>Global listed property (%)</th>
<th>Global listed infrastructure (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Conservative</td>
<td>35.0</td>
<td>45.0</td>
<td>20.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Balanced</td>
<td>2.5</td>
<td>39.0</td>
<td>46.0</td>
<td>7.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Growth</td>
<td>2.5</td>
<td>12.5</td>
<td>67.5</td>
<td>10.0</td>
<td>7.5</td>
</tr>
</tbody>
</table>
Appointing the Managers

Again, on professional advice, we engage managers for the different asset types. The performance of each individual manager is regularly assessed against a “benchmark” relevant to the asset class they are investing in. For example, if a manager is investing in global shares, their benchmark will be a margin against a relevant global share index measure.

The managers who invest assets for the scheme are:

**AMP Capital Investors:**
- Australasian shares via Salt Asset Management
- International shares - manager of managers

**Direct Capital Partners:**
- New Zealand unlisted shares

**First State Investments:**
- Global listed infrastructure

**Harbour Asset Management:**
- Australasian shares

**ANZ Investments:**
- New Zealand cash and bonds
- Global property via CBRE Clarion Securities

**Implemented Investment Solutions:**
- Global bonds via Russell Investment Group

We review the performance of each manager each quarter, meet them face to face once a year, or more often if necessary, and can change managers if we think that is in the best interest of members.

In setting the scene for scheme performance this year and the variation across the investment options it is worth noting the most significant factors that influenced the returns were:

- Due to a very strong second half return from New Zealand shares, Australasian shares had a stellar year, returning 19.6%.
- Uncertainty about the state of the global economy kept global share markets very volatile which is reflected in the scheme’s return of 1.0%.
- Despite share market turmoil, global infrastructure had a solid year returning 6.8%. The return from global property was more modest at 3.4%.
- At 7.2% for the year, New Zealand bonds outperformed global bonds, which returned 4.3% for the year. New Zealand cash posted a return of 3.5% for the year.

The returns quoted above are before tax and fees.

How the Investment Options Performed

A measure of the scheme’s performance is to compare the return from each investment option against the median (or middle) manager of schemes with a similar mix of assets in the Mercer KiwiSaver Survey.

<table>
<thead>
<tr>
<th></th>
<th>1 year (%)</th>
<th>2 years (%) pa</th>
<th>3 years (%) pa</th>
<th>5 years (%) pa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Conservative MIC</td>
<td>4.3</td>
<td>6.9</td>
<td>6.4</td>
<td>6.8</td>
</tr>
<tr>
<td>Outperformed peers</td>
<td>x</td>
<td>-</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Excess returns</td>
<td>-0.1</td>
<td>0.10</td>
<td>+0.4</td>
<td>+0.6</td>
</tr>
<tr>
<td>Our Balanced MIC</td>
<td>4.9</td>
<td>9.9</td>
<td>10.1</td>
<td>9.5</td>
</tr>
<tr>
<td>Outperformed peers</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Excess returns</td>
<td>+0.7</td>
<td>+1.4</td>
<td>+1.6</td>
<td>+1.5</td>
</tr>
<tr>
<td>Our Growth MIC</td>
<td>4.5</td>
<td>10.6</td>
<td>11.7</td>
<td>10.5</td>
</tr>
<tr>
<td>Outperformed peers</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Excess returns</td>
<td>+0.3</td>
<td>+0.5</td>
<td>+1.4</td>
<td>+1.4</td>
</tr>
</tbody>
</table>

Returns in the table above are shown before tax and after fees.

Apart from a slight underperformance over one year, the Conservative investment option has outperformed the default median over all periods measured. The comparative performance for the Growth and Balanced investment options has exceeded the median (middle) KiwiSaver scheme with a similar mix of assets (as measured by the Mercer KiwiSaver Survey) over all periods.
Cash Investment Option

This option returned 3.47% before and 2.27% after tax and expenses for the year.

The gross performance of 3.47% is in excess of the gross benchmark of 3.25% set for cash assets for the year.

<table>
<thead>
<tr>
<th>Income assets</th>
<th>Benchmark allocation (%) at 31 March 2016</th>
<th>Actual allocation (%) at 31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Assets under management ($m)</td>
<td>25.03</td>
<td>3.47</td>
</tr>
<tr>
<td>Gross performance (%)</td>
<td>3.25</td>
<td>3.47</td>
</tr>
</tbody>
</table>

The administration and investment expenses for this option were 0.30%.

Conservative Investment Option

This option returned 4.71% before and 3.22% after tax and expenses for the year.

The gross performance of 4.71% is in excess of the gross benchmark of 4.25% for this option. It is also in excess of the median return for the Mercer KiwiSaver Survey of funds with a similar mix of assets.

<table>
<thead>
<tr>
<th>Growth assets</th>
<th>Benchmark allocation (%) at 31 March 2016</th>
<th>Actual allocation (%) at 31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australasian shares</td>
<td>5.0</td>
<td>6.4</td>
</tr>
<tr>
<td>Global shares</td>
<td>15.0</td>
<td>14.2</td>
</tr>
<tr>
<td>Total growth assets</td>
<td>20.0</td>
<td>20.6</td>
</tr>
<tr>
<td>Income assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Zealand bonds</td>
<td>9.0</td>
<td>10.2</td>
</tr>
<tr>
<td>Global bonds</td>
<td>36.0</td>
<td>34.0</td>
</tr>
<tr>
<td>New Zealand cash</td>
<td>35.0</td>
<td>35.2</td>
</tr>
<tr>
<td>Total income assets</td>
<td>80.0</td>
<td>79.4</td>
</tr>
<tr>
<td>Assets under management ($m)</td>
<td>26.67</td>
<td></td>
</tr>
<tr>
<td>Gross performance (%)</td>
<td>4.25</td>
<td>4.71</td>
</tr>
</tbody>
</table>

The administration and investment expenses for this option were 0.54%.

Balanced Investment Option

This option returned 5.48% before and 4.07% after tax and expenses for the year.

The gross performance of 5.48% is above the gross benchmark of 3.85% for this option. It is also in excess of the median return for the Mercer KiwiSaver Survey of funds with a similar mix of assets.

<table>
<thead>
<tr>
<th>Growth assets</th>
<th>Benchmark allocation (%) at 31 March 2016</th>
<th>Actual allocation (%) at 31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australasian shares</td>
<td>11.0</td>
<td>12.4</td>
</tr>
<tr>
<td>Global shares</td>
<td>35.0</td>
<td>34.2</td>
</tr>
<tr>
<td>Global listed property</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>Global listed infrastructure</td>
<td>5.0</td>
<td>5.1</td>
</tr>
<tr>
<td>Total growth assets</td>
<td>58.5</td>
<td>59.2</td>
</tr>
<tr>
<td>Income assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Zealand bonds</td>
<td>8.0</td>
<td>9.2</td>
</tr>
<tr>
<td>Global bonds</td>
<td>31.0</td>
<td>28.9</td>
</tr>
<tr>
<td>New Zealand cash</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Total income assets</td>
<td>41.5</td>
<td>40.8</td>
</tr>
<tr>
<td>Assets under management ($m)</td>
<td>282.56</td>
<td></td>
</tr>
<tr>
<td>Gross performance (%)</td>
<td>3.85</td>
<td>5.48</td>
</tr>
</tbody>
</table>

The administration and investment expenses for this option were 0.76%.

Growth Investment Option

This option returned 5.06% before and 3.83% after tax and expenses for the year.

The gross performance of 5.06% is above the gross benchmark of 2.66% for this option. It is also in excess of the median return for the Mercer KiwiSaver Survey of funds with a similar mix of assets.

<table>
<thead>
<tr>
<th>Growth assets</th>
<th>Benchmark allocation (%) at 31 March 2016</th>
<th>Actual allocation (%) at 31 March 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australasian shares</td>
<td>15.0</td>
<td>16.4</td>
</tr>
<tr>
<td>Global shares</td>
<td>52.5</td>
<td>51.7</td>
</tr>
<tr>
<td>Global listed property</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Global listed infrastructure</td>
<td>7.5</td>
<td>7.6</td>
</tr>
<tr>
<td>Total growth assets</td>
<td>85.0</td>
<td>85.7</td>
</tr>
<tr>
<td>Income assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Zealand bonds</td>
<td>2.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Global bonds</td>
<td>10.0</td>
<td>7.9</td>
</tr>
<tr>
<td>New Zealand cash</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Total income assets</td>
<td>15</td>
<td>14.3</td>
</tr>
<tr>
<td>Assets under management ($m)</td>
<td>45.91</td>
<td></td>
</tr>
<tr>
<td>Gross performance (%)</td>
<td>2.66</td>
<td>5.06</td>
</tr>
</tbody>
</table>

The administration and investment expenses for this option were 0.81%.
The trustees maintain a Statement of Investment Policy and Objectives (SIPO) that sets out key investment policies, the investment expectations for the various investment options and the minimum performance expected from each investment manager compared to the most relevant benchmark index. The SIPO is available from the scheme’s website at www.firesuper.superfacts.co.nz. The following graphs show the current investment expectations and progress towards achieving them.

**Overall long term performance**

- Measured after the deduction of expenses and tax.
- The measurement period is 7 years.

**Outcome**
Each investment option has exceeded its objective over the last seven years.

**Individual manager performance compared to benchmark**

- Measured before the deduction of investment fees and tax.
- The measurement period is rolling 3 years.

**Outcome**
The aggregate manager performance for Australasian shares and global listed property did not meet the benchmarks and the trustees’ target over the three-year period. However, the trustees remain comfortable with the combination of managers used by the scheme.

On the other hand, the global shares portfolio managed by AMP Capital has performed well, outperforming the benchmark by 2.7% p.a. and the excess return expectation by 1.7% p.a. Global bonds underperformed its benchmark by 0.1% p.a and the excess return by 0.3% p.a.
Investment option performance compared to benchmark

- Measured before the deduction of investment fees and tax.
- The measurement period is rolling 7 years.

**Outcome**
Over the period all investment options have outperformed their benchmarks.

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Performance compared to KiwiSaver funds

- Measured after the deduction of investment fees but before the deduction of administration expenses and tax.
- Compared to the return from KiwiSaver schemes with a similar growth asset allocation as measured by the Mercer KiwiSaver Survey.
- The measurement period is rolling 5 years.

**Outcome**
The chart shows the range of returns by other providers who have similar asset allocations to the scheme. The grey dot shows the scheme’s performance compared to those other providers. The performance of all three investment options is in the top 25% of its peers.
Administration

Trustees

Trustees met on four occasions during the year. Steve Warner was appointed as a trustee following Ian Wright’s resignation effective 27 August 2015. There have been no other changes to the trustees.

Correspondence to the trustees

All correspondence to the trustees should be addressed to:

Jan Barber
Scheme Secretary
New Zealand Fire Service Superannuation Scheme
Mercer (N.Z.) Ltd
PO Box 2897
Wellington 6140

Scheme costs

Overall administration expenses and investment management fees for the year totaled $2.694 million, up $19,000 on last year. Administration expenses were down $44,942 to $614,490 this year.

Some investment managers deduct fees from inside their investment funds. Others directly bill the scheme for fees in accordance with their investment management agreements. The trustees disclose both types of investment fees paid in the expenses section of the scheme’s financial statements.

The trustees use an international method of measuring and comparing these expenses from year to year known as the ‘Management Expense Ratio’ (MER). This ratio shows the level and trend in scheme expenses for investment and administration compared against the total funds being managed. The MER comparison over the last five years is shown below:

<table>
<thead>
<tr>
<th>To 31 March</th>
<th>Investment</th>
<th>Administration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MER (%)</td>
<td>MER (%)</td>
<td>MER (%)</td>
</tr>
<tr>
<td>2016</td>
<td>0.553</td>
<td>0.163</td>
<td>0.716</td>
</tr>
<tr>
<td>2015</td>
<td>0.566</td>
<td>0.185</td>
<td>0.751</td>
</tr>
<tr>
<td>2014</td>
<td>0.536</td>
<td>0.165</td>
<td>0.701</td>
</tr>
<tr>
<td>2013</td>
<td>0.545</td>
<td>0.181</td>
<td>0.726</td>
</tr>
<tr>
<td>2012</td>
<td>0.461</td>
<td>0.200</td>
<td>0.661</td>
</tr>
</tbody>
</table>

The total expense ratio has fallen slightly over the last year. However, this trend is not expected to continue over the next few years because of increasing governance and costs to transition to the Financial Markets Conduct Act.

Scheme administration

Mercer continued to administer the scheme dealing with day-to-day enquiries through the helpline.

Member investment choice

During the year 154 members elected to change investment options.

Early access benefit

Members can apply to the trustees to make an early access benefit withdrawal. Withdrawals can only be made from your Member’s Accumulation and are subject to terms and conditions. The terms and conditions applicable to early withdrawals are set out on page 6 of the scheme brochure, which is available from the Documents & forms page of www.firesuper.superfacts.co.nz.

During the year to 31 March 2016, $8,254 million in early access benefits was paid to 74 members.

Voluntary contributions

During the year to 31 March 2016 members made voluntary contributions to the scheme (in excess of their normal contributions) of $82,558.

By law, voluntary contributions to the scheme can only accepted through the New Zealand Fire Service payroll and are limited to 10% of a member’s superable salary. Deferred members can no longer make voluntary contributions.

Changing your contribution rate

To change your contribution rate or to start or stop making voluntary contributions, write to the trustees, c/- the Scheme Secretary. Refer to the directory at the back of this report for contact details.

Financial Markets Conduct Act transition

The trustees have resolved to transition the scheme from its current legislative requirements to the Financial Markets Conduct Act provisions on 30 September 2016. Members will be kept informed of the changes that will affect them by regular communications in SuperNews.

Scheme Secretary

As noted in last year’s annual report Barry Dent retired as Scheme Secretary on 31 July 2015. Jan Barber of Mercer (N.Z.) Limited replaced Barry as Scheme Secretary from 1 August 2015.
**Disputes**

Financial Services Complaints Limited (FSCL) continues to administer the dispute resolution scheme on behalf of the trustees. One complaint was received during the year. The disputes resolution procedure is set out on the inside back cover of this Report.

**Privacy issues**

The scheme’s Privacy Officer reported that the scheme had complied with the Privacy Act and its principles throughout the year. No complaints related to privacy issues were received during the year.

**Scheme membership**

Scheme membership increased again this year. A breakdown of the membership changes for the year follows:

<table>
<thead>
<tr>
<th>Members at 01 April 2015</th>
<th>1853</th>
</tr>
</thead>
<tbody>
<tr>
<td>New members</td>
<td>105</td>
</tr>
<tr>
<td>Members leaving</td>
<td></td>
</tr>
<tr>
<td>Resignation</td>
<td>31</td>
</tr>
<tr>
<td>Loss of medical/physical fitness</td>
<td>6</td>
</tr>
<tr>
<td>Retirement</td>
<td>46</td>
</tr>
<tr>
<td>Subtotal</td>
<td>83</td>
</tr>
<tr>
<td>Members at 31 March 2016</td>
<td>1875</td>
</tr>
</tbody>
</table>

There were 97 deferred members of the scheme at 31 March 2016.
### Summary Financial Statements

#### Statement of Changes in Net Assets For the Year Ended 31 March 2016

<table>
<thead>
<tr>
<th></th>
<th>2016 $</th>
<th>2015 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment and Administration Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Revenue</td>
<td>17,905,296</td>
<td>48,633,973</td>
</tr>
<tr>
<td>Investment Expenses</td>
<td>(2,079,632)</td>
<td>(2,015,746)</td>
</tr>
<tr>
<td>Net Investment Gain</td>
<td>15,825,664</td>
<td>46,618,227</td>
</tr>
<tr>
<td>Administration Expenses</td>
<td>(614,490)</td>
<td>(659,432)</td>
</tr>
<tr>
<td><strong>Change in Net Assets Before Taxation and Membership Activities</strong></td>
<td>15,211,174</td>
<td>45,958,795</td>
</tr>
<tr>
<td>Taxation Expense</td>
<td>(907,343)</td>
<td>(4,485,101)</td>
</tr>
<tr>
<td><strong>Change in Net Assets After Taxation and Before Membership Activities</strong></td>
<td>14,303,831</td>
<td>41,473,694</td>
</tr>
<tr>
<td><strong>Membership Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members</td>
<td>6,990,953</td>
<td>6,612,838</td>
</tr>
<tr>
<td>Voluntary</td>
<td>82,558</td>
<td>53,165</td>
</tr>
<tr>
<td>Employer</td>
<td>10,623,972</td>
<td>10,005,597</td>
</tr>
<tr>
<td>FSC Reimbursement</td>
<td>130,374</td>
<td>82,873</td>
</tr>
<tr>
<td>withdrawals, Retirement and Other Benefits</td>
<td>(24,262,890)</td>
<td>(25,378,009)</td>
</tr>
<tr>
<td><strong>Net Contributions Received / (Paid)</strong></td>
<td>(6,435,033)</td>
<td>(8,623,536)</td>
</tr>
<tr>
<td><strong>Net Increase in Net Assets during the Year</strong></td>
<td>7,868,798</td>
<td>32,850,158</td>
</tr>
<tr>
<td><strong>Liability for Promised Benefits:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability for Promised Benefits at Beginning of Year</td>
<td>372,299,175</td>
<td>339,449,017</td>
</tr>
<tr>
<td><strong>Net Increase in Net Assets After Taxation and Before Membership Activities</strong></td>
<td>14,303,831</td>
<td>41,473,694</td>
</tr>
<tr>
<td><strong>Net Contributions Received / (Paid)</strong></td>
<td>(6,435,033)</td>
<td>(8,623,536)</td>
</tr>
<tr>
<td><strong>Liability for Promised Benefits at End of Year</strong></td>
<td>380,167,973</td>
<td>372,299,175</td>
</tr>
</tbody>
</table>

**Represented at 31 March by:**

- Members’ Accounts: 154,658,193
- Employer Account: 225,509,780
- Reserve Funds: -

**Liability for Promised Benefits:** 380,167,973

**Net Assets As At 31 March 2016**

**Assets**

- Cash: 1,400,393
- Receivables: 102,610

**Investments:**

- Short Term Securities: 43,260,906
- New Zealand Fixed Interest: 30,367,171
- Offshore Fixed Interest: 94,014,027
- New Zealand Equities: 21,184,996
- Offshore Equities: 164,443,776
- New Zealand Property: -
- Offshore Property: 25,748,962

**Total Assets:** 380,522,841

**Less:**

- Payables: 242,285
- Tax Payable: -
- Deferred Tax Liability: 112,583

**Net Assets Available to Pay Benefits at End of Year:** 380,167,973
The accompanying summary financial statements of the New Zealand Fire Service Superannuation Scheme on page 14 and above are the Summary Financial Statements of the New Zealand Fire Superannuation Scheme, a profit-oriented entity, for the year ended 31 March 2016, and are extracted from the full Financial Statements, which have been prepared in accordance with the Financial Reporting Act 1993 and the Superannuation Schemes Act 1989.

The full financial statements comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

As stated earlier in the report, the trustees are in the process of reviewing the Plan's transition from the Superannuation Schemes Act 1989 to the Financial Markets Conduct Act 2013.

The full Financial Statements were authorised for issue by the trustees on 28 June 2016.

An unmodified audit report was issued for the full financial statements on 28 June 2016.

As the summary Financial Statements do not include all the disclosures that are in the full Financial Statements, they cannot be expected to provide as complete an understanding as provided by the full Financial Statements. These summary Financial Statements are in compliance with FRS-43: Summary Financial Reports. All amounts are presented in New Zealand dollars.

The full Financial Statements are available to members from the Scheme Secretary at no charge from: The Scheme Secretary, New Zealand Fire Service Superannuation Scheme, C/- Mercer (N.Z.) Limited, PO Box 2897, Wellington 6140.

To the Members of New Zealand Fire Service Superannuation Scheme

The accompanying summary financial statements of the New Zealand Fire Service Superannuation Scheme on pages 14 to 15, which comprise the summary statement of net assets as at 31 March 2016, and the summary statement of changes in net assets and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the New Zealand Fire Service Superannuation Scheme for the year ended 31 March 2016. We expressed an unmodified audit opinion on those financial statements in our report dated 28 June 2016.

The summary financial statements do not contain all the disclosures required for full financial statements under New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the New Zealand Fire Service Superannuation Scheme.

This report is made solely to the Scheme’s members, as a body, for the purpose of expressing an opinion on the summary financial statements for the year ended 31 March 2016. Our audit has been undertaken so that we might state to the Scheme’s members those matters we are required to state to them in an auditor’s report on summary financial statements and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees’ Responsibility for the Summary Financial Statements

The trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43: Summary Financial Statements.

Auditor’s Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor and the provision of taxation services, we have no relationship with or interests in New Zealand Fire Service Superannuation Scheme. These services have not impaired our independence as auditor of the Scheme.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the New Zealand Fire Service Superannuation Scheme for the year ended 31 March 2016 are consistent, in all material respects, with those financial statements, in accordance with FRS-43: Summary Financial Statements.

Chartered Accountants
28 June 2016 Wellington,
New Zealand
In accordance with the reporting requirements of the Superannuation Schemes Act 1989 the trustees:

- Confirm that all contributions required to be made to the scheme in accordance with the Trust Deed for the year ended 31 March 2016 have been made.
- Certify that all the benefits required to be paid from the scheme in accordance with the Trust Deed for the year ended 31 March 2016 have been paid.
- Certify that the market value of the assets of the scheme as at 31 March 2016 equaled or exceeded the total value of all benefits that would have been payable had all members ceased to be members at that date.
- Confirm there have been no amendments to the Trust Deed of the scheme during the year ended 31 March 2016.

\[
\begin{array}{|c|c|c|c|c|}
\hline
\text{Cumulative interest rate (\%)} & \text{Cash Option} & \text{Conservative Option} & \text{Balanced Option} & \text{Growth Option} \\
\hline
\text{2015} & & & & \\
April & 0.21 & 0.21 & 0.12 & 0.21 \\
May & 0.44 & 0.95 & 1.84 & 2.79 \\
June & 0.65 & 0.45 & 0.47 & 0.99 \\
July & 0.85 & 1.52 & 2.73 & 3.75 \\
August & 1.03 & 0.50 & -0.02 & -0.28 \\
September & 1.21 & -0.16 & -1.64 & -2.77 \\
October & 1.35 & 1.47 & 2.15 & 2.32 \\
November & 1.54 & 1.82 & 2.55 & 2.88 \\
December & 1.71 & 1.59 & 1.87 & 1.98 \\
\text{2016} & & & & \\
January & 1.89 & 1.08 & -0.18 & -1.62 \\
February & 2.02 & 1.57 & 0.45 & -0.93 \\
March & 2.27 & 3.22 & 4.07 & 3.83 \\
\hline
\end{array}
\]

- Confirm the earning rates for the investment options that applied from 01 April 2015 to 31 March 2016 were:

- Confirm the market value of assets subject to complying fund rules is $3,637,667. These assets relate to 101 members and the value of withdrawals subject to complying fund rules was $140,560.

In accordance with the Securities Act 1978 the trustees confirm:

- That no trustee, promoter, or manager of the scheme, or any director of that trustee, promoter, or manager has, during the last 5 years preceding the balance date, been adjudged bankrupt or insolvent, convicted of any crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management or receivership.
- None of the scheme’s assets (calculated in accordance with generally accepted accounting practice) was, at any time during the year preceding the balance date, represented directly or indirectly by any securities that were issued by a trustee, manager or custodian of the scheme (or any associated person of any of them).
- No legal proceedings or arbitrations were pending at the balance date that may have a material adverse effect on the scheme.

In their opinion, after due enquiry by them, that neither

- the value of the scheme’s assets relative to its liabilities (including contingent liabilities); and
- the ability of the scheme to pay its debts as they become due in the normal course of business

have materially and adversely changed since the balance date.

- As there was no “shortfall”, as defined in condition 7 of the Securities Act (Employer Superannuation Schemes) Exemption Notice 2004, no further disclosures are required for the year ended 31 March 2016.
Complaints Procedure

If you have a complaint – follow this procedure

1. Jan Barber, the Scheme Secretary is also the scheme’s Complaints Officer. If you have any dispute or a complaint about the operation of the scheme, the first step is to contact the Complaints Officer, whose contact details are set out on the following page.

2. In the case of a dispute or a complaint about the operation of the scheme, the Complaints Officer will:
   • acknowledge receipt of the complaint,
   • check whether or not anonymity is requested and advise the member whether or not that is likely to be practicable,
   • advise the member when a substantive reply can be expected,
   • ensure that the trustees are notified of the complaint,
   • ensure that the complaint is dealt with within 40 days following its receipt.

3. The trustees have formed a sub-committee to handle complaints. Membership of the sub-committee is Angela Foulkes, Steve Warner and Jan Barber.

4. The sub-committee shall make a decision on all complaints received. If you are not satisfied with the decision you have the right to take an unresolved complaint to FSCL – Financial Services Complaints Limited – who have been selected as the scheme’s Disputes Resolution Scheme provider.

The FSCL contact details are:
Website: www.fscl.org.nz
Email: info@fscl.org.nz
Freephone: 0800 347 257
Fax: (04) 472 3727
Postal Address: PO Box 5967, Lambton Quay, WELLINGTON 6145.

Comment:

• Complaints about the rates of return of the scheme or the level of benefits provided in the Trust Deed. These are not matters that would be expected to be dealt with by this procedure. Members are encouraged to write to the Scheme Secretary at any time to bring them to the attention of the trustees.

• Complaints of a clerical nature, such as contributions not being recorded correctly or personal details not being corrected. These are not matters that would be expected to be dealt with by this procedure. Members should write to the Scheme Secretary immediately an error is detected in order that it can be corrected as soon as possible.

• Complaints about failure to exercise a discretion by trustees. Members generally do not appreciate that trustees can, at law, be required to consider whether or not to exercise a discretion, but cannot be compelled to exercise it. Complaints about the exercise or non-exercise of a discretion may be addressed under this procedure.

• Complaints about employer actions or non-actions. These are outside the scope of this procedure, but the trustees intend to advise the employer of the nature and frequency of these complaints as necessary and at least on an annual basis.
Directory

**Trustees**

Appointed by the New Zealand Fire Service Commission
Angela Foulkes
Peter Harris
Geoff Taylor

Appointed by the New Zealand Professional Firefighters Union
Denis Fitzmaurice
Boyd Raines
Steve Warner

Licensed Independent trustee appointed by the trustees
Tim McGuinness

**Administration**

Accountant
Kendons Chartered Accountants Ltd

Administration Manager
Mercer (N.Z.) Ltd

Auditor
Deloitte

Investment Consultant
Russell Investment Group Limited

Investment Managers
AMP Capital Investors (New Zealand) Limited
ANZ New Zealand Investments Limited
Direct Capital Limited
First State Investments (NZ) Limited
Harbour Asset Management Limited
Implemented Investment Solutions Limited

Solicitor
DLA Piper

**Administrator Contact**

Phone
0800 MY SUPER (0800 69 78737)
or 04 819 2600

E-mail
nzfire.super@mercer.com

**Scheme Secretary / Complaints Officer / Privacy Officer**

Jan Barber, Mercer (N.Z.) Limited

Postal
PO Box 2897 Wellington 6140

Phone
0800 MY SUPER (0800 69 78737)
or 04 819 2600

Facsimile
04 819 2699

E-mail
nzfire.super@mercer.com

Internet
www.firesuper.superfacts.co.nz