



New Zealand Harbours Superannuation Plan

New Zealand Harbours Superannuation Scheme

Prospectus No. 12

27 February 2009

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A copy of this Prospectus duly signed and having attached to it copies of the documents which are required by Section 41 of the Securities Act 1978 and Regulation 7 of the Securities Regulations 1983 to be so attached was delivered for registration on 27 February 2009 to the Ministry of Economic Development, Ground Floor Mailroom, 33 Bowen Street, Wellington.

This Prospectus is produced in accordance with the requirements of the Securities Act 1978.

Numbering in this prospectus follows Schedule 3C of the Securities Regulations 1983 (as amended).

All legislation referred to in this Prospectus can be viewed online at www.legislation.govt.nz.

1. Description of Scheme

The New Zealand Harbours Superannuation Scheme is a defined contribution superannuation scheme, registered under the Superannuation Schemes Act 1989. Membership is available to employees of Port Company Employers and certain other Employers participating in the Scheme. Members do not need to be members of the Rail & Maritime Transport Union Incorporated (the Union). Under the Scheme, contributions are generally made by Members and their respective Employers.

The New Zealand Harbours Superannuation Plan is an umbrella trust containing both the New Zealand Harbours Superannuation Scheme and the New Zealand Harbours KiwiSaver Scheme. This prospectus covers the New Zealand Harbours Superannuation Scheme. A separate prospectus covers the New Zealand Harbours KiwiSaver Scheme.

The Plan was established in Wellington on 15 October 1985.

2. Superannuation Trustees

- (i) There are currently seven Trustees. Their names and addresses are:

David Stanley Stevens	Wellington (Chairman of Trustees)
Peter James Clemens	Timaru
Roy James Cowley	Wellington
Andrew McFarlane	Mount Maunganui
Gary Richard Smith	Napier
Harold Charles Upton	Christchurch
Roy James Weaver	New Plymouth

- (ii) The Trustees can be contacted through the Scheme Secretary:

Ms Leonie Stieller
Level 1, Tramways Building
1 Thorndon Quay
Wellington

- (iii) In accordance with the Trust Deed, a Trustee shall be absolutely indemnified by and out of the funds of the Scheme for and in respect of any loss or liability which such Trustee may sustain or incur by reason of the carrying out or omission of any function duty or power of the Trustees under this deed unless such loss or liability is attributable to such Trustee's dishonesty or to the wilful commission by such Trustee of an act known by such Trustee to be a breach of trust or to the wilful omission by such Trustee of any act when that omission is known by such Trustee to be a breach of trust.
- (iv) Peter James Clemens, Andrew McFarlane and Harold Charles Upton are members of the Union and of the Scheme. They are accordingly not independent of the promoters. All other Trustees are independent of the promoters.
- (v) All the Trustees are independent of the administration manager and the investment managers.

3. Managers, Promoters, Auditors and Advisers

- (i) The Scheme's Administration Manager and Registrar is: Melville Jessup Weaver Limited
Level 5, AMP Chambers
187 - 195 Featherston Street
Wellington
- (ii) The Scheme's Investment Managers are: TOWER Asset Management Limited
Level 1
50 - 64 Customhouse Quay
Wellington
- ING (NZ) Limited
Level 27, ASB Centre
135 Albert Street
Auckland
- Limited Tyndall Investment Management New Zealand
Vero Centre
48 Shortland Street
Auckland
- (iii) The Scheme's promoters are the Rail and Maritime Transport Union, and the members of the National Management Committee of the Union. The current members of the National Management Committee are:
- | | |
|--------------------------|--------------------------------|
| Wayne Butson | Wellington (General Secretary) |
| Albert Mark Barr | Hamilton |
| Ruth Diane Blakeley | Dunedin |
| Mervyn Douglas Blakie | Timaru |
| James Kelly | Dunedin |
| Timothy John Spence | Dunedin |
| Owen Paul Wallbutton | Palmerston North |
| Aubrey William Wilkinson | Te Puke |
- (iv) The Scheme's Auditor is Deloitte.
- (v) The Trustees have drafted this Prospectus with the assistance of:
- Melville Jessup Weaver Limited, the Scheme's Administration Manager; and
 - Johnston Lawrence, 10 Brandon Street, Wellington, the Scheme's Solicitors.

4. Description of the Scheme and its Development

The Union, companies and councils identified below all participate in the Scheme:

CentrePort Limited	Grey District Council
Lyttelton Port Company Limited	Northland Regional Council
Ports of Auckland Limited	Port Marlborough New Zealand Limited
Port of Napier Limited	Port Nelson Limited
Port Otago Limited	Port Taranaki Limited
Port of Tauranga Limited	Prime Port Timaru Limited
Rail & Maritime Transport Union	South Port New Zealand Limited

(i) The Trust Deed

The current Trust Deed is dated 24 May 2007 and consolidated all previous amendments; and subsequent amendments are dated 28 June 2007 and 5 June 2008. Under the terms of the Trust Deed the Plan was established to provide retirement benefits to employees of the Port Company Employers and the Union and other approved participating Employers and was to be administered by the Trustees appointed in accordance with the Deed.

(ii) Number and Appointment of Trustees

The Trust Deed allows for up to nine Trustees. Up to four Trustees are appointed by the Union (after such consultation with the Members as the Union from time to time decide) and up to four Trustees are appointed by a unanimous decision of the remaining Trustees. The Chairman is a further Trustee and must be elected unanimously by the other Trustees. The Chairman is selected on the basis of his general ability to manage the affairs of the Scheme and the other Trustees, and his general knowledge of superannuation matters. The Trustees are not required to be employees of a Port Company. The Trustees may appoint Alternate Trustees who may exercise the same power as Trustees when required to attend meetings in the absence of a principal Trustee.

(iii) Conditions of Entry

Employees of any organisation that has been admitted to participation in the Scheme can join the Scheme at any time, although no employee shall be eligible without the consent of his or her Employer where the Employer is making contributions to another superannuation scheme for that employee. An employee may be requested to have a medical examination if joining is not at the first available time or depending on the level of life insurance cover required.

(iv) Conditions of Termination

Once an employee has joined the Scheme, a benefit is provided only on leaving the service of the Employer. On leaving service, a Member may no longer contribute to the Scheme, but may request the retention of part or all of his or her benefit in the Scheme.

(v) Contributions

Members of the Scheme are required to contribute a minimum of 2% of earnings (as regular contributions), except that a Member may elect to contribute at a nil rate if his or her Employer agrees to make additional contributions. The Scheme defines earnings as the gross taxable earnings received by the Member from the Employer.

A Member may elect at any time to increase or reduce his or her regular contributions subject always to the minimum contribution required and such election shall be made on such terms and in such manner as the Trustees may from time to time decide. A Member may also (with the consent of the Trustees and on such terms and conditions as the Trustees shall decide) elect to cease to contribute to the Scheme.

The Scheme allows Members to make additional voluntary contributions.

Employers contribute to the Scheme \$1.00 for every \$1.00 contributed by their employees, up to a maximum of 6% of earnings, except that an Employer may make additional contributions with the agreement of the Trustees. An Employer may match contributions to a higher level and some Employers do so up to 7% of earnings as a condition of their employees' employment contracts. The actual amount allocated to the Employer Account is net of Employer's Superannuation Contribution Tax (ESCT). Currently this is 33%, which reduces each dollar of the Employer contribution to 67 cents.

As a result of legislation which took effect from 1 April 2004, at the request of the Member the Employer has the discretion to apply a reduced ESCT rate.

Member contributions are deducted directly from pay.

(vi) Member Accounts, Employer Accounts and the Reserve Account

Member Accounts

The Trustees have established an account for each Member known as a Member Account to which from time to time is credited or debited:

- (a) contributions to the Scheme by the Member, and
- (b) any distributions to Member Accounts from the Reserve Account and any amounts calculated in respect of the revaluation of and income arising from the investments of the Scheme, and
- (c) the proportionate share of the expenses of administration of the Scheme as determined by the Trustees, and
- (d) any transfer value received from another registered superannuation scheme relating to the Member's employment, and
- (e) such other amounts as are required either expressly or by implication to be credited or debited in terms of the Trust Deed.

Employer Accounts

The Trustees have established an account for each Member known as an Employer Account to which from time to time is credited or debited:

- (a) contributions to the Scheme from an Employer in respect of a Member, and
- (b) any distributions to Employer Accounts from the Reserve Account and any amounts calculated in respect of the revaluation of and income arising from the investments of the Scheme, and
- (c) the proportionate share of the expenses of administration of the Scheme as determined by the Trustees, and
- (d) any insurance premium paid by the Trustees for or on behalf of the Member to secure the benefit payable on death in service and/or on disablement of the Member, and
- (e) such other amounts as are required either expressly or by implication to be credited or debited in terms of the Trust Deed.

Reserve Account

The Trustees have established an account known as the Reserve Account. The following shall be credited or debited to the Reserve Account:

- (a) any amount standing to the credit of a Member's Account and/or Employer Account which is not required to pay the benefits of the Member, and
- (b) any amounts received by the Trustees other than as required to meet their obligations under the Trust Deed, and
- (c) interest or losses on the Reserve Account as determined by the Trustees from time to time, and
- (d) any benefits forfeited to the Scheme.

(vii) Benefits Payable

The terms of each of the benefits are:

Retirement Benefit

The Normal Retirement Date under the Scheme is the date at which the Member would normally qualify to receive New Zealand Superannuation, which currently is at age 65. Members may retire from the Scheme at any age with the consent of the Employer.

On retirement a Member receives a cash lump sum benefit of the balance in the Member Account and Employer Account. Under present legislation this benefit is generally tax-free, although, under certain limited circumstances, a 5% tax may be imposed. Details are shown in Section 14 of this prospectus.

Where a Member continues in employment beyond the Normal Retirement Date the Member may take the benefit at any time between that date and the date of actual retirement. The Employer's contribution ceases at the Normal Retirement Date unless the Employer in its sole discretion otherwise determines.

Leaving Service

If a Member leaves service other than for retirement, death, disablement, sickness injury or retrenchment, the member will receive the balance in the Member Account and the Employer Account at the date of his or her leaving service.

Death Benefit

If a Member dies while in the service of the Employer before the Normal Retirement Date the Scheme will pay an amount equal to the balance in the Member Account and the Employer Account, increased by an insured amount which is based on the age at date of death and a multiple of the Member's basic weekly wage (such basic weekly wage being 40 times the ordinary time hourly rate applicable to the Member):

Age at Date of Death	Multiple
40 or less	104 times
41 - 49 inclusive	78 times
50 or over	52 times

If the Member is making voluntary contributions only and the Employer is not contributing on the Member's behalf (see page 4 under "Contributions") the benefit is limited to the balance in the Member Account and Employer Account.

A Member can elect to reduce the amount of the death benefit paid to the greater of the balance in the Member Account and Employer Account, and the Multiple of the Member's basic weekly wage stated above.

If a Member dies in service after the Normal Retirement Date the Scheme will pay the balance in the Member Account and Employer Account.

The Trustees pay the benefit to the Member's Nominated Beneficiary in amounts at such times and in such manner as the Trustees think fit. "Nominated Beneficiary" means one or more of:

- (i) Any person whose name and particulars have been notified in writing by the Member to and accepted by the Trustees as being a person whom the Member wishes the Trustees to consider as Nominated Beneficiaries;
- (ii) The Member's spouse or former spouse;
- (iii) The following relatives of the Member - parent, child, step-child, brother, sister, or the wife, husband or child then living of any such relative - where any child (whether by birth or adoption) is living or in its mother's womb at the date of death of the Member;
- (iv) Any other person who was at any time prior to the date of death of the Member (and in the sole opinion of the Trustees) wholly or partly maintained by the Member;
- (v) The Member's personal representatives.

The Trustees may make an arrangement by means of an insurance policy to cover the insured amount which may be payable on the death of a Member. A Member is required to submit to any medical examination and deliver any statement of health required by the life insurance company. Where the life insurance company after considering the personal statement of health or the report of any medical examination of a Member:

- (a) declines to grant any or part of the cover under the policy for that Member, or
- (b) imposes special restrictions, or
- (c) modifies the sum insured, or
- (d) charges an extra premium for such cover, or
- (e) declines after death to admit a claim under the policy for such Member,

then with effect from the date of the life insurance company's decision to that effect any death benefit payable under the Scheme in respect of that Member is modified accordingly.

The cost of the insured benefit is charged annually against a Member's Employer Account.

Disablement Benefit

In the event that a Member becomes totally and permanently disabled prior to the Normal Retirement Date the same lump sum benefit is payable as would be payable on death.

"Totally and Permanently Disabled" is defined in the Trust Deed as such physical and mental disablement of a Member as shall be covered by an insurance policy effected by the Trustees from time to time to cover such risks.

The Trustees decide whether or not a Member is entitled to a disablement benefit after obtaining any medical information the Trustees deem necessary. For this purpose a Member may be required to undergo such medical examination as the Trustees may require. In all dealings regarding whether or not the payment of a disablement benefit is made the Trustees' decision is final and binding on all parties.

The Trustees may make an arrangement by means of a policy of insurance to cover the insured amount which may be payable to a Member. A Member is required to submit to any medical examination and deliver any statement of health required by the life insurance company. Where the life insurance company after considering the personal statement of health or the report of any medical examination of a Member:

- (a) declines to grant any or part of the cover under the policy for that Member, or
- (b) imposes special restrictions, or
- (c) modifies the sum insured, or
- (d) charges an extra premium for such cover, or
- (e) declines after the date of disablement to admit a claim under the policy for such Member,

then with effect from the date of the life insurance company's decision to that effect any disablement benefit payable under the Scheme in respect of that Member is modified accordingly.

The cost of the disability insured benefit is charged annually against the Member's Employer Account.

Leaving Service due to Ill Health or Retrenchment

If the Trustees after considering the advice of the Employer decide that a Member is leaving service on account of sickness or injury, or retrenchment, the Member will receive the balance in the Member Account and Employer Account as at the date of leaving service. Sickness or Injury is defined in the Trust Deed as the absence of a Member from regular employment because of the illness or injury of the Member for a period of six consecutive months (or such shorter period agreed upon by the Trustees) where the Trustees consider the Member unlikely to have a significant earning capacity in the future having regard to the Member's previous employment and other characteristics of the Member and where the Member is not totally and permanently disabled.

Significant financial hardship

All or part of a Member's Member Account may be withdrawn where the Trustees are reasonably satisfied that the Member is suffering from or is likely to suffer from significant financial hardship.

Purchase of Annuity

Upon becoming entitled to payment of a benefit any Member has the right by notice in writing to the Trustees no later than 14 days after becoming so entitled to ask the Trustees to apply such benefit in the purchase of an annuity (if available) from a life insurance company. The annuity shall be purchased in the name of the Member as the property of the Member and thereafter the Member has no further claim upon the Trustees or the Scheme.

(viii) Bankruptcy

In the event of the bankruptcy of a Member who joined the Scheme on or after 1 April 1990, the sum standing to the credit of the Member on any account under the Scheme (including the Member's Account to the fullest extent permitted by law) is forfeited to the Scheme and the Trustees have a discretion to pay the forfeited amount for the benefit of the Member or the Member's spouse, relatives or dependants.

(ix) Scheme Wind-up

The process by which the Scheme would be wound up is as follows:

- The Trustees with the written consent or at the written direction of the Union may dissolve the Scheme.
- Upon the Scheme being wound up the Trustees notify each Member and any other person entitled to benefits and realise the assets of the Scheme (the Fund) to the extent and in such manner as they determine to be in the best interests of the beneficiaries. Thereafter the Trustees apply the Fund in the following priorities:

- (i) To meet any expenses of the administration and dissolution of the Scheme.
- (ii) To pay any benefit due on or before the dissolution date.
- (iii) To determine each Member's share of the Scheme as follows:
- $$NF \times \frac{MA + EA}{TMA + TEA}$$

Where: "NF" is the net Fund available for distribution to Members;

"MA" is the amount standing to the credit of the Member's Member Account at the dissolution date;

"EA" is the amount standing to the credit of the Member's Employer Account at the dissolution date;

"TMA" is the total amount standing to the credit of all Member Accounts at the dissolution date;

"TEA" is the total amount standing to the credit of all Employer Accounts at the dissolution date.

The Trustees pay such share to the Member in cash and such payment may if the Trustees so decide be made in more than one payment provided that the Trustees are entitled to adjust any amount due to or in respect of the Member to allow for interest and any change in the value of the Fund for any period between the dissolution date and the date on which such amount or amounts are paid.

(x) Rights and Obligations of Employers

The Employers all have the same rights and obligations under the Trust Deed. The rights and obligations are as follows:

- To have no claim for benefits under the Trust Deed made against them as Employers.
- To have nothing in the Trust Deed in any way affect prejudice or alter their powers with regard to the dismissal, remuneration or any dealings with any employees.
- On joining the Scheme, to enter into a deed covenanting to comply with the provisions of the Trust Deed.
- To decide whether or not to consent to an employee joining the Scheme where the particular Employer is making contributions to another superannuation scheme for that employee.
- To contribute to the Scheme in respect of each of employee who is a Member the same percentage of earnings as the Member elects to contribute to a maximum of 6% until the Member's normal retirement date.
- To elect to continue Employer contributions after a Member's normal retirement date.
- To elect to match an employee's contributions where the employee elects to contribute a greater amount than 6% of earnings.
- To pay Employer contributions (less withholding tax) at the same time as the Members' contributions.

- Where an employee wishes to retire from the Scheme earlier than on his or her Normal Retirement Date, to consent to that retirement.
- To give advice to the Trustees where an employee-Member is leaving service on account of retrenchment, sickness or injury (other than where totally and permanently disabled).

(xi) Historical Investment Activities

The Trustees have over the last 5 years invested the funds in a balanced portfolio of assets in accordance with the Trustees' stated policy objectives.

With effect from 31 July 2008 the Trustees entered into a contract with Tyndall Investment Management Limited and Guardian Trust Investment Nominees Limited, to allow the investment of funds in the Tyndall Alternative Investment Fund.

(xii) Members' Liabilities

Other than in respect of contributions payable under the Scheme, no liabilities (including contingent liabilities) may be incurred by Members in relation to the Scheme. In the event the Scheme became insolvent a Member would not be liable to pay any money into the Scheme or to any other party, although under certain limited circumstances, a 5% tax may be imposed. Details of that tax are shown in Section 14 of this prospectus.

(xiii) Scheme's Investment Statement and Objectives

The Trustees have adopted a statement defining their investment objectives and strategy. Quoting from the statement: "The objectives of the strategy are to provide an intermediate level of returns to investors over the medium term. These returns are expected to be greater than cash or bonds over the long term but with less volatility than shares and property." It is considered that Members' tolerance to negative returns is low and so the Trustees are risk averse. The specific performance targets set for the Scheme by the Trustees are:

- a minimum real rate of return after tax of 2.5% per annum, (i.e. CPI movement plus 2.5%), and
- an average return compared to the balanced funds in the MJW Investment Survey.

The investment strategy of the Trustees involves a benchmark allocation for a range of asset sectors which is designed to produce returns to meet the specific performance targets. Investments in each asset sector can move within a defined range to allow the investment managers to add value without unduly increasing the volatility of the return. The Trustees closely monitor the results achieved by the investment managers against their defined objectives. The Scheme's Investment Statement and Objectives was revised in September 2008. The current asset allocation benchmarks and asset class ranges set by the Trustees to meet the Scheme's objectives are given in the following table.

Asset Class	Benchmark %	Range %
Shares		
New Zealand	7.50	3.75 – 11.25
Australian	7.50	3.75 – 11.25
Global	36.25	31.25 – 41.25
Property		
<i>Direct</i>	2.50	0.00 – 5.00
<i>Listed</i>	2.50	0.00 – 5.00
<i>Global</i>	2.50	0.00 – 5.00
Alternative Assets	2.50	0.00 – 5.00
Fixed interest		
New Zealand	13.25	8.75 – 18.75
Overseas	18.00	13.00 – 23.00
Cash	7.50	5.00 – 10.00

Alternative assets are invested in a multi-manager multi-strategy hedge fund. The Trustees review the investment objectives annually or more frequently if circumstances require, and may alter the asset allocation benchmarks and ranges if necessary. Professional advice is taken with each review.

(xiv) History of Investment Returns

The investment returns achieved by the Scheme in the last 5 Scheme years (after investment expenses but before tax) are shown in the table below.

Year ending 31 March	Annual Returns after investment expenses but before tax
2008	-3.30%
2007	5.10%
2006	16.24%
2005	6.69%
2004	14.27%

The returns have been determined by taking, from the audited accounts of the Scheme, the value of the assets at the beginning and the end of the period and assuming that all the cashflow transactions take place halfway through the period, i.e. calculated using the formula $2I / (A + B - I)$ where I equals investment income net of investment expenses over the period, A equals the value of assets at the beginning of the period and B equals the value of assets at the end of the period.

The returns allocated to Members are set out in the following table. These returns are after investment expenses and tax. Management expenses, which include fees paid to the Administration Manager and Trustees, are deducted from Members' Employer Accounts.

Year ending 31 March	Returns allocated to 19.5% tax payers	Returns allocated to 33% tax payers
2008	-4.50%	-5.10%
2007	4.51%	4.51%
2006	14.30%	14.30%
2005	5.81%	5.81%
2004	11.70%	11.70%

Allocations of earnings to accounts are made quarterly, expenses are debited to accounts annually and the balance in the reserve account (see below) is distributed annually. When a benefit payment becomes due and the payment date of the benefit is not an allocation date, an interim earnings adjustment is required before a payment is made.

(xv) The Scheme's Future Returns

The Scheme is invested in a balanced portfolio of assets consisting of equities, property, bonds and cash, both in New Zealand and overseas. While the Trustees have an investment strategy and specific objectives agreed with the appointed investment managers the returns will vary each year. This is illustrated by the historical returns shown above. It is possible that the Scheme's investments will produce negative returns from time to time in which case the account balances in the Scheme will be allocated a negative return and the balances reduced accordingly.

(xvi) Reserve Account

The Trustees' current policy is to distribute the total amount held in the Reserve Account of the Scheme at the end of each year, on a basis consistent with the allocation of investment returns.

5. Summary of Financial Statements

	As at 31 March					
	2008	2007	2007	2006	2005	2004
	NZ IFRS \$	NZ IFRS \$	GAAP \$	GAAP \$	GAAP \$	GAAP \$
Net gains/(losses) through profit or loss	(5,400,496)	1,343,270	1,311,568	8,452,521	2,969,077	6,971,283
Other investment income	2,425,502	2,306,163	2,306,163	1,549,712	1,098,693	903,552
Investment expenses	(24,293)	(69,190)	(69,190)	(61,106)	(143,440)	(159,539)
Use of money interest				0	0	(4,679)
Net investment revenue	(2,999,287)	3,580,243	3,548,541	9,941,127	3,924,330	7,410,617
Receipts on insurance policy	0	164,155	164,155	0	83,650	161,390
Management expenses	(243,728)	(152,132)	(152,132)	(162,932)	(129,398)	(162,515)
Insurance premiums	(291,396)	(273,912)	(273,912)	(253,923)	(272,464)	(215,218)
Contributions: Member	2,747,421	2,919,989	2,919,989	2,780,328	3,031,580	2743,399
Employer	1,678,249	1,702,994	1,702,994	1,699,154	1,650,352	1610,505
Benefits paid	(7,601,557)	(4,427,668)	(4,427,668)	(5,613,974)	(3,924,280)	(4,266,006)
Operating profit before tax	(6,710,298)	3,513,669	3,481,967	8,389,780	4,363,770	7,282,172
Taxation	(208,013)	(404,965)	(401,174)	(1,203,867)	(517,473)	(1,108,902)
Net operating result after tax	(6,918,311)	3,108,704	3,080,793	7,185,913	3,846,297	6,173,270
Allocation to Members' accounts	(6,918,311)	3,108,704	3,028,845	7,143,542	3,802,045	6,160,188
Transfer from reserve account	9,815	51,948	51,948	42,371	44,252	13,082
Total assets	72,155,220	73,169,564	72,980,017	69,851,141	62,700,530	58,850,042
Total tangible assets	72,155,220	73,169,564	72,980,017	69,851,141	62,700,530	58,850,042
Liabilities other than liabilities for accrued benefits	6,039,589	135,622	135,622	87,539	122,841	118,650
Net assets available to pay benefits	66,115,631	73,033,942	72,844,395	69,763,602	62,577,689	58,731,392
Liabilities for accrued benefits	66,115,631	73,033,942	72,844,395	69,763,602	62,577,689	58,731,392

The summary above was derived from the Scheme's audited financial statements for the years ended 31 March 2008, 31 March 2007, 31 March 2006, 31 March 2005 and 31 March 2004. The Auditors' reports on those financial statements were unqualified. The 31 March 2008 financial statements are the first set of financial statements prepared based on NZ IFRS and comparatives for the year ended 31 March 2007 have been restated accordingly.

GAAP refers to the accounting rules and standards that applied prior to the adoption of NZ IFRS (the New Zealand version of the International Financial Reporting Standards).

	9 months to 31 December 2008	9 months to 31 December 2007
	NZ IFRS \$	NZ IFRS \$
Net gains/(losses) through profit or loss	(7,506,643)	(1,078,358)
Other investment income	46,365	2,420,140
Investment expenses	47,915	(89,791)
Use of money interest	0	0
Net investment revenue	(7,412,363)	1,251,992
Receipts on insurance policy	306,295	0
Management expenses	(8,355)	(197,284)
Insurance premiums	(301,587)	(296,798)
Contributions: Member	1,991,477	2,126,484
Employer	1,246,825	1,297,985
Benefits paid	(6,387,441)	(5,140,034)
Operating profit before tax	(10,565,149)	(957,656)
Taxation	239,300	(304,142)
Net operating result after tax	(10,325,849)	(1,261,797)
Allocation to Members' accounts	(10,325,849)	(1,261,797)
Transfer from reserve account	0	7,361
Total assets	55,886,176	71,880,224
Total tangible assets	55,886,176	71,880,224
Liabilities other than liabilities for accrued benefits	96,395	108,079
Net assets available to pay benefits	55,789,782	71,772,145
Liabilities for accrued benefits	55,789,782	71,772,145

The summary above was derived from the Scheme's unaudited financial statements for the 9 months ended 31 December 2008, which included comparative figures for the 9 months to 31 December 2007.

6. Guarantors

No payment of any benefits of the Scheme is guaranteed by any party.

7. Acquisition of Business or Equity Securities

There has been no acquisition by the Scheme of any business or equity securities.

8. Interested Persons

- (i) The Administration Manager, the Union, the Investment Managers and the Trustees are all remunerated for their services.

For the year ending 31 March 2009, the Administration Manager receives a fee comprising a fixed dollar fee for the completion of the tasks involved in the end of year processing, and an annual dollar fee for each Member Account held as at 1 April 2008; this latter fee reduces by 33% for the number of accounts held above 400.

The fees are reviewed annually and have been varied for most years. The fees are negotiated by agreement, may be adjusted if significant changes in membership or activity occur over the year, and are unlimited. The Administration Manager is also entitled to recover all expenses paid (without any limits) on behalf of the Scheme.

The Union is remunerated for secretarial services provided by the Scheme Secretary at an hourly rate which reflects the salary paid by the Union together with a contribution to overheads and day to day expenses. The fees are negotiated by agreement and are unlimited. The Union is also entitled to recover all expenses paid (without any limits) on behalf of the Scheme.

While the current agreements with the investment managers remain in place, their remuneration is expressed in terms of percentages of assets under their management. These percentages are limits on remuneration for the duration of the agreement with TOWER Asset Management Limited. Any variation can be made by agreement between the parties. The percentages of funds under management specified in the agreement vary between 0.22% and 0.54% in accordance with the level of assets, and reduce as the level of assets increases, with a minimum annual charge of \$22,500.

The agreement with ING (NZ) Limited specifies that ING may give six months written notice to the Trustees of a change to the fees and the revised fees will apply unless the Trustees have terminated the agreement. The percentages of funds under management specified in the agreement vary between 0.23% and 0.58% in accordance with the level and type of the assets, and reduce as the level of assets increases.

The agreement with Tyndall Investment Management New Zealand Limited and Guardian Trust Investment Nominees Limited has remuneration comprising a base fee and a performance fee. The base fee is 1.00% of the assets while the performance fee is 10% of the excess return over the 3-month US Treasury Bill Yield. The performance fee is accumulated, and only paid out annually if the performance target is met.

The three investment management agreements also provide for expenses paid by the managers on behalf of the Fund, such as brokerage fees and the costs of buying and selling investments, to be paid as incurred; there is no limit to these expenses.

None of the fees is limited overall by the Trust Deed.

The Trustees are remunerated through a fixed meeting fee together with reimbursement for direct expenses incurred for attendance at meetings. In addition, the Chairman receives an additional fixed annual fee to meet the time spent between meetings on the overall management of the Scheme. There are no formal agreements with the individuals concerned, and no limits to the amounts of the fees which may be paid in the future. The fixed fees are agreed from time to time by the Trustees. There are no limits on any reimbursement for direct expenses incurred.

The allocation of the expenses to each Member depends on a number of factors including the proportion of the year for which they were a Member and whether or not contributions were paid every month. For each of the last 5 complete years, the investment management fees expressed as a percentage of average funds under management, and the total administration expenses of the Scheme divided by the average number of Members, were:

Year ending 31 March	Investment Fees %	Administration Expenses \$
2008	0.03	389
2007	0.10	252
2006	0.09	265
2005	0.24	208
2004	0.29	264

- (ii) Peter James Clemens (Trustee and Promoter), Andrew McFarlane (Trustee and Promoter) and Harold Charles Upton (Trustee and Promoter) are Members of the Scheme. Other than this, none of the managers, Trustees or Promoters have at any time during the 5 years preceding the date of registration of the prospectus had a material interest, whether direct or indirect, in the Scheme.

9. Material Contracts

The Scheme enters into contracts with its managers and advisers in the ordinary course of business of the Scheme.

The Trustees entered into an agreement with Tyndall Investment Management New Zealand Limited and Guardian Trust Investment Nominees Limited on 11 July 2008 to allow the Plan to invest in the Tyndall Alternative Fund.

10. Pending Proceedings

The Scheme is not involved in any legal proceedings or arbitration, which would have a material adverse effect on the Scheme.

11. Other Terms of Offer and Scheme

Further details of the Scheme which are not included in the Summary in this prospectus are included in the Trust Deed, the Investment Statement and the latest Trustees' Annual Report, copies of which are available from the Administrator.

12. Financial Statements and Actuarial and Auditors' Reports

The latest audited financial statements from the Scheme cover the year to 31 March 2008. The statements were registered under the Financial Reporting Act 1993 on 7 October 2008. The Auditor of the Scheme is Deloitte. The Auditors' report was dated 29 September 2008 and the Auditor provided an unqualified certificate.

The latest unaudited financial statements from the Scheme cover the 9 months to 31 December 2008. The statements were registered under the Financial Reporting Act 1993 on 27 February 2009.

The Scheme is a defined contribution superannuation scheme and there is no actuarial report.

13. Places of inspection of documents

A Member may obtain a copy of any of the following documents from the Scheme Administration Manager, Melville Jessup Weaver Limited, in Wellington. Their address and contact numbers during normal business hours are:

Level 5, AMP Chambers	Phone : 04 499 0277
187 - 195 Featherston Street	Fax : 04 499 0488
Wellington	

The following documents are available:

- Investment Statement,
- Trust Deed and all amendments,
- Financial Statements, and
- Latest Trustees' annual report prepared in accordance with the Superannuation Schemes Act 1989.

Copies of the Trust Deed and amendments, material contracts and Financial Statements can be viewed on the Companies Office website www.companies.govt.nz under "Search Other Registers". The file reference number is "1802242". Copies of the documents may also be obtained (on payment of the relevant fee) by telephoning the Companies Office Contact Centre on 0508 226 726.

14. Other Material Matters

- (a) The Taxation (FBT, SSCWT and Remedial Matters) Act, which was passed into law on 24 September 2000 means that, under certain limited circumstances, a 5% tax will be imposed on the amount of the benefit withdrawn that is attributable to Employer contributions.

However, withdrawals of those contributions may not be taxable if:

- Members withdraw the money when they stop being employed, as long as they have been with that Employer for at least two years and the Employer's rate of contribution has not increased by more than 50% in either of the past two years.
- Members have earned less than \$60,000 a year for the last four income years (usually years ending on 31 March) before the year of withdrawal, a sum that includes the Employer's yearly contribution to the Member's savings and other taxable income.
- Members withdraw the money to purchase an annuity or pension of 10 years or more duration or to purchase or pay insured benefits.
- Members transfer from the Scheme to another registered superannuation scheme.

Before Members withdraw contributions from the Scheme they should seek further information from the Administration Manager about how this law applies to them.

- (b) The Scheme is a Portfolio Investment Entity (PIE). The Scheme pays tax on behalf of members of the Scheme. Under the PIE regime, the Scheme will invest only in PIEs and will be attributed with income and losses. The Scheme will deduct tax on behalf of its members at each member's individual tax rate, and provide members with information on the amount of tax so deducted.

There are no other material matters which are not disclosed in this Prospectus.

15. Superannuation Trustees' Statement

The Trustees certify that in their opinion, after making due enquires:

- the value of the Scheme's assets relative to the liabilities (including contingent liabilities), and
- the ability of the Scheme to pay its debts as they become due in the normal course of events,

have not materially and adversely changed during the period between the balance date of the latest financial statements referred to in the prospectus and the registration date of this Prospectus.

Issuer

Signed on behalf of each Trustee as Issuer pursuant to Section 41(b) of the Securities Act 1978 by their authorised agent:



David S Stevens
Chairman of Trustees

Promoters

Signed on behalf of the Union and each Member of the National Management Committee of the Union as promoters pursuant to Section 41(b) of the Securities Act 1978 by their authorised agent:



W Butson
General Secretary

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Interim Financial Statements (Unaudited)

For 9 months ended 31 December 2008

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NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

**Statement of Net Assets
As at 31 December 2008**

	Note	(Unaudited) 31/12/2008 \$	(Unaudited) 31/12/2007 \$	(Audited) 31/03/2008 \$
FINANCIAL ASSETS - Fair Value Through Profit & Loss	5			
Short Term Deposits		3,969,183	6,332,239	12,436,464
Fixed Interest - Onshore		7,012,008	9,550,540	9,752,361
Fixed Interest - Offshore		11,550,641	13,053,603	11,607,910
Equities - Trans Tasman		7,959,923	8,881,312	8,059,846
Equities - Offshore		18,688,662	27,467,571	24,097,836
Property Domestic		3,474,077	3,969,871	4,763,949
Property International		874,103	1,332,389	1,781,878
Alternative Assets		1,452,339	0	0
Forward Foreign Exchange		427,365	132,686	(385,145)
Total Investments		55,408,301	70,720,211	72,115,099
CURRENT ASSETS				
Cash at Bank		4,315	64,819	4,138
Accrued Investment Income		0	1,117	6,733
Accrued Investment Settlements		195,007	1,249,523	0
Contributions Receivable - Member		176,090	211,688	159,024
Contributions Receivable - Employer		110,488	129,197	96,549
Taxation Receivable		236,877	(251,430)	18,578
Total Current Assets		722,777	1,404,914	285,022
Total Assets		56,131,078	72,125,125	72,400,121
Less LIABILITIES				
Sundry Accounts Payable		96,395	108,079	96,451
Investment Settlements Payable		0	0	5,943,138
Deferred taxation	8	244,901	244,901	244,901
Total Liabilities		341,296	352,980	6,284,490
NET ASSETS AVAILABLE FOR BENEFITS		55,789,782	71,772,145	66,115,631
LIABILITY FOR PROMISED BENEFITS				
<i>Represented By:</i>	3 & 4			
Member Accounts		36,371,497	46,745,405	43,049,766
Employer Accounts		19,418,285	25,026,740	23,065,865
		55,789,782	71,772,145	66,115,631

For and on behalf of the Trustees, who authorised the issue of these financial statements on:

Trustee		Date	27 February 2009
Trustee		Date	27 February 2009

This statement is to be read in conjunction with the notes on pages 4 to 11

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Statement of Changes in Net Assets For the 9 months ended 31 December 2008

INVESTMENT ACTIVITIES	Note	9 months ending 2008 \$	9 months ending 2007 \$
Investment revenue			
Interest		11,699	321,170
Dividends		34,665	1,974,448
Property Unit Trust Distributions		-	124,522
Gains/(losses) on Financial Assets at Fair Value Through Profit & Loss	6	(7,506,643)	(1,078,358)
		<u>(7,460,279)</u>	<u>1,341,782</u>
Investment Expenses			
Gross Investment Management Fees		(277,829)	(282,386)
Investment Management Fee Rebates		325,744	192,595
Net Investment Revenue	7	<u>(7,412,364)</u>	<u>1,251,991</u>
OTHER REVENUES			
Group Life Claims	7	306,295	-
Total Other Revenue		<u>306,295</u>	<u>-</u>
OTHER EXPENSES			
Administration and Investment Advisor Fees		(153,505)	(110,366)
PIE Tax refund		221,026	-
Auditors' Remuneration - Audit Fees		(23,017)	(11,857)
Group Life Premiums		(301,587)	(296,798)
Prospectus & Disclosure Costs		(2,728)	(3,436)
Trustees Remuneration		(18,833)	(19,402)
Auditors' Remuneration - Taxation		(31,298)	(52,223)
Total Other Expenses		<u>(309,942)</u>	<u>(494,082)</u>
Change in Net Assets Before Taxation and Membership Activities		(7,416,011)	757,909
Income Tax Expense/(Credit)	8	239,300	(304,142)
Change in Net Assets After Taxation and before Membership Activities		<u>(7,176,711)</u>	<u>453,767</u>
MEMBERSHIP ACTIVITIES			
Contributions			
Member Contributions		1,991,477	2,126,484
Employer Contributions		1,246,825	1,297,985
Total Contributions		<u>3,238,302</u>	<u>3,424,469</u>
Benefits Paid			
Retirement		(3,261,251)	(2,536,687)
Withdrawals		(1,488,537)	(1,248,108)
Redundancy		(1,069,601)	(463,556)
Death and Permanent Incapacity		(565,024)	(891,682)
Transfers Out to Other Schemes		(3,027)	-
Total Benefits Paid		<u>(6,387,440)</u>	<u>(5,140,033)</u>
Net Membership Activities		(3,149,138)	(1,715,564)
Net (Decrease)/Increase in Net Assets During Year		(10,325,849)	(1,261,797)
Net Assets Available for Benefits at Beginning of Year		66,115,631	73,033,942
Net Assets Available for Benefits at End of Year		<u>55,789,782</u>	<u>71,772,145</u>

This statement is to be read in conjunction with the notes on pages 4 to 11

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Notes to the Financial Statements For the 9 months ended 31 December 2008

1 Scheme Description

The purpose of the New Zealand Harbours Superannuation Plan is to provide employees of Port companies and certain other employers participating in the Plan with benefits on their retirement or otherwise ceasing employment.

The members and the employer companies both contribute to the Plan to fund the benefits.

Funding arrangements:

The Plan is a defined contribution scheme and is registered under the Superannuation Schemes Act 1989 (registration number AS/224)

Members of the Plan can make regular contributions to the Plan at any rate in excess of 2% of their taxable earnings. The employer of a member contributes an equal amount to the Plan subject to a maximum as agreed to by the employer. Members may also suspend contributions or make additional contributions

These funding arrangements are consistent with those of the previous period.

Retirement benefits

The retirement benefits are determined by contributions to the scheme together with investment earnings on these contributions over the period of membership.

Termination terms:

The Trust Deed sets out the basis on which the Scheme can be terminated.

Changes in the Scheme

There have been no changes to the Trust Deed in the current year.

2. Summary of Significant Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Financial Reporting Act 1993 and the Superannuation Schemes Act 1989.

These interim financial statements have not been audited.

Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial statements also comply with International Financial Reporting Standards (IFRS).

Measurement Base

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

Presentational Currency

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

Classification of assets and liabilities

New Zealand Harbour Superannuation Scheme operates as a superannuation scheme. As such, the assets and liabilities are disclosed in the Statement of Net Assets in an order that reflects their relative liquidity.

Investment Income

Interest, dividends and distributions from unitised investments are taken to income on a due and receivable basis.

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

Foreign currencies

Transactions in currencies other than NZ dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance date. Gains and losses arising on retranslation are included in changes in net assets for the period.

Expenses

All expenses are accounted for on an accruals basis.

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Notes to the Financial Statements For the 9 months ended 31 December 2008

2. Summary of Significant Accounting Policies (Cont'd)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Scheme's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of changes in net assets.

Financial instruments

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

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 net of transaction costs, except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Financial assets

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets designated as 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. Investments in units of pooled investment funds are valued at the closing price released by the relevant investment manager.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

If, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of changes in net assets to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other payables are not interest-bearing and are stated at their fair value.

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Notes to the Financial Statements For the 9 months ended 31 December 2008

2. Summary of Significant Accounting Policies (Cont'd)

Derivative financial instruments and hedge accounting

The Scheme's activities expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The Scheme may use foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Scheme does not use derivative financial instruments for speculative purposes, and all derivatives not designated into an effective hedge relationship are classified as a current asset or current liability.

The use of financial derivatives is governed by the Scheme's policies approved by the trustees, which provide written principles on the use of financial derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in the fair value of derivative financial instruments are recognised in the statement of changes in net assets as they arise.

Goods and Services Tax (GST)

The Scheme 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 Scheme do not include those of the investment managers. The following are definitions of the terms used in the Statement of Cash Flows:

Cash - comprises cash balances held with banks in New Zealand and overseas.

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

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

Promised Benefits

The liability for promised benefits is the Scheme'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 Withdrawals

Contributions and withdrawals are accounted for on an accruals basis.

Changes in accounting policies

There have been no changes in accounting policies from the previous audited financial statements. The accounting policies set out here have been applied consistently to all periods presented in these financial statements.

The financial statements report a 9 month period to 31 December 2008. The comparatives on the Statement of Changes in Net Assets, Statement of Cashflows and Statement of Net Assets relate to the 6 month period 1 April 2007 to 31 December 2007. The comparatives on the Statement of Net Assets also relate to the previous audited financial statements which reported the 12 month period to 31 March 2008.

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Statement of Cash Flows

For the 9 months ended 31 December 2008

	Note	9 months ending 2008 \$	9 months ending 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash provided from</i>			
Member Contributions		1,974,411	2,060,074
Employer Contributions		1,232,885	1,257,233
Transfers from Other Schemes		-	320,528
Group Life Claims		306,295	1,989,572
Interest Received		13,033	125,028
Dividends Received		34,667	5,095
Unit Trust Distributions		-	321
		3,561,291	5,757,851
<i>Cash applied to</i>			
Benefits Paid		(6,387,440)	(5,140,033)
Other Administration Expenses		15,826	(166,863)
Taxation Paid		21,001	(567,592)
Insurance		(301,587)	(296,798)
Trustee Fees		(18,833)	(19,402)
		(6,671,033)	(6,190,688)
Net Cash Flows from Operating Activities	9	(3,109,742)	(432,837)
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was applied to</i>			
Investment Management Fees		47,912	(89,793)
Net Purchase of Investments		3,062,007	13,280
Net Cash Flows from Investing Activities		3,109,919	(76,513)
Net (Decrease)/Increase in Cash Held		177	(509,350)
Cash at Beginning of Year		4,138	574,169
Cash at End of Year		4,315	64,819

This statement is to be read in conjunction with the notes on pages 4 to 11

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

**Notes to the Financial Statements (Cont'd)
For the 9 months Ended 31 December 2008**

3. Liability for Promised Benefits

Changes in promised benefits as at 31 December 2008:

	Member Account \$	Employer Account \$	Reserve Account \$	Total 2008 \$
Balance 1 April	43,049,767	23,065,865	-	66,115,632
Contributions	1,874,966	1,363,336	-	3,238,302
Benefits Paid	(5,136,388)	(2,462,141)	-	(7,598,529)
Fees charged	(147,314)	(78,737)	-	(226,051)
Change in net assets after tax	(3,249,534)	(2,490,038)	-	(5,739,572)
Balance 31 December	<u>36,391,497</u>	<u>19,398,285</u>	-	<u>55,789,782</u>

Changes in promised benefits as at 31 December 2007:

	Member Account \$	Employer Account \$	Reserve Account \$	Total 2007 \$
Balance 1 April	47,567,217	25,466,725	-	73,033,942
Contributions	2,126,486	1,297,985	-	3,424,471
Benefits Paid	(5,137,901)	(2,463,655)	7,361	(7,594,195)
Fees charged	(146,621)	(78,510)	-	(225,131)
Change in net assets after tax	2,336,225	804,194	(7,361)	3,133,058
Balance 31 December	<u>46,745,406</u>	<u>25,026,739</u>	-	<u>71,772,145</u>

Guaranteed Benefits

No guarantees have been made in respect of any part of the liability for promised benefits. (2007: Nil).

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 Scheme at balance date.

5. Investments

	9 months ending 2008 \$	9 months ending 2007 \$
Tower		
Short Term Deposits	9	5,414
Fixed Interest - Offshore	11,550,641	5,272,051
Equities - Onshore	-	3,717
Equities - Offshore	18,688,662	27,467,571
Property (Unitised)	1,787,023	1,939,752
Forward Foreign Exchange	<u>427,365</u>	<u>132,686</u>
	<u>32,453,700</u>	<u>34,821,191</u>
ING		
Short Term Deposits	3,969,174	6,326,827
Fixed Interest - Onshore	7,012,008	9,550,540
Fixed Interest - Onshore	-	7,781,550
Equities - Trans Tasman	3,970,936	4,414,235
Equities - Australian	3,988,987	4,463,361
Equities - Offshore	-	-
Property (Unitised)	<u>2,561,157</u>	<u>3,362,507</u>
	<u>21,502,262</u>	<u>35,899,020</u>
Tyndall		
Alternative Assets	<u>1,452,339</u>	-
	<u>1,452,339</u>	-
Total Investments	<u><u>55,408,301</u></u>	<u><u>70,720,211</u></u>

No single investment exceeds either 5% of the Scheme's net assets or 5% of any class or type of security.

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

**Notes to the Financial Statements (Cont'd)
For the 9 months Ended 31 December 2008**

6. Losses/(Gains) on Fair Value Through Profit & Loss Assets	9 months ending 2008 \$	9 months ending 2007 \$
Fixed Interest	(17,141)	(113,490)
Equities	(5,433,813)	(1,136,541)
Property	(1,153,822)	(455,769)
Alternative Assets	(231,255)	-
Forward Foreign Exchange	(670,612)	627,442
	<u>(7,506,643)</u>	<u>(1,078,358)</u>

7. Total Operating Revenue

Total operating revenue is calculated as the sum of net investment revenue and other revenue.

Net Investment Revenue/(Loss)	(7,412,364)	1,251,991
Total Other Revenue	306,295	-
	<u>(7,106,069)</u>	<u>1,251,991</u>

8. Income Tax

	9 months ending 2008 \$	9 months ending 2007 \$
Current tax	(16,055)	820,880
Deferred Tax	-	(516,738)
	<u>(16,055)</u>	<u>304,142</u>

The total charge for the year can be reconciled to the change in net assets as follows:

Change in Net Assets before Tax and membership activities	(7,416,011)	757,908
Income Tax @ 33%	(2,447,284)	250,110
Tax effect of:		
Non Deductible Group Life Premiums	-	73,458
Non Assessable Investment Gains and Losses	-	1,304,129
Other	2,232,440	(1,025,159)
Imputation Credits Received	-	(300,061)
Reversal of accounting income	(24,619)	(1,094)
Excess taxation credits	161	2,759
Income Tax (Credit)/Expense	<u>(239,300)</u>	<u>304,142</u>

Current Tax

Balance Brought Forward	(18,578)	(1,858)
Tax (paid)	(202,244)	(567,592)
Current Year Tax	(16,055)	820,880
Tax (Receivable)/Payable	<u>(236,877)</u>	<u>251,430</u>

Deferred Tax (Asset)/Liability

Opening Balance	244,901	761,639
Current Year Movement	-	(516,738)
Closing Balance	<u>244,901</u>	<u>244,901</u>

There are no unrecognised tax losses or deferred tax balances.

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

**Notes to the Financial Statements (Cont'd)
For the 9 months Ended 31 December 2008**

9. Reconciliation of Net Cash Flows from Operating Activities to Increase Net Assets	9 months ending 2008 \$	9 months ending 2007 \$
Increase in Net Assets	(10,325,849)	(1,261,797)
Non-cash Items		
Gains/(losses) on Fair Value Through Profit & Loss Assets	7,506,643	1,078,358
Tax credit to increase units	643	35,570
Movement in Deferred Tax	-	(516,738)
Movements in Other Working Capital Items		
Decrease/(Increase) in Sundry Receivables	-	32,579
Decrease/(Increase) in Contributions Receivable	(31,006)	(107,165)
(Increase)/Decrease in Income Tax Receivable	(218,460)	250,529
(Decrease)/Increase in Sundry Creditors	(54)	8,823
(Decrease)/Increase in Accrued Investment Income	(41,659)	47,004
Net Cash Flows from Operating Activities	<u>(3,109,742)</u>	<u>(432,837)</u>

10. Reserve Account

Pursuant to the Trust Deed, the Trustees 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 Scheme's earnings or loss;
- (e) any profit share or other interest allocated by the Scheme's investment manager and not otherwise allocated to members' accounts.

The Trustees may, at their 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 Scheme of the Employer for all members on an equitable basis;
- (d) payment of expenses of the administration of the Scheme;
- (e) pay all or part of the insurance premiums payable under the Scheme;
- (f) in such other manner as is permitted from time to time under the Trust Deed.

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Notes to the Financial Statements (Cont'd) For the 9 months Ended 31 December 2008

11. Financial instruments

Significant accounting policies

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

The Trustees have approved a SIPO which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustees and asset reallocations undertaken as required.

Categories of financial instruments

The effective interest rates for applicable financial assets and liabilities are:

	31 December 2008			
	Loans and receivables \$000	Available-for-sale financial assets \$000	Financial assets / liabilities at fair value through profit or loss \$000	Total \$000
Assets				
Cash at Bank	-	4,315	-	4,315
Short Term Deposits	-	3,969,183	-	3,969,183
Fixed Interest - Onshore	-	7,012,008	-	7,012,008
Fixed Interest - Offshore	-	11,550,641	-	11,550,641
Equities - Trans Tasman	-	7,959,923	-	7,959,923
Equities - Offshore	-	18,688,662	-	18,688,662
Property Domestic	-	3,474,077	-	3,474,077
Property International	-	874,103	-	874,103
Alternative Assets	-	1,452,339	-	1,452,339
Forward Foreign Exchange	-	-	427,365	427,365
Total assets	-	54,985,251	427,365	55,412,616

Liabilities

Sundry Accounts Payable	96,396	-	-	96,396
Total liabilities	96,396	-	-	96,396

	31 December 2007						
	Loans and receivables \$000		Available-for-sale financial assets \$000		Financial assets / liabilities at fair value through profit or loss \$000		Total \$000
Assets							
Cash at Bank	-	-	64,819	-	-	-	64,819
Short Term Deposits	-	-	6,332,239	-	-	-	6,332,239
Fixed Interest - Onshore	-	-	9,550,540	-	-	-	9,550,540
Fixed Interest - Offshore	-	-	13,053,603	-	-	-	13,053,603
Equities - Trans Tasman	-	-	8,881,312	-	-	-	8,881,312
Equities - Offshore	-	-	27,467,571	-	-	-	27,467,571
Property Domestic	-	-	3,969,871	-	-	-	3,969,871
Property International	-	-	1,332,389	-	-	-	1,332,389
Alternative Assets	-	-	-	-	-	-	-
Forward Foreign Exchange	-	-	-	-	132,686	-	132,686
Total assets	-	-	70,652,344	-	132,686	-	70,785,030

Liabilities

Sundry Accounts Payable	108,079	-	-	-	-	-	108,079
Total liabilities	108,079	-	-	-	-	-	108,079

Financial risk management objectives

The Investment Managers provide services to the Scheme, co-ordinate access to domestic and international financial markets, monitor and manage the financial risks relating to the operations of the Scheme. The risk analysis conducted by the Investment Managers include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

NEW ZEALAND HARBOURS SUPERANNUATION SCHEME

Notes to the Financial Statements (Cont'd) For the 9 months Ended 31 December 2008

11. Financial instruments (Cont'd)

Market risk

Market risk is the risk of change in the fair value of financial instruments from fluctuations in the foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to an individual financial instrument or its issuer or factors affecting all financial instruments traded in a market.

The Investment Managers determine the levels of market risk it accepts for the Scheme by reviewing:

- what constitutes market risk for the Scheme
 - the basis used to fair value financial assets and liabilities
 - asset allocation and portfolio limit structures
 - diversification benchmarks by type of instrument and geographical areas;
- and sets out reporting of market risk exposures and the monitoring thereof.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Scheme has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

There are no financial instruments which expose the Scheme to credit risk because cash and fixed interest investments are indirectly held in unitised funds.

The Investment Managers maintain diversified investment portfolios in accordance with the portfolio mix adopted by the Trustees. The Trustees consider that the counterparties are financial institutions of high quality.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Trustees, who has built an appropriate liquidity risk management framework for the management of the Scheme's short, medium and long term funding and liquidity management requirements. The Scheme manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Scheme has no contractual maturities for its non-derivative financial assets and liabilities because the Scheme investments in unit trusts, and it is the respective unit trusts who hold the investments at various maturity dates. The Trustees do not believe it is meaningful to disclose maturities of the unit trusts because the Scheme can enter and exit the unit trusts at the unit price and is therefore not contractually obliged to any specific maturity dates. The value of non-interest bearing investments in unit trusts that hold fixed interest securities is \$18,562,649 (2007: \$22,604,142).

Financial assets and liabilities classified as loans and receivables as shown in the Balance Sheet are carried on trade terms and are expected to settle within 90 days of balance date.

Foreign currency risk management

The Scheme 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. Risk management activities are undertaken by the Scheme's Investment Managers to operate within the guidelines provided by the Trustees.

12. Commitments and Contingent Liabilities

There were no commitments or contingent liabilities outstanding as at 31 December 2008. (2007: Nil).

13. Related Parties

The Scheme holds no investments in any of the employer companies or any of its related parties and during the period had no related party transactions. (2007: Nil).

Payments were made to Trustees of the Scheme totalling \$13,875 (2007: \$14,221).

14. Events After Balance Date

There have been no material events after balance date that require adjustment to or disclosure in the financial statements. (2007: Nil).