



Westpac KiwiSaver Scheme Annual Report

for the year ended 31 March 2016



BT Funds Management (NZ) Limited is the scheme provider and Westpac New Zealand Limited is the distributor, of the Westpac KiwiSaver Scheme.

The following information for the Westpac KiwiSaver Scheme (Scheme) as at 31 March 2016 meets the requirements of the KiwiSaver Regulations 2006. From 27 May 2016, the Scheme was registered under the Financial Markets Conduct Act (FMCA) and since this date, the requirements of the FMCA apply to the Scheme.

Under the FMCA new documents were prepared for the Scheme as follows:

- The Product Disclosure Statement for the Scheme (dated 27 May 2016), which can be found on our website at westpac.co.nz/kiwisaver
- The Trust Deed, Other Material Information and the Statement of Investment Policy and Objectives, which can be found on the Disclose register website at business.govt.nz/disclose

Legislative Information

Description of the Westpac KiwiSaver Scheme

The following details relating to the Scheme are applicable as at 31 March 2016:

- The name of the Scheme is the Westpac KiwiSaver Scheme.
- BT Funds Management (NZ) Limited is the Manager of the Scheme.
- The New Zealand Guardian Trust Company Limited is the Trustee of the Scheme.

BT Funds Management (NZ) Limited, Westpac New Zealand Limited and the directors of Westpac New Zealand Limited who are not also directors of BT Funds Management (NZ) Limited are Promoters of the Scheme. As at 31 March 2016, the directors of Westpac New Zealand Limited who are also Promoters of the Scheme are M G Bailey, P M Coffey, J A Dawson, J P Mason and C J D Moller.

The Hong Kong and Shanghai Banking Corporation Limited, Trustees Executors Limited and MMC Limited are Administration Managers of the Scheme.

The Manager is responsible for the Scheme's investment management. The Manager has not appointed a third party as an investment manager for the Scheme.

BT Funds Management (NZ) Limited is the Registrar of the Scheme. Trustees Executors Limited provide certain unit registry services to BT Funds Management (NZ) Limited. BTNZ KiwiSaver Nominees Limited (a subsidiary of the Trustee) is the Custodian of the Scheme. PricewaterhouseCoopers are the Auditors of the Scheme.

The registration date of the last prospectus that was registered under the Securities Act 1978 for the Scheme was 18 September 2015.

Trustee Statement

In respect of the financial year ended 31 March 2016, the Trustee is satisfied that the Manager has not breached an issuer obligation (as defined in section 4(1) of the Financial Markets Supervisors Act 2011) in a material respect.

Investments made in the Westpac KiwiSaver Scheme do not represent bank deposits or other liabilities of Westpac Banking Corporation ABN 33 007 457 141, Westpac New Zealand Limited or other members of the Westpac group of companies. They are subject to investment and other risks, including possible delays in payment of withdrawal amounts in some circumstances, and loss of investment value, including principal invested. None of BT Funds Management (NZ) Limited (as manager), any member of the Westpac group of companies, The New Zealand Guardian Trust Company Limited (as trustee), or any director or nominee of any of those entities, or any other person guarantees the Westpac KiwiSaver Scheme's performance, returns or repayment of capital.

KiwiSaver incentives are determined by Government policy and legislation and may change in the future.

A copy of the product disclosure statement for the Scheme is available online at westpac.co.nz and at any Westpac branch. You can also request a copy by writing to us at "The Manager - Westpac KiwiSaver Scheme, PO Box 695, Wellington 6140, New Zealand", or by calling us on 0508 972 254.

Disclosure Statements under the Financial Advisers Act are available on request and free of charge from Westpac or your Westpac Financial Adviser.

Manager Statement

All benefits required to be paid from the Scheme in accordance with the terms of the Trust Deed and the KiwiSaver scheme rules have been paid.

The market value of the assets of the Scheme as at the close of the financial year ended 31 March 2016 equalled or exceeded the total value of benefits that would have been payable had all members of the Scheme ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 31 March 2016.

The Scheme Provider Agreement dated 30 April 2007 (as amended from time to time) between the Commissioner of Inland Revenue and BT Funds Management (NZ) Limited remains in force, for the year ended 31 March 2016.

There have been no fee increases during the year ended 31 March 2016.

All contributions received in respect of each member of the Scheme, including contributions paid by way of the Commissioner of Inland Revenue in respect of that member, have been applied in accordance with the terms of the Trust Deed and the KiwiSaver Act 2006.



Director
David McLean

BT Funds Management
(NZ) Limited

24 August 2016



Director
Andy Kerr

BT Funds Management
(NZ) Limited

Key Information

Westpac KiwiSaver Scheme investment performance

Note: These returns have not been audited. Benefit payments have been made in accordance with the unit prices applicable for a member's investment in the Scheme on the date of payment. For historical returns and unit prices call us on 0508 972 254.

Returns for the Scheme's investment funds for the relevant period are shown in the table below.

Westpac KiwiSaver Scheme Funds	Returns for the year ended 31 March 2016
Cash Fund	2.23%
Defensive Fund*	3.75%
Conservative Fund	3.51%
Moderate Fund	3.60%
Balanced Fund	4.03%
Growth Fund	4.75%
Capital Protection Plan Fund No. 1	4.73%
Capital Protection Plan Fund No. 2	4.70%
Capital Protection Plan Fund No. 3	4.71%
Capital Protection Plan Fund No. 4	4.71%
Capital Protection Plan Fund No. 5	4.72%

*The Defensive Fund was renamed the Default Fund on 27 May 2016. The Capital Protection Plan funds (CPP Funds) are closed to all subscriptions.

The returns assume that an investment has been held for the full period and represent the percentage change in the per unit value of that investment for the relevant period after the deduction of management and Trustee fees, the expenses of the Scheme and PIE tax (using the highest Prescribed Investor Rate (PIR) applicable during the period).

The returns are not those that individual Members would have received as these will depend on the prices at which units were purchased on the date that contributions were processed and PIE tax at the PIR applying to each Member. No allowance is made in either case for administration fees incurred during the returns calculation period.

Past performance is not indicative of future performance. Returns can be negative as well as positive.

Total fees

The total amount of fees charged for the year ended 31 March 2016 were:

Fees charged	
Administration fees	\$8,512,847
Management fees*	\$20,515,294
Trustee fees*	\$1,292,356
Operating expenses**	\$4,185,992

*Does not include rebates.

**Operating expenses include a fee paid to Westpac Banking Corporation ABN 33 007 457 141, as the Capital Protection Provider for each of the CPP Funds, equal to 0.80% per annum of the value of the growth assets held for those funds. This fee accrues daily and is paid monthly in arrears out of the assets of the CPP Funds.

No other fees were charged directly or indirectly during the year ended 31 March 2016 by the Trustee, the Manager, the Administration Managers, any Promoters or any other person who provides services in relation to the Scheme.

Membership changes

For the year ended 31 March 2016, the numerical changes in the membership of the Scheme were:

Total number of contributing members as at 1 April 2015	201,452
Total entries during the year ended 31 March 2016	62,902
Total temporary and permanent exits for the year ended 31 March 2016	(49,871)
Number of members on section 104 contribution holidays as at 31 March 2016	16,401
Number of other non-contributing members (not on section 104 contribution holidays) as at 31 March 2016	145,941
Total number of members as at 31 March 2016	376,825

Member withdrawals

During the year ended 31 March 2016, the following withdrawals* were made from the Scheme:

Withdrawal type	Number of Members	Total amount of withdrawals
First home purchase	4,436	\$76,477,545
Significant financial hardship	1,700	\$7,962,876
Serious illness	284	\$3,963,624
Permanent emigration	188	\$2,249,747

*withdrawals include main withdrawal types only.

Member contributions

During the year ended 31 March 2016, the following contributions were received by BT Funds Management (NZ) Limited:

Contribution Type	Number of Members	Total amount of Contributions
Member contributions (excluding interest on member contributions)	251,816	\$378,693,122
Employer contributions (excluding interest on employer contributions)	205,553	\$184,978,210
Crown contributions (including Member Tax Credits)	211,352	\$93,913,757
Transfers in (KiwiSaver schemes, registered superannuation schemes and overseas schemes)	20,278	\$183,939,295

Member accumulations

At 31 March 2016, there were 376,825 members in the Scheme with accumulations totalling \$3,886,590,000.

Australian complying superannuation scheme transfers

During the year ended 31 March 2016, 444 members transferred money from an Australian complying superannuation scheme to the Scheme. The total amount transferred was \$10,824,236.

Changes relating to the Westpac KiwiSaver Scheme

Changes to the Trust Deed

There were no changes made to the Trust Deed during the year ended 31 March 2016.

Changes to the terms of the offer of interests in the Scheme

During the year ended 31 March 2016 the following changes were made to the terms of offer in the Scheme:

- effective 1 June 2015, a KiwiSaver scheme member has been entitled (subject to conditions) to withdraw funds from their KiwiSaver account to put towards a deposit on the purchase of a first home in New Zealand. Members can only withdraw for deposit purposes while a sale and purchase agreement remains conditional.
- effective from 2pm on 21 May 2015, pursuant to the KiwiSaver Budget Measures Act 2015, the \$1,000 'kick-start' contribution, formerly paid by the Government to the first KiwiSaver scheme that a member joined, was discontinued.
- effective 6 April 2015, we are no longer a Qualifying Recognised Overseas Pension Scheme (QROPS) for UK pension transfer purposes. We can no longer accept any transfers from UK pension schemes (or, with exceptions, from other KiwiSaver schemes to which UK pension moneys have been transferred); and a member who has transferred UK pension money into KiwiSaver may not be able to transfer from the Scheme to another KiwiSaver scheme, or to an Australian scheme, without the possibility of incurring a UK tax penalty.

Changes to the investment objectives and policy

There were no changes to the investment objectives and policy during the year ended 31 March 2016.

Changes to those involved in providing the Scheme

Manager and directors of the Manager

During the year ended 31 March 2016, the Manager had the following director changes:

S J Power resigned on 28 May 2015.

L J Bartlett resigned on 1 July 2015.

C L Barrie was appointed on 1 July 2015 and resigned on 19 February 2016.

A R E Kerr was appointed on 9 November 2015.

J L Clifton was appointed on 19 February 2016.

Trustee or directors of the Trustee

During the year ended 31 March 2016, the Trustee had the following director changes:

C R Darlow resigned on 20 August 2015.

Promoter

During the year ended 31 March 2016, the Promoters changed due to the following Westpac New Zealand Limited director changes (excluding those directors who are also directors of the Manager):

J P Mason was appointed on 18 June 2015.

Administration Manager

During the year ended 31 March 2016, there were no changes to the Administration Managers of the Scheme.

Registrar, Custodian or Auditors

During the year ended 31 March 2016, there were no changes to the Registrar, Custodian or Auditors of the Scheme.

Financial Statements and Auditors' Report

The financial statements for the Scheme for the year ended 31 March 2016, comply with, and were registered under, the Financial Reporting Act 1993, on 27 July 2016.

The Auditors' report on those financial statements is dated 26 July 2016. The Auditors' report does not refer to any fundamental uncertainty and is not modified in any respect.

Summary financial statements that meet the requirements of clause 7 of Schedule 5A of the Securities Regulations 2009, are set out on the following pages.

The following documents of, or relating to, the Scheme are filed on a public register at the Companies Office of the Ministry of Business, Innovation & Employment, and are available for public inspection (including at business.govt.nz/companies):

- the final prospectus;
 - the financial statements;
 - the Trust Deed (and any amendments);
 - the establishment deeds for each of the Scheme's funds; and
 - the material contracts referred to in section 11 of the prospectus.
- You have a right to receive on request a copy of the following documents relating to the Scheme:
- the most recent financial statements;
 - the Auditors' report;
 - the final registered prospectus; and
 - an updated estimate of benefits.

These may be obtained free of charge by calling 0508 972 254.

Summary Financial Statements for the Westpac KiwiSaver Scheme

Summary Statement of Changes in Net Assets

For the year ended 31 March	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Investment Income					
Distribution income	32	-	-	-	-
Interest income	2,098	2,365	1,642	1,624	5,161
Net gains on financial assets at fair value through profit or loss	177,769	315,605	141,647	159,298	43,045
Net investment income	179,899	317,970	143,289	160,922	48,206
Expenses					
Audit fees	-	-	-	-	-
Fees (management and trustee fees, net of rebates)	21,024	16,169	11,151	6,917	5,204
Other operating expenses	4,187	3,466	3,085	3,106	2,296
Total expenses	25,211	19,635	14,236	10,023	7,500
Profit before membership activities	154,688	298,335	129,053	150,899	40,706
Membership activities					
Member contributions	379,432	313,610	262,924	186,629	147,485
Employer contributions	185,508	165,965	134,203	81,945	76,508
Crown contributions	11,225	25,076	24,853	30,470	36,938
Transfers in	183,939	193,806	175,211	138,839	115,470
Member tax credits	82,689	74,808	62,466	84,293	113,135
Members' administration fee	(8,513)	(8,175)	(8,266)	(7,201)	(5,468)
Transfers out	(156,121)	(129,077)	(91,865)	(49,259)	(26,712)
Retirement	(72,592)	(60,927)	(57,119)	(51,109)	-
Death and disability	(8,917)	(7,455)	(4,816)	(4,432)	(3,171)
Member's PIE tax	(13,447)	(26,229)	(13,210)	(12,974)	(8,963)
Other permitted withdrawals	(87,523)	(40,440)	(36,515)	(25,970)	(14,357)
Net membership activities	495,680	500,962	447,866	371,231	430,865
Net benefits accrued to Members	650,368	799,297	576,919	522,130	471,571
Balance at the beginning of the year	3,236,222	2,436,925	1,860,006	1,337,876	866,305
Balance at the end of the year	3,886,590	3,236,222	2,436,925	1,860,006	1,337,876
Summary Statement of Net Assets					
As at 31 March	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Total assets	3,914,850	3,273,307	2,456,494	1,878,942	1,350,447
Total liabilities	28,260	37,085	19,569	18,936	12,571
Net assets attributable to Members	3,886,590	3,236,222	2,436,925	1,860,006	1,337,876

Notes to the Summary Financial Statements

GENERAL INFORMATION

Reporting Entities

The Westpac KiwiSaver Scheme (the "Scheme") as at 31 March 2016 comprised the following eleven investment funds and the Cash Transaction Fund:

Cash Fund
Defensive Fund
Conservative Fund
Moderate Fund
Balanced Fund
Growth Fund
Capital Protection Plan Fund No. 1
Capital Protection Plan Fund No. 2
Capital Protection Plan Fund No. 3
Capital Protection Plan Fund No. 4
Capital Protection Plan Fund No. 5

Relationship to full financial statements

The summary financial statements have been prepared in accordance to Schedule 5A of the Securities Regulations 2009 for KiwiSaver schemes. The amounts in the summary financial statements have been taken from the audited financial statements for each year presented. The full audited financial statements complied with and were registered under the Financial Reporting Act 1993. The amounts presented in the summary financial statements are in New Zealand dollars which is the Scheme's functional and presentation currency. All values are rounded to the nearest thousand dollars.

These summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements. A copy of the full financial statements can be obtained free of charge on request by phoning 0508 972 254.

Items of material incidence, size or nature

There are no items of such incidence and size or of nature that require disclosure to explain the performance or financial position of the Scheme.

Material changes in activities or accounting policies

There has been no significant changes in activities or accounting policies impacting the Scheme for the year ended 31 March 2016.

Events occurring after the balance date

The Manager was granted a Managed Investment Scheme manager licence by the Financial Markets Authority effective from 1 April 2016. The Scheme was opted into the Financial Markets Conduct Act regime on 27 May 2016. The Defensive Fund was renamed as the Default Fund on 27 May 2016.

The Cash Transaction Fund was decommissioned on 3 April 2016. Member balances in the Cash Transaction Fund were transferred to their investment fund(s) within the Scheme.

The Scheme gains its exposure to alternative investments through an indirect investment in the Advance Alternative Strategies Multi-Blend Fund ('AASMBF') via an investment in the Westpac Wholesale Alternative Investment Trust (the 'Trust'). On 14 June 2016 Advance Asset Management Limited ('Advance'), the Responsible Entity of the AASMBF, notified the Manager of the termination of the AASMBF, with immediate effect.

The events described above are not expected to impact the Scheme and there have been no other significant events since the balance date that would impact the Scheme or the Financial Statements of the Scheme.

Report of the Independent Auditors' on the Summary Financial Statements

to the Directors of the Manager



The accompanying summary financial statements on pages 5 and 6 which comprise the summary statement of net assets as at 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012, and the summary statement of changes in net assets for the years then ended, and related notes, are derived from the audited financial statements of Westpac KiwiSaver Scheme (the "Scheme") comprising the Cash Fund, Defensive Fund, Conservative Fund, Moderate Fund, Balanced Fund, Growth Fund, Capital Protection Plan Fund No. 1, Capital Protection Plan Fund No. 2, Capital Protection Plan Fund No. 3, Capital Protection Plan Fund No. 4, Capital Protection Plan Fund No. 5 and the Cash Transaction Fund (the "Funds") for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012.

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

Our audit of the financial statements for the year ended 31 March 2016 was completed on 26 July 2016 and our unmodified opinion was issued on that date. We have not undertaken any additional audit procedures in relation to those financial statements from the date of the completion of our audit and those financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to our report on those financial statements.

This report is made solely to the Directors of the Manager. Our work has been undertaken so that we might state those matters we are required to state to the Manager in a report from the auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Manager, for this report. In addition, we take no responsibility for, nor do we report on, any part of the annual report in which these summary financial statements are contained not specifically mentioned in this report.

Manager's Responsibility for the Summary Financial Statements

The Manager is responsible for the preparation and presentation of summary financial statements in accordance with clause 7 of Schedule 5A of the Securities Regulations 2009 as required to be presented in the annual report pursuant to clause 4(3)(b)(ii) of Schedule 1A of the KiwiSaver Regulations 2006.

Auditors' Responsibility

Our responsibility is to provide a report on the summary financial statements of the Scheme, stating whether the amounts stated in the summary financial statements of the Scheme for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012, in accordance with clause 4(3)(b)(ii) of Schedule 1A of the KiwiSaver Regulations 2006 have been correctly taken from the audited financial statements of the Scheme, in all material respects.

We are independent of the Scheme. Our firm carries out other services for the Scheme, the Manager, and related entities of the Manager in the areas of other assurance and advisory services. The provision of these other services has not impaired our independence.

Report on the Summary Financial Statements

The summary financial statements of the Scheme for the years ended 31 March 2016, 31 March 2015, 31 March 2014, 31 March 2013 and 31 March 2012 on pages 5 and 6 as required by clause 4(3)(b)(ii) of Schedule 1A of the KiwiSaver Regulations 2006 have been correctly taken from the audited financial statements of the Scheme for the years then ended, in all material respects.

Restriction on Use of our Report

This report has been prepared for inclusion in the annual report. We disclaim any responsibility for reliance on this report or the amounts included in the summary financial statements, for any purpose other than that for which they were prepared.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants

Auckland

24 August 2016

INQUIRIES AND COMPLAINTS

If you have inquiries about the Scheme, you can contact us as follows:

Write to: Westpac KiwiSaver Scheme
PO Box 695, Wellington 6140
Phone: Our specialist KiwiSaver team are available on
0508 972 254
Westpac on Takutai Square, 53 Galway Street, Auckland 1010, or
visit the team at any Westpac branch

If you have complaints about the Scheme, you can contact us as follows:

Write to: Westpac KiwiSaver Scheme
PO Box 695, Wellington 6140
Phone: Our specialist KiwiSaver team are available on
0508 972 254
Westpac on Takutai Square, 53 Galway Street,
Auckland 1010, or visit the team at any Westpac branch

You can make a complaint about the Manager to the Trustee:

Write to: Relationship Manager, Corporate Client Services
The New Zealand Guardian Trust Company Limited
PO Box 274, Auckland 1140
Phone: (09) 909 5100
Level 14, 191 Queen Street, Auckland 1010

The Manager is a member of the independent dispute resolution scheme operated by the Banking Ombudsman and approved by the Ministry of Consumer Affairs, for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 (FSP Act).

Under the terms of this scheme, the Manager has three months to resolve your complaint. If you are not satisfied by the Manager's response you may refer the matter to the Banking Ombudsman (at no cost). You can contact the Banking Ombudsman as follows:

Write to: Banking Ombudsman
Freepost 218002, PO Box 25327, Featherston Street
Wellington 6146
Phone: 0800 805 950
Level 5, Huddart Parker Building, 1 Post Office Square,
Wellington 6011
Email: help@bankomb.org.nz

The Trustee is a member of the independent dispute resolution scheme operated by Financial Services Complaints Limited (FSCL), which is also approved by the Ministry of Consumer Affairs for FSP Act purposes.

Under the terms of that scheme, the Trustee has 40 working days to respond to your complaint. If you are not satisfied by the Trustee's response, you may refer the matter to the FSCL as follows:

Write to: Financial Services Complaints Limited
PO Box 5967, Lambton Quay, Wellington 6145
Visit: 4th Floor, 101 Lambton Quay, Wellington 6011
Email: info@fscl.org.nz
Phone: 0800 347 257

Full details of how to access the Financial Services Complaints Limited (FSCL) Scheme can be obtained from FSCL's website fscl.org.nz.

There is no cost to you to use the services of FSCL.

You can also make a complaint about your investment in certain circumstances directly to the Financial Markets Authority:

Write to: Financial Markets Authority
DX Box CX10033, PO Box 106 672, Auckland 1143
Phone: (09) 300 0400
Level 5, Ernst & Young Building, 2 Takutai Square, Auckland



Investments made in the Westpac KiwiSaver Scheme do not represent bank deposits or other liabilities of Westpac Banking Corporation ABN 33 007 457 141, Westpac New Zealand Limited or other members of the Westpac group of companies. They are subject to investment and other risks, including possible delays in payment of withdrawal amounts in some circumstances, and loss of investment value, including principal invested. None of BT Funds Management (NZ) Limited (as manager), any member of the Westpac group of companies, The New Zealand Guardian Trust Company Limited (as trustee), or any director or nominee of any of those entities, or any other person guarantees the Westpac KiwiSaver Scheme's performance, returns or repayment of capital.

KiwiSaver incentives are determined by Government policy and legislation and may change in the future.

A copy of the product disclosure statement for the Scheme is available online at westpac.co.nz and at any Westpac branch. You can also request a copy by writing to us at "The Manager - Westpac KiwiSaver Scheme, PO Box 695, Wellington 6140, New Zealand", or by calling us on 0508 972 254.

Disclosure Statements under the Financial Advisers Act are available on request and free of charge from Westpac or your Westpac Financial Adviser.