EMPLOYEE RETIREMENT PLAN

Annual Report

For the year ended 30 June 2011

Prepared for the members of the
Teachers Retirement Savings Scheme

Contents

Message from the Trustee

We are pleased to present the 2010/11 Annual Report for the Employee Retirement Plan (referred to in this document as the ERP or the Plan). The Teachers' Retirement Savings Scheme forms part of the ERP, and as at 30 June 2011 is the only scheme participating in the ERP.

In this report, you'll find information about the performance of the Teachers' Scheme over the past year, as well as some general information about the Scheme.

The investment year

Returns for the Scheme year followed a similar pattern to last year, making sound progress for the first nine months before deteriorating in the final quarter.

Early in the year, investor confidence was restored by a range of global developments such as increasing demand for commodities from emerging countries and indications of further moves by the US Federal Reserve to stimulate the US economy. Despite major political unrest in the Middle East and North Africa and natural disasters – floods in Australia and the Christchurch and Japanese earthquakes – this confidence continued through until late March when European government debt issues and the pace of the global economic recovery started to unsettle investors.

Even in the short period since the Scheme's year end, the world has been rocked by several major financial/economic events – an escalation in the debt crisis affecting Greece and other European countries, the raising of the massive US borrowing cap and, most recently, share market turmoil over the possibility of a widespread 'double-dip' recession. In New Zealand, the volatile kiwi dollar has also had a marked effect, especially on exporters. Such events mean that it very difficult to predict with any certainty what the coming year will hold for investment markets.

Legislative changes

The Government announced a number of changes to KiwiSaver in its May Budget. One of the amendments is that from 1 April 2012, employer contributions to KiwiSaver will be taxed at the same rate as employer contributions to other superannuation schemes. However, under the Scheme rules, your employer pays the tax in addition to its contributions to the Scheme, so you receive the full matching employer contribution of up to 3% of your salary.

Website upgrade

We understand that it's important that you can access information about your super whenever you want or need it. That's why we've combined all your Scheme information into one easy to use and informative new website which serves as a 'one-stop-shop' for all your super needs. As well as looking clean and contemporary, the new site features an easy-to-use click-through site map on each page.

If you regularly use internet banking, you'll see the similarities and find the site intuitive to navigate your way through. Once you've signed in with your member number and PIN, you can click on your super amount, account summary, transaction history, and a number of other account details. If you have lost your PIN, call the Helpline and provided you can answer some security questions, you will be issued with a new PIN which you can use straight away.

The site is an easy way to keep an eye on your super. You can see how your chosen Investment Funds are performing, make changes to your account, let us know if your address has changed and keep up with the latest news. The site also includes a new Investment Choice Basics guide to help you if you're considering changing Investment Fund(s).

Disputes resolution changes

New laws aimed at rebuilding investor confidence in financial markets came fully into force on 1 July 2011. Among this legislation is the requirement that all financial service providers – including trustees of superannuation schemes – must belong to an approved dispute resolution scheme. As a result, Public Trust, the Scheme's Trustee, is now a member of an independent dispute resolution scheme, operated by the Insurance & Savings Ombudsman ("ISO"). Because it's a Crown entity, Public Trust was not required to register. However, it decided to voluntarily do so in order to provide the same assurance to members of schemes where it acts as trustee, as its competitors provide.

Further information about the Scheme's complaints process is available on page 7 of this report.

Once again, we hope you enjoy reading this annual report. If you have any queries or comments, please feel free to call our Helpline on 0508 TEACH (0508 483 224).

on behalf of the Trustee, Public Trust

The Year's Results at a Glance

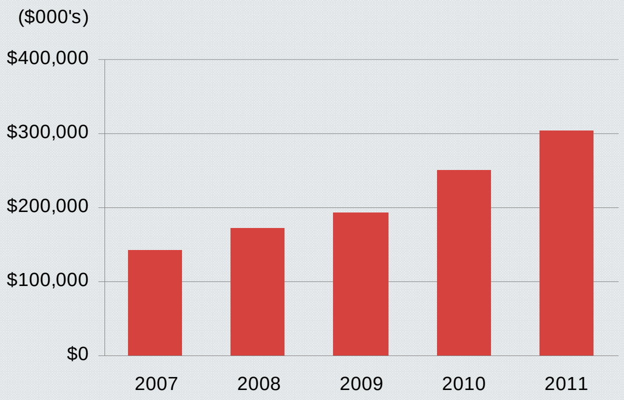
For the year to 30 June 2011, the returns (after tax and fees and based on the monthly declared interest rates for each Investment Fund) were:

Cash Fund	2.70% p.a.
Stable Fund	5.06% p.a.
Balanced Fund	7.74% p.a.
Growth Fund	10.24% p.a.

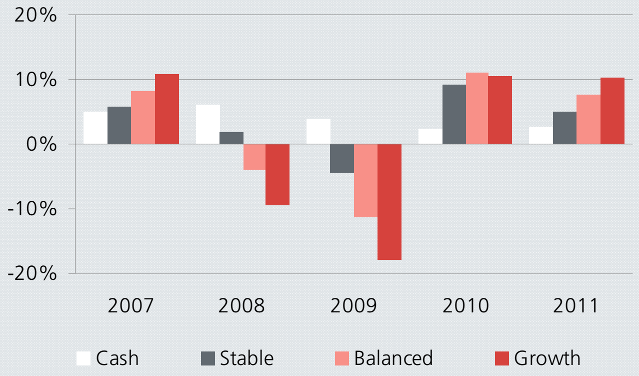
Total Membership as at 30 June 2011	12,451
Contributions Received During the Year	$44.5 million
Benefits Paid During the Year	$9.3 million
Total Fund Value as at 30 June 2011	$303.68 million

Five-Year Snapshot

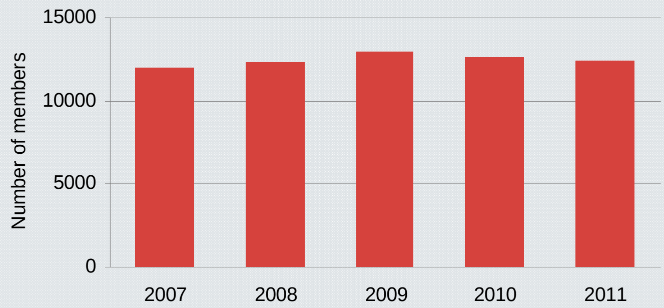
Accumulated Funds



Scheme returns (after tax and fees)



Membership



Remember, for up-to-date information on the Scheme's investment performance and growth throughout the year check out the Scheme website www.teachersretire.org.nz.

Your Guide to the ERP's Investment Funds

How your Funds are invested

The ERP offers members four Investment Funds; the Cash Fund, Stable Fund, Balanced Fund and Growth Fund. These Funds, in turn, are invested with the Mercer Super Investment Trust (MSIT). The ERP Investment Funds are invested in the MSIT's investment sector funds according to each Investment Fund's strategy. Mercer appoints specialist investment managers, selected for their expertise and performance in their specific investment sector, to manage the MSIT's assets.

Investment strategy

The four Investment Funds have varying degrees of risk, from lower risk (the Cash and Stable Funds) to higher risk (the Growth Fund). "Risk" in this context refers to the expected fluctuations in returns (also referred to as volatility) and the likelihood of posting a negative return. This risk is managed by investing the Funds in a variety of investment sectors (each with its own level of return and risk) to spread or diversify the overall risk to members. The graph on page 6 shows returns for these sectors for the year to 30 June 2011. Each ERP Investment Fund has a different mix of investment sectors, producing the different levels of return and risk expected from each Investment Fund.

The benchmark allocations as at 30 June 2011 are shown in the table on page 4. The benchmark allocation is intended to be a long-term average mix, but the actual mix will vary from time to time as investment valuations go up and down with market movements.

As mentioned in last year's annual report, changes to the benchmarks for the three main Investment Funds were implemented with effect from 1 August 2010. The changes are intended to assist the Funds to achieve their long-term return targets with less volatility in short-term returns.

In summary these changes:

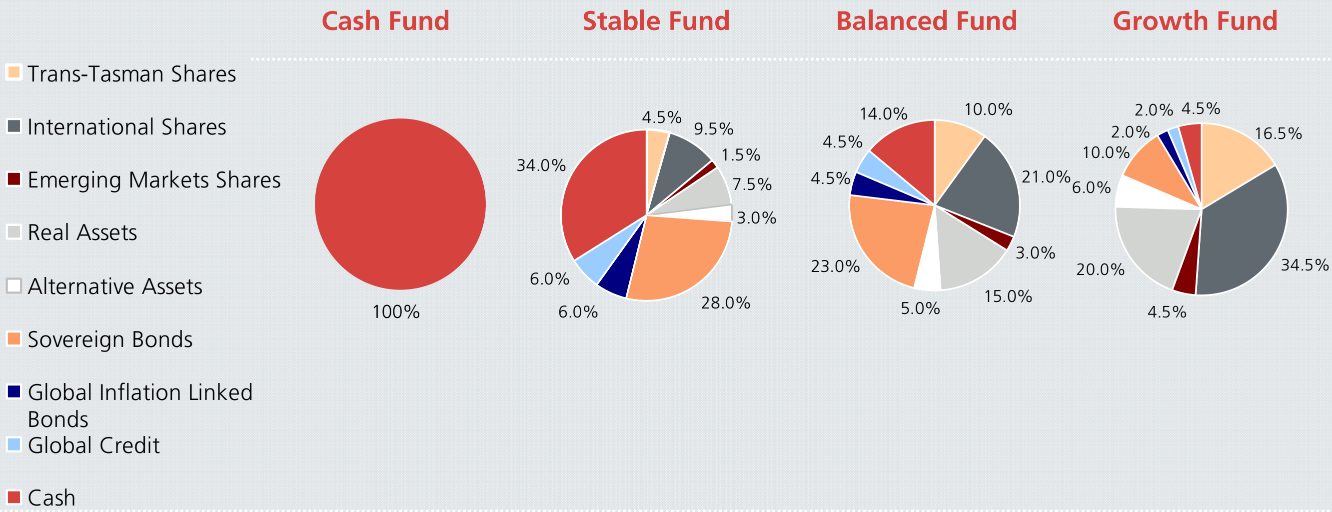
- added infrastructure and natural resources to property to create a 'real assets' sector;
- increased the allocation to unlisted assets; and
- split the investments in fixed interest into sovereign bonds, global inflation linked bonds and global credit rather than geographically between New Zealand and global.

In addition to the changes to the asset mix, the Trustee also reduced the return targets for each of the options to reflect the tougher investment environment post the global financial crisis.

Statement of investment policy and objectives

Copies of the statement of investment policy and objectives for the ERP (which reflects the changes described in this section) can be obtained free of charge from the ERP's Secretary, Derek Vincent of Mercer, at the address shown in the Directory on page 12.

ERP Investment Objectives and Strategies



	Cash Fund	Stable Fund	Balanced Fund	Growth Fund
Growth/Defensive split	100% Defensive	25% Growth / 75% Defensive	50% Growth / 50% Defensive	75% Growth / 25% Defensive
Investment objective	To outperform the ANZ 90-Day Bank Bill Gross Index by 0.20% p.a. over any rolling three year period.	For the long-term rate of return (after tax and investment expenses) to exceed inflation[1] by an average of at least 2.0% p.a.	For the long-term rate of return (after tax and investment expenses) to exceed inflation[1] by an average of at least 2.75% p.a.	For the long-term rate of return (after tax and investment expenses) to exceed inflation[1] by an average of at least 3.75% p.a.
May be suitable for investors looking for	Short-term investments offering protection from negative returns (particularly applicable if you are nearing retirement age).	Consistent shorter-term returns but with less variability than the Balanced and Growth Funds.	Medium-term investments with potentially higher returns than those from the Stable Fund, and who are willing to accept some variability in returns.	Long-term investments with potentially higher returns than those from the Stable or Balanced Funds, and who are willing to accept more variable returns in the short term.
Risk of capital loss (negative return)	Unlikely, with returns similar to those from cash deposits.	Low (one year in every 14 years)	Moderate (one year in every six years)	High (one year in every five years)

[1] As measured by the increase in the Consumers Price Index.

2011 Investment Performance

Returns for the year

The indicative investment returns for each of the Investment Funds were:

	Indicative Net Returns (after deductions for tax and fees)
Cash Fund	2.69
Stable Fund	5.07
Balanced Fund	7.80
Growth Fund	10.38

The net returns are derived by compounding the monthly declared interest rates for each Investment Fund from 1 July 2010 to 30 June 2011. Please note that your actual returns may not be the same as those shown, as the timing of cash flows (for example, contributions) during the year will affect the actual returns achieved on your account balances.

The actual net investment earnings credited to your accounts are based on monthly declared returns, your allocations across the four Funds, and the balances in your accounts each month. The table below shows the cumulative returns for each Fund for the year to 30 June 2011:

Fund		Cash	Stable	Balanced	Growth
Period					
2010	July	0.18%	1.36%	2.37%	3.36%
	August	0.39%	1.59%	2.06%	2.16%
	September	0.59%	3.00%	4.81%	6.38%
	October	0.81%	3.28%	5.52%	7.57%
	November	1.04%	2.81%	4.92%	6.99%
	December	1.28%	3.50%	6.40%	9.33%
2011	January	1.46%	3.70%	6.81%	10.06%
	February	1.75%	4.44%	8.05%	11.86%
	March	2.02%	4.86%	8.76%	12.81%
	April	2.23%	5.41%	9.47%	13.62%
	May	2.46%	5.27%	8.41%	11.41%
	June	2.69%	5.07%	7.80%	10.38%

These net returns take into account the investment returns achieved by the MSIT's specialist investment managers, plus any interest on contributions held in the ERP's bank account (before being invested), less tax and fees. From 1 October 2010, tax has been deducted at 28% (30% prior to that date). Fees include all operating expenses, such as audit and bank fees and the MSIT's investment management fees.

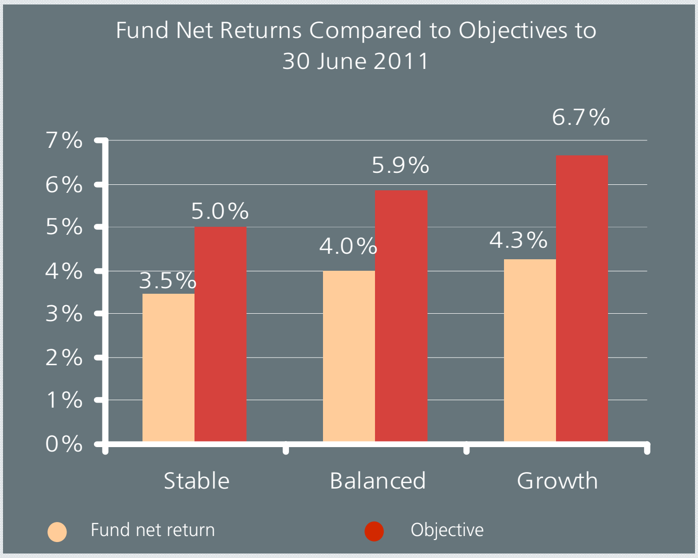
Investment returns are determined by how the different investment sectors perform and how the MSIT's managers react and invest within those markets. See page 6 for the sector returns. Each of the ERP's Investment Funds – Cash, Stable, Balanced and Growth – is invested in differing combinations of these sectors. See page 4 for more details.

Returns compared with objectives

As part of its review of the ERP'S Investment Funds, the Trustee elected to reduce the long-term return targets for the Stable, Balanced and Growth Funds to reflect the tougher economic environment post the global financial crisis. The objective for each Fund is measured against the increase in the Consumers Price Index (CPI) for the relevant period. The revised targets are:

Fund	Objective For the return after tax and investment expenses to exceed the increase in the CPI by an average of:
Stable	2.00% p.a.
Balanced	2.75% p.a.
Growth	3.75% p.a.

As the graph below shows, the long-term returns (after tax and investment expenses) from the three non-cash Investment Funds continue to be below their objectives. Note that the return for the Stable Fund is measured over five years, the Balanced over seven years and the Growth for the full period since the Scheme commenced in November 2002.

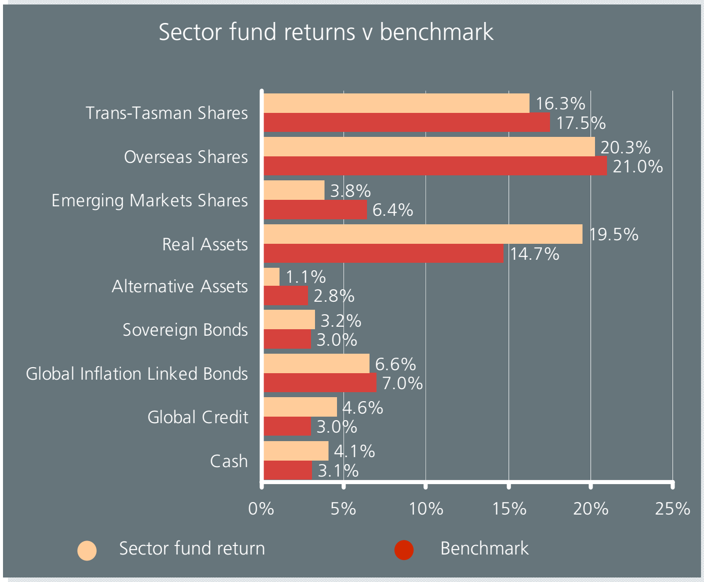


The Cash Fund's objective is based on a three-year time period. On average, over three years, the Cash Fund outperformed the ANZ 90-Day Bank Bill Gross Index by 0.70%, compared to its objective of 0.20%. Therefore, the Cash Fund's return outperformed its objective over this period.

For factors behind Investment Fund returns for the year to 30 June 2011 see the 'Investment market performance to 30 June 2011' section on the following page.

Gross returns to 30 June 2011

The gross returns (that is, before fees and tax) and the gross benchmark (or target) returns of the sector funds managed by specialist investment managers for the MSIT for the year to 30 June 2011 were:



The only sectors where the Scheme's return was significantly below the benchmark were emerging markets shares and alternative assets.

In the case of emerging markets shares, the underperformance reflected a higher weighting than the benchmark to Egypt (which suffered from the political turmoil that gripped parts of North Africa earlier in the Plan year) and the underperformance, over the final quarter, by one of the two managers of this sector fund. Mercer, the manager of the MSIT, retains confidence in both managers and prefers to take a long-term view to performance, fully expecting the managers to outperform in the future. Emerging markets shares make up 1.5% of the Stable Fund's assets, 3.0% of the Balanced Fund's assets and 4.5% of the Growth Fund's assets.

The return from alternative assets is measured against a cash index and performance is expected to vary, sometimes significantly, from the benchmark.

The managers added value (produced returns greater than the benchmark or market average in which they operate) in real assets and global credit. Returns from the remaining asset classes were in line with (plus or minus approximately 1%) of their benchmark or market average.

Investment market performance to 30 June 2011

The 2010-11 financial year kicked off well for the Scheme's investments. Returns from shares were strong, fuelled by a range of global developments including increasing demand for commodities from emerging economies such as China and India, and indications that the US Federal Reserve would expand its balance sheet by another round of quantitative easing (in effect, printing money to buy bonds, lowering borrowing costs and supporting asset markets). However, the fragility of the recovery was highlighted by factors such as the prospect of medium-term deflation, lingering fears of renewed financial risks and downward pressure on labour costs.

Global investment markets finished the calendar year on a high with renewed confidence over improved economic data in the US and rising investor confidence. The main economic news over the quarter continued to be set by policy makers. In the US, President Obama announced a large tax-break package. In Europe, concerns continued to centre on the government debt problems of some smaller countries, and Ireland in particular.

The first three months of 2011 saw global growth gather momentum and remain resilient in the face of major political shocks (unrest in the Middle East and North Africa) and a series of major natural disasters (earthquakes in New Zealand and Japan). By the end of March, however, a clear moderation in growth was evident, which then strengthened through the June quarter on the back of rising oil prices and heightened fears of inflation.

As a result, global share markets remained positive in April but then fell over the final two months of the financial year, against a backdrop of weaker US and European economic data, inflationary concerns (and further policy tightening) in China, and renewed concerns around the government debt crisis in Europe. Performance was stronger for New Zealand shares during May but weakened in June when global concerns finally caught up with the New Zealand share market.

Despite ending the year on a negative note, returns were positive across all the major asset classes for the full year to 30 June 2011. This is the second year in a row that we've seen solid market growth since the dark days of the global financial crisis. That said, and whilst the positive financial year return is reassuring, worries about the fragility of the recovery have not gone away, and markets are expected to remain volatile for some time to come.

Like most superannuation plans, your Scheme has investments in shares, so its earnings will be affected by these market movements, some Investment Funds more than others. However, shares traditionally remain a good long-term investment. The Scheme's assets also include investments in fixed interest and cash, which offer some protection. As well, you must remember that your investment in the Scheme is a long-term undertaking and you should not be making decisions based on short-term volatility.

Such events mean that it is very difficult to predict with any certainty what the coming year will hold for investment markets.

Superannuation Update

May 2011 budget

Changes affecting KiwiSaver and other employer-sponsored superannuation schemes were introduced in the Government's Budget in May. Briefly:

- from 1 July 2011 onwards member tax credits for KiwiSaver schemes have been halved from $1 to 50c for every $1 contributed by the member, up to a maximum member tax credit of $521.43 per year;
- from 1 April 2012 the tax-free status of employer contributions up to 2% of salary to KiwiSaver will be removed;
- effective 1 April 2012, employer contributions to all superannuation schemes will be subject to a progressive tax rate similar to an employee's marginal tax rate. (Previously employers had an option of applying a flat 33% rate).

Legislation changing the minimum compulsory employer and employee KiwiSaver contribution rates to 3% of salary from 1 April 2013 is currently before Parliament.

The changes are not expected to affect Scheme members. Your matching employer contribution is calculated after tax has been deducted, so unlike KiwiSaver members you will continue to receive the full matching employer contribution of up to 3% of your salary.

Changes that came into effect during the Scheme year included:

- the tax rate on the Scheme's investment income reduced from 30% to 28%, effective 1 October 2010; and
- fund withdrawal tax (FWT) (a 5% tax on the portion of a benefit relating to employer contributions plus investment earnings) was abolished from 1 April 2011. From that date, no withdrawals will attract FWT.

First home withdrawals

Did you know that you may be able to withdraw the balances of your Basic and Voluntary Accounts in the Scheme to go towards the purchase of your first home?

To qualify , you need to have contributed to the Scheme (or to any State Sector Retirement Savings Scheme or KiwiSaver scheme) for at least three years since 1 July 2007, the property must be your main home (that is, not a holiday home or investment property) and you can only make one such withdrawal.

During the year, 16 Scheme members made withdrawals to go towards the purchase of a first home.

New Zealand Superannuation rates

The Government increased the level of payments to be made to recipients of New Zealand Superannuation with effect from 1 April 2011. The rates (before tax) are:

Married couple	$30,584 p.a.
Single person (sharing)	$18,585 p.a.
Single person (living alone)	$20,235 p.a.

The level is reviewed each year, and is adjusted to take account of increases in the cost of living (inflation) and wages. New Zealanders who satisfy the residency requirements are eligible to receive this benefit from age 65. However, potential recipients must apply for this benefit. It is not paid out automatically on turning age 65.

Some of you will be aiming for a higher living standard than the one that will be supported by New Zealand Superannuation payments alone. Achieving your retirement income objectives will depend in part on the robustness of your planning and in part on the level of New Zealand Superannuation at the time you retire. You may find the retirement calculators on the Retirement Commissioner's website (www.sorted.org.nz) useful.

Complaints process

The Trustee has a disputes handling procedure that is available to any member who has a complaint about the Scheme's operation.

If you have a concern or a complaint about the Scheme, you should get in touch with the Trustee via the Secretary to the ERP (see page 12 for contact details). The Trustee undertakes to investigate your concerns promptly and fairly. You may make a complaint by telephone, email or in writing.

If you are unhappy with the Trustee's response to your complaint, you may refer the matter to the dispute resolution scheme operated by the Insurance & Savings Ombudsman (ISO). Full details of how to make a complaint and copies of the ISO complaint form can be obtained from the ISO website www.iombudsman.org.nz. There is no charge to you for using the services of ISO, (however, there is a cost to the Scheme).

Management of the Scheme

The Trustee

The Trustee (Public Trust) meets with the administration manager and the manager of the MSIT Investment Funds at least quarterly, to monitor the ERP's administration, review its investment performance and to discuss other issues relevant to its operation. The Trustee also meets with the Ministry of Education during the year to discuss benefit design, legislative changes and other relevant issues.

In August 2011, when this report was prepared, the Trustee's Board Members were:

Since the date of the last annual report, Candis Craven has resigned as a Trustee Board Member and Dinu Harry has been appointed.

Public Trust's Ireen Muir (who has replaced Robert Gatward) and Martyn Ogilvie will continue to act as representatives of the Trustee in fulfilling its role and carrying out the necessary day-to-day activities.

Trustee's Certificate

To the Members of the Employee Retirement Plan (ERP) for the Year Ended 30 June 2011

As required by the Second Schedule of the Superannuation Schemes Act 1989, Public Trust as Trustee confirms that all contributions required to be made to the ERP during the financial year in accordance with the terms of the Trust Deed have been made.

Further, Public Trust as Trustee hereby certifies that:

1. All the benefits required to be paid from the ERP in accordance with the terms of the Trust Deed have been paid; and
2. The market value of the assets of the ERP at the close of the financial year equalled the total value of the benefits that would have been payable had all members of the ERP ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.

Dennis Church, General Manager

Corporate Trustee Services, Public Trust

Date: 11 November 2011

For the purposes of this certificate, 'the Trust Deed' means the trust deed of the ERP as amended from time to time, as well as the relevant employer agreements (other than those parts comprising the Investment Instructions), as amended from time to time.

The Trust Deed

The Teachers' Scheme is part of the ERP, a cash accumulation superannuation scheme governed by a trust deed dated 30 August 2002 (as amended) and registered under the Superannuation Schemes Act 1989.

The ERP's Trust Deed sets out the ERP's rules. However, these may be overridden by the terms of the employer agreement applicable to the Teachers' Scheme. The Trustee is responsible for ensuring the provisions of the Trust Deed - subject to the terms of any relevant employer agreement - are carried out.

During the year, there were no amendments to the ERP Trust Deed or to the employer agreement.

Trust Deed: You can view the Trust Deed and the Teachers' Scheme employer agreement at the Wellington office of Mercer (N.Z.) Limited (Level 8, 113-119 The Terrace, Wellington). Copies are also available at a cost of less than $10.

Information Booklet: You can also obtain copies of the Teachers' Scheme Information Booklet, which summarise the main provisions of the Trust Deed and the employer agreement, from the Teachers' Scheme website www.teachersretire.org.nz or by calling 0508 4 TEACH or 0508 4 83224.

Membership profile

In total, 245 members left the Scheme during the year and received a full benefit payment. Details are shown in the table below:

Opening membership as at 1 July 2010	12,696
less	
Deaths	(12)
Financial hardship or relationship property division (full)	(1)
Retirements	(188)
Ill health	(3)
Permanent emigration	(17)
Retrenchment or redundancy	(1)
Transfers out	(23)
Closing membership as at 30 June 2011	12,451

In addition, 794 partial benefits were paid to members who remained members of the Scheme:

Financial hardship or relationship property division (partial)	43
Partial retirement	25
In-service	710
First home purchase	16
Total partial benefits paid as at 30 June 2011	794

Notes to abridged financial statements

A summary of the ERP's audited financial statements for the year ended 30 June 2011 which were authorised for issue by the Trustee on 28 September 2011 is shown on pages 9 and 10 of the annual report. The summary financial statements have been extracted from the full audited financial statements which were authorised for issue on 28 September 2011. The summary financial statements have been prepared in accordance with FRS-43 Summary Financial Statements.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The ERP has made an explicit and unreserved statement of compliance with International Financial Reporting Standards in Note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the ERP operates.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of changes in net assets, net assets and cash flows of the ERP. A copy of the full financial statements can be obtained, free of charge, from the ERP's administration manager. The ERP is a profit oriented entity.

The auditor has examined the summary financial statement for consistency with the full financial statements. The full financial statements have been audited and an unmodified opinion was issued on 28 September 2011.

Abridged Financial Statements

	2011 $	2010 $
Statement of Changes in Net Assets		
Investment Activities		
Net Investment Income	21,453,842	23,295,773
Net Investment Gains	21,453,842	23,295,773
Less		
Other Expenses		
Administration Fees	302,732	297,550
Auditor's Remuneration - Audit Fees	16,675	15,863
Auditor's Remuneration - Tax Agent Fees	1,725	-
Trustee Fees	100,649	103,977
Other Expenses	1,514	1,373
Total Other Expenses	423,295	418,763
Change in Net Assets before Taxation and Membership Activities	21,030,547	22,877,010
Income Tax Expense	2,933,860	4,773,421
Change in Net Assets after Taxation and before Membership Activities	18,096,687	18,103,589
Membership Activities		
Member Contributions	19,550,505	19,797,637
Member Voluntary Contributions	5,498,067	5,240,409
Employer Contributions	19,448,588	19,725,935
Transfers in from Other Schemes	8,957	45,990
Less Benefits Paid	(9,285,185)	(6,710,125)
Net Membership Activities	35,220,932	38,099,846
Net Increase in Net Assets During Year	53,317,619	56,203,435
Statement of Net Assets		
Assets		
Financial Assets - Fair Value Through Profit or Loss	305,301,944	250,213,616
Current Assets	1,743,829	1,774,558
Total Assets	307,045,773	251,988,174
Less		
Liabilities		
PIE Tax Payable	3,247,363	1,528,675
Benefits Payable	26,985	35,682
Member Contributions Received in Advance	-	469
Employer Contributions Received in Advance	-	469
Fund Withdrawal Tax Payable	491	491
Trade and Other Payables	94,537	63,610
Total Liabilities	3,369,376	1,629,396
Net Assets Available for Benefits	303,676,397	250,358,778
Vested Benefits*	303,676,397	250,358,778
Statement of Cash Flows		
Net Cash Flows from Operating Activities	34,861,350	37,771,975
Net Cash Flows from Investing Activities	(34,889,205)	(37,859,272)
Net Decrease in Cash Held	(27,855)	(87,297)
Cash at Beginning of Year	1,737,202	1,824,499
Cash at End of Year	1,709,347	1,737,202

*Vested benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Fund at balance date.

Auditors' Report

Independent Auditors' Report on the Summary Financial Statements

to the members of Employee Retirement Plan

We have audited the accompanying summary financial statements on pages 9 to 10, which comprise the summary statement of net assets as at 30 June 2011 the summary statement of changes in net assets and summary statement of cash flows for the year then ended, and related notes, which are derived from the audited financial statements of the Plan for the year ended 30 June 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 28 September 2011.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Plan.

Trustee's Responsibility for the Summary Financial Statements

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

Auditors' Responsibility

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

We have no relationship with, or interests in the Plan, other than in our capacity as auditors and tax advisors. These services have not impaired our independence as auditors of the Plan.

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of the Plan for the year ended 30 June 2011 and are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

Restriction on Distribution or Use

This report is made solely to the Plan's members, as a body. Our audit work has been undertaken so that we might state to the Plan's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan and the Plan's members, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants — Wellington

11 November 2011

Directory

ERP Trustee

Public Trust is the Trustee of the ERP.

As Trustee it is responsible for the management of the ERP on behalf of members, ensuring the ERP is operated in accordance with the Trust Deed, and acting in the best interest of members at all times.

ERP Secretary

The ERP's Secretary and Privacy Officer is Derek Vincent of Mercer.

All correspondence with the ERP Trustee should be addressed to:

The ERP Trustee
c/- The Secretary to the Trustee
Mercer (N.Z.) Limited
Level 8, 113-119 The Terrace
P O Box 2897, Wellington 6140
Telephone: 04 819 2600
Fax: 04 914 0434
Email: derek.vincent@mercer.com

Complaints Officer

Derek Vincent is also the Scheme's Complaints Officer. If you have a complaint, you should first contact Derek Vincent whose contact details are shown above.

Administration manager

As the administration manager, Mercer maintains records of members' accounts, calculates members' benefits, prepares the annual accounts and produces members' annual statements.

Mercer (N.Z.) Limited
Level 8, 113-119 The Terrace
P O Box 1849, Wellington 6140
Free Phone: 0508 4 TEACH or 0508 4 83224
Direct phone line: 04 819 2600
Fax: 04 914 0434
Email: teachersretire@mercer.com
Website: www.teachersretire.org.nz

Investment managers

The ERP funds are invested by the Mercer Super Investment Trust with a team of specialist investment managers selected for their expertise and recognised performance in their specific investment sectors.

As a result of the changes to the types and mix of investment assets within each Investment Fund, there were a number of changes to the specialist managers utilised by the Mercer Super Investment Trust.

The property assets previously invested with AMP Capital Investors and OnePath NZ Limited (formerly known as ING NZ Limited) are now part of a broader 'real assets' sector which includes infrastructure and natural resources.

The fixed interest investments previously split between New Zealand and global and invested with Tyndall and PIMCO have been restructured into sovereign bonds, global inflation linked bonds and global credit.

In addition, the investments in cash previously invested with OnePath NZ Limited are now managed by AMP Capital Investors.

Details of the specialist managers utilised by the Mercer Super Investment Trust are shown under Your Investment Managers on the Documents & forms page on www.teachersretire.org.nz.