

# Out & about

ANNUAL  
REPORT 2015/16



Commission for  
Financial Capability  
Building wealthy lives



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Presented to the House of Representatives by the Retirement Commissioner pursuant to section 150(3) of the Crown Entities Act 2004. The Retirement Commissioner is an Autonomous Crown Entity under the Crown Entities Act 2004, with its role established under the New Zealand Superannuation and Retirement Income Act 2001. The Commission for Financial Capability is the office of the Retirement Commissioner.



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# From the Retirement Commissioner

## As we commence our three-yearly review of retirement income policies we continue to challenge ourselves on what role the Commission can and should play in preparing New Zealanders for the future.

Irrespective of what policy changes occur in the next two decades, the role of private provision will need to increase as our population ages and our dependency ratios change. Our work building financial capability across all generations and ethnicities is critical for the financial resilience and health of our future retirees. We know that reaching retirement in good shape is about 'little and long', it's the aggregate of our decisions across a lifetime and as such, the starting point has to be embedding financial capability in schools. We've made good progress across our school clusters, and developed content which is now available nationally, but there is more to do and 2017 will see us deliver greater scale across the education sector.

In December 2014 CFFC made the shift from talking about literacy to capability and last year we invested time and resource in explaining the difference between what you 'know' and what you 'can do'. It's good to see that NZ has broadly embraced the change and we now see the term capability more widely understood and used consistently. The goal of translating knowledge into action has informed our thinking and our priorities.

We continue to challenge ourselves on our effectiveness in building financial capability, making difficult calls on where we should be deploying our resources, and what will have the biggest impact on NZ overall. We manage the tensions between mass digital tools like Sorted, which we know equip people to navigate financial choices, versus our face-to-face programmes that address more ingrained beliefs and habits around money. The programme model is based on an investment approach, meaning the work is resource intensive and smaller in scale, but the impact is greater because it addresses long term liabilities.

The Sorted website has been rebuilt and relaunched and now renders on mobiles and tablets. We've seen an immediate and substantial decrease in our 'bounce rate' because the user is finding what they need, on the device of their choice. The navigation is clearer, the language simplified, the finger-wagging tone removed, and we've dialed up the use of graphics and visuals. We've also added more content, blogs and tips to keep people coming back. Sorted has a new budgeting app, with user numbers hitting 14,000 per month.

The Sorted mouse retired to make way for a new look that is more tailored to the individual, and more reflective of New Zealand today. He still makes the odd appearance but we needed to acknowledge that we have a new generation of users who grew up swiping screens not clicking a mouse, and for whom he had little relevance.

For some New Zealanders the first introduction to the Sorted site and tools is during our six to nine week face-to-face programme that they may have gone through as part of a community, iwi, or church initiative or through their workplace. The programmes: Sorted Community, Pasifika, Whānau and Workplace cover debt, cultural obligations, KiwiSaver, wills, consumer rights, and more. They equip people to build up a rainy day buffer, something we know makes a substantial difference to financial resilience and long-term financial health. They also build confidence which is, in reality, the core ingredient for building capability.

All programmes include a pre and post evaluation so that we can track change, and a sub-set undergo a more extensive evaluation to test the sustainability of the change, alongside the secondary but important life changes such as changed diet, smoking cessation, family cohesion etc.

A new Home Ownership programme is currently being rolled out, and two others 'Women and Money' and 'Investor Education' are completed and ready to go.

The addition of a new GM Community and Education, and two further full-time roles working with Māori and Pasifika, has extended the scale and reach of our work. Critically the content and approach are originated by and for Māori and Pasifika, not simply a translation of existing work.

Early 2016 CFFC launched its health analogy framework, something we had been using internally but after some positive external feedback we decided to broaden its use. The three groups of 'Intensive Care', 'In the Ward' and 'GP Visits' are based on a set of criteria around what people think and what they do: their behaviours and attitudes.

The framework enables us to 'triage' our work, to ensure that our resources are allocated in the right way, and delivers a deeper understanding of the barriers to behaviour change. Over the year the Commission has done extensive research amongst each group, informing our planning and materials, and is about to launch a barometer that will track change in knowledge and behaviour over time.

To come full circle, the review of retirement income policies is in progress, with the final recommendations due December 2016. The focus of the work has been on building awareness and understanding amongst the New Zealand public of the demographic changes underway and the challenges ahead.

Too much work in this space is insular, circular, and jargon-filled. As such, it remains an opaque subject to the general public when in reality it needs to be accessible, compelling, relevant and easily understood. The 2016 review has been broken into seven themes across seven months, directly engaging over 350,000 people via surveys, YouTube, website content, Facebook, and filmed interviews. Based on the belief that 'politics is downstream from culture', this work needs to be done before we can hope to bring about the necessary policy change.



**Diane Maxwell**  
Retirement Commissioner  
31 October 2016

# Statement of Responsibility

**We acknowledge responsibility for:**

- The preparation of the Retirement Commissioner's (operating as the Commission for Financial Capability (the 'Commission')) Financial Statements and Statement of Performance, and the judgements made within them;
- Any end of year performance information provided by the Commission under section 19A of the Public Finance Act 1989; and,
- Establishing and maintaining a system of internal control that is designed to provide reasonable assurance as to the integrity and reliability of the Commission's financial and non-financial reporting.

In our opinion, these Financial Statements and Statement of Performance fairly reflect the financial reporting position and operations of the Commission for the year ended 30 June 2016.



**Diane Maxwell**  
Retirement Commissioner  
31 October 2016



**Hamish MacKenzie**  
General Manager – Finance & Corporate Services  
31 October 2016



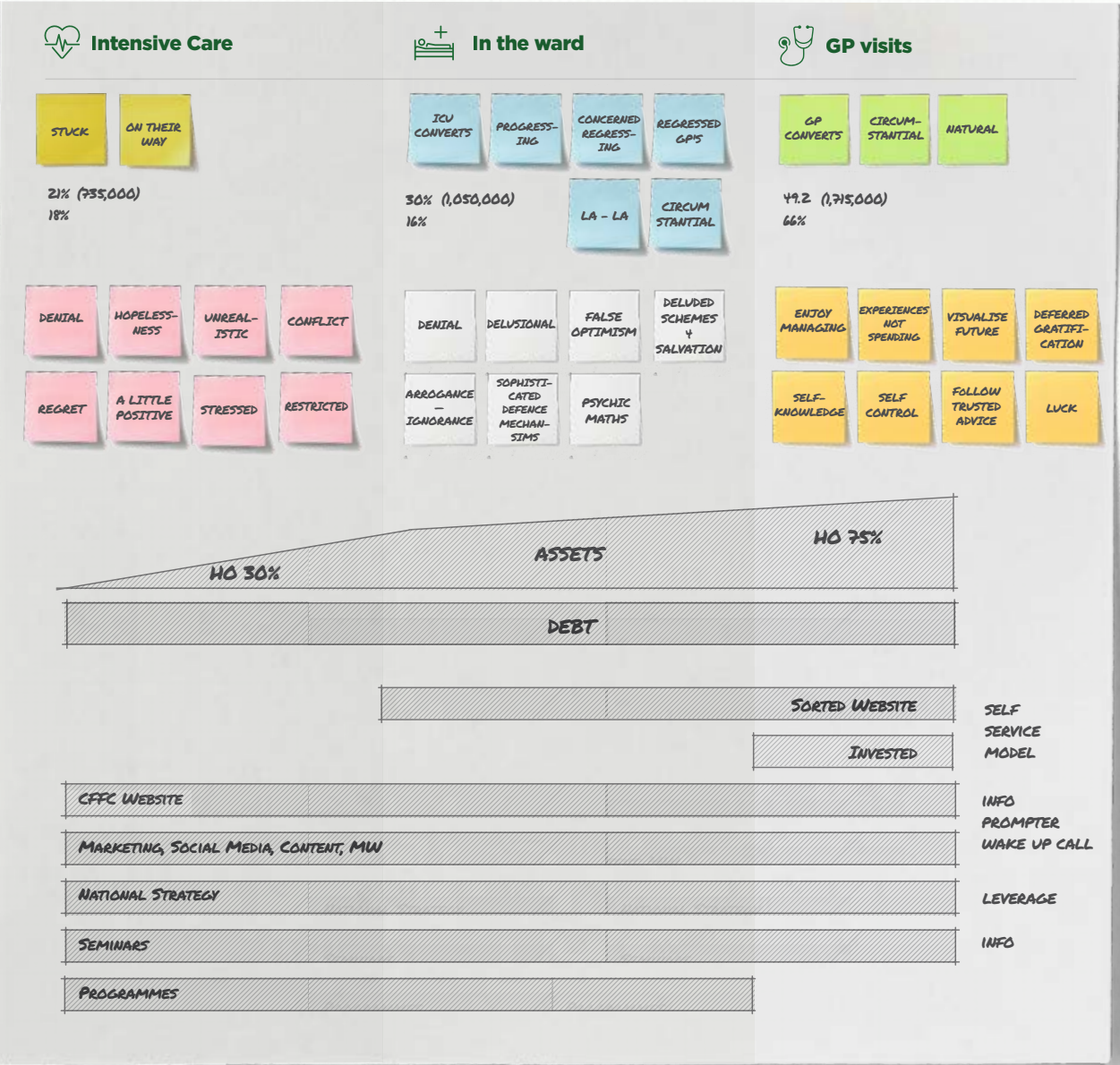


# A glimpse under the bonnet of our strategic framework

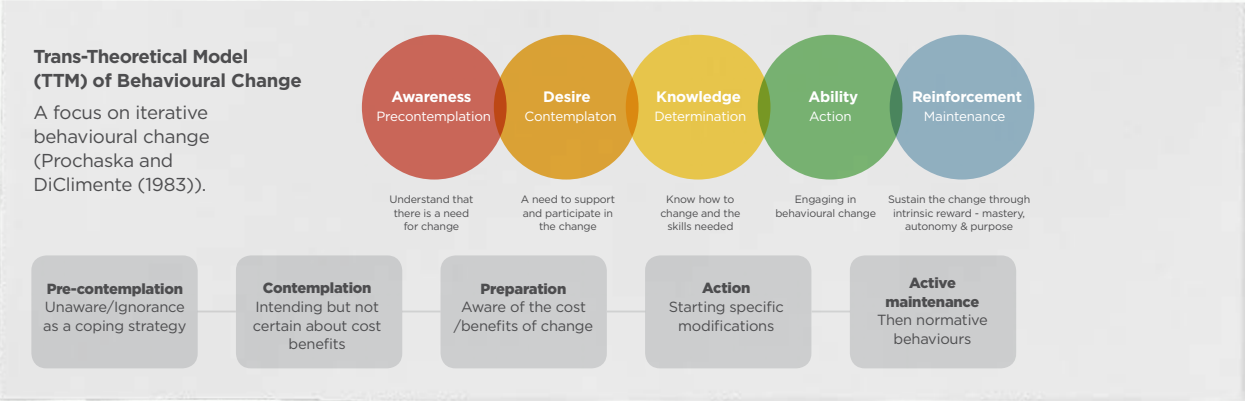
We've re-framed the way we define the financial needs and behaviours of New Zealanders by developing a health analogy, which informs the resources and support that the Commission provides.

Our qualitative and quantitative research has supported our work to develop a triage tool, placing people in one of three groups: intensive care, in the ward, and GP visits. Our investor education work is primarily targeted at those defined as GP visits, while Sorted spans the same people and those in the ward, and our face-to-face programmes have a greater focus on those in intensive care.

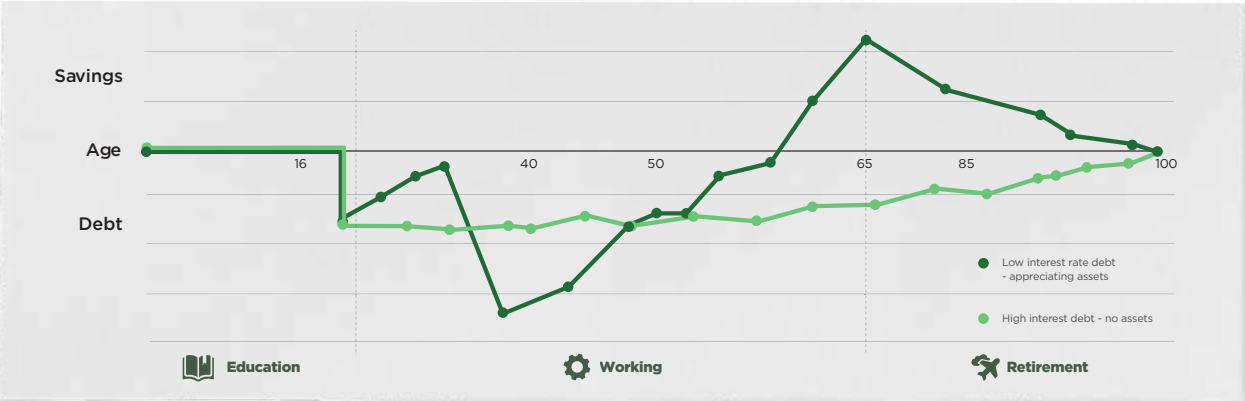
## Behavioural & Attitudinal - What we think, what we do...



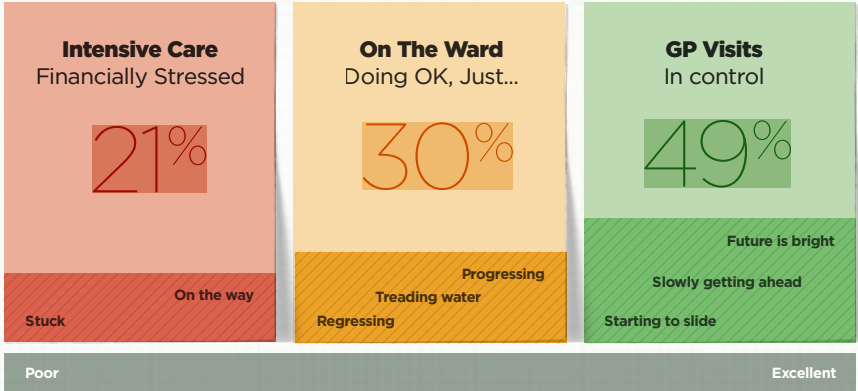
## Original model for understanding the stages of long-term change



## Net Position over time



## Adult Financial Health





# Investment approach

## Investor education

This year we have developed a wide range of investor education materials, rolled out an extensive national media campaign and ran seminars up and down the country. With 2.6 million New Zealanders now in KiwiSaver we have focused on helping them to see themselves as investors, not savers, and have given them resources to make better-informed decisions that could have a significant effect on their long-term financial wellbeing.

We have continued the development and promotion of the [invested.co.nz](http://invested.co.nz) website, increasing the number and breadth of videos available to people with their foot on the first rung of investing.

We have also increased our online and digital content, running campaigns on social media platforms, such as Facebook and Twitter, as well as developing news stories, blogs, podcasts and videos, making investor education a constant theme in our Commission and Sorted social communications and media discussions.

## Sorted

Based on the recognition that 40% of our traffic to Sorted was coming through mobile phones and tablets, we rebuilt, rebranded and relaunched the [sorted.org.nz](http://sorted.org.nz) website, so that it could be used on any device or desktop.

At the heart of the rebrand were three small words, which made a fundamental difference to Sorted's focus: we switched from talking about 'you to me', putting the user at the centre of everything.

More than a million unique users visit the site annually for guides and tools to help with an array of financial matters including planning, targeting debt, and saving for retirement.

The tools are more visual and the content more tailored than on the previous incarnation of the website, resulting in an increase in traffic and a smaller bounce rate away from the site.

We know that it's hitting the mark because it's had more than 7.5 million page views, but that doesn't mean we're complacent: we've got more ideas up our sleeve for the future.

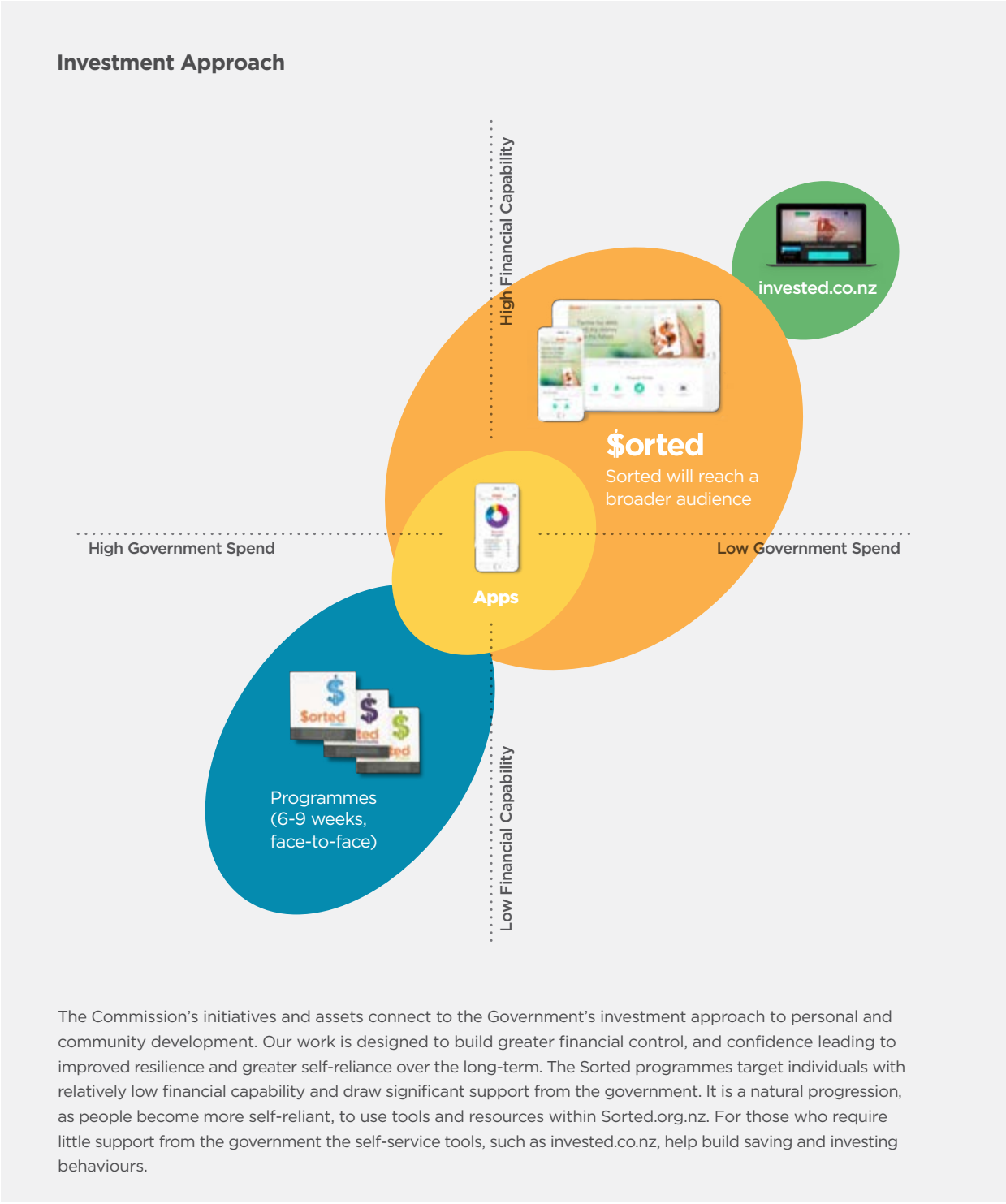
## Programmes

Our workplace and community programmes have been rolled out across the country, with multiple initiatives in partnership with employers, NGOs and other government agencies.

This follows the successful trial of our pilot schemes and the subsequent evaluation and development of the content and delivery, to ensure each programme produces the desired outcomes for its participants.

We have refined our 'Sorted Community' to include home ownership and developed an investor education component for the programmes.

A key focus is being placed on supporting Māori financial capability programmes and Pasifika initiatives, including a church-based series and a youth programme.





# Review of Retirement Income Policies

**This year we are undertaking a three-yearly review of retirement income policies, which will result in recommendations being presented to the government in December 2016.**

One of our goals was to start a national conversation about a topic that affects all of us, but which can be thorny to discuss.

Among our objectives was to assess the impact of existing retirement income policies on current and future generations of New Zealanders, with an eye on the affordability of NZ Superannuation in the future, then recommend policy changes where appropriate.

### A new approach

The review is an important and lengthy piece of work so we chose to take a different approach from previous years, breaking the subject down into seven themes over seven months. This allows us to probe more deeply into the issues facing New Zealand and hear from people of all ages, ethnicities and backgrounds about their expectations and aspirations for the future.

We kicked off with KiwiSaver, then introduced the nation to the concept of decumulation. This was followed by a focus on our ageing workforce; who pays for what; vulnerable groups; who gets what; and the international picture.

### Engagement with New Zealand

As part of the review we are consulting widely with the public, using a mixture of research, surveys, communication through the media and at events and forums. This approach has struck a nerve and generated engagement that far exceeds our expectations: in the first three months (up to 30 June 2016) the review section of [cfc.org.nz](http://cfc.org.nz) attracted 90,000 visitors, with 9,100 completing five surveys and nearly 3,500 leaving comments; review videos were watched by 124,000 people.

We also sent our ‘Tales from the Tent’ around New Zealand, for a video series capturing people’s thoughts about the future and gaining an insight into their attitudes towards current policy and some options for change.

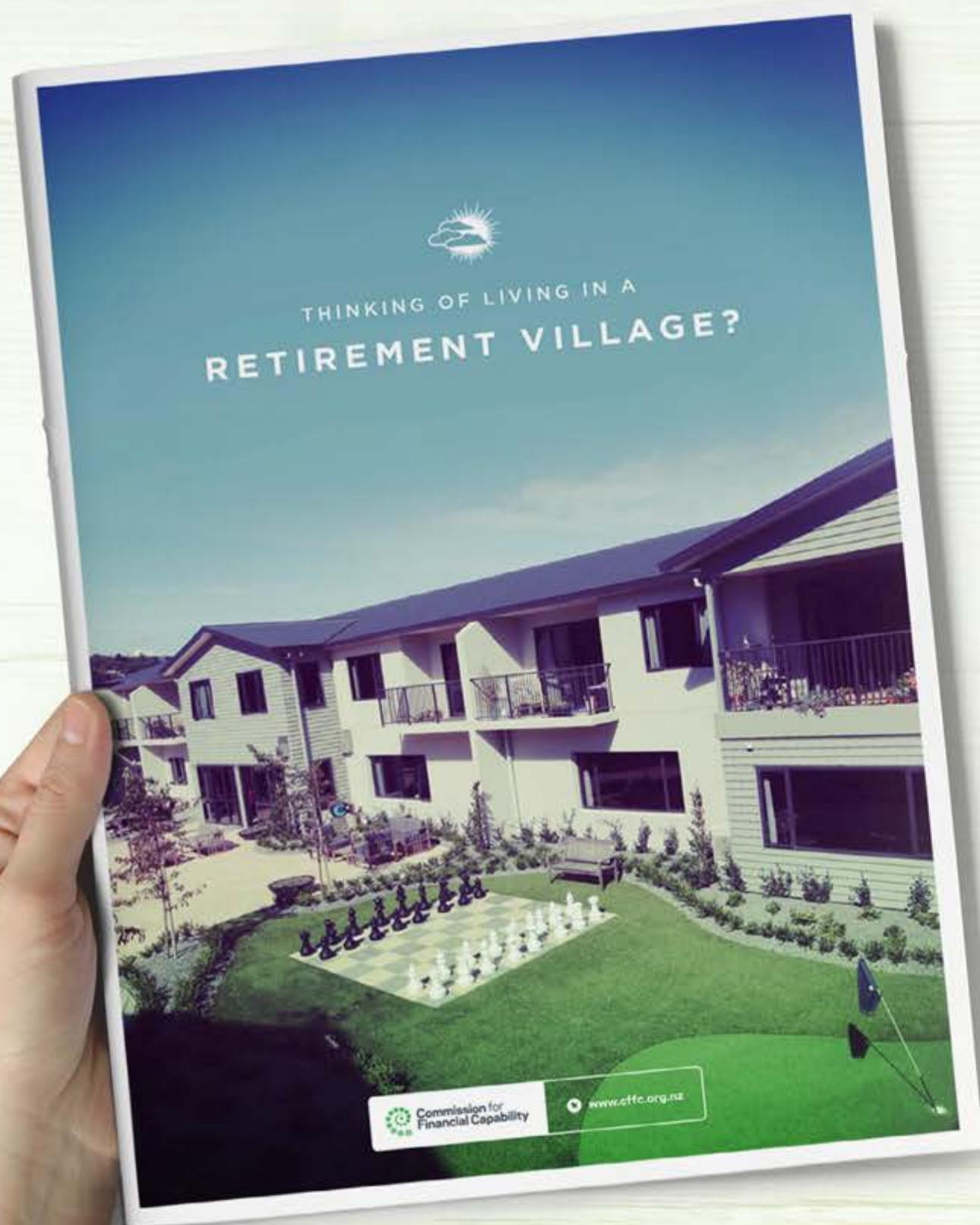
### Research approach

We employed a range of methods to understand the challenges and potential solutions facing New Zealand, as well as to gather thoughts, ideas and opinions from a diverse group of government agencies, financial service providers, academics and the public.

The methods included carrying out qualitative and quantitative surveys, market research, a business panel, and online surveys; commissioning specialist academic and briefing papers; facilitating online submissions; and hosting forums with government and industry experts. Realising that substantial work has already been done in this area we also drew on a wide range of existing government research to inform our understanding of the issues.







## Retirement Villages

**Over the past year we have broadened our monitoring activity beyond market research and reviewing annual reports.**

**One of the major ways we have expanded our work in the retirement villages area is by implementing an extensive stakeholder engagement programme. We have also taken back responsibility for providing information and education to people living in villages, as well as to prospective residents.**

### Seminars

Our 'Thinking of living in a retirement village?' seminar series has continued to grow and reach new parts of the country. At the last count we had hosted 19 public education seminars, reaching 1,900 people with many more registering their interest in attending the over-subscribed events. The seminars, supported by the Retirement Villages Association and experienced lawyers, focus on topics including the types of villages, costs, and residents' rights.

### Booklets

The demand for places at the seminars is huge and we realise that not everyone can attend, we also know that those who do turn up often like to go away and reflect on what they have heard. So we have produced a new, improved version of our guide 'Thinking of living in a retirement village?'. It is aimed at people who are considering moving into a retirement village and contains important information about the personal, legal and financial implications of choosing to become a resident.

### Monitoring

We have organised a series of forums and workshops for residents, to help them understand their rights and to ensure that we are aware of any issues or concerns that may be emerging. We also hosted an industry stakeholders' forum and attended conferences and forums organised by the operators, the Retirement Villages Association and Aged Care.

This enabled us to keep abreast of issues and trends that are emerging in the industry and build relationships with all involved, so that we can be satisfied the regime is protecting the interests of residents and intending residents. We have re-established a regular monitoring report covering a specific issue each time. The last one focused on the disputes process and led to recommendations to change the Retirement Villages Code of Practice. The next one will investigate the effectiveness of legal advice for residents.

### Code of Practice review

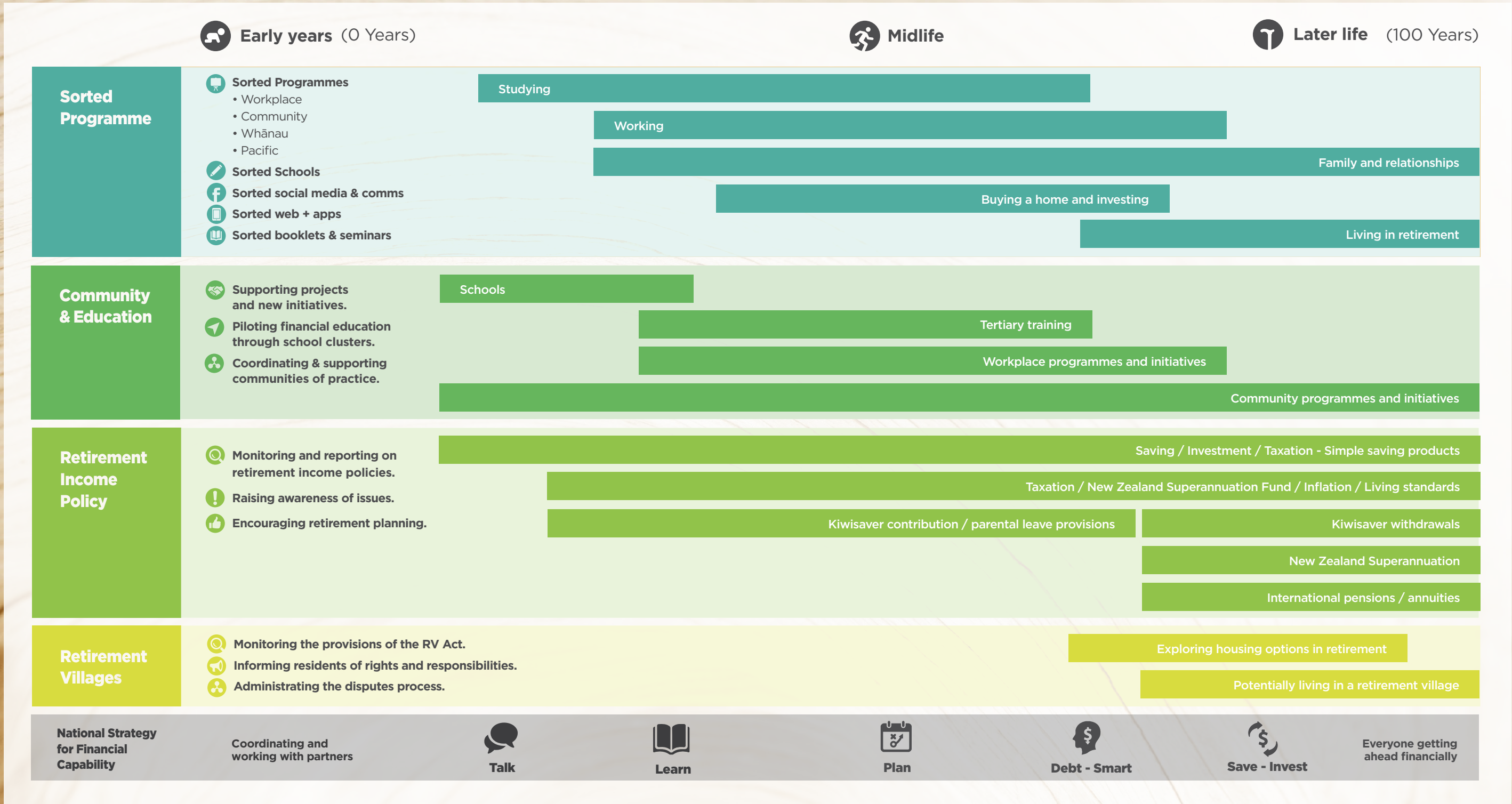
A number of issues were identified with the disputes panel system during our monitoring activity, including a gap between the complaints process in villages and the formal disputes process. The Commission organised a forum with residents, operators, lawyers, supervisors and other interested groups to discuss potential solutions to improve the system.

We then carried out widespread consultation around proposed changes to the Retirement Villages Code of Practice. This culminated with final recommendations being drawn up and presented to the Minister for Building and Housing around ways to improve the process for resolving disputes in retirement villages.



# What we do

We drive change on a face-to-face basis, on a mass scale through our digital channels, and by influencing policy.



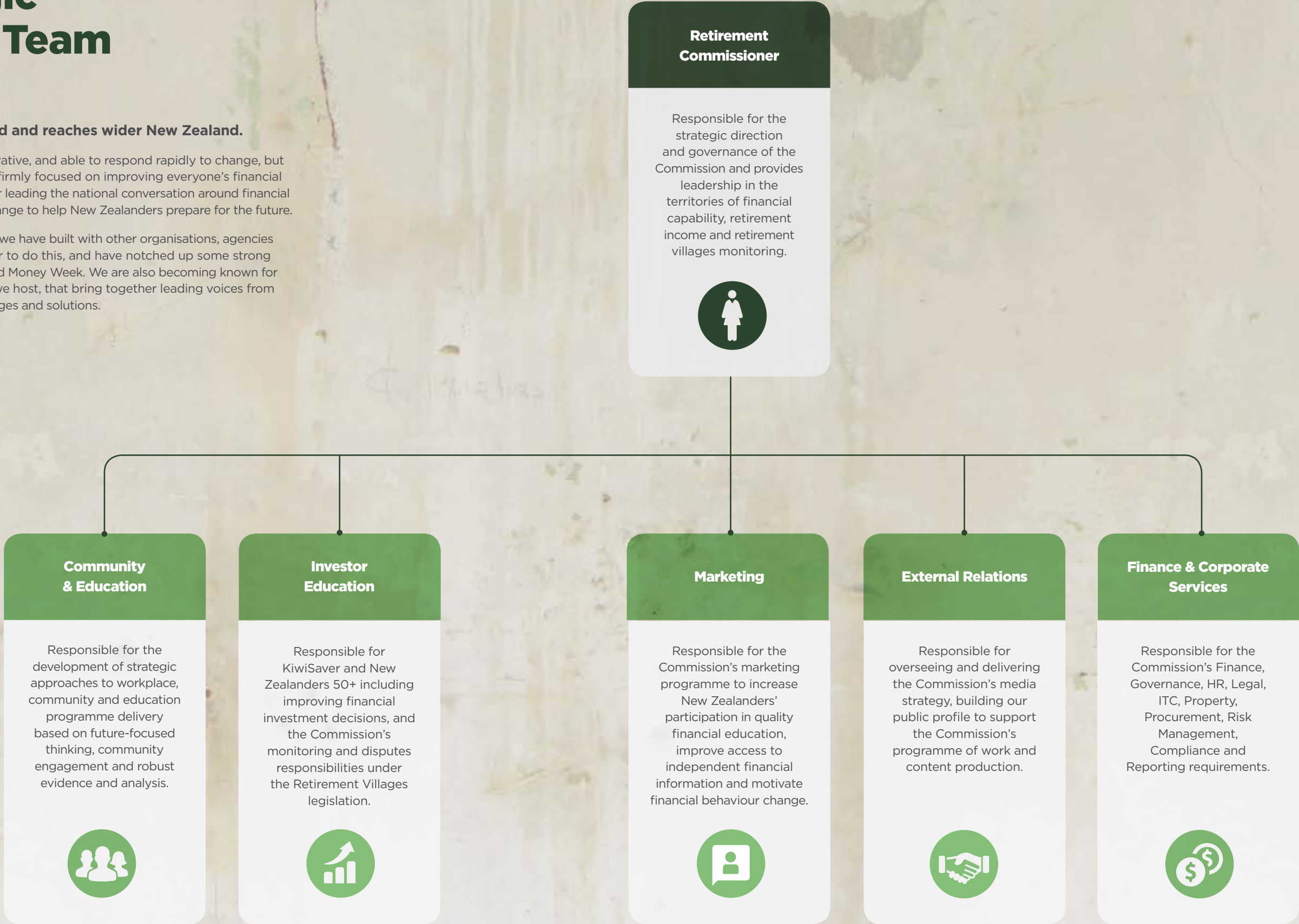


# Our Strategic Leadership Team

**A team that’s both on the ground and reaches wider New Zealand.**

Our leadership team is lean, agile, innovative, and able to respond rapidly to change, but with a long-term strategic view that is firmly focused on improving everyone’s financial wellbeing. We have built a reputation for leading the national conversation around financial capability and supporting behaviour change to help New Zealanders prepare for the future.

We pride ourselves on the relationships we have built with other organisations, agencies and financial capability experts in order to do this, and have notched up some strong successes together, most notably around Money Week. We are also becoming known for the conferences, forums and summits we host, that bring together leading voices from around the world to share ideas, challenges and solutions.





# Our Strategic Leadership Team



**Diane Maxwell**

*Retirement Commissioner*

Diane was reappointed as Retirement Commissioner in June 2016 for a further three-year term. During her first term the organisation changed its name and moved location to Auckland, with an increased focus on low income and vulnerable New Zealanders. Diane joined the Commission from the conduct regulator the Financial Markets Authority where she worked on the relationship between compliance, regulation, informed investors, improved disclosure and product innovation. Prior to FMA Diane was at BNZ.



**Hamish MacKenzie**

*General Manager  
Finance & Corporate Services*

Hamish leads and oversees the Commission's finance and corporate service functions. He is a Chartered Accountant and qualified economist with extensive senior management experience in finance, internal audit, risk management, insurance and governance. Hamish's previous roles have included Group Manager - Internal Audit, Risk & Insurance at SKYCITY Entertainment Group, Head of Risk Assurance & Audit at Farmers and Associate Director at KPMG. Hamish works across all aspects of the Commission and provides guidance, advice and counsel on the 'bigger picture' to drive transformation and improve financial oversight and operational effectiveness at the Commission.



**David Boyle**

*Group Manager  
Investor Education*

With a focus on the 50+ age group, David's role is to help New Zealanders plan and transition from working income, to investment income and how best to get there. With over 32 years of experience in the financial services industry he brings a wealth of experience to the Commission. Previously, David was GM Distribution Funds Management for ANZ Wealth and a member of its leadership team. Earlier he was GM Funds Management and responsible for the end-to-end accountability of their investment product range including KiwiSaver and managed investment funds. David is the Commission's representative on the Government steering group that is reviewing the Financial Advisers Act.



**Glenn Martin**

*Group Manager  
Marketing*

Glenn is focused on the mass reach communications and tools that support behaviour change and improvements in financial capability on a national basis. The Commission's digital channels such as sorted.org.nz and platforms such as Money Week are key assets in supporting these outcomes. Glenn joined the Commission from Pfizer New Zealand as Group Product Manager where he contributed to behaviour change associated with smoking cessation, heart health and men's health. Within Pfizer Glenn also managed the supply chain and customer services functions for the pharmaceutical, consumer and animal health businesses. Glenn's background in supply chain came from consulting roles at PricewaterhouseCoopers.



**Peter Cordtz**

*Group Manager  
Community & Education*

Peter is tasked with leading the delivery of strategic programmes into the community, schools and workplaces to improve outcomes for financially vulnerable New Zealanders. This includes developing the Commission's capacity to work with Māori and Pasifika stakeholders. He arrived at the Commission from a transitional role as Acting CEO of BEST Pacific's Leadership Academy and Charitable Foundation, following four years as Chief Executive of the Pacific Business Trust and seven years as General Manager of New Zealand Rugby League.



**Jane Luscombe**

*External Relations Manager*

Jane oversees the Commission's media strategy, manages its reputation and builds its public profile. She is a BBC-trained broadcast journalist with considerable experience in reporting, producing and presenting news and current affairs overseas and in New Zealand. Her career began as a reporter on an evening newspaper in the UK, before joining the BBC where she worked in television and radio, specialising in health then British and European politics. Prior to joining the Commission she spent nine years working as a reporter and producer for 3 News, where she built up extensive contacts within the industry and inside government.



# Being a good employer

## Behind the Strategy

The Commission is committed to being a good employer and to providing equal opportunities for all individuals and groups. We maintain a clear focus on leadership, workforce development, people management and engagement with our employees.

We have also made the most of the diverse talent pool that works at the Commission by promoting the equal employment opportunities and good employer principles to which the Commission adheres. This includes offering equal employment opportunities to prospective and existing staff, and recognizing the employment aims of Māori, ethnic minorities, women and people with disabilities.

We encourage all staff to participate in the development, implementation and assessment of our EEO policies. For example, this year, based on staff requests, we added an 'other' category to our gender reporting (eg. for anyone that self-identifies as transgender, takatāpui and intersex).

We also use our membership of Diversity Works (formerly the Equal Employment Opportunities Trust) to support our EEO programme, raise awareness and educate our staff about EEO issues.

## This year the Commission has focused on:

- Further developing key leadership talent;
- Providing appropriate learning and development opportunities and events across the Commission;
- Encouraging and supporting employee-led initiatives to grow employee engagement;
- Reviewing and implementing new policies to continue to support our people and culture, our Code of Conduct and our values; and,
- Implementing a robust health and safety plan that is focused on the review and management of the Commission's key risks and control measures to reflect changes under the new Health and Safety at Work Act.

The list opposite outlines our achievements against the seven key elements of being a good employer, as set out by the Human Rights Commission:



## 1. Leadership, Accountability and Culture

- Strong leadership and clear vision where people are valued.
- Alignment between strategic objectives, individual objectives and performance measures.
- Engagement processes with employees and opportunities for them to engage and participate in organisational decisions.
- Encouraged and supported employee-led initiatives to grow employee engagement.
- Managers accountable for ensuring EEO and managing diversity.

## 2. Recruitment, Selection and Induction

- Impartial, transparent employment process.
- No barriers or biases to employing the best person for the job.
- New hires surveyed on ethnicity, gender, age and disability to help understand employee profiles and hiring behaviours.

## 3. Employee Development, Promotion and Exit

- Positive, equitable approach to developing all employees.
- Equitable treatment for all employees to move up, through and out.
- Transparent and fair staff development practices in training, coaching, mentoring, promotion and performance management.
- Delivery of a range of technical and functional training and development.
- Each employee works with their manager to prepare their own personal development plan.
- All employees encouraged to contribute to EEO policy development and initiatives.

## 4. Flexibility and Work Design

- Workplace design that assists employees to balance work with the rest of their lives.
- Consideration of flexible work practices to accommodate staff employment requirements.
- Reasonable accommodation is made for employees with disabilities.
- 100% target return rate from parental leave.

## 5. Remuneration, Recognition and Conditions

- Equitable, transparent and gender-neutral remuneration system based on individual performance and market benchmarking.
- Equal access to job opportunities and conditions.
- Individual, peer and team recognition is encouraged and practiced.

## 6. Harassment and Bullying Prevention

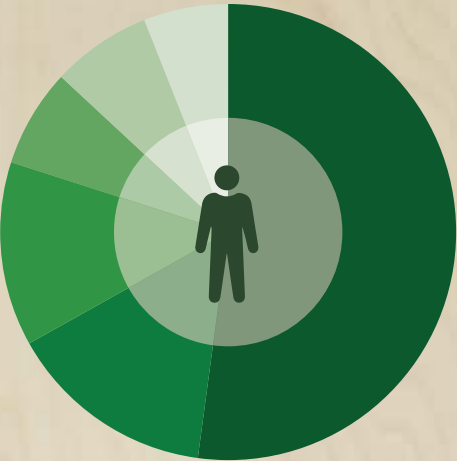
- Our Code of Conduct ensures that all employees maintain proper standards of integrity and conduct in accordance with our values.
- Zero tolerance of all forms of harassment and bullying.
- Managers and staff trained on their rights and responsibilities.
- Policies for addressing harassment and bullying complaints.

## 7. Safe and Healthy Environment

- The Commission continues to invest in health and safety and has a proactive approach to employee health, safety and wellbeing.
- All managers and staff are trained on their rights and responsibilities.
- Environment that supports and encourages employee participation in health and safety.
- Measures to enhance staff wellbeing include an Employee Assistance Programme, workstation assessments, visual care provisions, free flu vaccinations and an on-site HeartStart defibrillator.

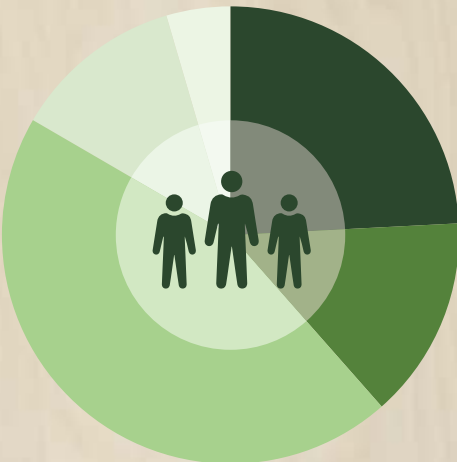


# Workforce Profile



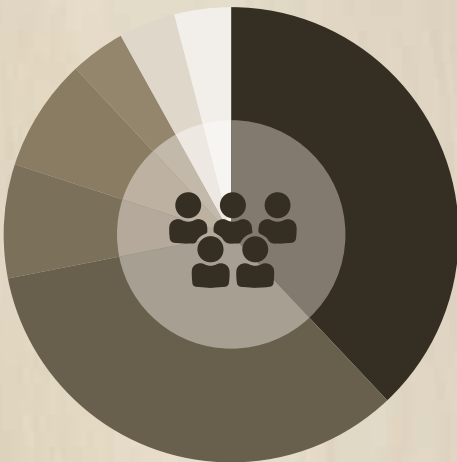
## Ethnicity

- NZ European/Pakeha - 52%
- Other European - 15%
- Māori - 13%
- Asian & Indian - 7%
- Other/Not Specified - 7%
- Pasifika - 6%



## Age Profiles

- 20-30 - 22%
- 31-40 - 22%
- 41-50 - 41%
- 51-60 - 11%
- 61+ - 4%



## Resource Allocation

- Marketing & Communications - 38%
- Community & Education - 34%
- Finance & Corporate Services - 8%
- Retirement Commissioner - 8%
- Investor Education - 4%
- Retirement Villages - 4%
- Review of Retirement Income Policies - 4%



**44%**  
Male

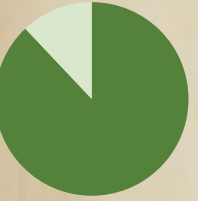
**56%**  
Female



**4%**  
Of our employees have  
a declared disability

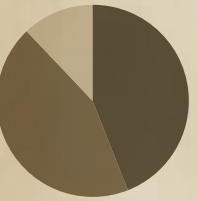


**7%**  
Of our employees have  
a non-traditional sexual  
orientation



## Employees

- 27 Employees (FTE: 23.8)
- 12% of our employees  
work part-time



## Tenure\*

- Less than a year - 44%
- 1-2 years - 44%
- 3-4 years - 12%

\*Impacted by office relocation from Wellington to Auckland in 2014.



# National Strategy for Financial Capability

Everyone getting ahead financially

## Behind the Strategy

The vision outlined in the National Strategy for Financial Capability is to equip everyone to ‘get ahead financially’. It sounds good, but what does it actually mean? And does ‘getting ahead’ resonate with everybody or is it just a pipe dream for some?





# Out & about

“ We were blown away about how much we spent on takeaways... \$170 a week. Live like it's Xmas one day then it's back to noodles and milk for the rest of the week. ”

## ✔ Connecting people to the National Strategy

There are some people who think financial capability is all about numbers. If that was true, most of the staff at the Commission probably wouldn't work here. For us, it's about people and stories and behaviour change: what we can learn from each other that will help each of us get more control over our money and our futures.

That's why each of the following pages are organised around the National Strategy and start with a quote from some of the people we have met. They have changed some of the things they do and celebrated the results with us.

We've spent the year travelling up and down New Zealand talking to as many people as possible, sharing what we've learned and planning for the years ahead. We want all New Zealanders to be better prepared for whatever life throws at us, whether that's making smarter choices around debt or saving and investing.

We have agreed as a country that financial capability matters and that collaboration is essential. Through the National Strategy we are pulling together like never before: at the last count 94 organisations have exchanged information and ideas to lift levels of financial capability for people of all ages and ethnicities and across urban, regional and rural New Zealand. And because everything we do has the National Strategy at its heart, so does this report.



**SINCE JULY 2015 THE NATIONAL STRATEGY HAS:**

**DOUBLED** THE NUMBER OF CROSS-GOVERNMENT ORGANISATIONS COLLABORATING ON FINANCIAL CAPABILITY

**REDUCED DUPLICATION,** SAVING TIME/MONEY





# Talk



## We need to talk

“ We never talked about money at home and never learnt about it at school. ”

### Making the news

We have established an in-house production team to create news stories, videos, podcasts and blogs which allow us to tailor our messages to specific audiences and keep control of the content.

But we also recognise the value of building relationships with the mainstream media, to ensure we reach as many New Zealanders as possible.

The Commission and its spokespeople have become recognised voices in newspapers, online, on radio and television, earning an equivalent ad spend of \$11m.

### No ordinary review

In 2016 the Commission is undertaking its three-yearly review of retirement income policies. The aim is to engage as many New Zealanders to take part in the discussion as possible.

This is no ordinary policy review and there is no shortage of opinion and feedback. YouTube videos on review topics were watched by 124,000 people from April to June 2016.

Our surveys on KiwiSaver, retirement spending, and our ageing workforce were completed by more than 9,100 people, and we are still counting. More than 3,500 comments were added to the Commission's review webpages.

### Candy Crush and confessions

A confessional isn't what you'd expect to find in most offices – but we've set one up behind a big curtain, where visitors are encouraged to admit their financial sins for our new Commission Confessional YouTube series.

If you've ever wondered what the addictive game app Candy Crush has to do with the amount of money you'll have in retirement, then you need to click on our new blog section at [cffc.org.nz](http://cffc.org.nz).

As well as hearing from Commission staff, you'll find out what well-known New Zealanders think about the future in our celebrity blog series.

	<b>REVIEW PAGES APRIL - JUNE</b> <b>29,000 VISITS</b> <b>58,000 PAGE VIEWS</b>
	<b>VIDEOS WATCHED BY 124,000 PEOPLE APRIL - JUNE, UP FROM 1,900 PEOPLE JANUARY TO MARCH</b>
	<b>6,420 MEDIA STORIES EARNING AN EQUIVALENT AD SPEND OF \$11 MILLION</b>



# Talk

“ I have been talking to my boys about thinking early about saving and planning. ”



RADIO LIVE

## Talking money in the pews

Our Manukoloa – Pasifika Programmes manager had his heart warmed by a feisty, but respectful, discussion between a mother and daughter about whether church donations were a want or a need.

The Commission's job isn't to tell people what to think or do with their money, but get them talking. In this case it was a group of young people at the United Church of Tonga, in South Auckland, where we've created a safe space for talanoa, or open discussion, around money.

## Talking to New Zealand

From Kaikohe to Queenstown, in shopping malls, community centres, cafes and online the Commission has asked New Zealanders what they think about retirement policy. Our 'Tales from the Tent' has travelled the country capturing on video people's answers to some challenging questions, then sharing their stories on YouTube and [cfc.org.nz](http://cfc.org.nz).

Forums on KiwiSaver, decumulation and the ageing workforce attracted financial services providers, business leaders, unions, academics, industry experts and media.

In December we'll talk to the Government. That's when the Retirement Commissioner will give her recommendations about what should change, what could change and what needs to change.

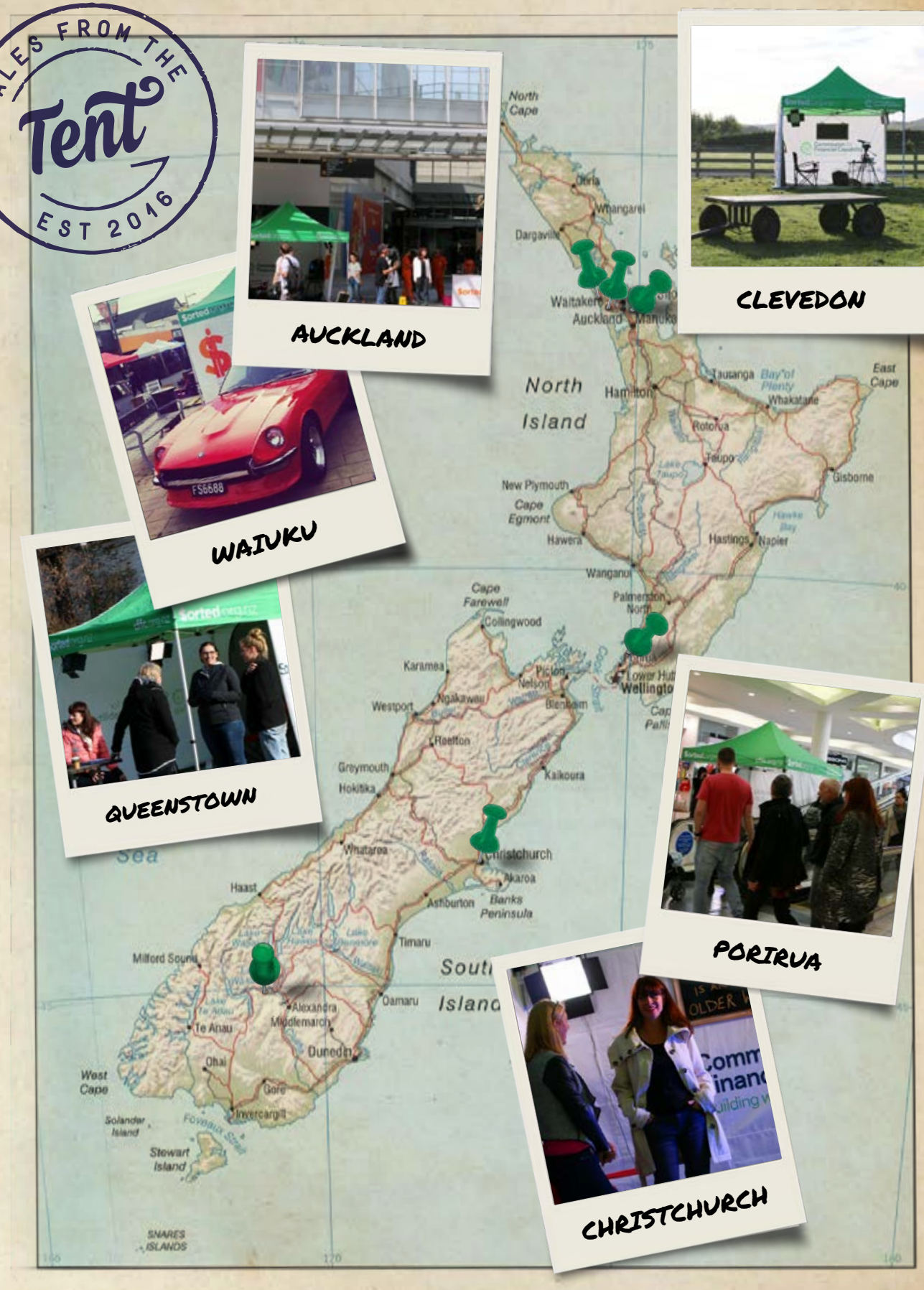
## Hitting the airwaves

"How many kiwis has KiwiSaver saved?" You never know what to expect when you walk into a talk back radio station and sometimes the questions, like that one from a Radio Live listener, can bemuse and baffle the best of us.

But it's one of the new ways the Commission is reaching as many different parts of the population as possible.

A slot on 'Your Money' with Karyn Hay on Radio Live helps us reach a national audience and lets them ask the questions that are niggling them. Many are about KiwiSaver, but other popular topics include investment scams and bad debt management.

We've also launched our own form of radio show with a podcast channel 'Show me the money'. It probes a little deeper into issues that matter to many New Zealanders, including KiwiSaver, decumulation and our ageing population, as well as sharing what we've learned from international experts.





# Life-long Learning

“ It has changed my whole life. Now I know the value of money....I now know what money is, I now know what money is for, I now know how to budget. ”

## Little and long

Nine more schools joined the Sorted Schools programme with a second cluster established in South Auckland, following the success of the Upper Harbour Sorted Schools initiative.

The schools worked together to share ideas and experiences, as well as developing resources and understanding around how to include financial capability in schools’ learning programmes.

The South Auckland project has vastly exceeded the initial goal of reaching 2,500 students, thanks largely to innovations by the teachers. They have redesigned their programmes in order to open up financial capability learning to more people, with 4,460 students benefiting, and those numbers are expected to grow.

And it’s not just the students who benefit. The programme included the wider community too: parents and whānau also got involved through workshops, information evenings and other events, so that the learnings in the classroom were supported at home.



## Making sense of cents

We were pretty stoked when our new video campaign designed for, and made with, our Māori community partners gained international praise.

But it was the New Zealand response that mattered most to us and it’s been awesome. The Making Sense of Cents series features Māori, coins and native birds and flora that provide a unique way of approaching financial capability.

The videos have been viewed nearly 20,000 times on YouTube and went a bit wild on Facebook too.

Keep an eye on [sorted.org.nz/maori](https://sorted.org.nz/maori) as we expand our range of stories and resources for Māori whānau, hapu and iwi.

	<b>SORTED SCHOOLS:</b> - 3,500 UPPER HARBOUR - 4,460 SOUTH AUCKLAND STUDENTS PARTICIPATED
	<b>104,000 VIDEO VIEWS</b> ON FACEBOOK





# Plan



## Seeing the future

“ I was just living in the moment, bouncing from place to place, no one I knew was interested in moving forward. It was really hard to do something different, something positive. ”

### ✓ It's all about you

We know it's hard to reach your goals without a clear pathway, which is why we are committed to helping all New Zealanders create a lifelong financial plan.

We also know that it will alter over the years as people's lives change, which is why the new-look Sorted website is such an invaluable resource. The personalised dashboard allows you to set goals, devise plans, track your progress and save everything, so you can update it when you want.

The mouse went with barely a squeak as part of the revamp. Now it's all about helping you see your future, with some great new budgeting and planning tools to get there.

The more you use Sorted and save your completed tools to the dashboard, the more you'll build up a picture of your financial situation – so you can see how far you've come and how to get ahead even faster.

It's not the only way we've been helping you plan: our investor education strategy provides resources and information to help you make decisions around investing, get the most out of KiwiSaver and develop a 'retirement survival kit' so the planning process is a little more fun and a lot less daunting.

### ✓ Towering toilet rolls

A tower of toilet paper and a stack of cereal helped Aucklanders picture what they might need if they retire at 65 and live for 30 years. It was part of our approach to “Show me the money week 2016”, our most successful week yet.

The focus was on getting people to see what they want and plan for it, whether that's their next holiday, their first home or their retirement.

More than 200 businesses, government agencies, schools, community organisations and individuals got behind the week, running 850 activities that involved more than 50,000 people.

We also released a joint survey with the FMA into KiwiSaver; launched a video series for our Māori community and promoted new resources for teachers.

\$	<b>SORTED.ORG.NZ:</b> <b>11 TOOLS / 60 GUIDES</b> <b>1 MILLION + UNIQUE</b> <b>USERS (ANNUALLY)</b>
\$	<b>MONEY WEEK 2015:</b> <b>260 - MEDIA STORIES</b> <b>5.5 MILLION (CUMULATIVE)</b> <b>- PEOPLE REACHED ON</b> <b>CFFC SOCIAL MEDIA</b>



# Exploring debt

“ I am now reading the contracts and understanding the meaning of the words, not just the numbers I have borrowed in the first place. ”

## ✓ Breaking habits and scoring goals

We loved this comment from someone who took part in one of our You and Your Money programmes: “Controlling my money gives me a feeling of dignity.”

Our programmes are tailored for communities and workplaces all over the country and this year has seen a vast expansion in the number of people being reached.

We’ve lost count of those who didn’t think the sessions were for them, but came anyway and left with new spending habits, savings plans, budgets and strategies to smash their debts.

With a network of 70 CFFC-affiliated facilitators, based across the country, we have the capability to offer quality seminars, tools and resources to New Zealanders everywhere.

## ✓ Sorted's new eye-opener

One of the tools that people on our programmes - not to mention thousands of Sorted users - have found revealing is our brand new debt calculator.

When we re-built Sorted this year we developed a visual way to help everyone see the total cost of their debts, credit cards, hire purchases, car loans and personal loans.

It has been an eye-opener for people, surprising them with the true cost of their purchases if they borrow to buy. There is a slider to help them work out how they can be debt-free quicker by increasing their payments, even by small amounts.



COMMUNITY PROGRAMMES



**742** PEOPLE COMPLETED  
**58** SORTED INTENSIVE PROGRAMMES



**269** VIA WORKPLACE &  
**473** VIA COMMUNITY ORGANISATIONS.

# Debt Smart





# Save & Invest



## Starting early

“ When I came here I had \$5, now I’ve saved hundreds and paid the car repair, I’m paying my tithing, paid my son’s school trip. ”

We’ve run campaigns to make sure you get your Member Tax Credit and we’ve lost count of the number of people who’ve come into our Tales from the Tent and told us they love KiwiSaver. We feel a bit like that too.

Next up is helping you understand how much you are paying in fees by getting your annual statement changed so it’s included as a \$ amount. Because anything that helps you to save and invest for your future is good with us.

### Demystifying investments

We’re big on the benefits of ‘little and long’ when it comes to saving. But what happens once you’ve got some money stashed away?

Our [invested.co.nz](https://invested.co.nz) website was created for New Zealanders by New Zealanders to bust some of the myths about investing and inspire you to take the next steps.

We’ve expanded the range of videos to include ethical and sustainable investing and alternative investing and we’ve got lots more planned.

Each time we feature industry experts who know how to speak in plain English and keep it interesting and useful too.

### NZ’s No 1 money topic

We’re asked more questions about KiwiSaver than any other money topic, so it’s a good job it’s a subject that’s close to our hearts.

We’ve run surveys asking for your views and held forums to hear from the experts. We’ve written blogs and talked about it regularly in the media.

	<a href="https://sorted.org.nz">SORTED.ORG.NZ</a>
	<a href="https://invested.co.nz">INVESTED.CO.NZ</a>
	KIWISAVER SURVEY: <b>4,000 COMPLETED</b>







# *Statement of Performance*



# Statement of Appropriation

Funding from the Crown for the 2015–16 year was received as a single appropriation and was budgeted to be \$5,782,000. This appropriation is limited to services from the Retirement Commissioner to raise the level of financial capability, improve the effectiveness of retirement income policies and monitor the provisions of the Retirement Villages Act 2003.

Assessment of Performance	Budget Standard 2015/16	Actual Standard 2015/16
Increasing numbers of New Zealanders participate in quality financial education and are motivated to change their behaviour demonstrating financial capability.	Positive change in financial behaviours.	Achieved <sup>1</sup>
New Zealanders have greater awareness and appreciation of issues surrounding New Zealand's retirement income policies.	Increased appreciation of retirement issues.	Achieved <sup>2</sup>
The effect of the Retirement Villages Act is independently monitored and relevant information is made available to residents and intending residents of retirement villages.	Minister satisfied with Commissioner's advice.	Achieved <sup>3</sup>

Actual funding received from the Crown was \$5,920,270. In addition to Crown funding, the Commission also received a further \$205,662 in interest and other sources. The allocation of this funding and expenditure across the output classes is shown below:

Allocation of Revenue/Expenditure	Actual 2015/16	Budget 2015/16
<b>Revenue</b>		
Revenue from Crown Appropriation <sup>4</sup>	\$5,782,000	\$5,782,000
Other Crown Revenue	\$138,270	\$38,500
Other Revenue	\$162,758	\$16,000
Interest Revenue	\$42,904	\$30,000
<b>Total Revenue</b>	<b>\$6,125,932</b>	<b>\$5,866,500</b>
<b>Expenditure</b>		
Financial Capability	\$4,784,718	\$5,158,773
Retirement Income	\$1,143,937	\$635,000
Retirement Villages	\$371,618	\$215,000
<b>Total Expenditure</b>	<b>\$6,300,273</b>	<b>\$6,008,773</b>
<b>Surplus/(Deficit)</b>	<b>(\$174,341)</b>	<b>(\$142,273)</b>

<sup>1</sup>A positive change in financial behaviours is supported by various qualitative and quantitative research and the following engagement across New Zealand: · Sorted Website – 1,041,390 unique users (2014/15: 971,038) · Community & Workplace Programmes – 742 participants successfully completed 58 Sorted programmes (2014/15: 30 participants successfully completed 3 Sorted programmes) · Sorted Schools – 7,960 students participated (2014/15: 3,000 students participated) · Invested – 10,385 unique users (2014/15: nil).

Expenditure includes both direct and indirect expenditure. The allocation of indirect expenditure to outputs is based on the breakdown of staff and the estimate of time spent on each output.

The Commission is subject to the following Conditions of Use of Appropriation:

Reference	Conditions of Use
<b>New Zealand Superannuation and Retirement Income Act 2001</b>	Part 4 of the New Zealand Superannuation and Retirement Income Act 2001 provides the constitution, appointment, functions, powers and duties of the Commissioner.
<b>Retirement Villages Act 2003</b>	Part 3 provides for the monitoring and other functions of the Retirement Commissioner. Part 4 provides for the Commissioner to approve members eligible for appointment to a disputes panel. Part 5 provides for the Commissioner to make recommendations to the Minister on any draft Code of Practice or variation, and to publish information and receive submissions on any Code of Practice or variation.
<b>Crown Entities Act 2004</b>	The Crown Entities Act 2004: <ul style="list-style-type: none"><li>• provides for different categories of Crown entities and for each category to have its own framework for governance (including the degree to which the Crown entity is required to give effect to, or be independent of, government policy);</li><li>• clarifies the powers and duties of board members in respect of the governance and operation of Crown entities, including their duty to ensure the financial responsibility of the Crown entity; and</li><li>• sets out reporting and accountability requirements.</li></ul>

In accordance with section 19c of the Public Finance Act 1989 the Commission provides performance reporting under the following output classes:

- Financial Capability
- Retirement Income
- Retirement Villages

<sup>2</sup> The 2013 Review of Retirement Income Policies report was downloaded over 1,000 times and the 2016 report will be released in December 2016. An increased appreciation of retirement issues is supported by the following engagement in the Review of Retirement Income Policies across New Zealand: · Surveys – 9,100 people to 30 June 2016 (2013 review: nil – new initiative) · Videos – 124,000 people to 30 June 2016 (2013 review: nil – new initiative) · Page Views – 58,000 to 30 June 2016 (2013 review: nil – new initiative) · Forums – 3 to 30 June 2016 (2013 review: nil – new initiative).

<sup>3</sup>Refer to Retirement Villages Statement of Performance measures on pages 58 to 62.

<sup>4</sup>The appropriation revenue received by the Commission equals the Crown's actual expenses incurred in relation to the appropriation.

# Financial Capability

In the financial capability output class our focus is on:

**Driving behaviour change**

The Commission focuses on driving sustainable and enduring behaviour change, helping the financially vulnerable become financially capable.

**Raising awareness of the value of financial capability**

Financial capability is an essential life skill. Improving New Zealanders' ability to manage their money across a lifetime gives individuals greater financial certainty and freedom. It helps to reduce hardship among families and creates resilient communities and a more prosperous and productive economy.

**Extending reach**

The Commission operates as a strategic centre, test hub and thought leader. We build and evaluate programmes tailored for different sectors, and engage with stakeholders across New Zealand to execute nationally. We also reach a broad base of New Zealanders through multiple platforms such as cffc.org.nz, sorted.org.nz, Money Week, media partnerships and public seminars.

**Improving financial capability learning experiences**

Our children and our grandchildren will face new challenges in their retirement as the population ages and the world around them changes. The Commission's work seeks to equip people from an early age with the skills and confidence to navigate through a lifetime of financial choices, ask the right questions and be on the winning side of their decisions, so that they reach retirement in good financial shape.

**Measures**













This table shows how we measure our financial capability outputs:





# Financial Capability













## Statement of performance

National Strategy	Cross-Government Collaboration	Programme Facilitator Network	Money Week 2015
<div><div> <b>Commission Deliverable</b></div><div>Lead the new National Strategy for Financial Capability and associated action plan.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. A digital hub for the National Strategy is launched to facilitate stakeholder engagement and to capture, aggregate and share programmes, outcomes and learnings.</div><div>2. A programme of regular stakeholder activation and support is implemented to support National Strategy outcomes.</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. National Strategy website built, launched and a content plan developed to highlight National Strategy activity.</div><div>2. National Strategy Snapshot Survey conducted, with 94 organisations reporting 121 financial capability initiatives. Four National Strategy discussion groups held with 30 organisations from the finance, education, community and government sectors. Four Auckland Financial Capability Network meetings held. Wellington Financial Capability Network launched with a second meeting opened by Minister Goldsmith and attended by 45 organisations. Quantitative and qualitative information gained from these initiatives was used to inform reporting to Minister Goldsmith.</div></div></div>	<div><div> <b>Commission Deliverable</b></div><div>Lead cross-government collaboration in the area of financial capability and drive greater efficiencies and collaboration which will reduce hardship, build economic participation and strengthen families.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. Actively support the development and launch of a government statement on financial capability.</div><div>2. Develop and lead a cross-government group on financial capability to coordinate and drive initiatives.</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. Government statement launched at the Commission's Financial Capability Summit in July 2015.</div><div>2. Five Cross-Government Group meetings on financial capability held, with participation of 17 agencies. Supported Ministry of Social Development budgeting services redesign. Assisted with review of the Financial Advisers Act via the steering group.</div></div></div>	<div><div> <b>Commission Deliverable</b></div><div>Develop a national network of trained and affiliated facilitators who can competently deliver the Commission's programmes in the community and workplace, delivering scalability for successful pilots.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. A network of at least 45 affiliated and trained facilitators is established.</div><div>2. Certification of facilitators and established audit processes for quality assurance.</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. Network of 70 affiliated and trained facilitators established via four training workshops and development opportunities at the Commission's Financial Capability Summit. A further 18 facilitators completed the Sorted Facilitator training and are now able to deliver Sorted seminars. 15 facilitators across NZ upskilled and trained to deliver participant engagement workshops.</div><div>2. A quality assurance framework has been implemented with four Commission staff trained to conduct facilitator observations.</div></div></div>	<div><div> <b>Commission Deliverable</b></div><div>Coordinate an annual national Money Week with key stakeholders.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. Quality engagement with Money Week continues to grow, with increased support from community, finance and government sectors and growth in campaign metrics (e.g. numbers of events, organisations involved, media coverage etc.).</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. The success of Money Week 2015 was recognised through being a finalist at the IPANZ awards held July 2016.</div><div><div><div>• 260 media items (+24% over 2014) featured our spokespeople 62 times.</div><div>• Mainstream media coverage reached a cumulative total of 4.3m people and delivered an equivalent advertising space rate of \$319,713.</div><div>• Social media campaign reached a cumulative audience of 5.5m people.</div><div>• 642 related events and activities (+95% over 2014) with 61,000+ people involved including 35,000 students who were involved in Money Week activities.</div><div>• 11,500+ Fighting Fit Check Up users.</div><div>• 10,000+ visits to the Money Week site.</div><div>• 1,890 resources downloaded.</div><div>• 45,000 Money Week emails sent.</div></div></div></div></div>



# Financial Capability

## Statement of performance

Investor Education	Evolve Sorted Platform	Sorted Schools	Māori Financial Capability
<div> <b>Commission Deliverable</b></div> <div>Provide investor education.</div>	<div> <b>Commission Deliverable</b></div> <div>Evolve the Sorted platform to build greater one-on-one and tailored engagement and drive behaviour change.</div>	<div> <b>Commission Deliverable</b></div> <div>Develop and deliver a programme of professional learning for teachers so that schools can provide financial capability education for more learners.</div>	<div> <b>Commission Deliverable</b></div> <div>Support and facilitate the Partner Working Group of He Kai Kei Aku Ringa Goal 3 to grow financial capability and savings.</div>
<div> <b>Measure/Indicator</b></div> <div><ol style="list-style-type: none"><li>1. Development of a co-branded series of investor seminars and video clips in association with the NZX.</li><li>2. CFFC and FMA continue to collaborate on the scoping and build of an investor portal.</li><li>3. CFFC and FMA complete their research collaboration and use the findings to develop further materials for investors.</li><li>4. Complete the KiwiSaver HomeStart roadshow in collaboration with Housing NZ.</li></ol></div>	<div> <b>Measure/Indicator</b></div> <div><ol style="list-style-type: none"><li>1. Development of an evolved model for Sorted that draws on best practice relationship marketing techniques. Develop Sorted to increase its reach and deliver improved responses to mobile devices, and to support the sharing of tools across a number of platforms and channels.</li><li>2. Implementation of CRM (customer relationship management) tools to build data-driven relationships and behaviour change amongst users.</li></ol></div>	<div> <b>Measure/Indicator</b></div> <div><ol style="list-style-type: none"><li>1. Successful Upper Harbour pilot continues into its second year, and evolves based on learnings from evaluation.</li><li>2. Identifying and establishing a South Auckland cluster based on Upper Harbour pilot but tailored to educational setting of nine new participant schools.</li><li>3. Build scale by curating the teaching and learning resources drawn from each pilot to be shared nationally.</li></ol></div>	<div> <b>Measure/Indicator</b></div> <div><ol style="list-style-type: none"><li>1. Manage the completion of three projects designed to embed financial capability through whānau, marae and land trusts/incorporations.</li></ol></div>
<div> <b>2015/16 Performance - Achieved</b></div> <div><ol style="list-style-type: none"><li>1. Joint website between NZX and the Commission ('Invested: The On Ramp to Investing') viewed by 10,385 users.</li><li>2. Phase 1 of the Investor Portal project was completed in conjunction with FMA and MBIE. A Phase 2 project brief to confirm user and functional requirements of the preferred solution was provided to MBIE.</li><li>3. Research in association with FMA on 50+ market was well received. Project in association with MBIE and FMA on improving KiwiSaver annual statements out for industry consultation.</li><li>4. Financial Capability Summit included alignment of KiwiSaver providers' key messages to members and the review of the Financial Advisers Act.</li></ol></div>	<div> <b>2015/16 Performance - Achieved</b></div> <div><ol style="list-style-type: none"><li>1. A re-built sorted.org.nz was launched on time and on budget. The site is improved for mobile users resulting in a 69% reduction in bounce rate (from 39% to 12%) and contains 11 tools, 60 guides, over 150 'must reads' and a completely new budgeting tool.<ul style="list-style-type: none"><li>• Unique users of Sorted was 1,041,390 (2014/15: 971,038). Page views of Sorted was 7,567,643 (2014/15: 7,186,184).</li><li>• Unique users of fund-finder was 74,418 (2014/15: 73,379). Page views of fund-finder was 945,079 (2014/15: 890,097).</li></ul></li><li>2. Microsoft Dynamics CRM implemented and used for outbound communications.</li></ol></div>	<div> <b>2015/16 Performance - Achieved</b></div> <div><ol style="list-style-type: none"><li>1. Upper Harbour Sorted Schools completed in 2Q16, with nine participant schools and 3,500 students engaged.</li><li>2. South Auckland Sorted Schools commenced involving nine new participant schools.</li><li>3. Learnings and resources from Sorted Schools shared via an online learning hub in partnership with MoE and NZQA. 20 workshops held to support teachers to plan and deliver financial capability in Sorted Schools clusters. A Northland Sorted Schools programme commenced 4Q16 with two workshops delivered for Northland College and Kaikohe West Primary School.</li></ol></div>	<div> <b>2015/16 Performance - Achieved</b></div> <div><ol style="list-style-type: none"><li>1. The Commission's Manukura managed the delivery and milestone reporting for four financial capability projects through: whānau, marae, land trusts/incorporations and kura.<ul style="list-style-type: none"><li>• The results of the independent evaluations were presented to the He Kai Kei Aku Ringa Partner Working Group in 2Q16.</li><li>• Given the pilot projects results, MBIE has confirmed increased investment for further development of the marae and land trusts/incorporations programmes in 2016/17.</li></ul></li></ol></div>



# Financial Capability

## Statement of performance

Community Development	Pilot New Programmes	'The Exchange'	OECD Policy & Measurement
<div><div> <b>Commission Deliverable</b></div><div>Formalise the community development framework to support outcomes for priority groups including low income New Zealanders, and Māori and Pacific communities.</div></div> <div><div> <b>Measure/Indicator</b></div><div>1. Execute the community development strategy, providing a holistic framework for existing and future financial capability projects in the community.</div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div>1. Pilot programme delivery and evaluation culminated in the development of Sorted Whānau, Sorted Pasifika and Sorted Community programmes. New full-time Manukura and Manukoloa recruited to support current work and develop new Māori and Pasifika initiatives.</div></div>	<div><div> <b>Commission Deliverable</b></div><div>Pilot new programmes in the workplace, schools and community and scale up/roll out existing programmes that have been evaluated.</div></div> <div><div> <b>Measure/Indicator</b></div><div>1. Continue to roll out existing partnerships nationally, including at least five new regions. 2. Establish and embed at least five new workplace and community partnerships. 3. Take to execution nationally the NZDF financial capability programme. 4. Deploy the new national network of facilitators, and continue (where appropriate) evaluations to inform future programme development.</div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div>1. 742 participants successfully completed 58 Sorted programmes (269 Workplace and 473 Community) resulting from engagement workshops delivered to 1,318 people across 14 regions from Northland to Southland. 2. This includes the rollout of new programmes for NZ Police &amp; Families Credit Union, The Warehouse Financial Services, New World, Pink Batts, Tamaki Redevelopment Company and ADRA. 3. 503 NZ Defence Force recruits participated in 7 Fighting Fit Workshops. 4. 58 programmes were delivered by 29 facilitators and 36 quality assurance observations were conducted.</div></div>	<div><div> <b>Commission Deliverable</b></div><div>Lead and drive 'The Exchange', a finance sector consortium.</div></div> <div><div> <b>Measure/Indicator</b></div><div>1. Continued support from 'The Exchange' for the national roll-out of workplace and community programmes. 2. Support for the 2015 CFFC Summit and the 2016 OECD/INFE conference.</div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div>'The Exchange' was expanded and developed to enable it to have a greater impact on the way people think about their financial wellbeing. There are now 30 members from the financial services sector who have signed up to the consortium. The core objective of 'The Exchange' is to put forward industry events or activities that will improve New Zealanders' financial wellbeing. 3. 'The Exchange' supported the 2015 CFFC Summit and the most recent initiative is seeking support for the Commission's hosting of the 2016 OECD/INFE conference.</div></div>	<div><div> <b>Commission Deliverable</b></div><div>Active participation in the development of OECD policy and measurement tools.</div></div> <div><div> <b>Measure/Indicator</b></div><div>1. Financial capability core competency framework for youth available for sharing internationally by August 2015, adult framework to follow.</div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div>1. An OECD survey to measure financial literacy and social inclusion was carried out over 2H15. Data collation and analysis was completed and feedback on a draft international report was submitted over 3Q16. Expected international release is 12 October 2016 at the Commission-hosted OECD/INFE conference. The Commission is contributing content for the new adult framework, and attended OECD meetings on this in April, with another due in October. The adult framework is due for release in late 2016, after being presented to the G20 Leaders' meetings in China.</div></div>



# Retirement Income

In the retirement income output class our focus is on:

**Raising awareness of retirement income policy issues**

The Commission continues to drive awareness and discussion of the issues, and provides robust policy advice to meet complex demographic challenges.

**Monitoring and reporting on the effects and effectiveness of retirement income policies**

The Commission’s focus is on retirees of today – and of the future – operating as a research hub that offers thought leadership but also understands/reflects the views and perceptions of the broader population.

**Encouraging New Zealanders to actively plan for their retirement**

Planning for retirement requires people to think long-term and defer (some) spend today in favour of tomorrow. There are many social influences and trends that make that a challenging task. Yet ultimately, good retirement planning and smart decisions throughout life will mean New Zealanders are more likely to reach retirement in good financial shape.

**Measures**

This table shows how we measure our retirement income outputs:





# Retirement Income

## Statement of performance

Review of Retirement Income Policies	Stakeholder Communication	New Zealanders 50+
<div><div>✔ Commission Deliverable</div><div>Review the effects and effectiveness of retirement income policies as required by section 83 of the Superannuation and Retirement Income Act 2001 (amended 2005).</div></div> <div><div>📌 Measure/Indicator</div><div><div>1. Publicly available content outlining key aspects of retirement income policy and financial capability.</div><div>2. An interactive, web-based survey of public awareness of retirement income policies.</div><div>3. At least three public forums on key retirement related issues.</div><div>4. Ongoing partnerships with key stakeholders to deliver further reach (media, RPRC etc.).</div></div></div> <div><div>📈 2015/16 Performance - Achieved</div><div><div>1. Dedicated webpages for the 2016 Review of Retirement Income Policy hosted on cffc.org.nz. Web pages provide content on NZ superannuation, retirement income policy and financial capability.</div><div>2. Regular web-based surveys are being undertaken as part of the review. To date 9,100 people have participated in the surveys from April to June 2016.</div><div>3. Forums have been held on KiwiSaver, Decumulation and Ageing Workforce.</div><div>4. The Commission has worked closely with key stakeholders and media to extend its reach and discussion of retirement income-related matters.</div></div></div>	<div><div>✔ Commission Deliverable</div><div>Design and implement a programme of communication with stakeholders, including the public, about retirement income issues.</div></div> <div><div>📌 Measure/Indicator</div><div><div>1. Seemingly complex issues are translated into stories and more easily understood language and concepts.</div><div>2. Awareness of the ageing population/ changing demographics grows amongst a broader group including younger New Zealanders. That awareness leads to more informed discussion and understanding.</div><div>3. Media coverage includes mainstream broadcast media plus successful use of social media.</div></div></div> <div><div>📈 2015/16 Performance - Achieved</div><div><div>1. Blogs, videos, pod casts, competitions, Radio Live and a series of videos called 'Tales from the tent' have been produced and cover the breadth of the Commission's work, with interviews from a wide cross-section of New Zealanders, as well as articles highlighting the efforts of partner organisations and content by younger New Zealanders.</div><div>2. 124,000+ views of videos produced for the Review of Retirement Income Policies.</div><div>3. Our media coverage has seen 6,420 stories in print, TV, radio and online media, with an equivalent paid advertisement spend of \$11m.</div></div></div>	<div><div>✔ Commission Deliverable</div><div>Focus on New Zealanders 50+.</div></div> <div><div>📌 Measure/Indicator</div><div><div>1. Development of further content for New Zealanders on the Three Stages of Retirement.</div><div>2. Commission and media activity that continues to bring these stages to life and generates discussion and celebration of older New Zealanders.</div><div>3. Complete research giving a more in-depth understanding of people's views on retirement funding challenges. Continue to develop and deliver a range of resources based on the research insights.</div><div>4. Complete the review of annuities and decumulation started in 2015, report to Government on recommendations. Continue to drive awareness of the decumulation issue.</div></div></div> <div><div>📈 2015/16 Performance - Achieved</div><div><div>1. A number of blogs and articles from a range of New Zealand personalities have been run during the course of the year on the Commission website around what retirement means for you personally.</div><div>2. 'Tales from the tent' has also contributed to these topics along with a range of public surveys that are helping us to deliver better and improved services for this specific age group.</div><div>3. A large number of seminars and public presentations to help improve New Zealanders' preparedness for their non-working years were held. A new guide drawing on the research and insights will be developed in 2016/17 for release on both the Sorted and CFFC websites.</div><div>4. Two key forums around an Ageing Workforce and decumulation have contributed to a number of articles, blogs, and media stories relating to the challenges of having an income in retirement given how long we now live.</div></div></div>



# Retirement Villages

Our work in this class fulfils the Retirement Commissioner's functions as specified in the retirement villages legislation:

## Administering the Retirement Villages Act disputes process

The first function is to administer the disputes process, which includes checking and holding documentation, providing an approved group of panellists and providing information about the process to both residents and operators.

## Monitoring the provisions of the Retirement Villages Act

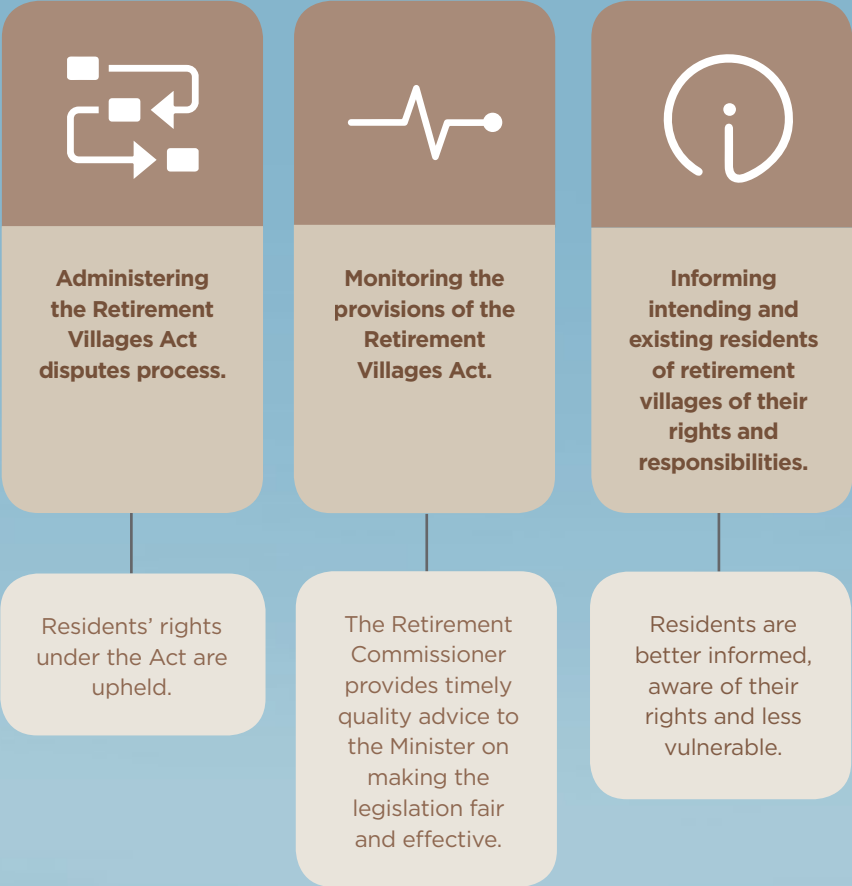
The second function is to monitor the effects of the Retirement Villages Act, Codes and Regulations. Three monitoring reports on specific parts of the sector have been completed since 2009.

## Informing intending and existing residents of their rights and responsibilities

We also provide information and education to the sector using a mix of traditional and targeted activities (eg. public seminars to provide intending retirement village residents with factually-based information on the pros and cons of moving into a Retirement Village).

## Measures












This table shows how we measure our retirement village outputs:





# Retirement Villages

## Statement of performance

Monitoring and Code of Practice	Resident Information Needs	Administer Disputes	Trial Face-to-Face Seminars
<div><div> <b>Commission Deliverable</b></div><div>Provide advice and comprehensive recommendations to the Minister for Building and Construction as required by the Retirement Villages Act relating to monitoring and code of practice functions.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. A monitoring report on the disputes process is delivered and accepted by the Retirement Commissioner.</div><div>2. The Minister is satisfied with the quality of the Retirement Commissioner's advice or recommendations provided on any draft codes of practice.</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. The Retirement Commissioner received a monitoring report on the disputes process and published it in June 2015. The Commission has drafted proposed variations to clauses 31-36 of the Retirement Villages Code of Practice in accordance with Section 91 of the Act. The focus of the proposed variations is on resolving issues as early as possible, preferably within the village through a well-functioning complaints system.</div><div>2. The Commission has consulted on the proposed variations and received 16 public submissions. The Commission will discuss the proposed variations and recommendations with the Minister for Building and Housing in 1Q17.</div></div></div>	<div><div> <b>Commission Deliverable</b></div><div>Survey intending and existing residents of retirement villages to determine their information needs.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. The survey provides sufficient information to enable the development of a targeted and effective advice, education and information plan.</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. The Commission completed an Advice Information &amp; Education Report in May 2015 that surveyed intending residents and residents to determine their information needs and decided to implement recommendations from that, such as conducting a residents-only forum.<ul style="list-style-type: none"><li>• A residents-only forum was conducted in North Shore in October 2015 and Tauranga in June 2016 to discuss targeted complaints and problem-solving matters, and to identify residents' further information needs.</li><li>• New web-based information was uploaded regarding the role of the statutory supervisor.</li><li>• A key information booklet for the Commission, 'Thinking of Living in a Retirement Village?', was reviewed and an updated booklet published.</li></ul></div></div></div>	<div><div> <b>Commission Deliverable</b></div><div>Administer disputes and provide information effectively.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. Those participating in the disputes process are correctly informed about, and follow, the legislated process.</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. During 2015/16 the Commission received copies of three formal dispute notices:<ul style="list-style-type: none"><li>- One dispute has been settled without the need for the disputes panel; and</li><li>- The other two disputes are to be heard by the disputes panel.</li></ul></div><div>The Commission's Retirement Villages Manager fielded approximately 113 calls or emails regarding a complex issue or substantive referral or issue by a resident for comment. The Commission's 0800 call centre advisory service received 1,154 calls (approximately 75% of which related to public education seminars). The Retirement Commissioner re-appointed Disputes Panel Members for a three-year term in accordance with section 58 of the Act.</div></div></div>	<div><div> <b>Commission Deliverable</b></div><div>Run (trial) face-to-face seminars to assist prospective New Zealanders seeking information on Retirement Villages.</div></div> <div><div> <b>Measure/Indicator</b></div><div><div>1. 70% of attendees via feedback/evaluation forms state that the seminars were good or very good.</div></div></div> <div><div> <b>2015/16 Performance - Achieved</b></div><div><div>1. 19 seminars were delivered nationwide to an average of 100 people per event. Over 90% of attendees via feedback/evaluation forms stated that they found the seminars to be good or very good.</div></div></div>



# Retirement Villages

Statement of performance

Information and Education	Retirement Village Strategy
<div><div>✔ Commission Deliverable</div><div>The transition of information and education activities from MBIE to the Commission for Financial Capability and establishment of a new 0800 information line.</div></div> <div><div>📌 Measure/Indicator</div><div>1. Utilise feedback channels from members of the public seeking these services – with 70% rating the support and assistance as good or very good.</div></div> <div><div>📉 2015/16 Performance - Not measured</div><div>1. A call centre satisfaction survey is being rolled-out for callers to volunteer feedback on the service and their information needs. Response rates for callers electing to provide feedback have been very low.</div></div>	<div><div>✔ Commission Deliverable</div><div>The development of a Retirement Village Strategy from engagement with stakeholders to appropriate resources and support.</div></div> <div><div>📌 Measure/Indicator</div><div>1. A forward looking 3-year strategy for approval by the Commissioner is completed by August 2015.</div></div> <div><div>📈 2015/16 Performance - Achieved</div><div>1. A 3-year Retirement Village strategy incorporating engagement projects was completed in 2Q16 and is being implemented. This includes the reinstatement of an annual retirement villages stakeholders' forum, the first of which was held in October 2015, and the next will be in November 2016.</div></div>





# *Financial Statements*





# Independent Auditor’s Report

## To the readers of the Retirement Commissioner’s financial statements and performance information for the year ended 30 June 2016.

The Auditor General is the auditor of the Retirement Commissioner (the Commissioner), operating as the Commission for Financial Capability. The Auditor General has appointed me, Athol Graham, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of the Commissioner on her behalf.

### Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Commissioner on pages 68 to 90, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Commissioner on pages 44 to 63.
- the actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
- what has been achieved with the appropriation; and
- the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

In our opinion:

- the financial statements of the Commissioner:
  - present fairly, in all material respects, the:
    - financial position as at 30 June 2016; and
    - financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information:
  - presents fairly, in all material respects, the Commissioner’s performance for the year ended 30 June 2016, including:
    - for each class of reportable outputs:
      - the standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Commissioner and our responsibilities, and explain our independence.

### Basis of opinion

We carried out our audit in accordance with the Auditor General’s Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers’ overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Commissioner’s financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commissioner’s internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Commissioner;
- the appropriateness of the reported performance information within the Commissioner’s framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

### Responsibilities of the Commissioner

The Commissioner is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Commissioner’s financial position, financial performance and cash flows; and
- present fairly the Commissioner’s performance.

The Commissioner’s responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Commissioner is responsible for such internal control as she determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Commissioner is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

### Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Retirement Commissioner.



**Athol Graham**  
Audit New Zealand  
On behalf of the Auditor General  
Auckland, New Zealand



# Statement of Comprehensive Revenue & Expenses

For the 12 months ended 30 June 2016

	Note	Actual 2015/16	Budget 2015/16	Actual 2014/15
<b>Revenue</b>				
Revenue from Crown Appropriation	4	\$5,782,000	\$5,782,000	\$5,782,000
Other Crown Revenue	5	\$138,270	\$38,500	\$429,400
Other Revenue	6	\$162,758	\$16,000	\$33,494
Interest Revenue	7	\$42,904	\$30,000	\$64,420
<b>Total Revenue</b>		<b>\$6,125,932</b>	<b>\$5,866,500</b>	<b>\$6,309,314</b>
<b>Expenditure</b>				
Auditor Remuneration		\$18,889	\$20,000	\$20,000
Personnel Costs	9	\$2,694,377	\$3,012,145	\$1,940,806
Depreciation	15	\$67,678	\$61,965	\$51,101
Amortisation	16	\$181,848	\$263,257	\$338,743
Loss on Disposal of Assets		\$26,464	-	\$130,096
Property Expenses		\$170,901	\$219,751	\$295,126
Leasing		\$24,855	\$18,000	\$15,566
Other Operating Costs		\$225,695	\$450,960	\$773,903
Advice & Research		\$299,451	\$187,600	\$374,988
Marketing & Communications		\$1,403,446	\$903,000	\$498,946
Retirement Villages	12	\$74,067	\$190,800	\$127,086
Review of Retirement Income Policies		\$116,683	\$120,000	\$9,955
Financial Education Resources & Campaigns		\$995,919	\$561,295	\$1,276,330
<b>Total Expenditure</b>		<b>\$6,300,273</b>	<b>\$6,008,773</b>	<b>\$5,852,646</b>
<b>Comprehensive Revenue/(Expenditure)</b>				
Surplus/(Deficit)		(\$174,341)	(\$142,273)	\$456,668
<b>Total Comprehensive Revenue/(Expenditure)</b>		<b>(\$174,341)</b>	<b>(\$142,273)</b>	<b>\$456,668</b>

Explanations of significant variances against budget are detailed in note 13. The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.

# Statement of Financial Position

As at 30 June 2016

	Note	Actual 2015/16	Budget 2015/16	Actual 2014/15
<b>Assets</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents		\$545,120	\$339,060	\$1,234,740
Debtors & Other Receivables	19	\$125,360	-	\$394,714
GST Receivable		\$124,971	\$73,885	\$113,634
<b>Total Current Assets</b>		<b>\$795,451</b>	<b>\$412,945</b>	<b>\$1,743,088</b>
<b>Non-Current Assets</b>				
Property, Plant & Equipment	15	\$445,731	\$543,711	\$409,876
Intangible Assets	16	\$564,410	\$156,091	\$154,788
<b>Total Non-Current Assets</b>		<b>\$1,010,141</b>	<b>\$699,802</b>	<b>\$564,664</b>
<b>Total Assets</b>		<b>\$1,805,592</b>	<b>\$1,112,747</b>	<b>\$2,307,752</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors & Other Payables	20	\$223,877	\$244,760	\$456,194
Lease Incentive Liability	18	\$41,293	\$40,000	\$83,321
Employee Entitlements	10	\$112,000	\$34,962	\$95,540
Revenue Received in Advance	8	\$26,666	-	\$96,600
<b>Total Current Liabilities</b>		<b>\$403,836</b>	<b>\$319,722</b>	<b>\$731,655</b>
<b>Net Assets</b>		<b>\$1,401,756</b>	<b>\$793,025</b>	<b>\$1,576,097</b>
<b>Public Equity</b>				
Taxpayer Funds		\$200,000	\$200,000	\$200,000
Accumulated Surplus		\$1,201,756	\$593,025	\$1,376,097
<b>Total Public Equity</b>		<b>\$1,401,756</b>	<b>\$793,025</b>	<b>\$1,576,097</b>

Explanations of significant variances against budget are detailed in note 13. The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.



# Statement of Changes in Equity

For the 12 months ended 30 June 2016

	Actual 2015/16	Budget 2015/16	Actual 2014/15
Public Equity at the Start of the Year	\$1,576,097	\$935,298	\$1,119,429
Total Comprehensive Revenue/(Expenditure)	(\$174,341)	(\$142,273)	\$456,668
<b>Public Equity At The End Of The Year</b>	<b>\$1,401,756</b>	<b>\$793,025</b>	<b>\$1,576,097</b>

Explanations of significant variances against budget are detailed in note 13. The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.

# Statement of Cash Flows

For the 12 months ended 30 June 2016

	Note	Actual 2015/16	Budget 2015/16	Actual 2014/15
<b>Cash Flows From Operating Activities</b>				
<b>Cash Was Provided From:</b>				
Receipts from Crown Appropriation		\$5,782,000	\$5,782,000	\$5,782,000
Other Crown Receipts		\$264,330	\$38,500	\$339,000
Other Income		\$91,798	\$16,000	\$12,227
Interest Received		\$44,128	\$30,000	\$63,322
		<b>\$6,182,256</b>	<b>\$5,866,500</b>	<b>\$6,196,549</b>
<b>Cash Was Applied To:</b>				
Payments to Suppliers & Employees		(\$6,133,829)	(\$6,630,730)	(\$5,276,908)
Net GST (Paid) / Received		(\$16,580)	\$23,565	(\$42,550)
		<b>(\$6,150,409)</b>	<b>(\$6,607,165)</b>	<b>(\$5,319,458)</b>
<b>Net Cash Flows From Operating Activities</b>	23	<b>\$31,847</b>	<b>(\$740,665)</b>	<b>\$877,091</b>
<b>Cash Flows From Investing Activities</b>				
<b>Cash Was Applied To:</b>				
Purchase of Property, Plant & Equipment	15	(\$118,620)	(\$60,000)	(\$429,094)
Purchase of Intangible Assets	16	(\$602,847)	(\$240,000)	(\$96,229)
		<b>(\$721,467)</b>	<b>(\$300,000)</b>	<b>(\$525,323)</b>
<b>Net Cash Flows From Investing Activities</b>		<b>(\$721,467)</b>	<b>(\$300,000)</b>	<b>(\$525,323)</b>
<b>Net Increase / (Decrease) In Cash Held</b>		<b>(\$689,620)</b>	<b>(\$1,040,665)</b>	<b>\$351,768</b>
Plus Cash at the Start of the Year		\$1,234,740	\$1,379,725	\$882,972
<b>Cash Held At The End Of The Year</b>		<b>\$545,120</b>	<b>\$339,060</b>	<b>\$1,234,740</b>
<b>Represented by:</b>				
Cash & Cash Equivalents		\$545,120	\$339,060	\$1,234,740
<b>Cash Held At The End Of The Year</b>		<b>\$545,120</b>	<b>\$339,060</b>	<b>\$1,234,740</b>

The net GST component of operating activities reflects the net GST paid and received with Inland Revenue and has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. Explanations of significant variances against budget are detailed in note 13. The statement of accounting policies and the notes to the financial statements form an integral part of these financial statements.



A photograph of two young boys on a beach, flexing their muscles. The boy on the left is wearing a blue towel around his waist, and the boy on the right is wearing a green towel. They are both smiling and looking towards the camera. The background shows a clear blue sky and the ocean.

# Notes to the Financial Statements

## Who is the Commission and what is the basis of Financial Statement preparation?

### Reporting Entity

#### Note 1

The Retirement Commissioner was appointed under the New Zealand Superannuation and Retirement Income Act 2001 and the Crown Entities Act 2004 on 1 July 2013 for an initial term of three years. The Retirement Commissioner was re-appointed for a further term of three years on 1 July 2016.

The Commission for Financial Capability (the 'Commission') is the office of the Retirement Commissioner, an Autonomous Crown Entity defined by the Crown Entities Act 2004, is domiciled in New Zealand and its ultimate parent is the New Zealand Crown.

#### The principle activities of the Commission are to:

- help all New Zealanders prepare financially for their retirement through improved financial capability and driving sustainable and enduring behaviour change;
- raising awareness of retirement income policy issues and monitoring and reporting on the effects and effectiveness of retirement income policies; and
- monitoring the provisions of the Retirement Villages Act and administering the Retirement Villages Act disputes process.

The financial statements for the Commission are for the year ended 30 June 2016, and were approved by the Retirement Commissioner on 31 October 2016.

### Basis of Preparation

#### Note 2

#### Statement of Compliance and Measurement Base

The financial statements for the Commission have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared on a historical-cost basis for a going concern in accordance with the Tier 2 Public Benefit Entities (PBE) Accounting Standards Reduced Disclosure Regime (PBEAS RDR).

The Commission qualifies for PBEAS RDR reporting as it is not publicly accountable and has expenses greater than \$2m but less than \$30m.

#### Presentational and Functional Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Commission is New Zealand dollars.



# Basis of Preparation (continued)

## Note 2

### Use of Estimates and Judgements

In preparing these financial statements, the Commission has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### Budget Figures

Budget figures are derived from the Commission’s Statement of Performance Expectations for the financial year ending 30 June 2016. The budget figures were prepared in accordance with NZ GAAP, using forecast financial statements for the year ended 30 June 2015 and accounting policies that are consistent with those adopted by the Commission for the preparation of these financial statements.

# Significant Accounting Policies

## Note 3

### Changes in Accounting Policies

These financial statements are the Commission’s second set of financial statements presented in accordance with the new PBE Accounting Standards.

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Revenue and Expenses.

Definitions of the terms used in the Statement of Cash Flows are:

- ‘Cash’ includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash, and includes at call borrowings such as bank overdrafts, used by the Commission as part of its day-to-day cash management.
- ‘Operating activities’ include all transactions and other events that are not investing or financing activities.
- ‘Investing activities’ are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- ‘Financing activities’ are those activities relating to changes in equity of the entity.

### Impairment of Property, Plant & Equipment and Intangible Assets

Property, Plant & Equipment and Intangible Assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

Given the future economic benefits of the Commission’s assets are not directly related to the ability to generate net cash flows, the value in use of these assets is measured on the basis of depreciated replacement cost.

An impairment loss is recognised in the Statement of Comprehensive Revenue & Expenses whenever the carrying amount of an asset exceeds its recoverable amount. Any reversal of impairment losses is also recognised in the Statement of Comprehensive Revenue & Expenses.

### Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured as the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as an interest expense and is included in ‘finance costs’.

### Goods and Services Tax

All items in the financial statements are exclusive of goods and services tax (GST), except for receivables and payables which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of current assets or current liabilities in the Statement of Financial Position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### Income Tax

The Commission is a public authority, and consequently is exempt from the payment of income tax under the Income Tax Act 2007. Accordingly, no provision has been made for income tax.

### Cost Allocation Policy

The Commission has determined the cost of outputs using the cost allocation system outlined below:

- Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.
- Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Personnel costs are charged on the basis of estimated time incurred. Other indirect costs are assigned to outputs based on the proportion of direct staff time for each output.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.



# How is the Commission funded?

## Revenue from Crown Appropriation

### Note 4

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates. Revenue is measured at the fair value of consideration received or receivable.

The Commission has been provided with funding from the Crown for specific purposes as set out in its founding legislation and the scope of a single Government appropriation. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to Government funding.

## Other Crown Revenue

### Note 5

The Commission received other Crown revenue from the Ministry of Business, Innovation & Employment; Ministry of Social Development; Ministry for Pacific Peoples; Financial Markets Authority; New Zealand Defence Force; and New Zealand Superannuation Fund to contribute towards the development, project management, execution and evaluation of various programmes and initiatives.

## Other Revenue

### Note 6

The Commission received other revenue from non-Crown entities to contribute towards the development, project management, execution and evaluation of various programmes and initiatives.

## Interest Revenue

### Note 7

Interest revenue is recognised using the effective interest method.

## Revenue Received in Advance

### Note 8

Throughout the period the Commission received funding contributions from various Crown and non-Crown entities to contribute towards the development, project management, execution and evaluation of various programmes and initiatives that had commenced but had not been completed by 30 June 2016. In accordance with PBE International Public Sector Accounting Standard 9 (Revenue from Exchange Transactions), the Commission has recognised the portion of the funding that has been received by the Commission in advance of the Commission providing the related goods and services as Revenue Received in Advance.

# How does the Commission spend the funds?

## Personnel Costs

### Note 9

	Note	Actual 2015/16	Actual 2014/15
Salaries & Wages		\$2,533,112	\$1,708,192
Employer Contributions to Superannuation Schemes		\$94,780	\$63,807
Increase/(Decrease) in Employee Entitlements	10	\$16,460	\$36,736
		<b>\$2,644,352</b>	<b>\$1,808,735</b>
ACC Levies		\$3,983	\$13,529
Professional Development, Training & Miscellaneous		\$44,193	\$15,328
Recruitment Costs		\$1,849	\$103,214
<b>Total Personnel Costs</b>		<b>\$2,694,377</b>	<b>\$1,940,806</b>

### Superannuation Schemes

Obligations for KiwiSaver contributions are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the Statement of Comprehensive Revenue & Expenses as incurred.

## Employee Entitlements

### Note 10

Short-term employee entitlements, including holidays, are recognised as an expense over the period in which they accrue.

Entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are accrued based on the higher of current, or rolling twelve months average, rate of pay.

	Actual 2015/16	Actual 2014/15
Accrued Salaries & Wages	-	\$55,780
Accrued Annual Leave	\$112,000	\$39,760
<b>Total Employee Entitlements</b>	<b>\$112,000</b>	<b>\$95,540</b>

A liability and an expense are recognised for performance pay where there is a contractual obligation or where there is a past practice that has created a constructive obligation.



# Employee Remuneration

## Note 11

During the 12 month period ending 30 June 2016, 17 employees and former employees (2014/15: 14) received remuneration and other benefits that on an annualised full-time equivalent basis would be in excess of \$100,000 per annum.

Remuneration Paid or Payable (full-time equivalent basis)	# Employees 2015/16	# Employees 2014/15
\$100,000–\$109,999	6	3
\$110,000–\$119,999	3	1
\$120,000–\$129,999	1	4
\$130,000–\$139,999	1	1
\$160,000–\$169,999	1	1
\$170,000–\$179,999	2	-
\$180,000–\$189,999	-	1
\$200,000–\$209,999	1	1
\$240,000–\$249,999	1	1
\$260,000–\$269,999	-	1
\$270,000–\$279,999	1	-
<b>Total Number of Employees</b>	<b>17</b>	<b>14</b>

During the 12 month period ending 30 June 2016, 1 employee (2014/15: 2) received compensation and other benefits in relation to cessation totalling \$8,308 (2014/15: \$56,145).

# Retirement Villages

## Note 12

Only direct actual costs are recorded as actual and budgeted expenditure for Retirement Villages in the Statement of Comprehensive Revenue & Expenses. The Commission has calculated that approximately \$297,551 (2014/15: \$105,000) worth of overheads can also be attributed to Retirement Villages during the year.

This calculation is based on the percentage of FTE time that was estimated at the start of the year to be spent on activities related to the Retirement Villages output.

The total amount of expenditure on Retirement Villages is therefore approximately \$371,618 (2014/15: \$232,086).

# Explanation of Major Variances (+/- \$25,000) against Budget

## Note 13

### Statement of Comprehensive Revenue & Expenses

- Other Crown Revenue is \$99,770 favourable and Other Revenue is \$146,758 favourable due to unbudgeted contributions towards the development, project management, execution and evaluation of various programmes and initiatives.
- Personnel Costs are \$317,768 favourable due to recruitment delays for new positions and unfilled vacancies. Personnel costs are forecast to increase in 2016/17 due to the full year impact of the increased head-count to reduce the Commission's reliance on third party contractors and consultants.
- Amortisation is \$81,409 favourable due to expenditure on software and websites being capitalised later than budgeted.
- Loss on Disposal of Assets is \$26,464 unfavourable due to the write-off of impaired fixed assets.
- Property Expenses are \$48,850 favourable due to unbudgeted recovery of lease opex contributions for the Auckland office and termination of the lease for the Wellington office.
- Other Operating Costs are \$225,265 favourable, primarily due to aggressive cost management of IT service providers and external consultants and contractors.
- Advice & Research is \$111,851 unfavourable due to increased programme evaluations and behavioural insight and qualitative research.
- Marketing & Communications is \$500,446 unfavourable due to increased investment in Money Week, website enhancements and digital promotion and unbudgeted contractor costs.
- Retirement Villages is \$116,733 favourable, due to a deferment of the budgeted monitoring project and savings in legal costs.
- Financial Educational Resources & Campaigns is \$434,624 unfavourable due to increased delivery of workplace financial capability programmes (funded by external parties); timing of expenditure for the targeted Māori and Pasifika financial capability programmes (funded in 2014/15) and timing issues related to the accounting recognition of costs incurred for the Financial Capability Summit and OECD hosting (which had been budgeted in 2014/15 and 2016/17 respectively).

### Statement of Financial Position

- Cash & Cash Equivalents were \$206,060 favourable, GST Receivable is \$51,086 favourable and Creditors & Other Payables were \$20,883 favourable due to timing of operational expenditure.
- Debtors & Other Receivables were \$125,360 favourable and Revenue Received in Advance was \$26,666 favourable primarily due to increased invoicing of third parties for the development, project management, execution and evaluation of various programmes and initiatives.
- Property, Plant and Equipment is \$97,980 favourable due to the 2014/15 expenditure/closing balance (2015/16 opening balance) being less than forecast.
- Intangible Assets is \$408,319 unfavourable due to expenditure on the redevelopment of sorted.org.nz being deferred from 2014/15 to 2015/16.
- Employee Entitlements is \$77,038 unfavourable due to increases in employee annual leave balances at balance date.



# Transactions with Related Parties

## Note 14

The Commission is a wholly owned entity of the Crown.

### Significant Transactions with Government-Related Entities

During the period, the Commission received \$5,782,000 of direct funding from the Crown (2014/15: \$5,782,000) and \$138,270 of revenue from entities controlled, significantly influenced, or jointly controlled by the Crown (2014/15: \$429,400). The Government significantly influences the role of the Commission as well as being its major source of revenue.

### Collectively, but not Individually, Significant Transactions with Government-Related Entities

In conducting its activities, the Commission is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Commission is exempt from paying income tax.

The Commission also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. These purchases included, but were not limited to, external audit services from Audit New Zealand, air travel from Air New Zealand, communication services from MBIE and payments to other government departments for operational and project-related expenses.

### Related Party Transactions Required to be Disclosed

All related-party transactions have been entered into on an arm’s-length basis.

### Key Management Personnel Compensation

Key management personnel include the Retirement Commissioner and six members of the Executive Leadership Team.

	Actual 2015/16	Actual 2014/15
Remuneration	\$1,200,269	\$1, 144,705
Full-Time Equivalent Staff	6	6

# Property, Plant & Equipment and Intangible Assets

## Property, Plant & Equipment

### Note 15

Property, Plant & Equipment assets consist of Leasehold Improvements, Furniture & Fittings, Computer Equipment and Office Equipment.

Property, Plant & Equipment is recognised at cost less depreciation, and less any impairment losses.

### Additions

Costs are recognised as work in progress until the assets are operating in a manner intended by management, at which time the costs are transferred to the appropriate Property, Plant & Equipment asset.

The cost of an item of Property, Plant & Equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Commission and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue & Expenses.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Commission and the cost of the item can be measured reliably. The costs of day-to-day servicing of Property, Plant & Equipment are recognised in the Statement of Comprehensive Revenue & Expenses as they are incurred.

### Depreciation

Depreciation is calculated on a straight-line basis on Property, Plant & Equipment once it is in the location and condition necessary for its intended use so as to write-off its cost or valuation over its expected useful life to its estimated residual value.

The following estimated useful lives and rates are used in the calculation of depreciation:

Leasehold Improvements	5 – 15 years	7.0% – 20.0%
Furniture & Fittings	3 – 12 years	8.4% – 30.0%
Computer Equipment	2 – 5 years	21.6% – 50.0%
Office Equipment	3 – 12 years	8.4% – 30.0%



# Property, Plant & Equipment

## Note 15 Continued

	Leasehold Improvements	Furniture & Fittings	Computer Equipment	Office Equipment	Total
<b>Gross Carrying Amount</b>					
Balance at 1 July 2014	\$80,535	\$154,180	\$83,283	\$23,037	\$341,035
Additions	\$278,933	\$94,786	\$46,903	\$8,472	\$429,094
Disposals	(\$83,441)	(\$62,925)	(\$67,776)	(\$15,895)	(\$230,037)
<b>Balance at 30 June 2015</b>	<b>\$276,027</b>	<b>\$186,041</b>	<b>\$62,410</b>	<b>\$15,614</b>	<b>\$540,092</b>
Additions	\$46,416	\$4,326	\$59,681	\$8,197	\$118,620
Disposals	(\$8,508)	(\$90,650)	(\$12,034)	-	(\$111,192)
<b>Balance at 30 June 2016</b>	<b>\$313,935</b>	<b>\$99,717</b>	<b>\$110,057</b>	<b>\$23,811</b>	<b>\$547,520</b>
<b>Accumulated Depreciation</b>					
Balance at 1 July 2014	\$4,590	\$107,555	\$68,892	\$20,915	\$201,952
Depreciation Expense	\$17,564	\$13,023	\$18,853	\$1,661	\$51,101
Elimination on Disposal	(\$10,428)	(\$32,168)	(\$65,352)	(\$14,889)	(\$122,837)
<b>Balance at 30 June 2015</b>	<b>\$11,726</b>	<b>\$88,410</b>	<b>\$22,393</b>	<b>\$7,687</b>	<b>\$130,216</b>
Depreciation Expense	\$23,131	\$10,929	\$30,443	\$3,175	\$67,678
Elimination on Disposal	(\$1,024)	(\$83,188)	(\$11,893)	-	(\$96,105)
<b>Balance at 30 June 2016</b>	<b>\$33,833</b>	<b>\$16,151</b>	<b>\$40,943</b>	<b>\$10,862</b>	<b>\$101,789</b>
<b>Carrying Amounts</b>					
<b>At 30 June 2015</b>	<b>\$264,301</b>	<b>\$97,631</b>	<b>\$40,017</b>	<b>\$7,927</b>	<b>\$409,876</b>
<b>At 30 June 2016</b>	<b>\$280,102</b>	<b>\$83,566</b>	<b>\$69,114</b>	<b>\$12,949</b>	<b>\$445,731</b>

# Intangible Assets

## Note 16

### Websites

Costs that are directly associated with the development of interactive aspects of the Commission’s websites are capitalised. Costs associated with maintaining and advertising the Commission’s websites are recognised as an expense as incurred.

### Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

### Amortisation

Amortisation is charged on a straight-line basis over the estimated useful life of the intangible asset. The following estimated useful lives and rates are used in the calculation of amortisation:

Websites	2.5 years	40.0%
Software	2 - 3 years	30.0% - 48.0%





# Intangible Assets

## Note 16 Continued

	Websites	Computer Software	Capital Work In Progress	Total
<strong>Gross Carrying Amount</strong>				
Balance at 1 July 2014	\$1,933,746	\$50,153	-	\$1,983,899
Additions	\$75,275	\$604	\$20,350	\$96,229
Disposals	(\$1,689,137)	-	-	(\$1,689,137)
<strong>Balance at 30 June 2015</strong>	<strong>\$319,884</strong>	<strong>\$50,757</strong>	<strong>\$20,350</strong>	<strong>\$390,991</strong>
Additions	\$606,365	\$16,832	(\$20,350)	\$602,847
Disposals	(\$244,609)	(\$50,947)	-	(\$295,556)
<strong>Balance at 30 June 2016</strong>	<strong>\$681,640</strong>	<strong>\$16,642</strong>	<strong>-</strong>	<strong>\$698,282</strong>
<strong>Accumulated Amortisation</strong>				
Balance at 1 July 2014	\$1,520,132	\$43,569	-	\$1,563,701
Amortisation Expense	\$333,893	\$4,850	-	\$338,743
Elimination on Disposal	(\$1,666,241)	-	-	(\$1,666,241)
<strong>Balance at 30 June 2015</strong>	<strong>\$187,784</strong>	<strong>\$48,419</strong>	<strong>-</strong>	<strong>\$236,203</strong>
Amortisation Expense	\$177,915	\$3,933	-	\$181,848
Elimination on Disposal	(\$233,760)	(\$50,419)	-	(\$284,179)
<strong>Balance at 30 June 2016</strong>	<strong>\$131,939</strong>	<strong>\$1,933</strong>	<strong>-</strong>	<strong>\$133,872</strong>
<strong>Carrying Amounts</strong>				
<strong>At 30 June 2015</strong>	<strong>\$132,100</strong>	<strong>\$2,338</strong>	<strong>\$20,350</strong>	<strong>\$154,788</strong>
<strong>At 30 June 2016</strong>	<strong>\$549,701</strong>	<strong>\$14,709</strong>	<strong>-</strong>	<strong>\$564,410</strong>

# Operating Leases and Capital Commitments

## Note 17

### Operating Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Commission are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the Statement of Comprehensive Revenue & Expenses. Commitments existed for non-cancellable operating leases as follows:

	Actual 2015/16	Actual 2014/15
Less than One Year	\$146,073	\$174,000
Between One & Two Years	\$132,506	\$146,509
Between Two & Five Years	\$302,913	\$393,905
Later than Five Years	-	\$44,187
<strong>Total Operating Leases</strong>	<strong>\$581,492</strong>	<strong>\$758,601</strong>
Auckland Office Lease	\$551,696	\$668,189
Wellington Office Lease	-	\$20,673
Photocopier Lease	\$26,302	\$57,202
Telephone Lease	\$3,494	\$12,537
<strong>Total Operating Leases</strong>	<strong>\$581,492</strong>	<strong>\$758,601</strong>

On 3 November 2014 the Commission leased a new premise in Auckland for an initial term of six years with one right of renewal for another four years, giving a final expiry date of 2 November 2024. The lease expense at 30 June 2016 is \$117,779 per annum.

On 30 April 2015 the Commission leased an office carpark in Auckland for an initial term of one year with two rights of renewal for a further one year each, giving a final expiry date of 29 April 2018. The lease expense at 30 June 2016 is \$5,892 per annum.

During 2014/15 the Commission determined that its Wellington office was surplus to requirements and entered into a Memorandum of Understanding on 18 June 2015 to surrender the office lease on 31 July 2015 for a one-off exit fee of \$13,000. All costs associated with the lease surrender and exit of the premises were fully accrued at 30 June 2015.

Operating lease commitments also include a photocopier lease at an estimated \$17,535 per annum based on an agreed minimum volume, which expires on 21 December 2017, and a telephone lease of \$9,044 per annum which expires 19 November 2016.

The Commission does not have the option to purchase the leased assets at the expiry of the lease periods.

### Capital Commitments

There are no capital commitments at 30 June 2016 (2014/15: \$Nil).



# Lease Incentives

## Note 18

As part of the agreement to lease its Auckland and Wellington offices the Commission received capital contribution payments from the respective office landlords as an incentive.

Capital contribution payments received from landlords are amortised over the life of the lease and recognised as a reduction of rental expense over the lease term.

	Actual 2015/16	Actual 2014/15
Auckland Office Lease	\$41,293	\$50,821
Wellington Office Lease	-	\$32,500
<b>Total Lease Incentives</b>	<b>\$41,293</b>	<b>\$83,321</b>

# Other

## Debtors and Other Receivables

### Note 19

Short-term debtors and other receivables, comprising trade debtors, accrued interest and prepayments, are recorded at their face value, less any provisions for impairment.

The Commission recognises a provision for impairment where there is objective evidence of its debtors being unable to make required payments.

	Actual 2015/16	Actual 2014/15
Debtors	\$92,130	\$284,251
Accrued Interest	\$264	\$1,488
Prepayments	\$32,966	\$108,975
<b>Total Debtors &amp; Other Receivables</b>	<b>\$125,360</b>	<b>\$394,714</b>

The carrying value of receivables approximates their fair value. A breakdown of aged trade debtors is detailed below:

Aged Debtors	Actual 2015/16	Actual 2014/15
Not Past Due	\$92,130	\$284,251
Past Due 1 – 30 Days	-	-
Past Due 31 – 60 Days	-	-
Past Due > 61 Days	-	\$19,199
Provision for Impairment	-	(\$19,199)
<b>Total Aged Debtors</b>	<b>\$92,130</b>	<b>\$284,251</b>

All debtors greater than 30 days in age are considered to be past due. There are no provisions for doubtful debts in 2015/16 (2014/15: \$19,199).



# Creditors and Other Payables

## Note 20

Short-term creditors and other payables are recorded at their face value as they are non-interest bearing and are generally settled within 30 days.

	Actual 2015/16	Actual 2014/15
Trade Creditors	\$128,419	\$264,306
Accrued Expenses & Other Payables	\$95,458	\$191,888
<b>Total Creditors &amp; Other Payables</b>	<b>\$223,877</b>	<b>\$456,194</b>

# Contingencies

## Note 21

There are no contingent assets or liabilities at balance date (2014/15: \$Nil).

# Events after Balance Date

## Note 22

There were no significant events after the balance date (2014/15: Nil).



# Net Cash Flow from Operating Activities

## Note 23

Reconciliation of the Statement of Comprehensive Revenue & Expenses surplus with Net Cash Flow from Operating Activities:

	Actual 2015/16	Actual 2014/15
<b>Net Surplus/(Deficit) for the Year</b>	<b>(\$174,341)</b>	<b>\$456,668</b>
<b>Add Non-Cash Items</b>		
Depreciation	\$67,678	\$51,101
Amortisation	\$181,848	\$338,743
Net Loss on Disposal of Assets	\$26,464	\$130,096
<b>Add Movements in Net Assets and Liabilities</b>		
(Increase)/Decrease in Debtors & Other Receivables	\$192,121	(\$280,701)
(Increase)/Decrease in Accrued Interest	\$1,224	(\$1,098)
(Increase)/Decrease in Prepayments	\$76,009	(\$83,228)
(Increase)/Decrease in GST Refund Due	(\$11,337)	(\$21,280)
Increase/(Decrease) in Creditors & Other Payables	(\$232,317)	\$117,633
Increase/(Decrease) in Employee Entitlements	\$16,460	\$36,736
Increase/(Decrease) in Lease Incentive Liability	(\$42,028)	\$35,821
Increase/(Decrease) in Revenue in Advance	(\$69,934)	\$96,600
<b>Net Cash Flow from Operating Activities</b>	<b>\$31,847</b>	<b>\$877,091</b>



# Financial Instruments

## Note 24

### Financial Instrument Categories

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

All financial assets being cash and cash equivalents, term deposits, trade and other receivables have been categorised as loans and receivables.

Financial liabilities being trade and other payables (excluding Revenue Received in Advance) are categorised as financial liabilities measured at amortised cost.

	Actual 2015/16	Actual 2014/15
<b>Loans &amp; Receivables</b>		
Cash & Cash Equivalents	\$545,120	\$1,234,740
Debtors & Other Receivables	\$125,360	\$394,714
<b>Total Loans &amp; Receivables</b>	<b>\$670,480</b>	<b>\$1,629,454</b>
<b>Financial Liabilities</b>		
Creditors & Other Payables	\$223,877	\$456,194
<b>Total Financial Liabilities</b>	<b>\$223,877</b>	<b>\$456,194</b>

The Commission has business credit card facilities with Westpac Bank of \$60,000 (2014/15: \$60,000) and in 2014/15 was party to a letter of credit with Westpac Bank of \$39,000.

# Capital Management

## Note 25

The Commission’s capital is its equity, which is comprised of accumulated funds and capital contribution. Equity is represented by net assets.

The Commission is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Commission manages its equity as a by-product of prudently managing income, expenses, assets, liabilities, investments, and general financial dealings, to ensure the Commission effectively achieves its objectives and purpose, whilst remaining a going concern.







**Commission for  
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