



Office of Hon Bill English

Deputy Prime Minister
Minister of Finance
Minister for Infrastructure

14 MAY 2009

David May
Chair
Guardians of New Zealand Superannuation
P O Box 106607
AUCKLAND 1143

Dear David

Direction

National Party policy prior to the 2008 election was to encourage increased investment in New Zealand assets by the Guardians of New Zealand Superannuation (the Guardians), eventually aiming at a target of 40% of the New Zealand Superannuation Fund (the Fund). The anticipated benefits of this policy would be an increase in investment in our productive sector, promoting infrastructure investment, and contributing to the further development of our capital markets.

The Government believes that it is in the national interest for the Fund to have significant investments in New Zealand. Consequently, pursuant to section 64 of the New Zealand Superannuation and Retirement Income Act 2001 (the Act), I direct the Guardians to note that it is the Government's expectation, in relation to the Fund's performance, that opportunities that would enable the Guardians to increase the allocation of New Zealand assets in the Fund should be appropriately identified and considered by the Guardians.

This direction is not intended to be inconsistent with the Guardians' duty to invest the Fund on a prudent, commercial basis, in accordance with section 58 of the Act, and the above paragraph is subject to that duty.

Under section 64(6) of the Act the Guardians must notify me on how it proposes to have regard to this direction. I look forward to that notification.

Capital Contribution

The annual capital contribution to the Fund for 2009/10 will be \$250m. This contribution is intended to assist your investment activities consistent with the Act and the above direction. Given that the capital contribution is less than the amount required by the formula in section 43 of the Act, we will communicate our future funding intentions consistent with section 44 of the Act in the forthcoming budget.

Yours sincerely

Hon Bill English
Minister of Finance