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# THE MANY FACES OF RETIREMENT

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CREATING  
CHANGE

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 (CFFC) is the office of the Retirement Commissioner.

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ARE YOU  
READY?

## FROM THE RETIREMENT COMMISSIONER

At a recent forum in Russia held by the Organisation for Economic Co-operation and Development (OECD), 45 countries came together to talk about the challenges of our ageing populations. We heard that by 2050 111 countries will have 20% or more of their population aged over 60, and that there will be a projected 100 million people globally with dementia.

Countries are at different stages of ageing, with Japan anticipating a drop in population from the current level of 127 million to 87 million in 2060. By then 27% of the population will be over 75.

Many governments are trying to slow the ageing trend by encouraging people to have more children. Mongolia offers the state pension one and half years earlier per child for women, meaning a woman with four children will be eligible six years earlier. Financial incentives, access to housing and improved childcare are all initiatives underway as countries seek to get fertility rates up to the 2.1 needed to sustain the population.

Over half of OECD member countries are raising the age of eligibility for pensions to reduce government liabilities and try to ensure sustainability of the system.

It's important to step outside New Zealand and remind ourselves of the global context in which we live. We will be competing with other economies for young talent and they will be targeting ours with competitive offers. We can learn from those countries which have reached a crisis point earlier than us (at the risk of being morbid, it's worth noting that Japan's cremation versus burial rate is now at 100%, with no new land allocated for burial plots).

So, we need to look across these economies and societies and the work they have underway to prepare for their ageing populations, to test our thinking on what we are doing here.

Globally, governments are actively increasing their investment in financial education and building financial capability to ensure that people are more able to navigate financial products, manage debt, build savings and prepare for a longer retirement. As the role of private provision increases, there is a very real risk that large numbers are left behind, that too many people reach their older more vulnerable years with little or nothing, and that future governments are faced with untenable choices on whether to fund pensions, or health, or education or infrastructure.

At the Commission for Financial Capability (CFFC) we continue our work on understanding the financial health of New Zealanders via our Barometer which has now reached 17,000 interviews. It tells us that 50% of adults are in good financial health, the category we call 'GP Visits', 14% are in clear financial hardship, 'Intensive Care', and 36% are in the middle: 'In the Ward'. Our work focuses increasingly on that latter group. They are highly vulnerable, but not obviously so. They have limited financial resilience, decreasing rates of home ownership, low savings levels and high debt levels. Their financial wellbeing is tenuous, and they are one financial shock away from 'Intensive Care'. If they are fortunate enough to make it to retirement without that shock, once they cannot work, they cannot fund their aged years and will be reliant on government funding. We estimate this group to be around 1.4 million New Zealanders and they represent an opportunity for CFFC to genuinely offer a 'top of the cliff' service that will improve the wellbeing of millions of superannuitants in the future, reduce poverty, and actively reduce government liabilities.

We also work with the 500,000 people in 'Intensive Care' via our active partnerships with other government agencies and networks which have the existing infrastructure and relationships to deliver scale for our programmes.

The two million people we estimate to be in strong financial health are still serviced via our Sorted website and tools, our KiwiSaver work, our annual Money Week campaign and other initiatives, but they do not represent the same risk or opportunity for CFFC to make a difference. More likely to be home owners, with both buffer savings and retirement savings, people in this group have financial resilience, and usually a clear financial plan. Wealth and success have their own momentum: borrowing is cheaper because risk is lower, paying bills early saves money, and capital gains ensure that for this group wealth grows as they sleep. By contrast, being poor is expensive, it costs financially, and it takes a toll emotionally and physically with reduced mental bandwidth.

The work of CFFC is critical to preparing New Zealand for an ageing population. At some point we will check ourselves on whether we did enough in these years, when we knew what was coming, and still had time to prepare. We cannot squander this time, it will be a loss of human and economic capital to our small country that we are collectively so proud of and so passionate about.

**Diane Maxwell**  
Retirement Commissioner  
31 October 2018

# STATEMENT OF RESPONSIBILITY

## We acknowledge responsibility for:

- The preparation of the Retirement Commissioner's (operating as the Commission for Financial Capability [CFFC]) Financial Statements and Statement of Performance, and the judgements made within them;
- Any end of year performance information provided by CFFC 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 CFFC'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 CFFC for the year ended 30 June 2018.

**Diane Maxwell**  
Retirement Commissioner  
31 October 2018

**Laura Fair**  
Government Relations Manager  
31 October 2018



## KEY HIGHLIGHTS 2017/18



**153**  
organisations  
**175,500**  
participants

National Strategy for  
Financial Capability



**319**  
attendees  
**1.2M**  
media reach

Financial Capability  
Summit



**\$12.5M**

ASR rate card value  
of earned/unpaid media  
coverage of CFFC and Sorted  
(ASR – Advertising Space Rate)



**220**  
organisations  
**89,906**  
people using tools

for Sorted Money Week



**2.0M**  
sessions  
**1.2M**  
users

Traffic sessions  
to sorted.org.nz



**79**  
schools representing  
**59,000**  
students

involved in  
Sorted in Schools



**243,680**

Sorted Facebook  
engagements



**LAUNCH**  
of Sorted  
**Kāinga Ora**



**274,111**

YouTube views  
of CFFC videos



RETIREMENT  
VILLAGES  
ACT  
EQUIPPING  
KIWIS  
OF  
ALL AGES

## ABOUT CFFC

## OUR ROLE

CFFC leads the government's efforts to support New Zealanders to become financially capable and improve wellbeing. We equip New Zealanders of all ages with the financial knowledge, skills and confidence to make good financial decisions at every stage of their lives and reach retirement in strong financial health.

Helping New Zealanders to better manage debt, build savings, realise home ownership aspirations and weather shocks improves individual and community wellbeing. It also reduces the nation's long-term liabilities associated with an ageing population.

CFFC is the office of the Retirement Commissioner, an Autonomous Crown Entity established by the New Zealand Superannuation and Retirement Income Act 2001. The current Retirement Commissioner, Diane Maxwell, was appointed on 1 July 2013 for an initial term of three years, and re-appointed for a further term of three years on 1 July 2016.

CFFC has three core responsibilities:

**Financial capability** – helping all New Zealanders build money skills so they can make better financial decisions, live the life they want, and arrive at retirement in good shape;

**Retirement income** – three yearly review of retirement income policy, building public awareness, and providing robust policy advice; and

**Retirement villages** – monitoring the Retirement Villages Act 2003 and administering its dispute provisions, plus informing and educating Kiwis about the sector.

The Retirement Commissioner is also empowered under section 83(e) of the New Zealand Superannuation and Retirement Income Act 2001 to monitor the effectiveness of persons who have been appointed (other than under statutory authority) to consider complaints and disputes about savings and investments and, if appropriate, to make recommendations to any person.

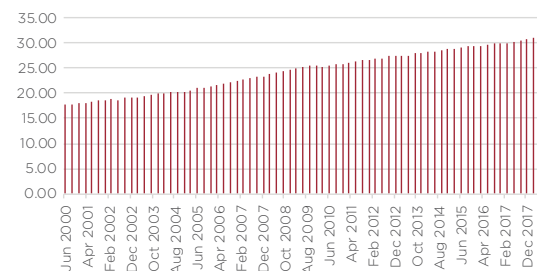
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KIWIS OF  
ALL AGES



# SETTING THE SCENE AT A GLANCE

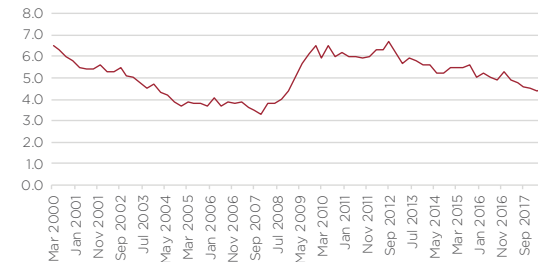
## WAGES

Wage growth - average earnings per hour \$



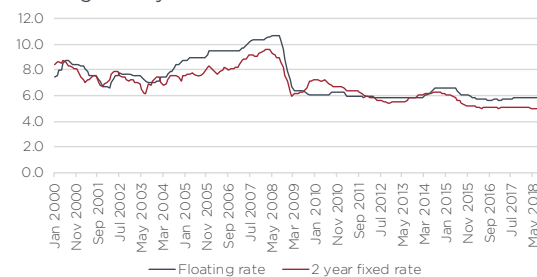
## UNEMPLOYMENT

Unemployment rate %



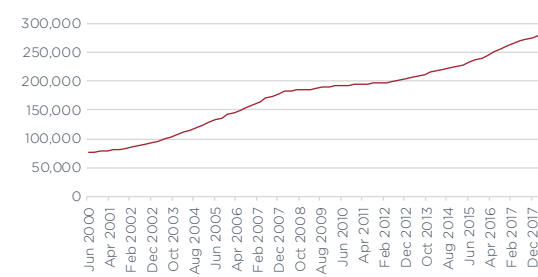
## INTEREST RATES

Floating and 2 year fixed interest rates



## DEBT

Household debt including housing - Billions \$



## HOUSE PRICES

HIGH

House Price Index - Millions

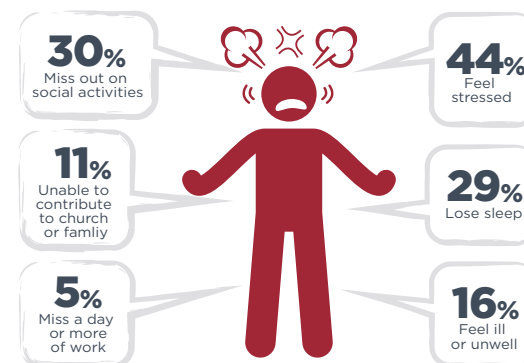


Source: Reserve Bank of New Zealand.

# OUR OPERATING CONTEXT

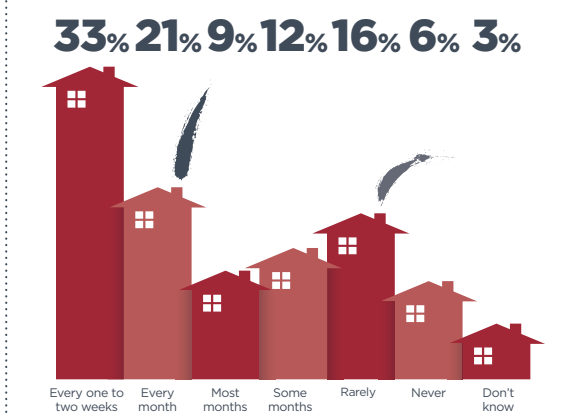
68% of New Zealanders report money worries.

Concerns about money have caused New Zealanders to:

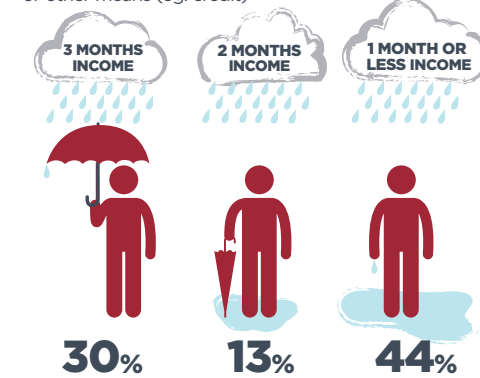


More than one answer could be selected, therefore total sums to more than 100%. Not all answers are shown.

How often can your household save money?

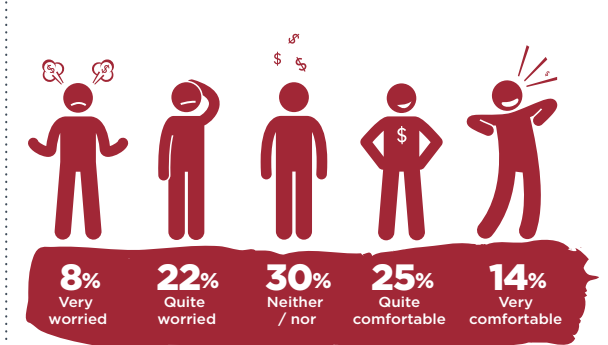


How much money can New Zealanders access from savings or other means (eg. credit)?

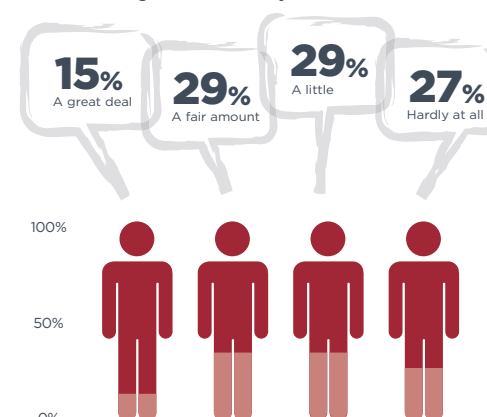


13% of respondents answered "don't know".

How New Zealanders feel about their current level of debt?



Level of thought about money needed in retirement?



**82%**  
OF SECONDARY STUDENTS  
WANT TO LEARN MORE ABOUT  
HOW TO MANAGE THEIR MONEY



Source: School Leaver Survey: What and where have school leavers learnt about money (CFFC, 2017).


<sup>1</sup> Based on a sample of 5,035 in the period Oct 2017-Jun 2018. Question was not asked in surveys before Oct 2017.

<sup>2</sup> Based on sample of 4,025 in the period Feb-Jun 2018. In 2017, the question about amount respondent could access in an emergency was in a different form and the results cannot be combined with 2018 data.

<sup>3</sup> Based on a sample of 10,112 in the period Jul 2017-Jun 2018.

<sup>4</sup> Based on a sample of 6,322 respondents who reported they have debt in the period Jul 2017-Jun 2018.





# PLAN FOR TOMORROW TODAY!



## OUR AMBITION FOR FINANCIAL CAPABILITY

**Vision:** Everyone getting ahead financially.

**Mission:** Driving sustainable behaviour change.

### Future-focused

New Zealand is experiencing unprecedented demographic change. Migration, fertility and mortality rates are shifting our population's age structure, ethnic mix and dependency ratios. An ageing population and increasing demands on the public purse mean that New Zealanders need the ability to provide for themselves more than ever before. Financial capability has become an essential life skill.

Social norms around how much we buy and consume are changing the way we view debt, while technology and easy access to high-interest credit has made debt easier to acquire.

CFFC is starting young, with our new Sorted in Schools programme beginning a four-year roll out to secondary students. The programme will equip young people with the knowledge and skills to avoid the traps of loans and high-interest credit to which they're particularly vulnerable, and help set them on a path to a financially healthy future.

Among families, we're focusing on the 'missing middle' – those who earn too much to qualify for state help, but too little to see a way through daily financial demands. They are 'In the Ward' in our triage categories – we aim to keep them out of 'Intensive Care' and help them progress to needing only 'GP Visits'.

Changing people's behaviour and money habits is a complex task. When today's demands drown out thoughts of tomorrow, CFFC cuts through the noise to inspire New Zealanders to focus on their financial wellbeing, and provides the tools to help them carve out a new financial future. We need to meet people where they spend most time – sometimes that means face-to-face, but often online.





# WHAT WE DO

CFFC drives sustainable behaviour change by helping people to better understand money. We help New Zealanders to build wealth and wellbeing by bringing about an underlying shift in the way they think about and manage money, creating lasting change.

## Three functions are at the heart of CFFC's work in financial capability

1. LEADERSHIP	2. RESOURCES AND EDUCATION	3. MONITORING AND EVALUATION
<ul style="list-style-type: none"> <li>Lead the national conversation on the importance of financial capability in building a wealthier future</li> <li>Share our insights on barriers to financial capability, and how to address them through sustainable behaviour change</li> <li>Provide robust policy advice on retirement income issues</li> </ul>	<ul style="list-style-type: none"> <li>Provide high quality, impartial tools and information to support Kiwis to become financially capable</li> <li>Offer courses in communities and workplaces, including those tailored to Māori and Pasifika</li> <li>Develop and roll out the Sorted in Schools programme for secondary students</li> <li>Inform current and future retirement village residents of their choices and rights</li> </ul>	<ul style="list-style-type: none"> <li>Track the financial capability of New Zealanders and the impact of our work</li> <li>Monitor the effects of the Retirement Villages Act (2003) and administer the disputes process</li> </ul>

## Our partners

CFFC leads the National Strategy for Financial Capability, which is a practical framework for raising the financial capability of New Zealanders. It relies on government, community and the private sector working together to have the biggest impact.

CFFC works across 153 community, government, private sector and non-government organisation (NGO) partners to raise financial capability across New Zealand.

## International context

The OECD sees New Zealand as a leader in financial capability education. CFFC is a member of the OECD International Network for Financial Education and our international ties help keep us at the forefront of the field.

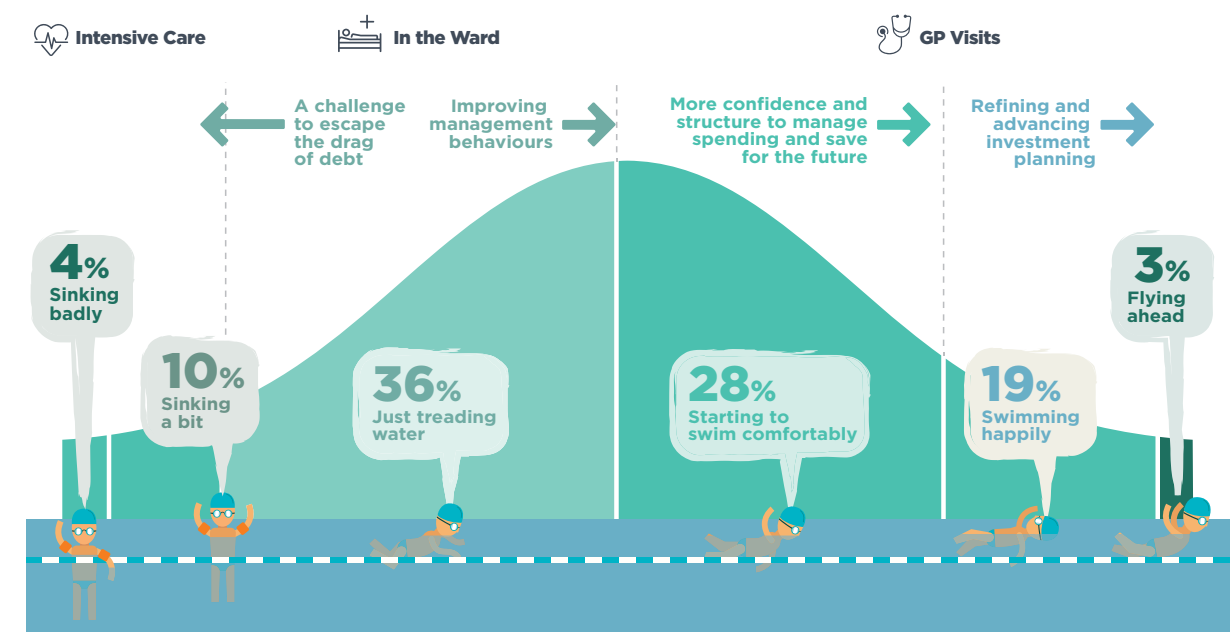
# OUR FRAMEWORK

CFFC uses a financial health framework to segment New Zealand's 3.9m adults, and a triage approach to determine who needs what, and how best to deploy our finite resources for the 14% of New Zealanders in Financial 'Intensive Care', the 36% 'In the Ward' and the 50% who we call 'GP Visits'.

With over 17,000 respondents since February 2017, our Financial Capability Barometer<sup>5</sup> is a nationwide survey which informs our segmentation approach and helps us to better understand the financial capability of New Zealanders. This is in addition to the thousands of people we hear from through our roaming video tent, street activations and website surveys.

## SEGMENTATION - TODAY<sup>6</sup>

### New Zealanders' financial capability



<sup>5</sup> These data are the cumulative average of the 2017 and 2018 barometer surveys, total respondents (n) = 17,069. The group responding "starting to swim comfortably" was previously classified in the 'In the Ward' segment, and is now classified in the 'GP visits' segment.

<sup>6</sup> Based on a sample of 10,112 in the period Jul 2017 – Jun 2018.



# HOW WE WORK

Building financial capability is about supporting Kiwis to make wise judgements about how they use and manage their money. At CFFC we know that information alone isn't enough to change behaviour. Our approach goes beyond knowledge - and reflects the role that social, cultural, policy and environmental factors play in influencing peoples' money choices. By better understanding what motivates people, our financial capability programmes create sustainable behaviour change.



KNOWLEDGE  
ALONE IS  
NOT ENOUGH

# SENIOR LEADERSHIP TEAM

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. This year the team's structure has changed as we enlarge our education focus, and shift to a content strategy to inspire and inform New Zealanders.

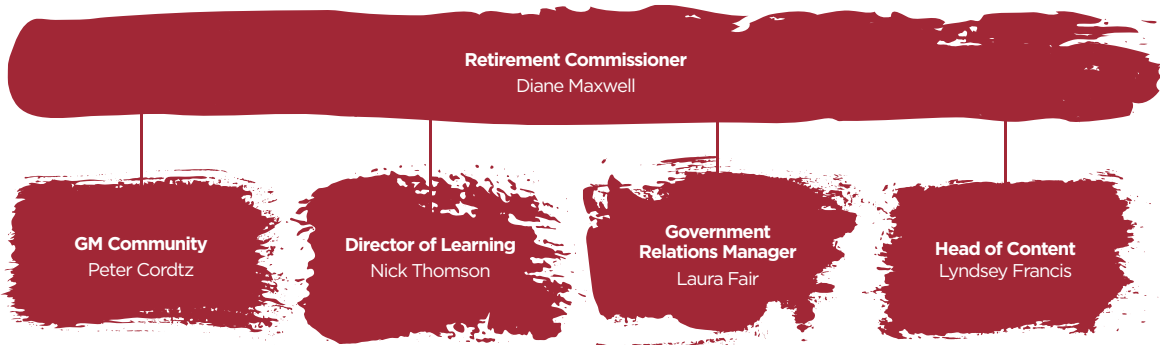
Nick Thomson has come on board into a new role, as Director of Learning, bringing the necessary skills and experience to lift Sorted in Schools, our Workplace programmes and our developing online learning offering to a place of relevance and action.

Lyndsey Francis, formerly of TVNZ, is our Head of Content, co-ordinating a team skilled in video, social and media communication to translate CFFC's messages across a range of audiences.

Peter Cordtz continues in his role leading and enhancing our Community programmes, more and more in partnership with government departments and agencies with deep connections in the communities we want to reach, particularly Māori and Pasifika.

Laura Fair continues her work in leading Government Relations, including co-ordinating CFFC's leadership of the National Strategy for Financial Capability.

## CFFC Leadership Team Organisational Chart





# BEING A GREAT EMPLOYER

CFFC is committed to good employment practices coupled with instilling a culture of innovation in how we achieve our goals. Our leadership team encourages workplace diversity, a great team culture, and the development of talent - factors which underpin the success of our organisation.

As an agile and innovative organisation, this year CFFC has focused on:

- Embedding a leadership team that is future focused, and growing a cohesive team of talented specialists.
- Maintaining a strong employee culture through team offsite days, team building events, and interactive weekly team meetings.
- Formalising team benefits. For example, monthly birthday celebrations, discounted health insurance and gym membership, additional sick leave with a waived stand down and team attendance at our own financial capability programmes.
- Developing a truly flexible workplace committed to supporting employees with work life balance. We encourage flexible start and finish times, enable working from home, and increasingly offer part time positions. Retaining talent by promoting from within where possible, with three of our team moving up into management roles.
- Continuing to challenge the status quo and embrace change as the pathway to an agile and innovative team.
- Continuing our peer-to-peer idea sharing in our weekly team meetings.
- Connecting with our community through guest speakers attending our team gatherings.
- Keeping our safety culture alive with refreshed emergency preparedness planning and a structured induction process for new employees.

Our values / our brand

- We are tenacious change agents that challenge the status quo.
- We lead and drive an underlying and enduring shift in the way people think about and manage money to build national, collective and individual wellbeing.
- We are bold and brave, real, unreasonable, curious, intelligent, empathetic. Our brand is who we are.

As an agile and innovative organisation, this year CFFC has focused on:

Leadership, Accountability and Culture

- Valuing our people as our greatest investment
- Embracing individual differences
- Promoting conversations about performance coaching
- Focusing on building our strengths and recognising our development needs
- Developing a wellness programme underpinned by a genuine care for the people who work for us

Recruitment, Selection and Induction

- No barriers or biases to employing the best person for the job
- Team training on cognitive bias to increase awareness of how this influences decision making
- Implementation of an on-boarding programme for new employees
- Coaching emerging managers on best practice recruitment process
- Implementation of a library of behaviour-based questions for use during interviews and reference checks
- Thorough background checks on all prospective employees

Employee Development and Promotion

- Empowering individuals to take personal responsibility for their development
- Internal promotion of three key employees into management roles
- Robust performance management system in place

Flexibility and Work Design

- Consideration of flexible work practices to accommodate employees' work and life commitment
- Designing roles with the possibility of part time or greatly flexible hours
- Encouraging discussion of flexibility with existing employees, allowing part time changes, start and finish time changes, flexibility with leave

Remuneration, Recognition and Conditions

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

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
- Policies for addressing harassment and bullying complaints

Safe and Healthy Environment

- Environment that supports and encourages employee participation in health and safety
- New employee induction focuses on health, safety and wellness
- Implementation of a new Employee Assistance Programme provider extending support into the financial and legal areas
- Negotiated discounted gym membership for all staff
- Established discounted Southern Cross Health insurance
- Revised Health and Safety Policy





**What we measure**

<b>Ethnicity*</b>	NZ European/Pakeha 64%	
	Other European <sup>7</sup> 12%	
<b>Age</b>	Māori 8%	
	Pasifika 4%	
	Other <sup>8</sup> 12%	
	Not Specified 4%	
	20-30	0%
<b>Gender</b>	31-40	36%
	41-50	32%
	51-60	32%
	61+	0%
<b>Gender</b>	Male	32%
	Female	68%
<b>Employees who have declared a disability</b>	4%	
<b>Number of FTE's and % of those who work part time</b>	Total FTEs	25
	Percentage working part time	8%
<b>Gender pay gap</b>	5%	
<b>Ethnic pay gap<sup>9</sup></b>	-3%	

<sup>7</sup> Other European ethnicities are Polish (4%), Dutch (4%) and Greek (4%)  
<sup>8</sup> Other ethnicities are Latin American (8%) and US American (4%)  
<sup>9</sup> CFFC's ethnic pay gap analysis is a comparison of the median pay for 'NZ Europeans' against 'All Other Ethnicities'. The negative pay gap value of -3% indicates that the median pay of self-reported other ethnicities is slightly higher than the median pay of self-reported NZ Europeans. The ethnic pay gap between NZ European and Pacific employees at CFFC is -47% but only relates to one employee.



# STATEMENT OF PERFORMANCE

Funding from the Crown for the 2017/18 year was received as a single appropriation and was budgeted to be \$7,422,000.

This appropriation is limited to services from the Retirement Commissioner to develop and promote methods of improving the effectiveness of retirement income policies, the publishing of information and the delivery of a comprehensive public financial education programme. The appropriation is intended to improve the financial wellbeing of all New Zealanders by increasing the number of New Zealanders who are financially capable throughout their lives and are financially equipped for retirement. This appropriation is also intended to monitor the effects of the Retirement Villages Act 2003 and promote awareness of rights and responsibilities of all participants in the retirement villages sector. There are no unfulfilled conditions or contingencies attached to Crown funding.

Assessment of Performance	Budget Standard 2017/18	Actual Standard 2017/18
Increased levels of financial capability and sustainable behaviour change <sup>10</sup>	Achieved	Achieved
Increased participation in public discussions on retirement savings and planning, and the issues surrounding New Zealand's retirement income policy <sup>11</sup>	Achieved	Achieved
Ministerial satisfaction with the Retirement Commissioner's delivery of its functions under the Retirement Villages Act 2003 <sup>12</sup>	Satisfied or very satisfied	Satisfied or very satisfied

Actual funding received from the Crown was \$7,505,609. In addition to Crown funding, CFFC also received a further \$242,147 in interest and other sources. The allocation of this funding and expenditure across the output classes is shown below:

Allocation of Revenue/Expenditure	Actual 2017/18	Budget 2017/18
<b>Revenue<sup>13</sup></b>		
Financial Capability	\$6,077,806	\$5,808,480
Retirement Income	\$1,447,290	\$1,452,120
Retirement Villages	\$222,660	\$215,000
<b>Total Revenue</b>	<b>\$7,747,756</b>	<b>\$7,475,600</b>
<b>Expenditure</b>		
Financial capability	\$5,152,187	\$6,159,846
Retirement income	\$1,095,279	\$1,253,737
Retirement villages	\$318,017	\$457,016
<b>Total Expenditure</b>	<b>\$6,565,483</b>	<b>\$7,870,599</b>
<b>Surplus/(Deficit)</b>	<b>\$1,182,273<sup>14</sup></b>	<b>(\$394,999)</b>

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.

CFFC 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 Codes of Practice or variation.
<b>Crown Entities Act 2004</b>	<p>The Crown Entities Act 2004:</p> <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 CFFC provides performance reporting under the following output classes:

- Financial Capability
- Retirement Income
- Retirement Villages

<sup>10</sup> Sorted Website – unique users (2017/18: 1.19m unique users) (2016/17: 1.09m). Sorted facebook engagement – 243,680 engagements. Cumulative reach to New Zealanders – 1,409,911 total facebook reach, 32,314 facebook post engagements and 449,147 YouTube pre-roll impressions. Community & Workplace Programmes – (2017/18 17,353 participants completed 403 initiatives) (2016/17: 2096 participants completed 175 sorted programmes). Money Week – New Zealanders interact with tools promoted during Money Week and in the period one week after). (2017/18: 89,906) (2016/17: 34,444).

<sup>11</sup> 11,600 contributions from the public and experts vs 196 submissions for the 2013 review.

<sup>12</sup> The Minister has confirmed their satisfaction for 2017/18.

<sup>13</sup> Actual 2017/18 Financial Capability Revenue comprises \$5,752,050 from our Crown Appropriation (77.5% allocation as per CFFC's Statement of Performance Expectations [SPEs]), \$83,609 of Crown Revenue – Other and \$204,071 of Other Revenue (both 100% allocation to this Output Class as revenues were for delivery of financial capability programmes in workplaces and communities), and \$38,076 Interest Revenue (100% allocation to this Output Class as the interest relates to revenues received for CFFC's Sorted in Schools financial capability programme that have not yet been spent). Actual 2017/18 Retirement Income Revenue comprises \$1,447,290 from our Crown Appropriation (19.5% allocation as per SPEs). Actual 2017/18 Retirement Villages Revenue comprises \$222,660 from our Crown Appropriation (3% allocation as per SPEs).

<sup>14</sup> Surplus arises from Sorted in Schools underspend that will be allocated in 2018/19.

# FINANCIAL CAPABILITY

In the Financial Capability output class our focus is on:

## Driving behaviour change

CFFC works to create lasting behaviour change by helping everyone become financially capable. We are focused on the 1.4 million New Zealanders who are 'In the Ward' in our triage categories, helping to keep them out of 'Intensive Care' and progress toward needing only 'GP Visits'. This group is vulnerable because they have declining home ownership, high debt levels, and modest or no savings.

## 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

CFFC is focused on doing what works, at scale. We plan, test, pilot, and deploy initiatives that are proven to deliver results. We also know our financial capability programmes have the greatest impact when they are integrated into the health, housing, education and employment services delivered by specialist agencies. By partnering across government, we find opportunities to embed financial capability modules in the delivery of their programmes. Examples this year include the Sorted Kāinga Ora programme with Te Puni Kōkiri, helping whānau assess whether they are ready for home ownership, and the Sorted in Schools programme, developed with teachers to be linked to classroom learning. We also reach a broad base of New Zealanders in multiple ways such as [cffc.org.nz](http://cffc.org.nz), [sorted.org.nz](http://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. CFFC's work seeks to equip people from an early age with the skills and confidence to navigate a lifetime of financial choices, ask the right questions and make decisions that will see them reach retirement in good financial shape.

## Measures

The following chart shows our areas of focus in raising financial capability, and the outcomes we measure.

CFFC DRIVING  
BEHAVIOUR CHANGE





## Action in good intentions

In 2017 Mike and Katie O'Connor and their newborn son Finn were living with Mike's parents while they saved for a house, but didn't feel like they were making headway.

**"We didn't really know how to go about it. We'd put money aside but then dip into it for car repairs or to pay an unexpected bill."**

One day, walking through their home suburb of Panmure in Auckland, Mike spotted a poster for a Sorted course that was geared toward home ownership. Taking the seven-week course helped them improve their situation to such an extent they are now hopeful of being in their own home by early 2019.

**"In 18 months we've managed to double our savings."**

Katie and Mike are both 33. Mike's a firefighter; Katie, formerly a professional dancer, is now a pilates instructor.

The course gave the couple the opportunity to look at their finances through a microscope. What they found was not terrible, but they realised that if they structured their outgoings better, and made more conscious choices in their spending, they would have more control of their savings.

They paid off what debt they had, and set up separate accounts to put money aside for various bills, so that when they fell due the money was already there for payment. They thought hard about "needs vs wants", deciding not to buy a new car but instead sell one and downgrade the other to a model that was more family-friendly.

It wasn't all about denial. The couple learned that to sustain better money habits, they had to still enjoy life. Mike's squash club membership stayed, as did Katie's occasional coffee with friends.

**"It's a bit like maintaining a diet," says Katie. "You need to be allowed the odd piece of cake – we just had to decide which cake we wanted each month."**

The course helped Katie and Mike to prioritise what was important to them, which was family – travelling to see Katie's family in Britain every couple of years, and saving to buy their own family home.

**"For us it's less about things, and more about lifestyle," says Katie. "We now prioritise differently and with better intentions. We make choices every day because we're focused on saving for our next trip to England for a family wedding, and for our house."**

The couple found the course enjoyable – it was reassuring learning with people of all ages and backgrounds, and in all kinds of financial situations. They learned the importance and benefits of talking openly about money. Participants felt empowered to set goals and make plans of how to reach them.

Mike says they left each workshop with new knowledge, and changes to make to improve how they managed their finances.

**"When we look back at how far we've come in 18 months, we realise the journey we've been on has been spectacular. The big changes were actually in the little things."**

Their goal of home ownership is almost within their grasp.

**"We're just keeping the faith and adding to our savings bit by bit. Being able to buy a house in Auckland, close to family, is like the golden ticket."**

They recommend the Sorted courses to anyone.

**"It can be isolating thinking you're struggling on your own, but you're not. Sometimes starting is the hardest step. But doing a Sorted course will help you get your ducks in a row, so that when the opportunity to achieve your goal comes along, you'll be ready."**

To watch the full interview go to [cffc.org.nz/success-stories](https://cffc.org.nz/success-stories)





# National Strategy for Financial Capability

**Deliverable: National Strategy partners work collaboratively and proactively across all regions**

CFFC continues to lead the National Strategy for Financial Capability, which sets a shared direction for financial capability. It provides a practical framework for how government, community groups and private sector organisations can work together to help New Zealanders get ahead financially.

Our annual National Strategy snapshot survey maps who is delivering financial capability initiatives across New Zealand and the types of initiatives offered. This is the third survey we have carried out and the numbers continue to grow, with 307 financial capability initiatives being delivered and 175,500 people taking part. A total of 153 organisations supported or contributed to the National Strategy.

**Deliverable: National Strategy partners work collaboratively and proactively across all regions**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Lead meetings of the Auckland and Wellington Financial Capability Networks	Achieved (4 meetings)	Exceeded 5 meetings	5 meetings <sup>15</sup>
Contribute to the design and delivery of locally led communities of practice	4 initiatives	Exceeded 5 initiatives	New measure
Number of organisations from across the financial capability system that support and/or align their initiatives to the National Strategy for Financial Capability	140	Exceeded 153 organisations running 307 initiatives that support the National Strategy	130
Work with National Strategy partners to review and refresh the National Strategy website to increase website traffic from 2016/17 baseline of 2,725 views	25% increase in website traffic (from 2,725 to 3,407 views)	Exceeded 4,907 views	New measure

**Deliverable: Government agencies actively working together to drive results**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Co-lead quarterly meetings of the Cross-Government Group for Financial Capability	Achieved (4 meetings)	Achieved 4 meetings	8 meetings <sup>15</sup>
Number of collaborative, cross-government initiatives identified and delivered	Six initiatives	Exceeded 9 cross-government initiatives	6 initiatives <sup>16</sup>

<sup>15</sup> In 2016/17 this was a combined measure to lead quarterly meetings of the Cross-Government Group for Financial Capability and lead at least four meetings of the Auckland and Wellington Financial Literacy Practitioners and Providers networks. These data have been separated out to enable comparison with this year's results.

<sup>16</sup> Last year the measure was worded as "Number of result-oriented initiatives identified and delivered across the government sector".

# Key projects

Performance Indicator	Results 2017/18
Review the National Strategy for Financial Capability implementation strategy and measurement framework	Achieved CFFC worked with cross-government group partners to review the current implementation strategy and measurement framework. We agreed to continue focusing on using the National Strategy web platform as a way to show the strategy as a 'living strategy.' The National Strategy website content was refreshed and updated with current examples of the strategy in action. This will be a continued area of focus for CFFC in the coming year.

# Sorted Community and Sorted Workplace

**Deliverable: Greater penetration of financial capability community and workplace initiatives across all sectors**

For Sorted Community, we work with a range of iwi and other organisations to ensure quality development and delivery of financial capability initiatives. Financial education and information initiatives are delivered in a variety of ways with the goal of driving sustainable and enduring behaviour change, helping the financially vulnerable become financially capable. CFFC has tailored resources and programmes to deliver specifically for Māori and pilots a range of programmes to connect to the government eco-system and at a grassroots level.

This year we successfully doubled our community programme reach, helping some of the most financially vulnerable New Zealanders, and those in the 'missing middle' to step towards a brighter financial future.

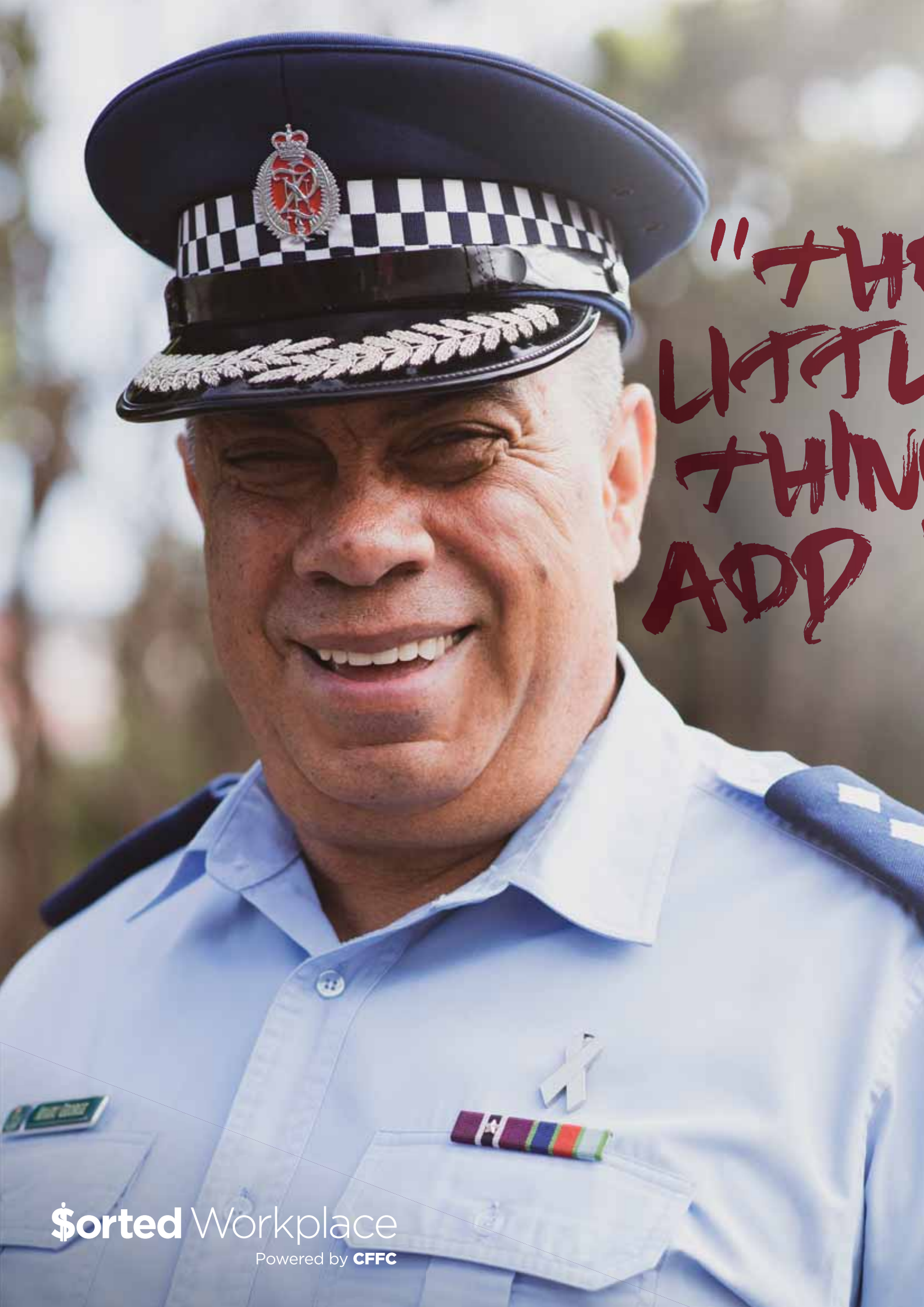
We also work with a range of businesses and other organisations to build financial capability in workplaces. Examples include national workplace partnerships with New Zealand Police Families Credit Union, the New Zealand Defence Force, The Warehouse Group and a national community partnership with The Adventist Development and Relief Agency, ADRA.

Performance Indicator	Target	Results 2017/18	Results 2016/17
Growth in the number of financial capability initiatives and face-to-face delivery, to increase engagement with individuals and reach more households across New Zealand. 'Initiatives' are designed to achieve a variety of depth and breadth outcomes, such as face-to-face engagements (e.g. one-off seminars to intensive programmes) and/or embedding financial capability into partners' wellbeing programmes	900 initiatives engaging 12,500 individuals and reaching an estimated 26,250 household members	Partially Achieved Year end result, including our collaboration figures, is 17,353 individuals and an estimated 36,441 household members reached via 403 initiatives. <sup>18</sup>	New measure <sup>17</sup>
Number of initiatives delivered to improve Māori and Pasifika financial capability	12	Exceeded 13 initiatives this year	10 initiatives delivered

<sup>17</sup> This data is not directly comparable with last year. Our metric in 2016/17 was: Delivery of intensive Sorted programmes (we achieved 175 programmes to 2096 participants); Fighting Fit workshops (we achieved 66 workshops to 2014 participants); and Downloaded one-off Sorted seminars (200 seminars to 1,113 participants).

<sup>18</sup> CFFC directly engaged with 8,231 individuals, reaching an estimated 17,285 household members through 392 initiatives. However, CFFC's focus is increasingly collaborative. We are multiplying our reach through a train-the-trainer approach. This year, 11 CFFC collaborators ran initiatives that reached 9,122 individuals and an estimated 19,156 household members.





"THE  
LITTLE  
THINGS  
ADD  
UP!"

#### Sorted Workplace In their own words

### Taking time to plan

As a senior policeman, Inspector Anaru George felt apprehensive at the prospect of doing a Sorted MoneyWise course at his workplace – the Royal New Zealand Police College in Wellington.

**"I'm not flash at going into something with a group of people I don't know, and I thought if I did the course it would signal to everyone that I was useless with money."**

Anaru, who oversees the training of police recruits regarding cultural awareness when dealing with Māori, waited until a colleague he knew was taking a course, then went along with him. What he found was a relaxed, open environment where everyone was seeking the same information, and there was no judgement.

**"I found my finances were nothing out of the ordinary – I tended to live payday to payday, paid the bills on time – but the course showed me how I could do more with what I was getting."**

A lightbulb moment came when Anaru realised he was paying about \$100 a month in interest on his credit card, yet had enough savings to clear his credit card debt. He withdrew what he needed to clear the card, and now pays it off each month to avoid incurring interest.

Anaru is approaching retirement, and had been looking forward to accessing his police pension fund and "having a spend up". The Sorted course made him see that differently.

**"It made me realise that I might live a long time, and I need to be careful in how I manage my money. I don't want to have to live only off Super and pinch pennies, I want to have a comfortable lifestyle. Now I'm using the next few years to gear my finances toward that."**

It was also helpful to observe what other people got out of the course, as the tips they learned could be applied to his own situation.

**"When I listened to other people talk about their spending diaries, I was amazed at how much some of them would spend on things like coffee – one person was spending in excess of \$100 a week on coffees. It made me realise that little things add up and if you make a small change, over a period of time you can save a fair bit of coin."**

Perhaps the biggest benefit of completing the course was the increased sense of confidence Anaru now feels in managing his finances. This enabled him to buy a house, and view his retirement in a positive light.

**"I don't worry about money like I used to. The course opened my eyes and made me more aware of what I was doing, and what I could do. When the time comes to retire, I'm pretty sure I'll have the means to be ok."**

Since starting out being nervous about doing a Sorted course, Anaru says he is now a big advocate for them being run at the Police College, and promotes them among his colleagues.

**"I point them to the bulletin board and say 'have a crack, don't be shy'. It's not hard, it just takes a bit of time. And everyone's there with similar stories to yours. I did this course reasonably late in life, but it's shown me that a lot of things are possible."**

To watch the full interview go to [cffc.org.nz/success-stories](https://cffc.org.nz/success-stories)





## Sorted in Schools

**Deliverable: More financial capability learning outcomes as part of school curriculum**

New Zealand’s ageing population means that the young of today are facing a very different future than their grandparents. Our children need to reach retirement in good financial shape so they can support themselves more and rely on the government less, and that takes a lifetime of planning.

School is one of the best places to start learning. Our youth are faced with financial choices from an early age, and need clear direction on how to avoid bad debt, manage their money and get ahead financially. CFFC has been entrusted with developing and rolling out the Sorted in Schools programme over the next four years. It will see financial capability integrated across the New Zealand Curriculum and Māori medium education.

During 2017-2018, CFFC developed a robust and fit-for-purpose programme structure to drive delivery of Sorted in Schools. By working closely with the Ministry of Education and key stakeholders, we ensured our approach was aligned with the priorities of the incoming Government, including the new School Leavers’ Toolkit and opportunities associated with the National Certificate of Educational Achievement (NCEA) review. As a result of these factors, CFFC made a strategic decision to delay progressing a number of the performance indicators below. By year-end we were focused on full-scale implementation and roll-out which included over 79 schools signed up for our Sorted in Schools programme for delivery in term 1, 2019.

We partnered with teachers to co-create the financial capability resources for years 9 & 10 that will be applied across many subjects in the curriculum. These resources are being rolled out to schools in term 4, 2018, and readied for mass-scale delivery across New Zealand schools from term 1, 2019. Work with the Ministry of Education on the School Leavers Toolkit is ongoing, as is our work with kura on developing resources for Māori medium education.

**Work with school communities to deliver a whole-school approach to financial capability:**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Online learning hub – facilitated discussion forum and resource library. Establish baseline of re-engagement measures by user registrations	Establish baseline	Not achieved CFFC made a strategic decision not to progress this measure but to instead focus on creating a central Sorted in Schools web platform that will house our resources and driving schools and teachers to this site.	New Measure
'Making Sense of Cents' initiative for teachers	40 events / seminars / activities	Not achieved CFFC made a strategic decision to delay teacher initiatives until next year after our pilot phase is complete.	New Measure
Reach of Sorted in Schools programmes	55,000 students	Not achieved CFFC has 79 schools signed up for Sorted in Schools. These schools represent over 59,000 students. Some 20 partner schools are co-creating resources for roll-out to year 9 and 10 students in term 4. Our partner schools represent a cross section of deciles and kura kaupapa Māori, to support the creation of student resources and support material for teachers. Target not met, but reach established for FY19.	New measure



Reach of resources and professional development training	15,000 teachers / 200,000 students	Not achieved From October 2019, teachers nationwide will access Sorted in Schools resources via an online portal <a href="https://sortedinschools.org.nz">sortedinschools.org.nz</a>	New measure
Reach of CFFC engagement and communications strategy	1,000 schools	Partially achieved CFFC has developed and implemented a communications strategy for Sorted in Schools. This strategy generated strong support for Sorted in Schools with scores of schools signing up. We will continue this approach in FY19, and expect a surge in the number of schools signing up.	New measure

**Greater engagement with key education partners to identify new opportunities for financial capability collaboration through:**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Engagement meetings	10	Exceeded 35 engagement meetings including setting up a quality assurance group.	New Measure
Develop new partnerships with targeted project outcomes, including collaborative investment	2	Exceeded 3 new partnerships established with Ministry of Education; New Zealand Qualifications Authority and New Zealand School Trustees Association.	New Measure
Develop content pieces to communicate big financial capability concepts for education (video, audio, e-books and infographics)	6	Not achieved Delivery of content pieces was delayed by CFFC due to the need to reach multi-agency consensus on the Sorted in Schools framework. We have contracted CORE Education to deliver content. The first package is due for delivery by 14 September 2018. CFFC expects at least one resource package to be delivered per quarter in FY19.	New measure

## Key projects

Performance Indicator	Results 2017/18
Develop a financial capability survey of 15 year olds (target 5% sample) to provide an appropriate baseline to measure CFFC's impact	Achieved In December 2017, CFFC conducted a nationwide survey of 1,000 students who are intending to leave school within the next 12 months or those who have left school in the past 12 months. The purpose of the survey was to create a high level snapshot of what students recall learning about financial matters, where that learning occurred (home or school), and what financial topics are of importance to them.
Growing GP Parents research project (research and develop tools for parents and teachers to talk about money and raise financially capable children)	Not achieved This year, CFFC started work on co-creating resources and tools for teachers, parents and students as part of the delivery of Sorted in Schools. These will be formally evaluated which means that the Growing GP Parents research project would overlap with our work in this space. Therefore CFFC made a strategic decision not to progress this measure.

## Audience and media reach

**Deliverable: More conversations about money**

Coverage of CFFC's work by the mainstream media is crucial in order for us to raise awareness of financial capability and provide thought leadership. We have strong relationships with key journalists, collaborate with them on proactive media campaigns, and CFFC staff are regularly asked to comment on stories in print, broadcast and online media.

CFFC's online channels offer a cost effective, fast and increasingly mass option for engaging with New Zealanders. Reflecting changing trends, we have shifted emphasis from traditional advertising to creating video content such as 'Commission Confessionals' and 'Tales from the Tent' presenting real people and real stories and promoting these via social media.

Performance Indicator	Target	Results 2017/18	Results 2016/17
ASR (rate card) value of unpaid/earned media coverage of CFFC and Sorted	\$2m per quarter \$8m total	Achieved Year end result ASR value is \$12,461,489.	\$18.27m <sup>19</sup>
Content items per quarter of stories, videos, blogs and podcasts that cover financial capability and retirement income issues	35 per quarter 140 total	Achieved 152 items produced.	32 per quarter, 128 total
YouTube video guides to KiwiSaver, Sorted tools and financial capability and retirement income concepts and mobile video programme capturing New Zealanders' thoughts on the same	12 per annum	Achieved 35 items produced.	New measure

<sup>19</sup> Year of the Review



CFFC ensures that our websites are as attractive as possible to search engines like Google. Changing consumer behaviour has meant that algorithms now favour topic-based content, to accommodate users posing complex questions to a search engine (compared to the fragmented keyword queries of the past). CFFC continually assesses its website configuration in order to maximise appeal to these changing algorithms, including arranging our guides by topic clusters. This ongoing optimisation is part of a larger programme of website redesign and redevelopment for the CFFC and Sorted websites to enhance the user experience and improve security and platform stability.

CFFC owned communication channels support engagement with New Zealanders

Performance Indicator	Target	Results 2017/18	Results 2016/17
cffc.org.nz traffic sessions	65,000	Achieved 68,823 traffic sessions.	91,394
CFFC Facebook consumptions	30,000	Exceeded 84,211 facebook consumptions.	34,294
CFFC video views	140,000	Exceeded 274,111 video views.	183,196 YouTube views

Deliverable: More New Zealanders will make informed financial decisions

Performance Indicator	Target	Results 2017/18	Results 2016/17
New invested.co.nz videos based on understanding more in-depth aspects of investments	Six	Six videos	Eight videos

Key projects

Performance Indicator	Results 2017/18
Create a toolbox for employers and drive national awareness of the Ageing Workforce to help employers and employees manage the challenges of New Zealand's ageing workforce	Achieved CFFC completed an Ageing Workforce survey and co-authored Act Now Age Later, a white paper released by the Hon. Tracey Martin. The paper challenges New Zealand to embrace the potential of employing older workers and engaging with our ageing workforce. CFFC is reliant on whitepaper stakeholders to implement the recommendations from the report.

Sorted Online

Deliverable: More investment in financial capability

Our award-winning Sorted website (sorted.org.nz) continued to provide a trusted resource with information, calculators, and tools including the KiwiSaver Fund Finder. This year, we achieved a new record for Sorted traffic sessions, hitting 2.01 million sessions and exceeding our target.

Build greater Sorted engagement among New Zealanders

Performance Indicator	Target	Results 2017/18	Results 2016/17
Sorted.org.nz traffic	1.9m sessions across 1.06m unique users	Exceeded 2.01m traffic sessions across 1.19m unique users.	1.85m traffic sessions across 1.09m unique users
Growth in number of active Sorted users (registered and used their account in the past 6 months) per annum	10%	Not achieved Overall a 9.5% decrease in active users. In response to increasing reluctance by users to register and submit details, we have focused on offering a better experience across the whole Sorted site. This trend reflects a global shift in user behaviour, and CFFC has worked to better define the value proposition for being registered.	9% increase
Sorted Facebook engagements	160,000	Exceeded 243,680 Facebook engagements.	New measure

Key projects

Performance Indicator	Results 2017/18
Work with industry on a template financial plan. Template is then implemented into a Sorted project to deliver this via the sorted website. Short form financial plan will be included for use in CFFC's segmental programmes	Not achieved The update to our Sorted web platform this year focused on making the website easy to navigate and creating tools that are more accessible to low income and vulnerable New Zealanders. Therefore a strategic decision was made not to progress this measure.
Develop a decumulation calculator in Sorted to allow users to work out what their KiwiSaver lump-sum could potentially provide as an income stream in retirement	Not achieved As noted above, our investment in Sorted this year was redirected into making the website more accessible to vulnerable New Zealanders. Therefore a strategic decision was made not to progress this measure.





# Money Week

Sorted Money Week was held from 14–28 August 2017 (event week and follow-up monitoring week), and had a strong impact on CFFC’s results, exceeding targets for participation, engagement and reach.

CFFC’s two brands, Sorted and Money Week, were combined to seamlessly drive Money Week participants to Sorted resources.

This year’s theme of “What does debt do for you?” resonated well with the public.

## Provide leadership and support to Money Week partners

Performance Indicator	Target	Results 2017/18	Results 2016/17
		Not achieved 1.9m	
Cumulative reach to New Zealanders of social media channels	2.5m	The social media campaign did not achieve its target cumulative reach of 2.5M impressions. This figure was based on accumulated measures from all social channels and will be reset for the 2018 Money Week campaign to enable transparency and accuracy. However, Sorted Money Week achieved significant gains with a 1,409,991 total Facebook reach (up 69% from 2016). Additional reach was achieved through 32,314 Facebook post engagements and 449,147 YouTube pre-roll impressions.	2.54m
New Zealanders that interact with tools promoted during Money Week and in the period one week after.	25,000	Exceeded 89,906 users interacted with tools and resources during Sorted Money Week and the week following.	34,418
Number of organisations that take part in Money Week and reach to New Zealanders	200 reaching 55,000 New Zealanders	Exceeded 220 organisations participated with a cumulative reach of 60,000 New Zealanders.	200 organisations reached 55,611 New Zealanders
Media value generated through Money Week	\$500,000	Exceeded \$866,000	\$606,000



# FEATURE: MONEY WEEK

## ‘WHAT DOES DEBT DO FOR YOU?’

14 – 28 August 2017

CFFC runs Sorted Money Week, an annual event when schools, businesses and community groups all over New Zealand hold money-themed seminars, events, competitions, quizzes, and more.

This year’s campaign theme put the spotlight on debt by asking New Zealanders “What does debt do for you?”.



**\$866K**

Advertising Space Rate (ASR) for earned/unpaid media coverage

**89,906**

New Zealanders using Money Week tools and resources



**415**

Mainstream media items

**1.9m**

Impressions on social media channels

**220 partners**

Supported Money Week by hosting events for 60,000 people

## Financial Capability – Monitoring and Evaluation

CFFC has successfully established baseline metrics across a range of financial capability indicator questions. These baselines are built on responses from thousands of individuals and will enable us to measure the impact of financial capability building initiatives at a community level. This achievement is built on significant work in quarters 1-3 to refine the Barometer survey, reach over 17,000 respondents since the survey began in February 2017 and build a dataset that can be segmented to provide insights across a range of topics, including ethnicity differences, gender differences, wellbeing, fraud & scams, and KiwiSaver. This is in addition to the thousands of people we hear from through our roaming video tent, street activations and website surveys.

Our 2017/18 SPE stated that CFFC would use the Barometer survey to set benchmarks for some aspects of New Zealanders' financial capability. CFFC has identified four key benchmarks which will be used to measure the financial capability of New Zealanders going forward.

We are focused on the 1.4 million New Zealanders who are 'In the Ward' in our triage categories, helping to keep them out of 'Intensive Care' and progress toward needing only 'GP Visits'. This group is vulnerable because they have declining home ownership, high debt levels, and modest or no savings. They include many of the missing million KiwiSaver members, they are potential KiwiBuild customers if they go through our home ownership programmes and reduce debt – and they are a significant portion of the population who will reach retirement partially or wholly dependent on government transfers. They stand to benefit the most from Sorted's expertise and guidance.

Over the next four years we aim to see a five percentage point increase in the first four measures for the 1.4 million New Zealanders we are strategically targeting. We see the final measure relating to the number of New Zealanders who strongly agree/agree that they keep a close watch on their financial affairs as an important indicator to maintain.

### Key performance indicators for measuring the financial capability of New Zealanders

Performance Indicator	Results 2017/18 – All New Zealanders <sup>20</sup>	Results 2017/18 – New Zealanders 'In the Ward.' <sup>21</sup>
Percentage of NZers who state that they have saved money at least monthly over the last 12 months	54%	42%
Percentage of NZers who strongly disagree/disagree that they live for today and let tomorrow take care of itself	52%	45% <sup>22</sup>
Percentage of NZers who strongly agree/agree that they set long term financial goals	53%	45% <sup>22</sup>
Percentage of NZers who strongly agree/agree that they keep a close watch on their financial affairs	81%	79% <sup>22</sup>

### Deliverable: More New Zealanders will have a financial plan

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via question 'Do you [and your partner] have a financial plan that will deliver the sort of lifestyle you want in retirement?'	Establish baseline	Achieved Baseline established 28% yes	New measure

<sup>20</sup> Based on a sample of 4,025 in the period Feb 2018-Jun 2018.

<sup>21</sup> Based on a sample of 3,632 'In the Ward' in the period Jul 2017 - Jun 2018.

<sup>22</sup> Based on a sample of 1,490 in the period Feb 2018-Jun 2018.

### Build greater Sorted engagement among New Zealanders

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via question Sorted 'Helped me change the way I think about money'	Establish baseline	Achieved Baseline established 14% agree or strongly agree	New measure

### Deliverable: More New Zealanders will make informed financial decisions

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via question 'I keep a close personal watch on my financial affairs'	Establish baseline	Achieved Baseline established 81% agree or strongly agree	New measure
Barometer to establish baseline via question 'I set long term financial goals and strive to achieve them'	Establish baseline	Achieved Baseline established 53% agree or strongly agree	New measure

### Deliverable: More New Zealanders will have a buffer (minimum one month emergency fund)

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via the question, 'Would you be able to access one month's worth of expenses?' (i.e. access to a buffer via savings, credit or insurance)	Establish baseline	Achieved Baseline established 34% yes	New measure
Barometer to establish baseline via the question, 'How could you access up to one month's worth of your household expenses?' (i.e. access to a cash/savings buffer)	Establish baseline	Achieved Baseline established 36% entirely from savings 41% some from savings 22% entirely from sources other than savings	New measure

### Deliverable: Behaviours are enduring and sustained in the face of life events

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via the question, 'Thinking about some of life's big events/headwinds (e.g. job loss, injury/illness, divorce/death of a partner) were you able to stick to/stay on track more-or-less with your financial plan?'	Establish baseline	Not achieved CFFC made a strategic decision to replace this question with another measure of financial resilience	New measure

### Deliverable: Parents guiding children/teenagers to become financially capable adults

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via the question, 'How often do you talk to your children about managing or saving money?'	Establish baseline	Achieved Baseline established 38% often/all the time (respondents with children only)	New measure





**Deliverable: Better risk management (insurance, wills and estate planning)**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via the question, 'Do you have a legal will that sets out how your property and financial assets will be handled?'	Establish baseline	Achieved Baseline established 48% yes (have a will)	New measure
Barometer to establish baseline via the question, 'Which of these types of insurance do you have?'	Establish baseline	Achieved Baseline established 78% Car 67% Contents 60% House 43% Life 35% Health 16% Income Protection	New measure

**Deliverable: People have greater understanding of their long-term trajectory based on home ownership and other key fators**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via question 'To what extent have you/and your partner thought about the amount of money you will need in retirement?'	Establish baseline	Achieved Baseline established 14% a great deal 31% a fair amount	New measure
Growing GPs (Markers for Future Financial Success) Research establishes benchmark measures	Establish baseline	Not achieved CFFC made a strategic decision to not proceed with the Growing GPs research project because it would duplicate other work being done as part of the Sorted in Schools programme.	New measure

**Deliverable: Changed social norms around debt and savings that lead to better decisions and behaviours**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via question 'How often do you talk about managing and saving money with your family, friends or work colleagues?'	Establish baseline	Achieved Baseline established 31% often or all the time	New measure
Barometer to establish baseline via question 'Before I make a big purchase (e.g. like a car or holiday) I carefully consider whether I can afford it'	Establish baseline	Achieved Baseline established 49% select 1-3 (save for it first) on a 1-10 scale	New measure





## Changing a family's future

Chantel Matthews is proud that the skills she gained from a Sorted Community course have helped her and partner Riccardo (Rick) Perawiti to break the cycle of raising children in a low income environment.

**"In my family, that cycle of financial hardship gets to stop with me," says Chantel. "I'm the first to go to university, I'll be the first to own my own home, and our kids will grow up seeing that as the norm. They will pass our teaching about money onto their children, so we've not only changed our lives, but the path of future generations."**

It seems like a bold claim to make about a six-week course the couple did in 2016, but Chantel is emphatic that the programme, called Sorted 'Ākara Mamao (Cook Island Māori for 'See the Future'), was a turning point in the fortunes of her family.

At the time they were in a place of uncertainty and insecurity. Rick was transitioning between jobs, and they were living with his family in Auckland with their 18-year-old son Zion and six-month-old baby Carter. Chantel had been attending university with the aim of launching a new career when she fell pregnant with Carter.

**"Financially we had to make some changes in our life, and when a friend told us about the Sorted course it sounded like what we needed. We took a leap of faith."**

The first workshop they attended changed their way of thinking about money.

**"We came home with tools and the structure we needed to set goals and a budget to reach them. Almost overnight we went from a place of money coming in, money going out, to being conscious of how it was managed and being able to manipulate our system to make it healthier."**

The couple paid off debt, set up a system of accounts to cover expenses, and began putting aside money for a deposit on their own home.

One of the hardest changes was learning to say no.

**"Among Māori and Pasifika families, there's an obligation to support each other, and by saying yes we were giving what we didn't have. The course helped us see that by doing that, it impacted on us reaching our goals, and the long-term future of our kids. We had to learn to be ok with saying no."**

What helped was that the systems they set up took those decisions out of their hands – there simply wasn't room in their budget to give money away.

Soon, Chantel and Rick began to see a future with possibilities. It not only made them feel secure, but happier and more positive in day to day life.

**"Both of us come from backgrounds where owning your own home isn't an option, so the fact that this course could make that dream a reality for us is incredible. We are pinching ourselves that we're even in this position."**

They recommend anyone do a Sorted course, particularly those who come from low socio-economic backgrounds.

**"When you grow up without money, that's all you know. But if you believe you deserve more, know that it's ok to ask for help, then take it, go for it and see what happens. You'll be surprised at how new knowledge will build bridges. We're an example and we're really proud – we've helped change our family's future for the better."**

To watch the full interview go to [cffc.org.nz/success-stories](https://cffc.org.nz/success-stories)

**"I'LL BE THE FIRST  
IN MY FAMILY TO  
OWN A HOME"**





# RETIREMENT INCOME

In the Retirement Income output class our focus is on:

## Raising awareness of retirement income policy issues

CFFC continues to drive awareness and discussion of the issues and provides robust policy advice to meet complex demographic changes.

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

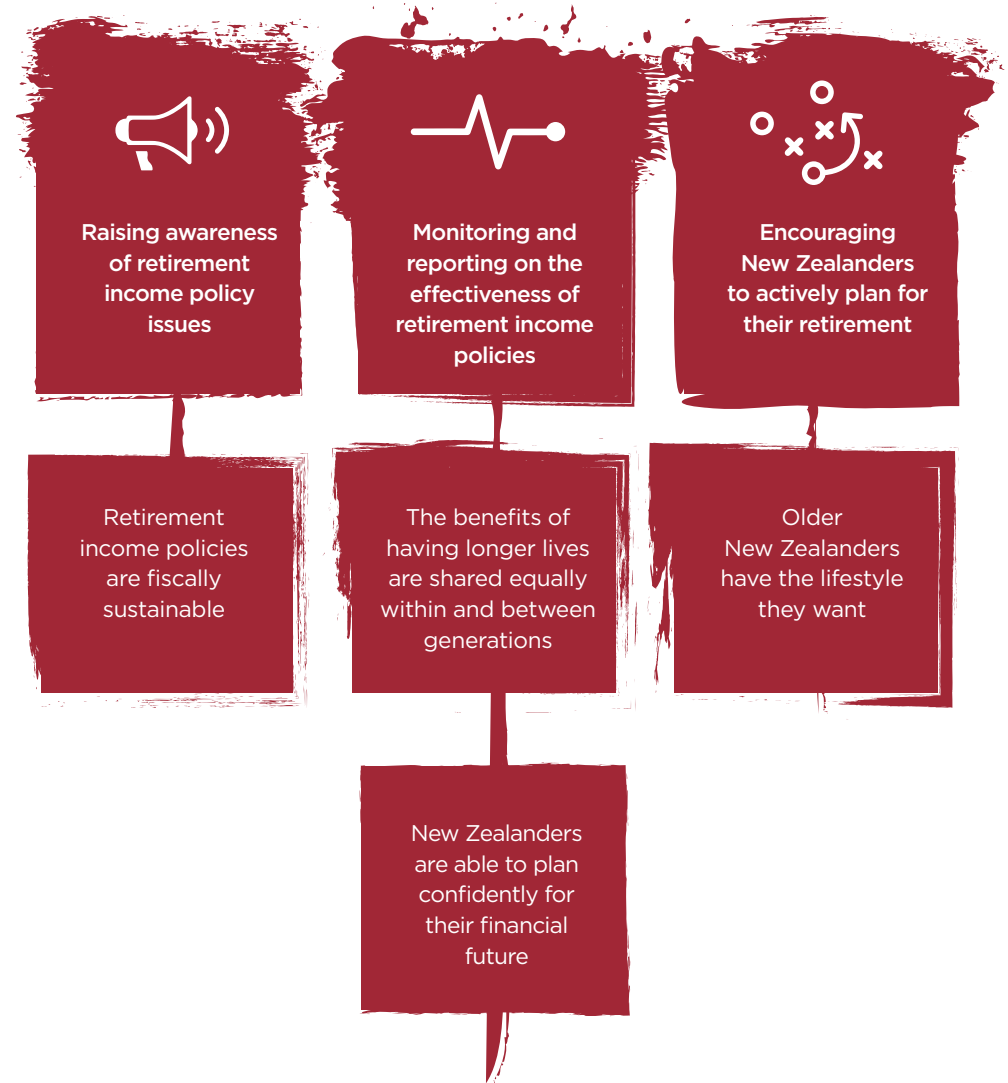
CFFC's focus is on retirees of today and of the future, operating as a research hub that offers thought leadership. We also understand and reflect the views and perceptions of the broader population.

## 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

The following chart shows our areas of focus regarding retirement income, and the outcomes we measure.



**Deliverable: More informed, constructive, engaged public debate on retirement income issues including the concept of intergenerational equity**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Unpaid/earned media coverage of CFFC and Sorted, thought leadership pieces, online features, activations, presentations and videos	500 per quarter	Exceeded 3,304 total items.	New measure
Live-stream CFFC forums, events and online Q&A sessions	1 per quarter 4 total	Achieved 4 live events.	New measure
Partner with government agency/agencies on a key initiative that will help with New Zealanders' overall financial wellbeing and joint media strategy to maximise media coverage	Achieved	Achieved We partnered with Inland Revenue on a video series and media campaign around student debt.	New measure

**Deliverable: Greater preparedness for ageing workforce and increasing life expectancy**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Increase in number of businesses reporting that they have specific policies or strategies relating to older workers (aged 50+). Business Survey re Ageing Workforce via Ageing Workforce Survey. 2016/17 baseline is 8%	25% increase (from 8% to 10%)	Not achieved The survey showed no change from 8% baseline. In response, CFFC teamed up with the Employers and Manufacturers Association to contribute to the white paper "Act Now, Age Later", which was launched by Hon. Tracey Martin.	New measure
Barometer to establish baseline via question 'Sometime around 65 years of age people often retire. This is when they stop working full time, and it usually means a person will receive less or no income from paid work. Would you say you have thought about it ...?'	Establish baseline	Baseline established 14% a great deal 28% a fair amount	Establish baseline

**Deliverable: New Zealanders are more aware of the options available to them in decumulation**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Build awareness on the options of decumulation (via media stories, radio, conferences)	5 per quarter, 20 total	Exceeded 39 stories this year.	New measure

## Retirement Income – Monitoring and Evaluation

**Deliverable: New Zealanders more actively planning for retirement outcomes/more future focused**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline of New Zealanders attitudes to retirement saving	Establish baseline	Baseline established Multiple Barometer questions explore this issue.	New measure
Barometer to establish baseline via question 'I am confident I will be able to have a financially comfortable retirement'	Establish baseline	Baseline established 35% select 7-10 on a 1-10 scale (where 1 = not confident and 10 = very confident).	New measure

**Deliverable: Greater understanding of and support for evolving retirement income policy**

Performance Indicator	Target	Results 2017/18	Results 2016/17
Barometer to establish baseline via question 'Do you expect the age of 65 for NZ Super (retirement) to stay the same over the next 20 years?'	Establish baseline	Baseline established 70% believe it will go up.	New measure
Barometer to establish baseline via question 'If New Zealand is to keep New Zealand Superannuation, some changes are likely to be made either to the scheme or how it is paid for. Do you agree or disagree with increasing the age when people start receiving New Zealand Superannuation?'	Establish baseline	Baseline established 44% support increasing age.	New measure
6-monthly CFFC online survey of New Zealanders' views on Review of Retirement Income Policy recommendations	Establish baseline	Baseline established CFFC gathers multiple sources of data on New Zealanders' views on Retirement Income Policy so a single metric is not available.	New measure



# FEATURE: THE NATIONAL STRATEGY FOR FINANCIAL CAPABILITY IN ACTION

## CFFC's 2018 Financial Capability Summit

CFFC's biennial Summit brings together people from around New Zealand to share challenges and successes as we work collectively to build the financial capability of New Zealanders.

Held in Auckland from June 11-12, the 2018 Summit brought together more than 300 representatives of government agencies, NGOs, community organisations, academia, research companies, banks and financial institutions. The event was an example of the National Strategy in action, as participants focused on how to encourage New Zealanders to **talk** and **learn** about money, to **plan** for the future, to be **debt-smart** and to **save & invest**. Across the two days we covered:

TALK



Navigating financial capability with Māori and Pasifika communities

LEARN



How to use research to inform our work in building financial capability

PLAN



Building resilience with emergency savings

DEBT-SMART



The impact of high-cost consumer debt on vulnerable groups

SAVE & INVEST



KiwiSaver 2.0 - what the future of Kiwisaver could look like



**1.2 m**  
Audience reached by our Summit media coverage



**58**  
News items produced



**\$370K**  
Advertising space rate (ASR) for earned/unpaid media coverage



**92-107** attendees at each of the 4 workshops on day 1



**319** attendees at main summit on day 2



# RETIREMENT VILLAGES

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

**Monitoring the provisions of the Retirement Villages Act**

The first 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 2014 .

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

The second function is to provide information and education to the sector, using a mix of traditional and targeted activities. For example, our free public seminars provide intending retirement village residents with impartial information on the pros and cons of moving to a retirement village, including the financial implications.

**Administering the Retirement Villages Act disputes process**

The third 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.

**Measures**

The following chart shows the Retirement Commissioner’s functions and the outcomes measured.







## Retirement Villages In their own words

### As young as you feel

Jim and Ann Beaton say they are lucky, but that's Kiwi understatement. What they are is hardworking and wise.

They were able to retire in their late 50s, travel the world, then return to settle into a retirement village they enjoy living at, and which will provide for their needs as they age.

The pair, who have been married for 45 years, achieved this by working hard through their lives – Jim in the Air Force; Ann in the public service – saving into pension schemes, then investing their money while they went travelling. Other than trips overseas, they have not lived an extravagant lifestyle, though Jim enjoys the 'Beer and Banter' sessions at their Hamilton retirement village, and Ann the 'Ladies who Lunch'.

**"It's very important to stay active and engaged," says Ann. "We do the 4km walk around Lake Rotoroa nearby as often as we can, and get involved in charity fundraisers and other activities."**

At 82 the pair are still going strong. They're on the committee of the Continuing Education group in Te Awamutu, where they organised for CFFC's National Manager of Retirement Villages, Troy Churton, to speak to people who were thinking of making the move from the family home. Jim is also the treasurer of his village's residents' committee, and they got Troy along for a forum of Waikato and Bay of Plenty village residents earlier this year.

**"Troy made all his information about moving into a village very easy to understand, and CFFC's booklet (Thinking of Living in a Retirement Village?) lists all the things you need to talk about," says Jim. "Villages should hand it out with their promotion brochures!"**

He and Ann thought carefully before moving into their current home. They were living in a smaller retirement village in nearby Pirongia, but after Ann had a couple of trips to hospital they decided they should be somewhere that offered health-care on site. They found a place in Hamilton that was close to Jim's two children, and which had the "right feel".

**"Everyone's very friendly and welcoming, and we offer to be there for our neighbours if they need help," says Ann. "There are film evenings and free drinks in the lounge on a Friday, and people can set up groups to follow their interests."**

They have friends who are 94, who Ann says makes them feel young. They enjoy listening to talks given by other village residents about interesting things they have done in their lives. Jim spoke about their retirement travels along the canals of England and Europe, sailing a canal boat they had designed and built with their savings.

**"Save while you earn" is one of their key pieces of advice to achieve a retirement as happy and full as theirs has been.**

**"New Zealanders are lucky that we have NZ Superannuation that provides the same income for everyone over 65 – a lot of countries don't have that – and it can sustain you if you're careful," says Jim. "But if you want to do things you enjoy it's important to have savings too."**

The couple's other piece of advice is to stay close to your friends and family.

**"We've met people who have moved quite a way from their home and lost a lot of everyday contact. That can become a bit lonely."**

Ann and Jim are still keen to travel, maybe more around New Zealand than overseas now – they like the sound of the Trans-Alpine Express between Greymouth and Christchurch. They appreciate that their health still allows them to make plans.

**"At one stage I would have said stay in a job and wait for the pension at the end of your working life, but now I think a bit differently," says Ann. "Do things while you can. You never know what's around the corner where your health is concerned. If the the opportunity arises to do something different that you really want to do, take it. But still keep an eye on your future."**

To watch the full interview go to [cffc.org.nz/success-stories](https://cffc.org.nz/success-stories)



Deliverable: Intending and existing residents make an informed choice that suits their evolving needs

Performance Indicator	Target	Results 2017/18	Results 2016/17
Presentations for intending and existing retirement village residents and their families and for key stakeholders with a focus in 2017/18 on the regions	12 seminars to 900 participants	Exceeded 21 seminars delivered to 1,750 participants around New Zealand, plus a Facebook live event that reached 4,844 viewers.	25 seminars to 2,260 participants

Deliverable: Intending and existing residents are more informed of their rights and so better equipped to manage issues as they arise

Performance Indicator	Target	Results 2017/18	Results 2016/17
CFFC promotes its information and resources through proactive stakeholder and agency engagements. This includes:			
Quarterly meetings with the Retirement Villages Association	Achieved	Achieved	New measure
Annual meeting with the Retirement Villages Residents Association of NZ	Achieved	Achieved	New measure
Two meetings with MBIE's Construction and Housing Markets team	Achieved	Achieved	New measure

Deliverable: Extended family are aware and informed where appropriate about the rights of residents and intending residents of retirement villages

Performance Indicator	Target	Results 2017/18	Results 2016/17
Implement a media campaign with retirement village stories of interest to families of intending and existing residents	5 per quarter 20 total	Exceeded 41 stories were published.	New measure

Deliverable: Sector trends (e.g. key stakeholders such as operators) and environmental trends (e.g. developments in aged care) are understood and recommendations made

Resources supporting changes to the Code of Practice and summary reports on village complaint activity are published twice a year	Achieved	Achieved CFFC has suspended further Code change recommendations pending regulatory assessment of the regime.	New measure
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Deliverable: CFFC facilitates monitoring reports to ensure the Retirement Village framework is future fit for purpose

Performance Indicator	Target	Results 2017/18	Results 2016/17
CFFC reports on at least one thematic monitoring project per annum	Achieved	Achieved CFFC published a report on the effectiveness of statutory supervision.	Achieved
Annual Retirement Village stakeholder forum held with representation of all key stakeholders	Achieved	Achieved	Achieved

Deliverable: Timely and quality advice to the Minister on issues relating to Retirement Villages which may require regulatory or policy review

Performance Indicator	Target	Results 2017/18	Results 2016/17
CFFC meets with the Minister of Housing and Urban Development annually to discuss key retirement village issues	Achieved	Achieved	Achieved

Deliverable: CFFC builds a deeper understanding of the wider complaints issues across the sector looking at circumstances leading to, and issues arising from, complaints

Performance Indicator	Target	Results 2017/18	Results 2016/17
Six monthly thematic reporting of issues identified in the Retirement Villages Complaints Register are published and where required, recommendations for industry action/ improvement are implemented	Achieved	Achieved	New measure
95% of resident enquiries receive a substantive response from CFFC within 20 working days of CFFC receiving all relevant information	Achieved	Achieved	Achieved

Deliverable: Residents are able to navigate a robust disputes process with a fair outcome

Performance Indicator	Target	Results 2017/18	Results 2016/17
Retirement Commissioner maintains and publishes a list of approved disputes panel members and a list of approved mediator agencies	Achieved	Achieved	Achieved
100% of disputes panel decisions are published on cffc.org.nz	Achieved	Achieved	Achieved





Retirement Villages – Key Projects 2017/18

Performance Indicator	Results 2017/18	Results 2016/17
A plain English re-write of the Code of Practice is completed with proposed changes recommended to the Minister by 31 March 2018	Achieved As part of completing the plain English re-write, CFFC and MBIE made a strategic decision to suspend making recommendations to change the Code pending further regulatory assessment of the regime.	Achieved The Terms of Reference were developed and agreed in May 2017
Continue developing and building educational web content and information on Retirement Villages. This includes a review of the website's technical content and three new tools (e.g. a new video for older New Zealanders relating to the cost of care) uploaded to the resources page	Achieved We delivered a video on cost of care in retirement villages, an infographic on pathways to care in retirement villages, and a cost of aged care case study with Ruth Shuman.	New measure
Develop a social media plan targeting families of intending and existing residents	Achieved	New measure
CFFC, with the support of MBIE, produces a cross-agency review paper identifying key issues to ensure the law and regulations are functioning well, and fit for purpose and seeks Minister approval for public consultation if recommended	Partially achieved We continue to work with MBIE to agree the best approach to addressing issues.	New measure



FINANCIAL STATEMENTS

# Independent Auditor's Report



AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of the Retirement Commissioner's financial statements and performance information for the year ended 30 June 2018

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 his behalf.

### Opinion

We have audited:

- the financial statements of the Commissioner on pages 63 to 89, that comprise the statement of financial position as at 30 June 2018, 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 including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Commissioner on pages 19-23, 26, 27, 31-41 and 44-56.

### In our opinion:

- the financial statements of the Commissioner on pages 63 to 89:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with reduced disclosure requirements; and
- the performance information on pages 19-23, 26, 27, 31-41 and 44-56:
  - presents fairly, in all material respects, the Commissioner's performance for the year ended 30 June 2018, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - 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; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Commissioner and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### Basis for our opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

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

### Responsibilities of the Commissioner for the financial statements and the performance information

The Commissioner is responsible for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Commissioner is responsible for such internal control as she determines is necessary to enable her to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Commissioner is responsible for assessing the Commissioner's ability to continue as a going concern. The Commissioner is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commissioner, or there is no realistic alternative but to do so.

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

### Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.





For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Commissioner's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information. As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- We evaluate the appropriateness of the reported performance information within the Commissioner's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Commissioner and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commissioner's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commissioner to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Commissioner is responsible for the other information. The other information comprises the information included on page 1-18, 24, 25, 28-30, 42, 43, 57 and 62 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Commissioner in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Commissioner.

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

REVENUE  
EXPENSE  
FROM  
OWN  
ACTION  
HER  
TIME

BUILDING WEALTHY LIVES

## Statement of Comprehensive Revenue & Expenses

For the 12 months ended 30 June 2018

	Note	Actual 2017/18	Budget 2017/18	Actual 2016/17
<b>REVENUE</b>				
Revenue from Crown Appropriation	4	\$7,422,000	\$7,422,000	\$6,682,000
Other Crown Revenue	5	\$83,609	-	\$113,744
Other Revenue	6	\$204,071	\$50,000	\$365,088
Interest Revenue	7	\$38,076	\$3,600	\$4,548
<b>Total Revenue</b>		<b>\$7,747,756</b>	<b>\$7,475,600</b>	<b>\$7,165,380</b>
<b>EXPENDITURE</b>				
Auditor Remuneration		\$20,530	\$20,000	\$20,051
Personnel Costs	9	\$3,308,944	\$3,298,378	\$3,095,284
Depreciation	15	\$83,217	\$125,202	\$78,375
Amortisation	16	\$263,193	\$319,852	\$288,377
Loss on Disposal of Assets		-	-	-
Property Expenses		\$218,253	\$175,971	\$161,871
Leasing		\$11,599	\$27,045	\$26,147
Other Operating Costs		\$286,185	\$342,221	\$358,519
Advice and Research		\$278,179	\$298,400	\$202,998
Marketing & Communications		\$890,514	\$1,177,280	\$1,157,355
Retirement Villages	12	\$67,307	\$115,750	\$122,147
Review of Retirement Income Policies		\$19,235	\$35,000	\$281,551
Financial Education Resources and Campaigns	13	\$1,118,327	\$1,935,500	\$1,517,912
<b>Total Expenditure</b>		<b>\$6,565,483</b>	<b>\$7,870,599</b>	<b>\$7,310,587</b>
<b>Comprehensive Revenue/(Expenditure)</b>				
Surplus/(Deficit)		\$1,182,273	(\$394,999)	(\$145,207)
<b>Total Comprehensive Revenue/(Expenditure)</b>		<b>\$1,182,273<sup>23</sup></b>	<b>(\$394,999)</b>	<b>(\$145,207)</b>

<sup>23</sup> Surplus arises from Sorted in Schools underspend that will be allocated in 2018/19.

Explanations of significant variances against budget are detailed in note 13. This includes an Explanation of the Sorted in Schools Programme. The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these financial statements. Variances between the budget figures presented in the Financial Statements and the Forecast figures in 2017/18 statement of service expectations are due to different classifications.





## Statement of Financial Position

As at 30 June 2018

	Note	Actual 2017/18	Budget 2017/18	Actual 2016/17
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents		\$800,976	\$426,377	\$918,614
Term Investments		\$1,400,000	-	-
Debtors and Other Receivables	19	\$28,553	\$30,407	\$56,800
GST Receivable		\$115,639	\$81,984	\$85,962
<b>Total Current Assets</b>		<b>\$2,345,168</b>	<b>\$538,768</b>	<b>\$1,061,376</b>
<b>NON-CURRENT ASSETS</b>				
Property, Plant & Equipment	15	\$404,495	\$290,874	\$376,076
Intangible Assets	16	\$243,645	\$266,551	\$326,403
<b>Total Non-Current Assets</b>		<b>\$648,140</b>	<b>\$557,425</b>	<b>\$702,479</b>
<b>Total Assets</b>		<b>\$2,993,308</b>	<b>\$1,096,193</b>	<b>\$1,763,855</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Creditors and Other Payables	20	\$422,619	\$450,941	\$226,245
Lease Incentive Liability	18	\$22,234	\$22,235	\$31,764
Provisions		-	-	\$114,000
Employee Entitlements	10	\$109,633	\$118,838	\$135,297
<b>Total Current Liabilities</b>		<b>\$554,486</b>	<b>\$592,014</b>	<b>\$507,306</b>
<b>NET ASSETS</b>		<b>\$2,438,822</b>	<b>\$504,179</b>	<b>\$1,256,549</b>
<b>PUBLIC EQUITY</b>				
Taxpayer Funds		\$200,000	\$200,000	\$200,000
Accumulated Surplus		\$2,238,822	\$304,179	\$1,056,549
<b>Total Public Equity</b>		<b>\$2,438,822</b>	<b>\$504,179</b>	<b>\$1,256,549</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 2018

	Actual 2017/18	Budget 2017/18	Actual 2016/17
Public Equity at the Start of the Year	\$1,256,549	\$899,178	\$1,401,756
Total Comprehensive Revenue/(Expenditure)	\$1,182,273	(\$394,999)	(\$145,207)
<b>Public Equity At The End Of The Year</b>	<b>\$2,438,822</b>	<b>\$504,179</b>	<b>\$1,256,549</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 2018

	Note	Actual 2017/18	Budget 2017/18	Actual 2016/17
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash Was Provided From:</b>				
Receipts from Crown Appropriation		\$7,422,000	\$7,422,000	\$6,682,000
Other Crown Receipts		\$105,938	-	\$128,149
Other Income		\$205,503	\$55,050	\$352,691
Interest Received		\$38,078	\$3,600	\$4,812
		<b>\$7,771,519</b>	<b>\$7,480,650</b>	<b>\$7,167,652</b>
<b>Cash Was Applied To:</b>				
Payments to Suppliers & Employees		(\$6,196,646)	(\$7,466,034)	(\$6,780,116)
Net GST (Paid) / Received		(\$443)	\$45,610	\$45,048
		<b>(\$6,197,089)</b>	<b>(\$7,420,424)</b>	<b>(\$6,735,068)</b>
<b>Net Cash Flows From Operating Activities</b>	23	<b>\$1,574,430</b>	<b>\$60,226</b>	<b>\$432,584</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash Was Applied To:</b>				
Term Investments		(\$1,400,000)	-	-
Purchase of Property, Plant & Equipment		(\$111,633)	(\$40,000)	(\$8,720)
Purchase of Intangible Assets		(\$180,435)	(\$260,000)	(\$50,370)
<b>Net Cash Flows From Investing Activities</b>		<b>(\$1,692,068)</b>	<b>(\$300,000)</b>	<b>(\$59,090)</b>
<b>Net Increase / (Decrease) In Cash Held</b>		<b>(\$117,638)</b>	<b>(\$239,774)</b>	<b>\$373,494</b>
Plus Cash at the Start of the Year		\$918,614	\$666,151	\$545,120
<b>Cash Held At The End Of The Year</b>		<b>\$800,976</b>	<b>\$426,377</b>	<b>\$918,614</b>
<b>REPRESENTED BY:</b>				
Cash & Cash Equivalents		\$800,976	\$426,377	\$918,614
<b>Cash Held At The End Of The Year</b>		<b>\$800,976</b>	<b>\$426,377</b>	<b>\$918,614</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.

## NOTES TO THE FINANCIAL STATEMENTS



# Who is CFFC 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 a term of three years. The Retirement Commissioner was reappointed for a further term of three years on 1 July 2016.

The Retirement Commissioner is 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. CFFC is the office of the Retirement Commissioner.

**The principal activities of CFFC are to:**

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

The financial statements for CFFC are for the year ended 30 June 2018, and were approved by the Retirement Commissioner on 31 October 2018.

## Basis of Preparation

### Note 2

**Statement of Compliance and Measurement Base**

The financial statements for CFFC 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).

CFFC 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 CFFC is New Zealand dollars.

## Basis of Preparation (continued)

### Note 2

**Use of Estimates and Judgements**

In preparing these financial statements, CFFC 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 CFFC's Statement of Performance Expectations for the financial year ending 30 June 2018. The budget figures were prepared in accordance with NZ GAAP, using forecast financial statements for the year ended 30 June 2018 and accounting policies that are consistent with those adopted by CFFC for the preparation of these financial statements.

## Significant Accounting Policies

### Note 3

**Changes in Accounting Policies**

These financial statements are the CFFC's fourth 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 CFFC 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 CFFC'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, Inland Revenue 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 Inland Revenue, 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

CFFC 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

CFFC 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.







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## How is CFFC 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.

CFFC 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

CFFC received other Crown revenue from the New Zealand Defence Force to contribute towards the development, project management, execution and evaluation of various programmes and initiatives.

### Other Revenue

#### Note 6

CFFC received other revenue from non-Crown entities to contribute towards the development, project management, execution and evaluation of various financial capability behaviour change programmes.

### Interest Revenue

#### Note 7

Interest revenue is recognised using the effective interest method.

### Revenue Received in Advance

#### Note 8

Throughout the period CFFC 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. Where these initiatives had commenced but had not been completed by year end, CFFC recognises the portion of the funding that has been received in advance of CFFC providing the related goods and services as Revenue Received in Advance only if an 'Exchange' transaction has taken place. This is in accordance with PBE International Public Sector Accounting Standards 9 and 23.

# How does CFFC spend its funds?

## Personnel Costs

Note 9

	Note	Actual 2017/18	Actual 2016/17
Salaries & Wages		\$3,000,371	\$2,908,220
Employer Contributions to Superannuation Schemes		\$121,980	\$107,504
Increase/(Decrease) in Employee Entitlements	10	(\$25,664)	\$23,297
		<b>\$3,096,687</b>	<b>\$3,039,021</b>
ACC Levies		\$8,694	\$6,894
Professional Development, Training & Miscellaneous		\$49,964	\$41,561
Contractors who have a direct contract with CFFC		\$63,677	-
Recruitment Costs		\$89,922	\$7,808
<b>Total Personnel Costs</b>		<b>\$3,308,944</b>	<b>\$3,095,284</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 12-month average, rate of pay.

	Actual 2017/18	Actual 2016/17
Accrued Salaries & Wages	-	-
Accrued Annual Leave	\$109,633	\$135,297
<b>Total Employee Entitlements</b>	<b>\$109,633</b>	<b>\$135,297</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 2018, 10 employees and former employees (2016/17: 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	# Employees 2017/18	# Employees 2016/17
\$100,000–\$109,999	2	5
\$110,000–\$119,999	2	3
\$130,000–\$139,999	1	-
\$140,000–\$149,999	1	1
\$160,000–\$169,999	-	2
\$170,000–\$179,999	1	-
\$180,000–\$189,999	1	-
\$210,000–\$219,999	1	1
\$250,000–\$259,999	-	1
\$300,000–\$309,999	-	1
\$320,000–\$329,999	1	-
Total Number of Employees	10	14

During the 12 month period ending 30 June 2018, 1 employee (2017: 2) received compensation and other benefits in relation to cessation totalling \$27,913 (2016/17: \$114,000).

# Retirement Villages

## Note 12

Only direct actual costs are recorded as actual and budgeted expenditure for Retirement Villages. CFFC has calculated that approximately \$250,710 (2016/17: \$246,464) worth of personnel costs and 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 \$318,017 (2016/17: \$368,611).

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

## Note 13

### Statement of Comprehensive Revenue & Expenses

- Other Crown Revenue is \$83,609 favourable and Other Revenue is \$154,071 favourable, primarily due to invoicing for CFFC run Sorted programmes.
- Interest Revenue is \$34,476 favourable due to appropriation revenue received but not yet spent being placed on short term deposit.
- Depreciation is \$41,987 favourable due to a number of assets already being fully depreciated and depreciation on new capital expenditure not being as high as expected.
- Amortisation is \$56,659 favourable due to budgeted capital expenditure on website development not commencing until near the end of the financial year.
- Property expenses were \$42,282 unfavourable due to additional floor space being leased in Auckland and renting a new small office space in Wellington.
- Other operating costs are \$56,034 favourable due to the existing Customer Relationship Management (CRM) system being decommissioned.
- Marketing and Communications is \$286,766 favourable due to reduced spend on external agencies as more work was brought in house. There was also reduced spend on maintenance for the Sorted website as a capital expenditure project is underway.
- Retirement Villages was \$48,443 favourable due to reduced costs for website maintenance and for monitoring of the Retirement Villages Act. There was also a reduced requirement for Consultants and Lawyers.
- Financial Education, Resources, and Campaigns were \$817,173 favourable.

This favourable variance arose because CFFC has focused on implementing a robust and fit-for-purpose programme structure to drive delivery of Sorted in Schools over the next three years in order to improve financial capability within schools. By working closely with the Ministry of Education and key stakeholders, CFFC has ensured its approach is aligned with Government priorities including the new School Leavers’ Toolkit and opportunities associated with the National Certificates of Educational Achievement (NCEA) review. By year end CFFC had transitioned from the establishment phase to full scale roll out and implementation of the programme with over 79 schools signed up. CFFC will catch up on expenditure from this ring-fenced appropriation in future financial years. After deducting direct expenses, overheads, and personnel costs, \$1.02m of Sorted in Schools funding will be rolled over to the next financial year to support nationwide delivery.

### Statement of Financial Position

- Cash and Cash Equivalents are \$374,599 higher than budget and Term Investments are \$1,400,000 higher than budget. This is due to a surplus of \$1,182,273 compared with a budgeted deficit of \$394,999. In addition, Cash at the start of the financial year was higher than originally forecast.
- GST Receivable is \$33,655 higher than budget due to timing of operational expenditure.
- Property, Plant and Equipment is \$113,621 higher than budget due to new technology requirements as well as computer equipment reaching end of life and needing to be replaced.
- Creditors and Other Payables are \$28,322 lower than budget due to timing of operational expenditure.

# Transactions with Related Parties

## Note 14

CFFC is an Autonomous Crown Entity defined by the Crown Entities Act 2004.

### Significant Transactions with Government-Related Entities

During the period, the Commission received \$7,422,000 of direct funding from the Crown (2016/17: \$6,682,000) and \$83,609 of revenue from entities controlled, significantly influenced, or jointly controlled by the Crown (2016/17: \$113,744). The Government significantly influences the role of the CFFC as well as being its major source of revenue.

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

In conducting its activities, CFFC 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. CFFC is exempt from paying income tax.

CFFC 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 five members of the Executive Leadership Team.

	Actual 2017/18	Actual 2016/17
Remuneration	\$1,191,507	\$1,248,756
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, less any impairment losses.

### Additions

Costs are recognised as capital 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 CFFC 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 CFFC 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	4.7 – 16.7 years	6.0% – 21.0%
Furniture & Fittings	3.3– 12.5 years	8.5% – 30.0%
Computer Equipment	1.5 – 5.8 years	17.5% – 67.0%
Office Equipment	2.8 – 10.4 years	9.6% – 36.0%



# Property, Plant & Equipment

Note 15 Continued

	Leasehold Improvements	Furniture & Fittings	Computer Equipment	Office Equipment	Total
<strong>GROSS CARRYING AMOUNT</strong>					
Balance at 1 July 2016	\$313,935	\$99,717	\$110,057	\$23,811	\$547,520
Additions	-	-	\$4,675	\$4,044	\$8,719
Disposals	-	-	-	-	-
<strong>Balance at 30 June 2017</strong>	<strong>\$313,935</strong>	<strong>\$99,717</strong>	<strong>\$114,732</strong>	<strong>\$27,855</strong>	<strong>\$556,239</strong>
Additions	\$2,568	\$6,985	\$59,136	\$42,947	\$111,636
Disposals	-	-	(\$36,414)	-	(\$36,414)
<strong>Balance at 30 June 2018</strong>	<strong>\$316,503</strong>	<strong>\$106,702</strong>	<strong>\$137,454</strong>	<strong>\$70,802</strong>	<strong>\$631,461</strong>
<strong>ACCUMULATED DEPRECIATION</strong>					
Balance at 1 July 2016	\$33,833	\$16,151	\$40,943	\$10,862	\$101,789
Depreciation Expense	\$25,302	\$10,260	\$37,470	\$5,342	\$78,374
Elimination on Disposal	-	-	-	-	-
<strong>Balance at 30 June 2017</strong>	<strong>\$59,135</strong>	<strong>\$26,411</strong>	<strong>\$78,413</strong>	<strong>\$16,204</strong>	<strong>\$180,163</strong>
Depreciation Expense	\$25,319	\$10,121	\$39,127	\$8,650	\$83,217
Elimination on Disposal	-	-	(\$36,414)	-	(\$36,414)
<strong>Balance at 30 June 2018</strong>	<strong>\$84,454</strong>	<strong>\$36,532</strong>	<strong>\$81,126</strong>	<strong>\$24,854</strong>	<strong>\$226,966</strong>
<strong>CARRYING AMOUNTS</strong>					
<strong>At 30 June 2017</strong>	<strong>\$254,800</strong>	<strong>\$73,306</strong>	<strong>\$36,319</strong>	<strong>\$11,651</strong>	<strong>\$376,076</strong>
<strong>At 30 June 2018</strong>	<strong>\$232,049</strong>	<strong>\$70,170</strong>	<strong>\$56,328</strong>	<strong>\$45,948</strong>	<strong>\$404,495</strong>

# Intangible Assets

Note 16

## Websites

Costs that are directly associated with the development of interactive aspects of the CFFC's websites are capitalised. They are recognised as capital work in progress until the website is operating in the manner intended by management, at which time the costs are transferred to the appropriate Intangible Asset.

Costs associated with maintaining and advertising CFFC'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	40.00%
Software	2.5 years	40.00%



# Intangible Assets

Note 16 Continued

	Websites	Computer Software	Capital Work In Progress	Total
<strong>GROSS CARRYING AMOUNT</strong>				
Balance at 1 July 2016	\$681,640	\$16,642	-	\$698,282
Additions	\$57,677	-	\$50,370	\$108,047
Disposals	(\$13,700)	-	(\$50,370)	(\$64,070)
<strong>Balance at 30 June 2017</strong>	<strong>\$725,617</strong>	<strong>\$16,642</strong>	<strong>-</strong>	<strong>\$742,259</strong>
Additions	-	-	\$180,435	\$180,435
Disposals	-	-	-	-
<strong>Balance at 30 June 2018</strong>	<strong>\$725,617</strong>	<strong>\$16,642</strong>	<strong>\$180,435</strong>	<strong>\$922,694</strong>
<strong>ACCUMULATED AMORTISATION</strong>				
Balance at 1 July 2016	\$131,939	\$1,933	-	\$133,872
Amortisation Expense	\$281,720	\$6,657	-	\$288,377
Elimination on Disposal	(\$6,393)	-	-	(\$6,393)
<strong>Balance at 30 June 2017</strong>	<strong>\$407,266</strong>	<strong>\$8,590</strong>	<strong>-</strong>	<strong>\$415,856</strong>
Amortisation Expense	\$256,536	\$6,657	-	\$263,193
Elimination on Disposal	-	-	-	-
<strong>Balance at 30 June 2018</strong>	<strong>\$663,802</strong>	<strong>\$15,247</strong>	<strong>-</strong>	<strong>\$679,049</strong>
<strong>CARRYING AMOUNTS</strong>				
<strong>At 30 June 2017</strong>	<strong>\$318,351</strong>	<strong>\$8,052</strong>	<strong>-</strong>	<strong>\$326,403</strong>
<strong>At 30 June 2018</strong>	<strong>\$61,815</strong>	<strong>\$1,395</strong>	<strong>\$180,435</strong>	<strong>\$243,645</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 CFFC 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 are as follows:

	Actual 2017/18	Actual 2016/17
Less than One Year	\$201,168	\$137,416
Between One and Two Years	\$207,000	\$127,451
Between Two and Five Years	\$85,419	\$175,461
Later than Five Years	-	-
<strong>Total Operating Leases</strong>	<strong>\$493,587</strong>	<strong>\$440,328</strong>
Auckland Office Lease	\$462,059	\$431,561
Photocopier Lease	\$31,528	\$8,767
<strong>Total Operating Leases</strong>	<strong>\$493,587</strong>	<strong>\$440,328</strong>

On 3 November 2014 CFFC leased new premises in Auckland for an initial term of 6 years with 1 right of renewal for another 4 years, giving a final expiry date of 2 November 2024. From 28 March 2018, additional floor space was leased at these premises and the annual lease increased to \$190,600 plus GST per annum.

Operating lease commitments also include a photocopier lease of an estimated \$6,756 per annum which expires on 15 February 2023.

CFFC 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 2018 (2016/17: \$Nil).





# Lease Incentives

## Note 18

As part of the agreement to lease its Auckland offices, CFFC received capital contribution payments from the respective premises’ landlords as an incentive.

Capital contribution payments received from landlords are amortised over the life of the lease, where the assets are owned by CFFC and recognised as a reduction of rental expense over the lease term.

	Actual 2017/18	Actual 2016/17
<b>LEASE INCENTIVES</b>		
Auckland Office Lease	\$22,434	\$31,764
<b>Total Lease Incentives</b>	<b>\$22,434</b>	<b>\$31,764</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.

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

	Actual 2017/18	Actual 2016/17
<b>DEBTORS AND OTHER RECEIVABLES</b>		
Debtors	\$20,439	\$48,196
Prepayments	\$8,114	\$8,604
<b>Total Debtors &amp; Other Receivables</b>	<b>\$28,553</b>	<b>\$56,800</b>

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

	Actual 2017/18	Actual 2016/17
<b>AGED DEBTORS</b>		
Not Past Due	\$20,439	\$46,138
Past Due 1 – 30 Days	-	\$2,058
Past Due 31 – 60 Days	-	-
Past Due > 61 Days	-	-
Provision for Impairment	-	-
<b>Total Aged Debtors</b>	<b>\$20,439</b>	<b>\$48,196</b>

All debtors greater than 30 days in age are considered to be past due. There no provisions for doubtful debts in 2017/18 (2016/17: \$nil).





## 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 2017/18	Actual 2016/17
Trade Creditors	\$332,655	\$148,230
Accrued Expenses & Other Payables	\$89,964	\$78,015
<b>Total Creditors &amp; Other Payables</b>	<b>\$422,619</b>	<b>\$226,245</b>

## Contingencies

### Note 21

There are no contingent assets or liabilities at reporting date (2016/17: \$Nil)

## Events after Balance Date

### Note 22

There were no significant events after the balance date.

## 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 2017/18	Actual 2016/17
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Surplus/(Deficit) for the Year</b>	<b>\$1,182,273</b>	<b>(\$145,207)</b>
<b>Add Non-Cash Items</b>		
Depreciation	\$83,217	\$78,375
Amortisation	\$263,193	\$288,377
Net Loss on Disposal of Assets	-	-
<b>Add Movements in Net Assets and Liabilities</b>		
(Increase)/Decrease in Debtors & Other Receivables	\$27,757	\$43,934
(Increase)/Decrease in Accrued Interest	-	\$264
(Increase)/Decrease in Prepayments	\$490	\$24,362
(Increase)/Decrease in GST Refund Due	(\$29,677)	\$39,009
Increase/(Decrease) in Creditors & Other Payables	\$196,370	\$2,369
Increase/(Decrease) in Employee Entitlements	(\$25,664)	\$23,297
Increase/(Decrease) in Provisions	(\$114,000)	\$114,000
Increase/(Decrease) in Lease Incentive Liability	(\$9,529)	(\$9,529)
Increase/(Decrease) in Revenue in Advance	-	(\$26,667)
<b>Net Cash Flow from Operating Activities</b>	<b>\$1,574,430</b>	<b>\$432,584</b>

NET  
CASH



# 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 2017/18	Actual 2016/17
<b>FINANCIAL ASSETS AND LIABILITIES</b>		
<b>Loans &amp; Receivables</b>		
Cash and Cash Equivalents	\$800,976	\$918,614
Term Investments	\$1,400,000	-
Debtors and Other Receivables	\$28,553	\$56,800
<b>Total Loans and Receivables</b>	<b>\$2,229,529</b>	<b>\$975,414</b>
<b>Financial Liabilities</b>		
Creditors and Other Payables	\$422,619	\$226,245
<b>Total Financial Liabilities</b>	<b>\$422,619</b>	<b>\$226,245</b>

CFFC has business credit card facilities with Westpac Bank of \$80,000 (2016/17: \$60,000).

# Capital Management

Note 25

CFFC's capital is its equity, which is comprised of accumulated funds and capital contribution. Equity is represented by net assets.

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

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





THE FORTH  
COMMISSIONER NEW  
LAND STATEMENT  
RESPONSIBILITY  
RIGHTS 2016/2017 AS  
US OUR ROLE AND AS  
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ANCIAL CAPABILITY  
WE DO OUR STRATE  
FRAMEWORK SENI  
DE  
ASURIN  
EMPLOYER

**CFFC**

Building wealthy lives

Commission for Financial Capability (CFFC)  
Quay Building, Level 3, 106-108 Quay St, Auckland Central 1010  
PO Box 106-056, Auckland City 1143  
Office phone: +64 9 356 0052 | Office email: [office@cffc.org.nz](mailto:office@cffc.org.nz)  
[cffc.org.nz](http://cffc.org.nz) | [sorted.org.nz](http://sorted.org.nz) | [moneyweek.org.nz](http://moneyweek.org.nz)