



New Zealand House of Representatives
Te Whare Māngai o Aotearoa

Finance and Expenditure Committee

Komiti Whiriwhiri Take Pūtea, Take Whakapaunga Pūtea

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**Review briefing on the 2023/24 annual
review of the Guardians of New Zealand
Superannuation**

Presented to the House of Representatives
by Cameron Brewer, Chairperson

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Guardians of New Zealand Superannuation

Recommendation

The Finance and Expenditure Committee has conducted a review briefing on the annual review of the Guardians of New Zealand Superannuation for 2023/24 and recommends that the House take note of its report.

About our consideration

A review briefing is a form of annual review that takes place outside the regular period for annual review scrutiny (December through March). It enables committees to spread their workload more evenly through the year and to focus on strategic priorities during the main annual review period.

We decided to scrutinise the Guardians of New Zealand Superannuation as a review briefing for the 2023/24 financial year. We spoke with board chair John Williamson and chief executive Jo Townsend at a hearing on 2 April 2025.

About the Guardians of New Zealand Superannuation

The Guardians of New Zealand Superannuation is an autonomous Crown entity that invests government contributions to the New Zealand Superannuation Fund, to grow their value. The fund is a portfolio of global investments on the government's balance sheet that is intended to help pay for the cost of the pensions paid to all New Zealanders aged 65 and over. The fund was established in 2001 and began investing in October 2003.

The New Zealand Superannuation and Retirement Income Act 2001 requires the Guardians to manage the NZ Super Fund by:

- using best-practice portfolio management
- maximising returns without undue risk to the fund
- maintaining New Zealand's reputation as a responsible member of the global community.

The Guardians are also responsible for the governance and oversight of the Elevate NZ Venture Fund, which is managed externally by New Zealand Growth Capital Partners.

Audit results for 2023/24

The Auditor-General issued a standard audit report, indicating that the information audited fairly reflected the Guardians' activities and financial position for the year. He assessed the Guardians' systems and controls as "very good".

Performance of the fund

The total value of the fund rose by 14.9 percent (\$11.25 billion) during the 2023/24 financial year, to \$76.65 billion. By the time of our hearing, the value of the fund was \$80 billion. The Guardians expect the fund to reach more than \$100 billion in the next 5 to 6 years.

The Guardians report that the last 20 years have been exceptional for the fund, with returns well ahead of expectations. We heard that the fund has achieved annual returns of around 10 percent since its inception. However, the Guardians expect that the next 20 years might not be as beneficial for investors. They said they need to be humble and recognise that returns of 10 percent may be harder to achieve in the future. The Guardians noted that the fund has a long investment horizon, so they should avoid taking short-term tactical decisions in response to market movements.

Annual returns, actual fund versus a reference portfolio¹



Government withdrawals from the fund

In 2028, the Government will make its first withdrawal from the fund to help meet the cost of superannuation.² From the 2030s onward, withdrawals are expected to occur every year. We asked how the upcoming withdrawals have factored into the Guardians' thinking. The Guardians said the withdrawals will not be immediately significant, so the risk positioning of the fund may not change materially. It reiterated that the fund has a long-term horizon and said there will not be substantial withdrawals until 2050. We heard that the fund is expected to peak in size (measured as a percentage of GDP) around 2080.

¹ Guardians of New Zealand Superannuation, [2023/24 annual report](#), p 46.

² Beehive website | Hon Nicola Willis, [Growing NZ – now and for the long term](#), 13 May 2025.

Domestic tax payments

The Guardians' annual report notes that what the fund pays in tax on its investment earnings is projected to exceed government contributions to the fund from 2024/25. The Guardians told us that it would be more efficient if they did not have to pay tax. They would not have to raise cash to make tax payments and would be able to make fewer transactions. Nonetheless, the Guardians said it is for the Government to decide.

Investing in New Zealand

We discussed the Guardians' investments in New Zealand, including investment in infrastructure. The Guardians said the absolute value of their investments in New Zealand is increasing in dollar terms. However, given that the overall fund is growing significantly, the relative value of the investment in New Zealand will reduce. The Guardians noted the risk of becoming overexposed to the domestic market, saying that the New Zealand share market is only 0.12 percent of the global market, whereas 4 percent of the fund is invested in New Zealand equities.

The Guardians said they have a "strong appetite" to identify opportunities to bring their capital and capability to New Zealand. We heard that the Guardians are looking for long-term investment opportunities and for operational investment partners who have real experience in infrastructure. We asked whether policy settings could be changed to make investment in New Zealand infrastructure more attractive. The Guardians said the settings are good but can always improve.

The Guardians said \$200 million is the minimum individual equity investment that they are seeking to make, noting that the fund is now worth approximately \$80 billion. They said it gets quite hard to make "lots of little investments" (less than \$200 million). The Guardians said that when other factors are accounted for, such as partners to the investment, the scale of the investment "could get to \$2 billion pretty easily."

Elevate NZ Venture Fund

The Guardians are responsible for the governance and oversight of the Elevate NZ Venture Fund, which is managed externally by New Zealand Growth Capital Partners (NZGCP). The Guardians assess the performance of Elevate through a "conviction review". The annual report notes that:

Elevate has now committed the bulk of its capital in line with the Ministerial policy statement. It would require further Crown capital commitments to maintain the progress in New Zealand's venture capital markets that it has achieved to date. Our conviction rating of NZGCP was downgraded to sub-threshold earlier this year due to uncertainties regarding any further Crown funding and the potential adverse impacts this could have on NZGCP as manager.³

The Guardians reiterated to us that continuity of funding for Elevate is a decision for the Government to make.

³ Guardians of New Zealand Superannuation, [2023/24 annual report](#), p 71.

We discussed the different mandates of the NZ Super Fund and the Elevate Fund. Elevate has a mandate to support the development of venture capital markets. The Super Fund has a mandate to maximise returns without undue risk, which is why it is not generally invested directly into venture capital.

Investment in Auror

Elevate indirectly holds a 2.6 percent stake in the company Auror. Auror provides crime-reporting software to retailers. We asked what ethical analysis occurred before investment in Auror. The Guardians said their role is to set expectations at a macro level for how capital should be invested. They provide capital to New Zealand Growth Capital Partners, which in turn provides capital to individual fund managers. The Guardians are not involved in the individual investment decisions that fund managers make. The Guardians said it would be impractical to be involved in that level of detail.

Climate change

We discussed the Guardians' strategy in relation to climate change. The Guardians said it is important that they understand climate change because it presents a real financial risk to the fund. They said they are considering the role their capital could play in supporting the climate transition. The Guardians have two climate targets: to reduce the emissions intensity of the fund by at least 40 percent, and to reduce the carbon reserves of the fund by at least 80 percent. As of 30 June 2024, the fund's total carbon emissions intensity was 64.4 percent lower than its baseline level, and its exposure to potential emissions from reserves was 98.2 percent lower.⁴

Paris-aligned benchmark

The Guardians said they have moved a portion of the portfolio into a "Paris-aligned" index, which supports the goals of the 2015 Paris Agreement on Climate Change. This index does not invest in high-emitting companies and instead focuses on investments that enable net zero emissions by 2050.

We noted that some countries have withdrawn or signalled that they will withdraw from the Paris Agreement. The Guardians said they are committed to their sustainable investment strategy and are "not overly distracted by what's happening in parts of North America." They said their commercial returns have not been inhibited by their sustainable investment strategy. The Guardians noted that the Paris-aligned index has broad uptake by different investors around the world, and said this uptake is not directly correlated to whether certain countries are part of the Paris Agreement.

Relationship with Māori

We discussed the Guardians' relationships with Māori. The Guardians said they are proud of their relationships, noting that they span multiple asset classes. We heard that the Guardians look for opportunities for genuine partnerships with Māori, describing this as critical to how they operate and invest domestically.

⁴ Guardians of New Zealand Superannuation, [2023/24 annual report](#), p 78.

The Guardians highlighted their work with Te Pūia Tāpapa Fund and Ngāi Tahu. They also said their relationship with local iwi was a large part of why they did not invest in an offshore windfarm in the South Taranaki Bight.

The Guardians said it is not appropriate for them to have a general policy view on whether Māori should have early access to superannuation.

Personnel

There were several key changes to the Guardians' leadership in 2023/24:

- John Williamson became the board chair. He has served on the board since May 2016.
- Jo Townsend was appointed chief executive.
- Michael Mitchell was appointed chief risk officer.
- Brad Dunstan and Will Goodwin were appointed joint chief investment officers.

The annual report identified “employee capability and capacity shortfall” as an elevated principal risk:⁵

Successful execution of our purpose relies on our ability to attract and retain our workforce while managing the optimal people-resourcing mix, being change capable and ensuring effective knowledge capture and transfer.

Although this risk has remained elevated since last year, the reasons for this have changed. Originally, it was due to concerns about the ability to recruit and the wellbeing of staff (particularly in the COVID-19 period), but now is more about ensuring new staff are properly connected with experienced staff with deep institutional knowledge.

The Guardians said it is not easy to get employees who are experienced. Nonetheless, we heard that New Zealand is seen as an attractive place to work for people who have completed their overseas experience and are ready to return home. The Guardians said they have an organisation with a great purpose, and they can offer interesting roles to people. They described their jobs as important and quite specialised.

We asked what new opportunities accompany the new leadership team. The Guardians said the fund has been “extremely successful” over the last 21 years, so the opportunity they have is to make sure the organisation continues to be successful. They referenced a technology and data project as an example of how they could create efficiencies (there were several legacy data platforms that needed to be consolidated and bought into the modern-day environment). The Guardians said one challenge in the years ahead will be to prepare for the fund to double or triple in size, and the implications this will have for technology and staff. They said they are always working to simplify and go faster.

Engagement with other pension funds

We asked the Guardians whether they have learnt anything from the experience of other, older pension funds around the world. The Guardians said New Zealand's geographic

⁵ Guardians of New Zealand Superannuation, [2023/24 annual report](#), p 105.

isolation means it is critical to be relevant and engaged intellectually and commercially with peer funds. The Guardians said that all pension funds face the same challenges around people, technology, and data. We heard that New Zealand is seen as world-leading in many respects, so the learning occurs in both directions.

Appendix

Committee procedure

We decided to conduct the 2023/24 annual review of the Guardians of New Zealand Superannuation as a review briefing. On 2 April 2025 we heard evidence from the Guardians for 53 minutes and received advice from the Office of the Auditor-General. We sent written questions to the Guardians for response. We met again on 25 June to finalise this report.

Committee members

Cameron Brewer (Chairperson)
Jamie Arbuckle
Dan Bidois
Hon Barbara Edmonds
Ryan Hamilton
Mariameno Kapa-Kingi (from 4 June 2025)
Nancy Lu
Hon Dr Deborah Russell
Todd Stephenson
Chlöe Swarbrick
Rawiri Waititi (until 4 June 2025)
Hon Dr Megan Woods

Related resources

We received the following documents as advice and evidence for this review briefing. They are available on the [Parliament website](#), along with the [Hansard transcript](#) and [recording of our hearing](#).

- Office of the Auditor-General (Briefing on the Guardians of New Zealand Superannuation).
- Guardians of New Zealand Superannuation (Responses to written questions).