EMPLOYEE RETIREMENT PLAN

Financial Statements

For the Year Ended 30 June 2024

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For the Year Ended 30 June 2024

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Independent auditor's report

To the members of the Employee Retirement Plan (the Plan)

Our opinion

In our opinion, the accompanying financial statements of the Plan present fairly, in all material respects, the financial position of the Plan as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Plan's financial statements comprise:

- the statement of net assets as at 30 June 2024;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Plan in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no other relationships with, or interests in, the Plan.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments totalling $774.5m Refer to note 5 in the financial statements for disclosures of investments, which are held at fair value through profit or loss (FVPL). This was an area of focus for our audit as it represents the majority of the net assets of the Plan. **Valuation** The Plan invests into unlisted managed funds which are categorised as level 2 within the fair value hierarchy. The fair value of the financial assets that are not traded in an active market is determined using valuation techniques. The valuation technique depends on the underlying financial asset and includes assumptions that are based on market conditions existing at the reporting date. Such financial assets with inputs to the valuation that are observable either directly or indirectly are categorised as level 2 in the fair value hierarchy. The Plan has no investments where there are unobservable inputs. **Existence** Financial assets at fair value through profit or loss are held by Public Trust (the Custodian) on behalf of the Plan.	We assessed the processes employed by Mercer (N.Z.) Limited (the Administrator) on behalf of the Trustee for recording and valuing the financial assets at fair value through profit or loss including the relevant controls operated by third party service organisations. Our assessment of the business processes included obtaining the controls reports over investment management services, including unit pricing, provided by the Investment Fund Administrator and the Investment Manager. We evaluated the evidence provided by the internal controls reports over the design and operating effectiveness of the key controls. For financial assets that are not traded in an active market and with inputs that are observable either directly or indirectly, we agreed the redemption price at the reporting date, to the confirmation provided by the unlisted managed funds administrator. We evaluated whether the redemption price represents fair value by comparing the redemption price at the reporting date to recent transactions. We obtained confirmation from the Custodian of the holdings of all financial assets at fair value through profit or loss held by the Plan as at the reporting date.

Our audit approach

Overview

Materiality	Our materiality for the Plan is calculated based on approximately 1% of net assets for the Plan. We chose net assets as the benchmark because, in our view, the objective of the Plan is to provide members with a total return on the Plan's net assets, taking into account both capital and income returns.
Key audit matters	As reported above, we have one key audit matter, being valuation and existence of investments totalling $774.5m

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of the Plan as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of the Plan as a whole.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of the Plan as a whole, taking into account the structure of the Plan, the Plan's investments and the accounting and registry processes and controls.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon which the annual report will refer to. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustee and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Trustee for the financial statements

The Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Plan or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board’s website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/
This description forms part of our auditor’s report.

Who we report to

This report is made solely to the Plan's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor’s 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's members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor’s report is Christopher Ussher.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants   Napier
27 September 2024

EMPLOYEE RETIREMENT PLAN

Statement of Net Assets
As at 30 June 2024

	Note	2024 $	2023 $
ASSETS			
Cash at Bank		5,050,113	2,737,442
Investments	5	774,502,359	747,019,817
Deferred Tax		-	51,489
Total Assets		779,552,472	749,808,748
Less LIABILITIES			
Benefits Payable		118,205	1,256,794
Contributions Received in Advance		2,152	-
Trade and Other Payables		117,642	117,697
Income Tax Payable		5,317,275	-
PIE Tax Payable		-	138,618
Deferred Tax	7	2,476,947	-
Total Liabilities		8,032,221	1,513,109
NET ASSETS AVAILABLE FOR BENEFITS		771,520,251	748,295,639
LIABILITY FOR PROMISED BENEFITS			
Represented By:	3		
Members' Accounts		389,807,492	382,760,846
Employer Accounts		381,712,759	365,534,793
Operating Reserve Account		-	-
		771,520,251	748,295,639

For and on behalf of the Trustee, Public Trust, who authorised the issue of these financial statements.

Board Member ____________________ Date 26 September 2024

Board Member ____________________ Date 26 September 2024

This statement is to be read in conjunction with the notes on pages 8 to 15

EMPLOYEE RETIREMENT PLAN

Statement of Changes in Net Assets
For the Year Ended 30 June 2024

	Note	2024 $	2023 $
INVESTMENT ACTIVITIES			
Investment Income			
Gain on Investments	6	65,809,930	50,280,832
Interest Received		110,487	61,173
		65,920,417	50,342,005
Investment Expenses			
Investment Management Fees		(4,213,610)	(4,122,799)
Net Investment Gain		61,706,807	46,219,206
OTHER INCOME		25,000	25,000
OTHER EXPENSES			
Administration Fees		323,749	321,635
Auditor's Remuneration - Audit Fees	12	50,860	47,093
Tax Consultant Fees		10,747	7,245
Trustee Fees		196,499	187,462
Other Expenses		100,146	89,893
Total Other Expenses		682,001	653,328
Change in Net Assets before Taxation and Membership Activities		61,049,806	45,590,878
Income Tax Expense	7	7,820,871	3,965,500
Change in Net Assets after Taxation and before Membership Activities		53,228,935	41,625,378
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		14,109,909	14,082,809
Member Voluntary Contributions		5,686,740	5,564,318
Employer Contributions		13,887,859	13,879,336
Total Contributions		33,684,508	33,526,463
Benefits Paid			
Retirement		31,518,521	26,875,827
Death & Disablement		2,404,111	943,065
Financial Hardship		560,840	739,221
Withdrawals		27,524,384	23,966,972
Transfers to other Schemes		1,680,975	315,682
Total Benefits Paid		63,688,831	52,840,767
Net Membership Activities		(30,004,323)	(19,314,304)
Net Increase in Net Assets During Year		23,224,612	22,311,074
Net Assets Available for Benefits at Beginning of Year		748,295,639	725,984,565
Net Assets Available for Benefits at End of Year		771,520,251	748,295,639

This statement is to be read in conjunction with the notes on pages 8 to 15

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EMPLOYEE RETIREMENT PLAN

Statement of Cash Flows
For the Year Ended 30 June 2024

	Note	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash provided from			
Member Contributions		14,110,979	14,082,701
Member Voluntary Contributions		5,686,752	5,564,318
Employer Contributions		13,888,928	13,879,228
Other Income		25,000	50,000
Interest Received		110,487	61,174
		33,822,146	33,637,421
Cash applied to			
Benefits Paid		64,827,420	52,867,968
Other Expenses		682,055	655,625
		65,509,475	53,523,593
Net Cash Flows applied to Operating Activities	8	(31,687,329)	(19,886,172)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash provided from			
Sale of Investments		36,000,000	22,300,000
Cash applied to			
Purchase of Investments		2,000,000	700,000
Net Cash Flows from Investing Activities		34,000,000	21,600,000
Net Increase in Cash Held		2,312,671	1,713,828
Cash at Bank at the Beginning of the Year		2,737,442	1,023,614
Cash at Bank at the End of the Year		5,050,113	2,737,442

This statement is to be read in conjunction with the notes on pages 8 to 15

1. Plan Description

The Employee Retirement Plan ("ERP" or "the Plan") is a defined contribution superannuation plan registered in New Zealand as a restricted workplace savings scheme under the Financial Markets Conduct Act 2013 ("FMC Act 2013"). The ERP Trust Deed was established with a commencement date of 1 September 2002 and subsequently amended on 31 August 2005, 30 November 2016 and 16 December 2020 respectively. Employers become a participant of the Plan by entering into an employer agreement with the Trustee of the Plan. ERP is a multi-employer master trust. The assets of the Plan are invested with Mercer Investment Trusts New Zealand ("MITNZ"). As at balance date, the sole employer is the Ministry of Education.

The Trustee of the Plan is Public Trust. In 2016 Public Trust was granted a corporate independent trustee licence to allow it to act as the sole independent trustee of the Plan under the FMCA.

On 31 October 2021, the Financial Markets Conduct (Corporate Trustees) Exemption Notice 2021 came into force. The notice provides for Public Trust to continue to act as Licensed Independent Trustee of the Plan for a further five-year term ending 20 October 2026.

Investment management services are provided by Mercer (N.Z.) Limited.

Registered Office of the Plan: Mercer (N.Z.) Limited, PO Box 1849, Wellington 6140

Details of membership as at 30 June 2024 were:

	Active Members
1 July 2023	**8,723**
Retirement	254
Leaving Service/Resignation	118
Permanent Emigration	7
Death and Permanent Incapacity	26
Transfers to Other Schemes	17
Ill Health	5
Financial Hardship	1
30 June 2024	**8,295**

Funding Arrangements
Members and employers pay contributions to the Plan in accordance with the Trust Deed and the relevant Employer Agreement.

With effect from 1 July 2005 all members receive a matching contribution from their Employer up to a maximum of 3% of gross base salary.

Retirement Benefits
The retirement benefits are determined by contributions to the Plan together with investment earnings on those contributions over the period of membership.

Termination Terms
The Trust Deed sets out the basis on which the Plan can be terminated.

Changes in the Plan
Effective 1 June 2024 the Statement of Investment Policy and Objectives (SIPO) was updated to reflect new strategic asset allocations for the Conservative, Balanced and Growth Funds amongst other changes.

There were no other changes to the Plan or Trust Deed during the 2024 financial year.

2. Summary of Material Accounting Policy Information

Basis of Preparation
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the requirements of the Financial Markets Conduct Act 2013, the provisions of the Trust Deed and other relevant legislative requirements as appropriate for For-profit entities.

Statement of Compliance
These financial statements comply with 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 Accounting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board.

Measurement Base
The measurement base adopted is that of historical cost modified by the revaluation of assets which are measured at fair value at balance date.

Functional and Presentation Currency
These financial statements are presented in New Zealand dollars which is also the functional currency because that is the currency of the primary economic environment in which the Plan operates.

Classification of Assets and Liabilities
The assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

Accounting Policies
The following are the material accounting policies which have been adopted in the preparation of the financial statements:

Investment Income
Interest is taken to income on an effective interest basis. Interest income on cash is recognised on a time proportionate basis using the effective interest method.

Net realised and unrealised gains and losses including any distributions are recognised in the Statement of Changes in Net Assets in the period in which they occur.

Expenses
All expenses are accounted for on an accruals basis.

Taxation
The tax expense/benefit represents the sum of the tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the Change in Net Assets before Taxation and Membership Activities as reported in the Statement of Changes in Net Assets because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are non-taxable or deductible. The Plan's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by balance date.

The Plan invests in a number of Portfolio Investment Entities (PIEs). Investments are recorded gross of PIE tax receivable or payable. PIE tax expense/rebate is included in income tax expense/benefit in the Statement of Changes in Net Assets.

Financial Instruments
The Plan has various financial instruments comprising financial assets and liabilities with on-balance sheet risk.

Financial assets and financial liabilities are recognised on the Plan's Statement of Net Assets when the Plan becomes a party to the contractual provisions of the instrument. The Plan shall offset financial assets and financial liabilities if the Plan has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

Financial assets at fair value through profit or loss
Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

Investments are classified at fair value through profit or loss. As the Plan's business is investing in financial assets with a view to profiting from their total return in the form of interest, distributions or increases in fair value, investments in unlisted managed funds are at fair value through profit or loss on initial recognition.

Financial assets at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is the bid price of the exchange on which the investment is quoted.

The Plan invests in units of unlisted managed funds which are valued at the closing price released by Mercer (N.Z.) Limited.

2. **Summary of Material Accounting Policy Information (Cont'd)**

Trade and Other Receivables
Trade and other receivables do not carry any interest and are short-term in nature and are recognised initially at fair value and subsequently at amortised cost using the effective interest method as reduced by appropriate allowances for impairment losses.

The carrying value of a financial asset is reduced by an impairment loss, with the exception of trade receivables where the Plan applies the NZ IFRS 9 approach to measure the expected credit losses which uses a lifetime expected loss allowance.

Trade and Other Payables
Trade and other payables are not interest-bearing and are recognised initially at fair value and subsequently at amortised cost.

Goods and Services Tax (GST)
The Plan is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

Statement of Cash Flows
The cash flows of the Plan do not include those of the investment manager. The following are definitions of the terms used in the Statement of Cash Flows:

Cash at Bank - comprises cash balances held with banks in New Zealand.

Operating activities - include all transactions and other events that are not investing activities.

Investing activities - comprise acquisition and disposal of investments. Investments include securities not falling within the definition of cash at bank.

Promised Retirement Benefits
The Liability for Promised Retirement Benefits is the Plan's present obligation to pay benefits to members and beneficiaries. It has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the liabilities as at balance date. Promised benefits include amounts allocated to members' accounts and reserves.

Contributions and Benefits
Contributions and benefits are accounted for on an accruals basis.

New and amended standards and interpretations adopted by the Plan
Amendments to NZ IAS 1 *Disclosure of accounting policies* and NZ IAS 8 *Definition of Accounting Estimates* have been applied for the first time in these financial statements. The adoption of these amendments did not have a material impact on the financial results, financial position or disclosures.

New standards, amendments and interpretations not yet adopted:
NZ IFRS 18 - Presentation and Disclosure in Financial Statements

In May 2024, the XRB introduced NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) (effective for annual reporting periods beginning on or after 1 January 2027). This standard replaces NZ IAS 1 Presentation of Financial Statements (NZ IAS 1) and primarily introduces a defined structure for the statement of comprehensive income, disclosure of management-defined performance measures (a subset of non-GAAP measures) in a single note together with reconciliation requirements and additional guidance on aggregation and disaggregation principles in the financial statements. NZ IFRS 18 will be applicable to the Scheme's financial statements to the extent that it is not superseded by NZ IAS 26 Accounting and Reporting by Retirement Benefit Plans. The Scheme has not early adopted NZ IFRS 18 and is yet to assess its impacts.

There are no other new standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2023 that have a material effect on the financial statements of the Plan.

3. **Liability for Promised Benefits**

Changes in Promised Benefits as at 30 June 2024:

	Member Account	Employer Account	Operating Reserve Account	Total 2024
	$	$	$	$
Balance 1 July 2023	382,760,846	365,534,793	-	748,295,639
Contributions	19,796,650	13,887,858	-	33,684,508
Benefits Paid	(39,757,565)	(23,931,266)	-	(63,688,831)
Change in Net Assets after Tax	-	-	53,228,935	53,228,935
Interest Allocated	27,007,561	26,221,374	(53,228,935)	-
Balance 30 June 2024	389,807,492	381,712,759	-	771,520,251

Changes in Promised Benefits as at 30 June 2023:

	Member Account	Employer Account	Operating Reserve Account	Total 2023
	$	$	$	$
Balance 1 July 2022	374,944,245	351,040,316	4	725,984,565
Contributions	19,647,125	13,879,332	6	33,526,463
Benefits Paid	(33,213,412)	(19,627,355)	-	(52,840,767)
Change in Net Assets after Tax	-	-	41,625,378	41,625,378
Interest Allocated	21,382,888	20,242,500	(41,625,388)	-
Balance 30 June 2023	382,760,846	365,534,793	-	748,295,639

Guaranteed Benefits
No guarantees have been made in respect of any part of the liability for promised benefits (2023: Nil).

Reserve Account
Pursuant to the Trust Deed, the Trustee shall establish a Reserve Account which shall be credited with the following:

(a) any amount not paid to a member upon ceasing employment with the Employer;
(b) any unclaimed benefit;
(c) any unallocated funds transferred in from another superannuation scheme;
(d) the Reserve Account's share of the Plan's earnings or loss;
(e) any profit share or other interest allocated by the Plan's investment manager and not otherwise allocated to members' accounts.

The Trustee may, at its discretion, apply any part or the whole of the Reserve Account to:

(a) increase on an equitable basis the total credits of all members;
(b) provide benefits other than retirement benefits for all members on an equitable basis;
(c) pay all or part of the contributions to the Plan of the Employer for all members on an equitable basis;
(d) pay expenses for the administration of the Plan;
(e) pay all or part of the insurance premiums payable under the Plan;
(f) in such other manner as is permitted from time to time under the Trust Deed.

4. **Vested Benefits**

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 Plan at balance date.

	2024	2023
	$	$
	771,520,251	748,295,639

5. **Investments**

	2024	2023
	$	$
Mercer Investment Trusts New Zealand		
- ERP Balanced Fund	386,727,453	373,180,771
- ERP Cash Fund	43,531,125	45,890,358
- ERP Growth Fund	235,857,877	216,887,227
- ERP Conservative Fund	108,385,904	111,061,461
	774,502,359	747,019,817

6. Gain on Investments

	2024 $	2023 $
Mercer Investment Trusts New Zealand		
- ERP Balanced Fund	33,032,000	25,455,244
- ERP Cash Fund	2,581,685	1,953,115
- ERP Growth Fund	23,435,231	18,733,684
- ERP Conservative Fund	6,761,014	4,138,789
Total Gain/(Loss) on Investments	65,809,930	50,280,832

7. Income Tax

	2024 $	2023 $
Current Tax	5,292,435	3,978,739
Deferred Tax	2,528,436	(13,239)
	7,820,871	3,965,500

The total charge for the year can be reconciled to the Statement of Changes in Net Assets as follows:

	2024	2023
Change in Net Assets before Taxation and Membership Activities	61,049,806	45,590,878
Income Tax @ 28%	17,093,946	12,765,446
Tax effect of:		
Non Assessable Investment Gains	(18,426,780)	(14,078,633)
Non Deductible Investment Management Fees	1,179,810	1,154,384
PIE Tax	7,973,895	4,124,303
Income Tax Expense	7,820,871	3,965,500

Deferred Tax

	2024	2023
Balance Brought Forward	51,489	38,250
Current Year Charge	(2,528,436)	13,239
Deferred Tax (Liability)/Asset	(2,476,947)	51,489

The Plan invests in Mercer Investment Trusts New Zealand (MITNZ) funds, which are Portfolio Investment Entities (PIEs). A Prescribed Investor Rate (PIR) of 28% and 0% has been applied in respect of these investments during the year ended 30 June 2024.

Gains and losses on PIE investments held with a 28% PIR are taxable within the PIE fund, with any tax deducted/credits reflected in the valuation of investments at year end. Where a PIR of 0% is applied, taxable investment income is taxable within the Plan. To improve transparency in the financial statements, all PIE tax expense/rebates are shown in the Statement of Changes in Net Assets as 'Income Tax (Benefit)/Expense', with '(Loss)/Gain on Investments' presented gross of any PIE tax.

PIE Tax recognised includes the reversal of the liability of $142,654 for the period 1 April to 30 June 2023, a benefit of $5,639,602 for the year ended 31 March 2024, and an expense of $2,476,947 for the period 1 April to 30 June 2024 (2023: PIE Tax expense recognised includes the reversal of the liability of $6,442,511 for the period 1 April to 30 June 2022, a benefit of $2,460,863 or the year ended 31 March 2023, and an expense of $142,654 for the period 1 April to 30 June 2023).

As at 30 June 2024, the Plan had no expenses to carry forward to transfer to its PIE investments (2023: $183,890).

8. Reconciliation of Net Cash Flows Applied to Operating Activities to Change in Net Assets

	2024 $	2023 $
Increase in Net Assets	23,224,612	22,311,074
Non-Cash Items		
Gain on Investments	(65,809,930)	(50,280,832)
PIE Tax	113,778	(2,591,319)
Investment Management Fees	4,213,610	4,122,799
Movements in Other Working Capital Items		
Decrease in PIE Tax Receivable	-	6,431,440
(Decrease)/Increase in PIE Tax Payable	(138,618)	138,618
Increase in Income Tax Payable	5,317,275	-
Decrease in Benefits Payable	(1,138,589)	(27,201)
Increase in Contributions Received in Advance	2,152	-
(Decrease) in Employee Contributions Refundable	-	(108)
(Decrease) in Employer Contributions Refundable	-	(108)
Decrease/(Increase) in Deferred Tax Asset	51,489	(13,239)
(Decrease) in Trade and Other Payables	(55)	(2,296)
Increase in Deferred Tax Liability	2,476,947	-
Decrease in Trade and Other Receivables	-	25,000
Net Cash Flows applied to Operating Activities	(31,687,329)	(19,886,172)

9. **Financial Instruments**

The Plan is involved with a number of financial instruments in the course of its normal investing activities. Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policies.

The Trustee has approved a Statement of Investment Policy and Objectives (SIPO) which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustee and asset re-allocations undertaken as required.

Fair Value
The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Plan's accounting policies.

Categories of Financial Instruments - 30 June 2024

	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost
	$	$	$
Assets			
Mercer Investment Trusts New Zealand			
- ERP Balanced Fund	386,727,453	-	-
- ERP Cash Fund	43,531,125	-	-
- ERP Growth Fund	235,857,877	-	-
- ERP Conservative Fund	108,385,904	-	-
Cash at Bank	-	5,050,113	-
	774,502,359	5,050,113	-
Liabilities			
Trade and Other Payables	-	-	117,642
Benefits Payable	-	-	118,205
Contributions Received in Advance	-	-	2,152
	-	-	237,999
Liability for promised benefits			
Members' Accounts	-	-	389,807,492
Employer Accounts	-	-	381,712,759
	-	-	771,520,251

Categories of Financial Instruments - 30 June 2023

	Financial Assets at Fair Value through Profit or Loss	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost
	$	$	$
Assets			
Mercer Investment Trusts New Zealand			
- ERP Balanced Fund	373,180,771	-	-
- ERP Cash Fund	45,890,358	-	-
- ERP Growth Fund	216,887,227	-	-
- ERP Conservative Fund	111,061,461	-	-
Cash at Bank	-	2,737,442	-
	747,019,817	2,737,442	-
Liabilities			
Trade and Other Payables	-	-	117,697
Benefits Payable	-	-	1,256,794
	-	-	1,374,491
Liability for promised benefits			
Members' Accounts	-	-	382,760,846
Employer Accounts	-	-	365,534,793
	-	-	748,295,639

Current and deferred tax are excluded from the balances in the tables above, as this analysis is required only for financial instruments.

9. **Financial Instruments (Cont'd)**

Hierarchy of Fair Value Measurements - 30 June 2024

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Description	Level 1 $	Level 2 $	Level 3 $	Total $
Investments	-	774,502,359	-	774,502,359
Total	-	774,502,359	-	774,502,359

Hierarchy of Fair Value Measurements - 30 June 2023

Description	Level 1 $	Level 2 $	Level 3 $	Total $
Investments	-	747,019,817	-	747,019,817
Total	-	747,019,817	-	747,019,817

The financial assets above have been classified as level 2 as they are investments in a unit trust, MITNZ with fair values derived from quoted prices in non-active markets.

There were no transfers between levels in the period.

Financial Risk Management
The Plan may be exposed to credit risk, liquidity risk and market risk (including price risk) arising from the financial instruments it holds. The financial risk management disclosures have been prepared on the basis of the Plan's direct investments and not on a full look through basis for investments held indirectly through MITNZ.

Risk management activities are undertaken by the Plan's investment managers to operate within the guidelines provided by the Trustee.

Credit Risk
Financial instruments which potentially expose the Plan to credit risk consist of cash and receivables and, indirectly, investments in unitised products which invest in cash and fixed interest investments.

The maximum exposure to credit risk is the carrying value of these financial instruments. The significant counterparty and concentration of credit risk for the Plan is its investment into MITNZ, which the Trustee considers to be a financial institution of high quality. The investments are held in trust by the trustee of MITNZ for the benefit of the Plan. The manager for MITNZ maintains diversified investment portfolios in accordance with the SIPO adopted by the Trustee.

Liquidity Risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Plan manages liquidity in accordance with its investment mandate by investing in readily realisable investments to meet cash flow requirements.

Liquidity risk management is designed to ensure that the Plan has the ability to generate sufficient cash in a timely manner to meet its financial commitments and normal withdrawals. There are no restrictions on the redemption of units and they may be redeemed for cash at any time, subject to the approval of the Trustee.

Financial liabilities of the Plan are trade and other payables and benefits which are payable within one month.

Market Risk
The Plan is exposed indirectly to foreign exchange risk, interest rate risk and other price risks through its investments in MITNZ. These investments are unitised and the underlying securities comprise domestic and international equity instruments.

Due to the unitised nature of the investments it is not practical to determine the sensitivity of the unit price to changes in foreign exchange rates, interest rates or other market factors. These investments are managed by Mercer (N.Z.) Limited and the Plan has no influence over how these risks are controlled or mitigated but considers the portfolio to be of such a diverse nature as to reduce significant exposure to the impact of market movements.

9. Financial Instruments (Cont'd)

Currency Risk
The Plan is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. During the year the Plan did not directly hold investments denominated in a foreign currency.

Currency risk management activities are undertaken by the Plan's investment manager to operate within the SIPO provided by the Trustee.

Interest Rate Risk
The Plan is indirectly exposed to interest rate risk in that future interest rate movements will affect cash flows and indirectly, the valuation of investments in unitised products which invest in cash and fixed interest investments.

Interest rate risk management activities are undertaken by the investment manager in accordance with the investment mandate set by the Trustee.

Price Risk
A five cent movement in the unit prices of the Plan's investments in MITNZ would have an impact on the value of the Plan's assets and income of +/- $22,352,446 (2023: +/- $23,359,096 based on a five cent increase or decrease in unit price).

Capital Risk
The Plan's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns to members as well as ensuring the net assets available for benefits to members is sufficient to meet all present and future obligations. The Plan achieves this through obtaining contributions from members and employers and investing these into financial assets.

The Plan employs a combination of prudent investment strategies, risk assessment, portfolio diversification, regulatory compliance, and effective governance to meet the objectives for capital risk management

10. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 30 June 2024 (2023: Nil).

11. Related Parties

ERP holds no investments in the Employer or any of its related parties. During the year, the Plan received $13,887,859 (2023: $13,879,336) of Employer contributions. Trustee fees of $196,499 (2023: $187,462) were paid or payable to Public Trust.

12. Fees incurred for services provided by the audit firm

The following professional service fees were paid or payable by the Plan.

	2024 $	2023 $
Audit of the financial statements - PwC	50,860	47,093
	50,860	47,093

13. Events After Balance Date

There have been no material events after balance date that require adjustment to or disclosure in the financial statements (2023: Nil).