

CFFC

Building wealthy lives

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THE FUTURE

ANNUAL REPORT 2018/2019

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FINANCIAL CAPABILITY
INITIATIVES DELIVERED
IN PERSON

80%

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Presented to the House of Representatives by the Retirement Commissioner pursuant to section 150(3) of the Crown Entities Act 2004. The Retirement Commissioner is an Autonomous Crown Entity under the Crown Entities Act 2004, with its role established under the New Zealand Superannuation and Retirement Income Act 2001. The Commission for Financial Capability (CFFC) is the office of the Retirement Commissioner.
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**KIA
WHAKATŌMURI
TE HAERE
WHAKAMUA
- I WALK
BACKWARDS INTO
MY FUTURE WITH
MY EYES FIXED ON
MY PAST.**

FROM THE RETIREMENT COMMISSIONER

The whakataukī below may seem an unusual way to start an annual report introduction, but, to be fair... it's been an unusual year. Given its transitional nature, I felt it appropriate to quote this saying as I look back at where we've been, to help understand where we're going. In essence, everything we are now and will be in the future, is a result of who and what came before.

I was Acting Retirement Commissioner under a delegation for six months and write this as the Interim Retirement Commissioner, appointed from the end of the previous Commissioner Diane Maxwell's term on 30 June, 2019.

The year's transitional nature wasn't just about changes in personnel, it was also about refining our thinking of how we best serve our kaupapa of achieving sustained behaviour change in New Zealanders' financial capability to help everyone get ahead financially. By the start of FY19 the segmentation model that has underpinned much of our work since it was first conceived in FY16, had already refocused our efforts on the New Zealanders for whom our work could make the greatest impact.

We targeted CFFC activities on supporting better outcomes for those who self-identified as 'treading water' financially. This led us to consider how best to support and align with the work of others across the financial capability system, as part of our role as lead agency for the government's National Strategy for Financial Capability.

The year started with our involvement in a collaboration focussed on better serving the financial needs of those who identify as 'sinking badly' to 'sinking a bit'. The Financial Inclusion Industry Forum held in July 2018 led by the Ministry of Business Innovation and Employment (MBIE) with support from the Ministry of Social Development (MSD) and the NZ Bankers' Association, saw a range of organisations from the government, financial services and community sectors work together to develop solutions that no one sector could achieve

alone. Since then, this work and the MSD-led Access to Safer Credit strategy have been consolidated to form the Safe Credit and Financial Inclusion (SCAFI) workstream as part of the broader Consumer Protection Partnership work led by MBIE.

At the other end of the financial capability continuum, the needs of those New Zealanders identifying as 'starting to swim comfortably', 'swimming happily' or 'flying ahead' were the focus of a collaboration between CFFC, MBIE and the Financial Markets Authority culminating in the addition of the award-winning Smart Investor tool to the Sorted.org.nz stable.

The segmentation model that began as a health sector analogy to broadly group New Zealanders into categories named Intensive Care, On the Ward and those needing only GP visits has been an invaluable tool in guiding our work. However, during our fourth year of using the Barometer financial capability survey to inform that segmentation, the need for a more sophisticated approach became apparent.

While it's important to consider how people feel about their outlook, there are many more factors that contribute to the declining optimism identified not only in our work, but also a survey by one of the major banks during the same year. People felt worse off than the key indicators might suggest.

Our efforts to refine our model is ongoing, as we seek to better understand the impact of our work and the effectiveness of the entire financial capability system in contributing to wellbeing outcomes. Once we have more clarity and confidence in the model as a measure of change, we can avoid siloed activity and better identify opportunities to work together on the margins of our respective lanes as we move more New Zealanders positively along the continuum.

I'd encourage you to spend some time reading this report to understand the breadth of what we do. We help New Zealanders of all ages achieve enduring behaviour change with money through our programmes in schools, workplaces, community partnerships and online.

A significant addition to the Sorted arsenal this year was the development of Sorted Sessions. While still in the testing phase, once fully functional, Sorted Sessions will extend the reach our successful facilitated Sorted behaviour change programmes, to anyone interested in accessing free online learning at their own pace, in their own space. Our Sorted work is evolving from a website full of practical tools, to a diverse range of behaviour change programmes and learning journeys.

The Barometer work I alluded to earlier highlights another key area of refocused effort

this past year - research. While the 2016 Review of Retirement Income Policies had its detractors due to a perceived lack of research on which to base policy recommendations, it did succeed in engaging many more New Zealanders in this important discussion by making the issues relevant and real to more than just policy analysts, fiscal forecasters and academics.

The 2019 Review commenced during the second half of this year. We commissioned new research to address the Terms of Reference and build on the discussion created in 2016, helping drive a more broadly-

focussed long term discussion about innovative solutions to preserve New Zealand Superannuation. It's a model that is already the envy of many across the world; our aim is to help make it sustainable for the wellbeing of future generations.

Having started with a whakataukī, I'll end with the one above, which I've used many times before to underpin the core purpose of our work.

Peter Cordtz
Interim Retirement Commissioner
31 October 2019



STATEMENT OF RESPONSIBILITY

WE ACKNOWLEDGE RESPONSIBILITY FOR:

- The preparation of the Office of the Retirement Commissioner (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 2019.

Peter Cordtz
Interim Retirement Commissioner
31 October 2019

Nisha Keetels
Operations Manager
31 October 2019

KEY HIGHLIGHTS 2018/19

NATIONAL STRATEGY FOR FINANCIAL CAPABILITY

211,501
PARTICIPANTS
167 PARTNER ORGANISATIONS



MONEY WEEK **1.8 M**
PARTICIPANTS

275 ORGANISATIONS / PEOPLE
INTERACTING WITH TOOLS AND RESOURCES

SORTED WORKPLACE

9 NEW PARTNERS
10,001
PARTICIPANTS

35%
OF SCHOOLS

TEACHING YEARS 9 - 10

SORTED IN SCHOOLS

SORTED WEBSITE TRAFFIC

1,356,255
USERS



\$15.85 M
VALUE OF EARNED / UNPAID

MEDIA COVERAGE OF CFFC + SORTED

TE WHAKATERE I TE KETE
RAUEMI TUATAHI KI TE REO MĀORI
O SORTED IN SCHOOLS



LAUNCH OF FIRST PACKAGE OF
SORTED IN SCHOOLS CONTENT
IN TE REO MĀORI

23 NEW NETWORKS
TRAINED

NUMBER OF NEW PROVIDERS FOR DELIVERY
THROUGH OUR PARTNERS

25 INFORMING EXISTING AND
POTENTIAL RETIREMENT
VILLAGE RESIDENTS
2,157

PRESENTATIONS PARTICIPANTS



CFFC LEADS THE
GOVERNMENT'S
EFFORTS
TO SUPPORT
NEW ZEALANDERS
TO BECOME
FINANCIALLY
CAPABLE
AND IMPROVE
WELLBEING.

ABOUT
CFFC

1

OUR ROLE

CFFC leads the government response to help people get ahead financially. We work to ensure the retirees of today and tomorrow are equipped with the financial knowledge, skills and confidence to make good financial decisions at every stage of their lives and reach retirement in good financial health. That means helping New Zealanders become better at managing debt, accumulating savings, owning homes, and able to weather emergencies when they strike. Not only does this improve individual and community wellbeing, it reduces the nation's long-term costs 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, Peter Cordtz, was appointed for a short term from 1 July 2019.

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, publicly flagging issues, and providing robust policy advice; and

RETIREMENT VILLAGES

Monitoring the Retirement Villages Act (2003) and administering its dispute provisions, plus informing and educating New Zealanders 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.

SETTING THE SCENE / AT A GLANCE

MINIMISING STRESS / PROMOTING WELLBEING

At CFFC, we know that improving New Zealanders' ability to manage their own money is intimately linked with improving their wellbeing. When people feel in control of their money, there's a ripple effect that also transforms the future of their whānau and community. Just as building financial capability creates a positive effect, worrying about money creates a series of negative, knock-on effects. Through our barometer, we can track the impact of money worries on New Zealanders' lives.



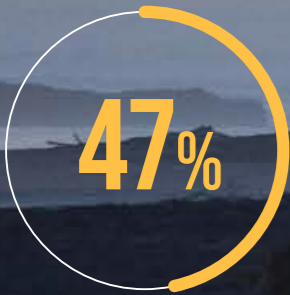
WORRY ABOUT MONEY



LOST SLEEP THINKING
ABOUT THEIR MONEY PROBLEMS



FELT UNWELL
BECAUSE OF MONEY CONCERNS



FELT STRESSED
BY THEIR FINANCES

**NEW ZEALANDERS
SAID THEY...**



HAD RELATIONSHIP ISSUES
BECAUSE OF MONEY



MISSED OUT ON SOCIAL
ACTIVITIES



WEREN'T ABLE TO CONTRIBUTE
TO FAMILY OR CHURCH



MISSED A DAY OR MORE
OF WORK

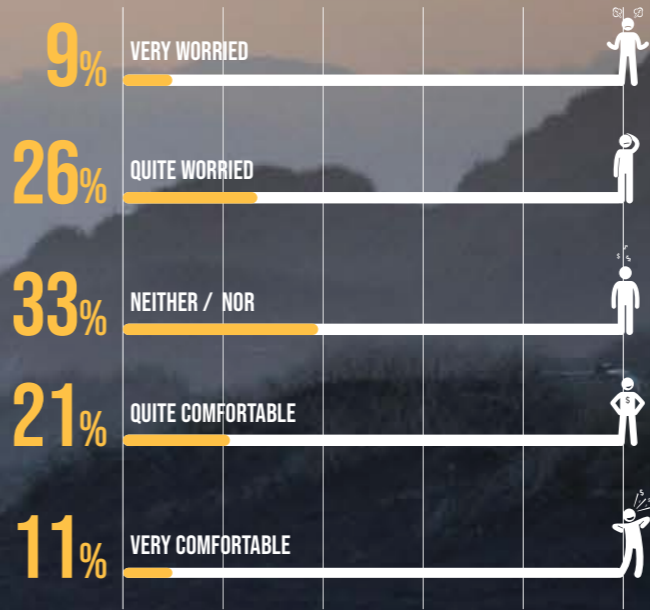
OUR OPERATING CONTEXT

NEW ZEALANDERS' ATTITUDES TOWARDS MONEY

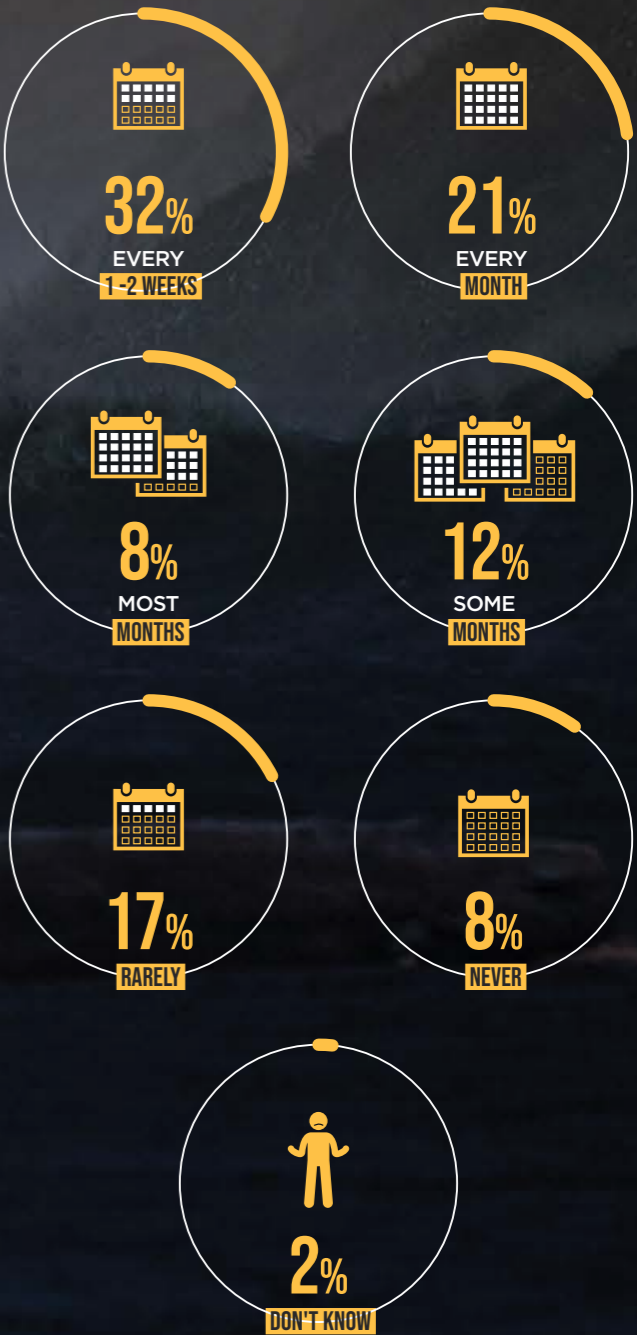
Our research shows a high percentage of New Zealanders worry about money. This worry is accompanied by insufficient attention to financial planning – more than half of adult New Zealanders thought hardly at all or a little about money needed in retirement and almost half have less than one month income in savings they could access in an emergency. Helping people become more financially capable not only makes them better prepared financially; it also improves their mental wellbeing.

HOW NEW ZEALANDERS FEEL

ABOUT THEIR CURRENT LEVEL OF DEBT

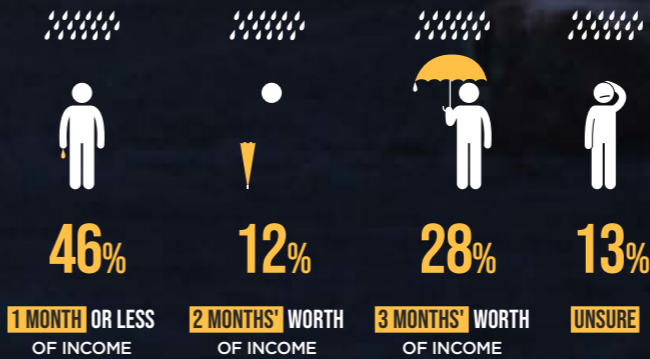


HOW OFTEN ARE YOU ABLE TO SAVE?



AMOUNT OF MONEY

NEW ZEALANDERS COULD ACCESS IN AN EMERGENCY





MIGRATION,
FERTILITY AND
MORTALITY
RATES ARE ALL
CONTRIBUTING
TO SHIFTS IN OUR
POPULATION'S
ETHNIC MIX,
DEMOGRAPHICS
AND DEPENDENCY
RATIOS.

OUR AMBITION FOR FINANCIAL CAPABILITY

VISION

Everyone getting ahead financially

MISSION

Driving sustainable behaviour change

FUTURE-FOCUSED

**NEW ZEALAND IS CHANGING.
MIGRATION, FERTILITY
AND MORTALITY RATES
CONTRIBUTE TO SHIFTS IN
OUR POPULATION'S ETHNIC
MIX, DEMOGRAPHICS AND
DEPENDENCY RATIOS.**

More than ever, New Zealanders need to be able to manage their money well to reach retirement in the best possible shape. Financial capability has become an essential life skill.

The lure of consumer goods coupled with easy access to high-interest credit means individuals and families can find themselves saddled with crippling debts that take years to repay. At CFFC we know that our programmes can alter families' futures forever. When financially capable living ripples down through generations, it can break decades of reliance on social housing and unsustainable debt.

Our focus is on those who feel like they are just getting by, referred to as 'On the Ward' in our triage system. We have identified key groups within this segment – overstretched families, first timers (eg, first time away from home, first baby, first house) and those who have had life shocks such as divorce, redundancy or health issues. We are now focusing our efforts on reaching these groups.

CFFC's Sorted in Schools programme means that our youngest generation are now able to start developing their financial capability at school. In both English and Te Reo, this programme is setting young people on a path to a financially healthy future, by equipping them with the knowledge and skills to avoid pitfalls such as loans and high-interest credit.

Changing people's behaviour and money habits is a complex task. CFFC inspires New Zealanders to focus on their financial wellbeing, and provides the tools to help them carve out a new financial future. We are meeting New Zealanders where they are; at school, at work, online, or increasingly through one of our expanding number of partners.

CFFC also has an important role in helping New Zealanders make the best decisions for themselves in the three phases of retirement. We use face-to-face seminars, digital tools, and high quality reports to educate and inform the public and government officials on key issues, such as the pros and cons of moving to a Retirement Village compared to other housing choices.

21%
OF THE
POPULATION
SAVE MONEY
EVERY MONTH

WHAT WE DO

CFFC drives sustainable behaviour change by helping people to better understand money. We help New Zealanders 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"> Lead the national conversation on the importance of financial capability to support wellbeing Share our insights on barriers to financial capability, and how to address them through sustainable behaviour change Provide robust policy advice on retirement income issues Advise the government on issues in the retirement village industry 	<ul style="list-style-type: none"> Provide high quality, impartial tools and information online to support New Zealanders to become financially capable and to support our face to face behaviour change programmes Seek partnerships to offer courses in communities and workplaces, including those tailored to Māori and Pasifika Develop and roll out the Sorted in Schools programme for secondary students Inform current and future retirement village residents of their choices and rights 	<ul style="list-style-type: none"> Track how our work impacts on the financial capability of New Zealanders Monitor the effects of the Retirement Villages Act (2003) and administer the disputes process

OUR PARTNERS

CFFC is proud to lead the National Strategy for Financial Capability, which is a practical framework for raising the financial capability of New Zealanders.

We currently work with over 160 organisations across government, the community and in the private sector to pool our collective knowledge and abilities. Together we can help raise the financial capability of more New Zealanders than we would do alone.

INTERNATIONAL CONTEXT

The Organisation for Economic Co-operation and Development (OECD) sees New Zealand as a leader in financial capability education. CFFC actively participates in the OECD International Network for Financial Education; our international ties help keep us at the forefront of the field.

OUR FRAMEWORK

CFFC MAINTAINS A FINANCIAL CAPABILITY BAROMETER TO HELP US BETTER UNDERSTAND THE FINANCIAL WELLBEING OF NEW ZEALANDERS.

With data from over 23,913 respondents since February 2017, the Barometer informs how we segment the population. The Barometer asks all respondents to self-rate their current financial situation on a six-point scale, from 'sinking badly' to 'flying ahead'. This subjective framework gives us insight into how people feel about their financial situation, and allows us to gauge the impact of external factors on changing perceptions.

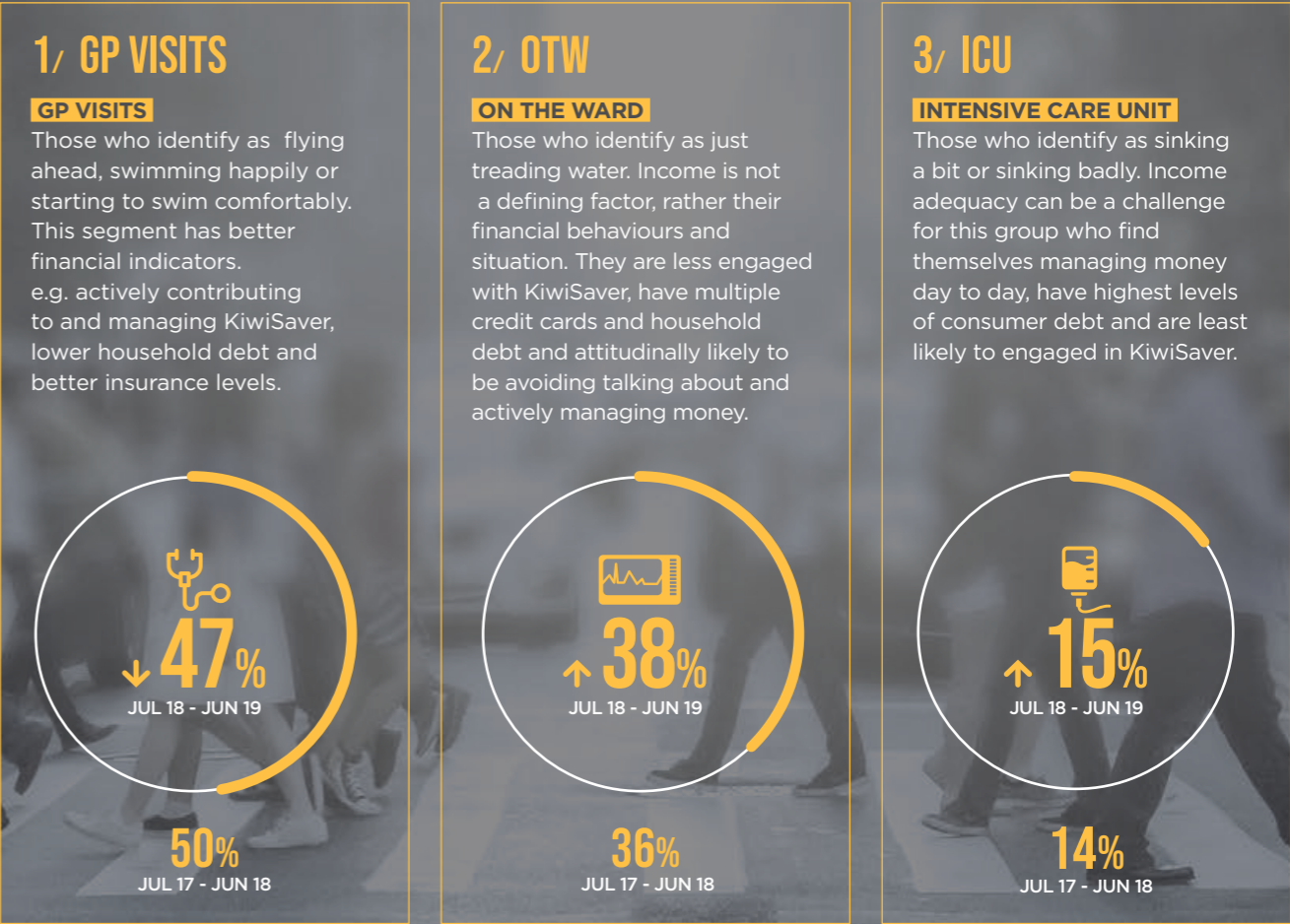
We place people who put themselves into these categories into one of three broader groups in our triage system – Intensive Care, On the Ward and those requiring only GP Visits.

The Barometer results enable us to take a strategic approach to deploying our finite resources and focus on New Zealanders who are On the Ward. This is where we believe our tools, programmes and resources can have the biggest impact on New Zealanders' financial capability.

We stay focused on our key audience, knowing that under the National Strategy for Financial Capability there is a range of other organisations (including government, private sector and not-for-profits) that focus their efforts on building financial capability among New Zealanders who are in Intensive Care or requiring only GP Visits.

SEGMENTATION TODAY¹

NEW ZEALANDERS' TRIAGED GROUPS DEMONSTRATE A DOWNWARD SHIFT IN OPTIMISM YEAR ON YEAR.



¹ Source CFFC Barometer.

HOW WE WORK

The Government has put CFFC in charge of leading the National Strategy for Financial Capability. This means we have a dual role. Not only are we delivering our own cutting-edge programmes to help New Zealanders achieve financial wellbeing, we are also promoting co-ordination across government, private sector and community groups. Through our annual National Strategy Snapshot Survey we track the work that organisations around New Zealand are doing to help build financial capability. Below are some highlights from the 2018 survey.

SNAPSHOT NATIONAL STRATEGY SURVEY 2018



* CFFC encourages partnership between stakeholders and pooling resources together makes everyone's work easier.

SENIOR LEADERSHIP TEAM

Our leadership team is lean and innovative, and has responded rapidly to significant organisational change over the past year. The team's expertise spans marketing and content strategy, education sector delivery, community collaboration and organisational processes and management.

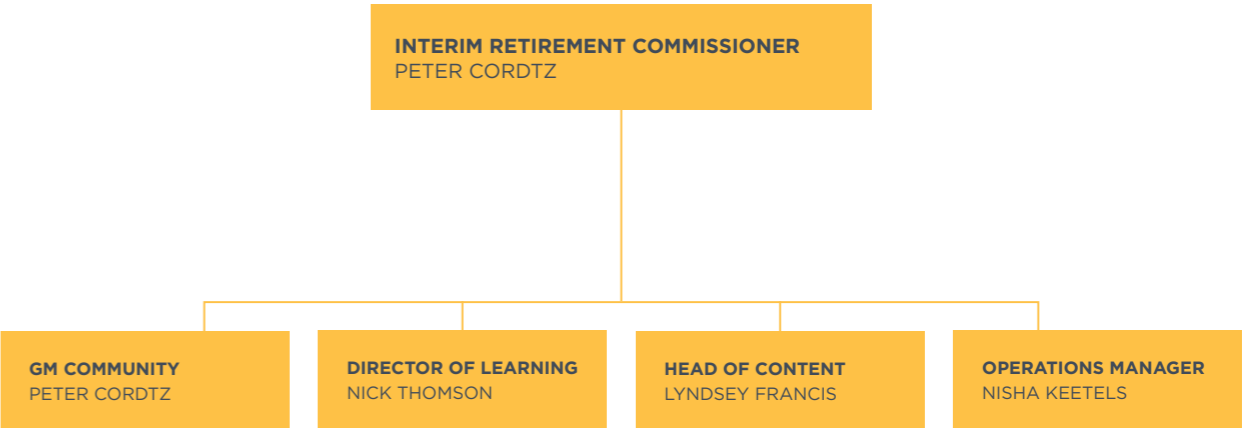
Peter Cordtz stepped into the role of Retirement Commissioner from 1 July 2019, in addition to his role as GM community. Peter's dual role has seen him leading CFFC's work with other government agencies and Non-Governmental Organisations as we increasingly multiply our reach through our partners' networks. They include the Whānau Ora Commissioning Agency, Pasifika Futures, the Tāmaki Regeneration Company and Māori/Pasifika Trade Training.

Nick Thomson has welcomed many new partners to our workplace programme, led Sorted in Schools to deliver successful outcomes, and overseen the creation of an exciting new online delivery platform. Called Sorted Sessions, it's a way to bring the magic of CFFC's trademark Sorted courses to many more New Zealanders, by enabling them to access the course wherever and whenever it suits them.

Lyndsey Francis has led the evolution of the Marketing and Content team to meet the needs of our expanding audiences across multiple brands in a changing landscape. This has included unifying the Sorted family of brands under a new Masterbrand strategy that will better connect with our target audiences, and conducting consumer need and usage research to enhance their experience of Sorted's programmes and online resources.

Nisha Keetels brings a fresh approach and improvement strategy to the operational environment. This year, Nisha has led a complete assessment of our current operating systems and functions, commencing an overhaul of our internal policies and processes to ensure that CFFC strives to meet the highest standards, as well as implementing a phased investment into our IT systems in order to maximise productivity across the organisation.

CFFC LEADERSHIP TEAM ORGANISATIONAL CHART



BEING A GREAT EMPLOYER

WE ARE COMMITTED TO PROVIDING A SAFE AND INCLUSIVE WORKPLACE THAT NURTURES AN INNOVATIVE CULTURE AND SUPPORTS HOW WE COLLECTIVELY ACHIEVE OUR GOALS.

Our leadership team encourages and supports workplace diversity, a positive team culture, and development opportunities for our pool of talented people; who drive the success of our organisation.

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

- Development of a cohesive and committed leadership team, focused on wellbeing, output deliverables and a business continuity strategy to support both, during a period of significant uncertainty and change which the Commission and its people were impacted by throughout the year.
- Maintaining a strong employee culture through open communication, team offsite days, team building events, and regular interactive sharing of ideas during peer-to-peer team meetings.
- Maintaining regular internal research information forums, sharing the latest findings with all staff.
- Formalising team benefits available to all CFFC staff, through our monthly birthday celebrations, promotion of our free employment assistance services, discounted health insurance and gym membership.
- Internal delivery of our own financial capability programme for staff.
- Continuation of our flexible workplace commitment to support better work life balance through flexible start and finish times, enabling people to work from home, and offering part-time positions.
- Continuing to challenge ourselves around accepting change as a pathway to remaining agile and innovative.
- Keeping our safety culture front of mind through improved systems, regular awareness and discussions, refreshed emergency preparedness planning, training and continuing to improve on our policies and induction processes for new employees.

BEING A GOOD EMPLOYER

Leadership, Accountability and Culture

- Value our people as our greatest investment
- Embrace individual differences, where people are appreciated, respected and valued
- Model positive and accountable behaviour that supports a healthy work environment
- Provide a safe environment for concerns to be raised and addressed
- Promote conversations about performance, provide coaching and encourage self-reflection
- Focus on utilising our strengths and recognise opportunities for development
- Develop and consider an appropriate wellness programme underpinned by a genuine care for the people who work for us
- Provide a transparent and open communicative environment, where everyone is encouraged to respectfully share their views and express ideas

Recruitment, Selection and Induction

- A commitment to diversity and inclusion
- No barriers or biases to employing the best person for the job and culture of the organisation
- Ongoing improvement of the on-boarding programme for our new employees
- Coach emerging managers on best practice recruitment process
- Develop our library of behaviour-based questions for use during interviews and reference checks
- Thorough background checks on all prospective employees

Employee Development, Promotion and Exit

- Empower individuals to take personal responsibility for their development
- Identify opportunities for coaching and mentoring
- Support, host and contribute towards individuals ongoing professional development and training opportunities
- Continue promotion and secondment opportunities
- Clear job descriptions, objectives and a robust performance and remuneration review processes
- Confidential exit interviews offered to all employees who leave the organisation to identify further improvement opportunities

Flexibility and Work Design

- Consider flexible work practices to accommodate employees' work and life commitments
- Design roles with the possibility of being part-time or having flexible hours
- Encourage discussion of flexibility with existing employees, allow part-time changes, start and finish time changes, flexibility with leave
- Design roles that are varied and interesting
- Provide secondment opportunities for existing staff

Remuneration, Recognition and Conditions

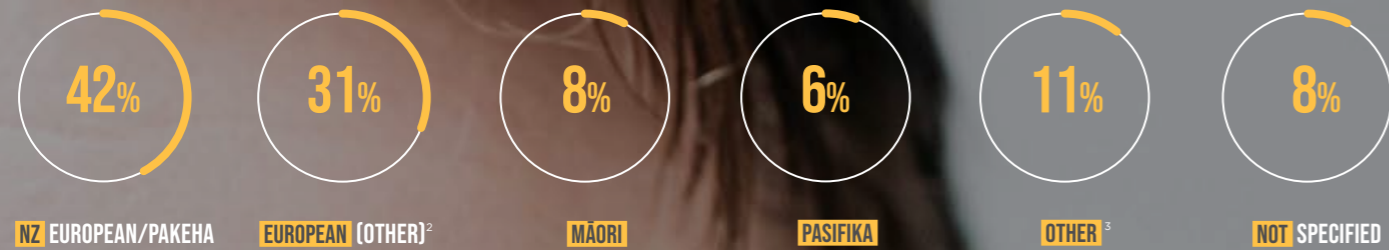
- Equitable remuneration system based on individual performance and market benchmarking
- Equal opportunities employer and excellent working conditions
- Individual, peer and team recognition is encouraged and regularly practiced
- Morning teas and lunches hosted in recognition of team achievements

Health, Safety, Environment and Wellness

- An environment that supports and encourages employee participation in health and safety
- Conduct a health and safety audit of physical office environment
- An internal and external induction process focused on health, safety and wellness
- Maintain a zero tolerance of all forms of harassment and bullying
- Delivery of Workplace Bullying & Harassment Workshop to support understanding of rights, responsibilities and appropriate options for identifying, raising and handling of concerns
- Increase awareness and availability of Employee Assistance Programme available to CFFC staff, which includes support with financial and legal concerns
- Promote access to discounted gym membership and Southern Cross Health insurance
- Review, develop and ensure the appropriate use of policies and procedures, that are consistent with good management and employment practices
- Review and update the Code of Conduct to ensure employees maintain proper standards of integrity and conduct in accordance with our values and that expected of all crown agencies

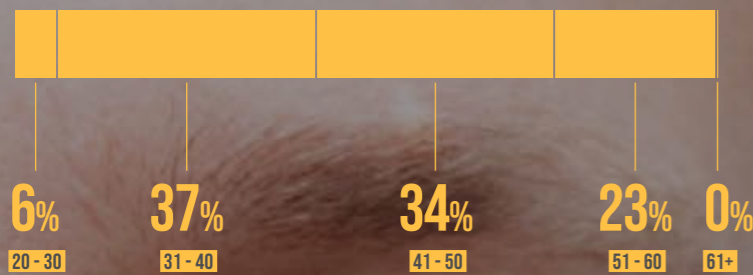
WHAT WE MEASURE

ETHNICITY



* People who reported more than one ethnic group are counted once in each group reported. This means that the total number of responses for all ethnic groups can be greater than the total number of people who stated their ethnicities.

AGE



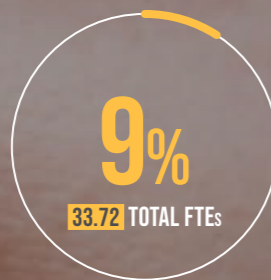
GENDER



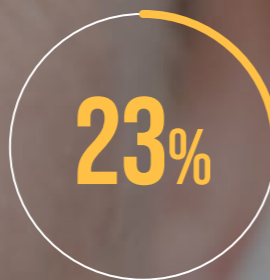
EMPLOYEES WHO HAVE DECLARED A DISABILITY



NUMBER OF FTEs + % OF THOSE WHO WORK PART-TIME



GENDER PAY GAP⁴



ETHNIC PAY GAP⁵



² Other European ethnicities: Dutch 6%, Irish 3%, British 9%, Polish 3% and Greek 3%, Welsh 3%, Italian 6% and French 3%.

³ Other ethnicities: is made up of: Latin American 3%, North American 3%, South African 3%

⁴ Gender Pay Gap analysis comparison value of 23%. This is up from 5% in FY18 and reflects the small size of CFFC's staff where individual appointments can have a disproportionate effect on the pay gap analysis.

⁵ CFFC's ethnic pay gap analysis of -8% indicates that the median pay of Māori/Pacific/Asian ethnicities is higher than the median pay of all other ethnicities.

34%

OF FINANCIAL
CAPABILITY
INITIATIVES
TARGETED
THOSE ON
LOW INCOMES

2/ MEASURING OUR PERFORMANCE

STATEMENT OF PERFORMANCE

Funding from the Crown for the 2018/19 year was received as a single appropriation and was budgeted to be \$8,622,000

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.

Actual funding received from the Crown was \$8,622,000. In addition to Crown funding, CFFC also received a further \$300,614 in interest and other sources. The allocation of this funding and expenditure across the output classes is shown below:

Actual 12 months to 30 June 2018		Actual 12 months to 30 June 2019	Budget 12 months to 30 June 2019 \$000s
\$7,747,756	Revenue ⁶	\$8,922,614	\$8,727,000
\$6,565,483	Expenditure	\$8,435,796	\$8,752,068
\$1,182,273	Surplus/(Deficit)	\$486,818	(\$25,068)

⁶ Actual 2018/19 Financial Capability Revenue comprises \$6,954,800 from our Crown Appropriation 81% allocation as per CFFC's Statement of Performance Expectations (SPEs)), \$216,650 of Other Revenue - (both 100% allocation to this Output Class as Revenues were for delivery of financial capability programmes in workplaces and communities), and \$83,964 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 2018/19 Retirement Income Revenue comprises \$1,452,120 from our Crown Appropriation (17% allocation as per SPEs). Actual 2018/19 Retirement Villages Revenue comprises \$215,000 from our Crown Appropriation (2% allocation as per SPEs).

CFFC is subject to the following Conditions of Use of Appropriation:

Reference	Conditions of Use
New Zealand Superannuation and Retirement Income Act 2001	Part 4 of the New Zealand Superannuation and Retirement Income Act 2001 provides the constitution, appointment, functions, powers and duties of the Commissioner.
Retirement Villages Act 2003	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.

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

167
ORGANISATIONS
SUPPORT THE
NATIONAL STRATEGY
FOR FINANCIAL
CAPABILITY

FINANCIAL CAPABILITY

IN THE FINANCIAL CAPABILITY OUTPUT CLASS
OUR FOCUS IS ON:

NEW ZEALANDERS BECOMING MORE FINANCIALLY CAPABLE, AND ACHIEVING FINANCIAL WELLBEING NOW AND IN RETIREMENT.

Our specific priorities are:

More people have access to financial capability education, resources and tools which results in enhanced 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. CFFC creates lasting behaviour change, helping everyone become financially capable. Our education, resources and tools help reduce hardship among families, create resilient communities and a more prosperous and productive economy.

Financial capability is fully aligned to the national curriculum

We know that as the population ages, and the world changes, our children and grandchildren will face new challenges in their retirement. Through Sorted in Schools, CFFC equips young people 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.

Sorted is a useful and trusted money guide

Sorted is CFFC's ecosystem of digital channels, community and workplace programmes, and resources – all aimed at lifting financial capability throughout New Zealand.

Our flagship website is sorted.org.nz, and it has become a trusted source of free, impartial and independent financial information for New Zealanders and continues to underpin all of our face-to-face programmes.

National Strategy partners work collaboratively to strengthen joint efforts towards raising financial capability across New Zealand

The National Strategy for Financial Capability has five work streams: to get New Zealanders to **TALK** and **LEARN** about money, to **PLAN** for the future, to be **DEBT-SMART** and to **SAVE & INVEST**. It helps to create a supportive environment among the financial education fraternity. By partnering across government, we find opportunities to embed financial capability modules in the delivery of their programmes. This is key, because we 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.

Measures

The following chart shows how we are tracking against the strategic intentions in our 2017 2020 Statement of Intent.

STATEMENT OF INTENT

1/
GROW

understanding of the importance of financial capability in economic growth and individual wellbeing.

2/
MORE

New Zealanders become financially capable.

3/
MORE

New Zealanders actively plan for their retirement.

IMPACTS

1/
MORE

people have access to financial capability education, resources, and tools through our Sorted programmes, including workplaces (page 28) and delivery partnerships (page 26).

2/
FINANCIAL

capability is embedded across the school curriculum (page 32).

3/
SORTED

is a useful and trusted money guide and evolving with the development of Sorted Sessions (page 27).

4/
NATIONAL

Strategy partners collaborate on projects such as Smart Investor (page 41) to raise financial capability.

OUTCOME

Our work in this output class is to make New Zealanders more financially capable, achieving financial wellbeing now and in retirement.

Assessment of Performance		Budget standard 2018/19	Actual standard 2018/19
Increased levels of financial capability and sustainable behaviour change ⁷		Achieved	Not achieved ⁸
Actual 12 months to 30 June 2018		Actual 12 months to 30 June 2019 ⁹	Budget 12 months to 30 June 2019 \$000s
\$6,077,806	Revenue	\$7,255,494	\$7,059,880
\$5,152,187	Expenditure	\$6,705,660	\$6,913,412
\$925,619	Surplus/(Deficit)	\$549,834	\$146,468

⁷ Sorted website – 1.36m users in 2018/19 (2017/18 1.19m users). Workplace & Community programmes – 343 programmes directly delivered by CFFC to 6,033 participants (2017/18: 403 programmes delivered by CFFC and partner organisations reaching 17,353). Sorted in Schools – 31% of survey respondents indicated their school was using Sorted in Schools (2017/18: not applicable). Money week – 145,402 New Zealanders interact with tools promoted during Money Week and in the period one week after (2017/18: 89,906). Module completions on Sorted Sessions – 26 completions in 2018/19 (2017/18: not applicable).

⁸ This assessment is based on the aggregate measures from the barometer. However, on page 39 we detail how the barometer informs our work, and also its shortcomings as a proxy measure for CFFC's impact on financial capability outcomes.

⁹ The appropriation revenue received by CFFC equals the Government's actual expenses incurred in relation to the appropriations, which is a required disclosure from the Public Finance Act.

NATIONAL STRATEGY FOR FINANCIAL CAPABILITY

DELIVERABLE
LEAD THE NATIONAL STRATEGY FOR 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.

CFFC continues to lead the delivery of 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.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Lead quarterly meetings of the Cross-Government Group for Financial Capability	Achieved (4 meetings)	4 meetings Achieved	4 meetings
Lead meetings of the Auckland and Wellington Financial Capability Networks	Achieved (4 meetings)	2 meetings Not achieved	5 meetings
Work with National Strategy partners to add content to the website which shows examples of the strategy in action and promote this across partner networks	25% increase in website traffic (from 3,407 to 4,259 views)	4,456 views Achieved	4,907 views
Number of organisations from across the financial capability system that support and/or align their initiatives to the National Strategy for Financial Capability	150	167 Achieved	153

SORTED COMMUNITY, SESSIONS AND WORKPLACE

DELIVERABLE
DEVELOP, SUPPORT AND QUALITY ASSURE THE DELIVERY OF SORTED FINANCIAL CAPABILITY PROGRAMMES

SORTED COMMUNITY

CFFC research shows that our financial capability programmes have the greatest impact when they are integrated into health, housing, education and employment services. We tailor our resources and programmes for delivery by our partners in the government ecosystem at a grassroots level. Our programmes help some of the most financially vulnerable New Zealanders, as well as those in the On the Ward segment, to step towards a brighter financial future.

CFFC's new modular approach to community programme design has made it more efficient to scale up our Sorted programmes with new partners, by selecting the content most relevant to a community or agency's context. In practice, this means that the content of each of our Sorted-brand community programmes is a tailored composite - for example, six workshops make up the Pacific Whānau Ora programme and different set of six workshops were selected for Tāmaki community housing cohorts.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
New provider networks engaged to support programme delivery	20	46 Achieved	New measure
The number of financial capability initiatives delivered to improve Māori and Pasifika financial capability via community and government partnerships, to increase engagement with individuals and reach more households across New Zealand	400 initiatives engaging 5,000 individuals	73 initiatives 2,161 individuals Not achieved	New measure ¹⁰

¹⁰ Last year's metric was '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'. The 403 initiatives achieved and 17,353 individuals reached includes both community and workplace initiatives, so the data is not directly comparable to this year.

SORTED SESSIONS

CFFC's face-to-face programmes are tailored to tackle the challenges of helping New Zealanders change their money behaviour. This year, for the first time, CFFC is extending that reach by taking our programmes online, aiming to replicate the transformation of our face-to-face programmes through online learning. Sorted Sessions is an online financial capability programme that will greatly increase the accessibility of financial capability education. Sorted Sessions is available to all New Zealanders via the Sorted website and will also evolve to changes in the way people prefer to access learning opportunities.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Six financial capability modules live	Achieved	6 Modules Achieved	New measure
Number of module completions	500	26* Not achieved * To achieve the greatest impact, user experience, and reach for Sorted Sessions, CFFC had to custom-build the platform and this delayed the project timetable. Roll-out date was 27 June 2019.	New measure

SORTED WORKPLACE

CFFC works with a range of businesses and other organisations to build financial capability in workplaces. Examples include national 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). Work is ongoing to expand the range of workplaces offering our financial capability courses and seminars, that are proven to enable participants to progress towards financial health. Our focus in 2018/19 was expanding our workplace partnerships to increase CFFC's reach across New Zealand.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Number of Workplace Financial Capability Programme (WFCP) partner organisations	Increase of 10 partnerships	9 new partnerships Not achieved	New measure
Number of WFCP courses/seminars delivered	220 courses/ seminars to 5,500 participants	477 courses/seminars 10,001 participants ¹¹	New measure ¹²

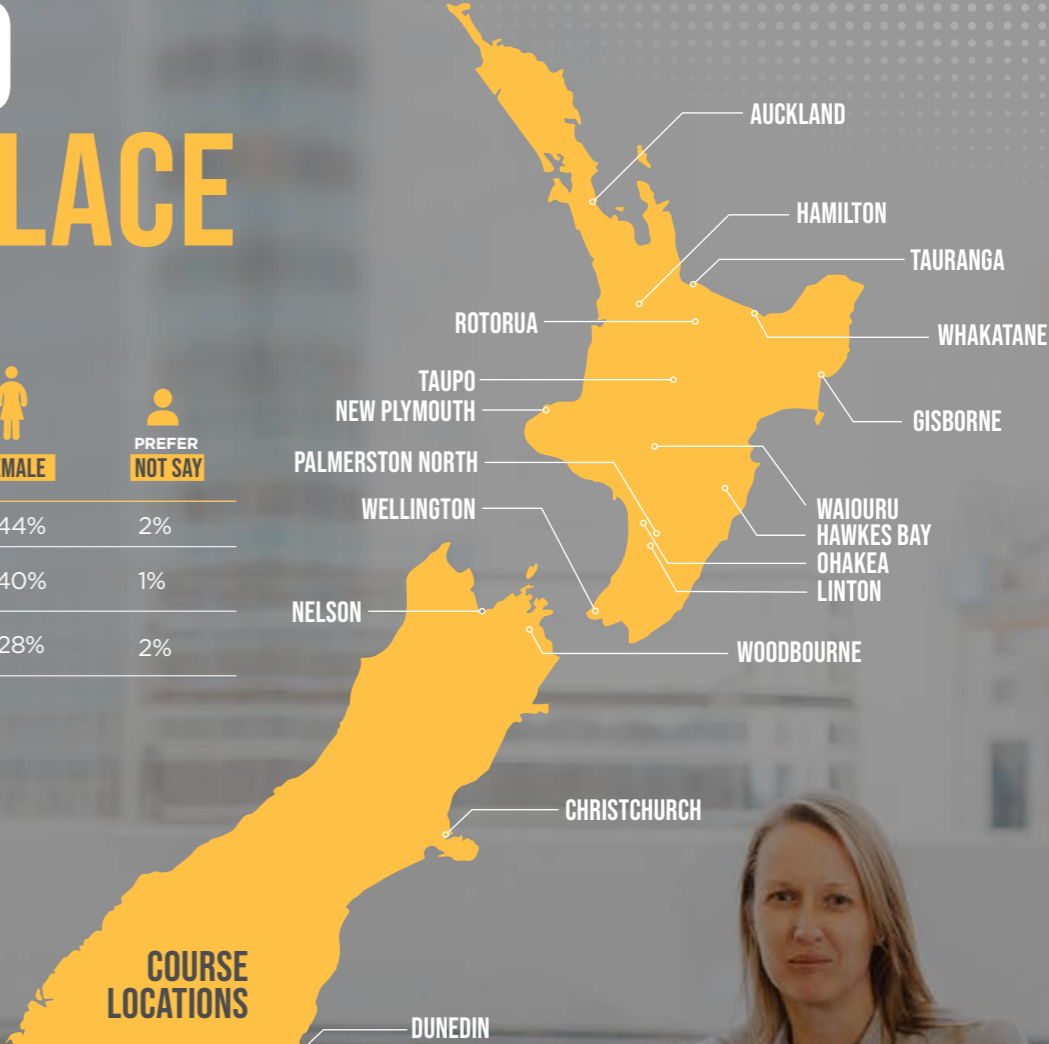
¹¹ CFFC delivers workplace Sorted programmes in two ways. First, by directly partnering with the employer (270 courses/seminars to 3,865 participants), and second through our self-service system that enables organisations to deliver their own courses (207 seminars to 6,136 participants). The reported numbers are the combined total of both these delivery routes.

¹² Last year's metric was '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'. The combined total reach last year was 403 initiatives and 17,353 individuals reached, from community and workplace initiatives. The data is not directly comparable to this year.

FY19 SORTED WORKPLACE

BY THE NUMBERS

GENDER BALANCE OF COURSE PARTICIPANTS	MALE	FEMALE	PREFER NOT SAY
Get Sorted	54%	44%	2%
Get Invested	59%	40%	1%
Choice Years	70%	28%	2%




1,250
PARTICIPANT
EVALUATIONS COMPLETED

AGE OF COURSE PARTICIPANTS

	18-35	35-54	55-64	65+
Get Sorted	40%	46%	13%	1%
Get Invested	43%	33%	23%	1%
Choice Years	2%	41%	55%	2%
Financing your First Home*	72%	25%	4%	

*Note these categories were actually <20, 20-29, 30-39, 40-49, 50-59, 60+



“WE ARE FORTUNATE TO BE OFFERED A COURSE AT WORK THAT IS SO BENEFICIAL TO OUR LIVES.”

SORTED WORKPLACE

IN THEIR OWN WORDS

CASE STUDY

WESTPAC

A BANK MAY BE FULL OF PEOPLE WHO TALK ABOUT MONEY AND DEAL WITH FINANCIAL PRODUCTS EVERY DAY, BUT THAT DOESN'T MEAN ALL OF THOSE INDIVIDUALS ARE CONFIDENT WITH MONEY IN THEIR PERSONAL LIVES. SOME MAY HAVE SIMILAR QUESTIONS TO THE CUSTOMERS THEY TRY TO HELP.

Katie Christoffersen, Westpac's Head of Private Wealth Management, recognised this, and when she heard about the Sorted Workplace courses run by CFFC she thought they sounded ideal to include in the bank's staff wellbeing strategy.

CFFC worked with Westpac tailoring a series of six one-hour modules that staff could take in work time, and trained 40 of the bank's employees, including authorised financial advisors, to facilitate the courses. CFFC is also adapting the modules to a webinar series that will be rolled out to staff in more remote locations. The modules covered attitudes and behaviour with money, debt, KiwiSaver, investing, insurance and wills, and spending and saving.

“We contacted CFFC in 2018 and from day one we realised we shared the same purpose and vision, and their staff were incredibly helpful,” says Katie.

Westpac staff all over the country are now benefitting from the Sorted courses, from head office in Auckland to Westpac's branches throughout the country. Some branches hub together to host sessions and invite family members to attend.

Katie says the initiative has worked wonders for staff engagement.

“Our staff are going to feel more confident talking with customers about their needs if they've sorted all those things out for themselves, but it's about more than that. As an employer we care about our people's wellbeing; helping them feel more on top of their personal finances is key.”

Fiona Roberts couldn't agree more. A member of the Corporate Affairs team at head office, Fiona has done three Sorted modules so far and plans to do them all.

“It's been transformational for me,” says Fiona. “I was waking up at night fretting about money, but now all that anxiety has lifted.”

The course motivated Fiona to make a budget, get on top of her credit card and maximise her KiwiSaver. She's even bought an investment property and made a plan for retirement.

“I went into the first session feeling embarrassed that I might be the only one with money issues, but soon realised that everyone there was in the same boat. It was okay not to know stuff, and okay to ask questions. Now I feel confident with my money and in control.”

Fiona appreciated the accessibility of being able to do the Sorted course at work, in work time, and enjoyed getting to know colleagues she might not have otherwise met. She even appeared in a video to encourage other staff to take part.

Katie says that because facilitators were drawn from their own staff, time was the only investment Westpac had to make in working with CFFC to design the course and roll it out.

“It's important to us that our people are happy and interested at work, and feel better about doing their jobs through focussing on their own financial wellbeing.”

She recommends managers get involved so impetus comes from the top down, and that employers make the most of CFFC's expertise and materials.

“The people we worked with at CFFC were great at taking what they know works and tailoring it to fit our culture and our language. And they were fast and efficient when we needed them to be,” says Katie. “I'm very proud of what we're achieving together.”

SORTED IN SCHOOLS

35%
OF SCHOOLS
USING SORTED
IN SCHOOLS
RESOURCES

2x NEW ZEALAND
CURRICULUM PACKAGES
IMPLEMENTED

1x MĀORI MEDIUM
EDUCATION PACKAGE
IMPLEMENTED

41 STAKEHOLDER
MEETINGS HELD

DELIVERABLE
DEVELOP, DELIVER AND SUPPORT
HIGH-QUALITY FINANCIAL CAPABILITY
LEARNING EXPERIENCES

SORTED IN SCHOOLS

DELIVERABLE
DEVELOP, DELIVER AND SUPPORT HIGH-QUALITY FINANCIAL CAPABILITY
LEARNING EXPERIENCES

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 to secondary students over four years. The programme goal is to integrate financial capability across the New Zealand Curriculum and Māori Medium Education. CFFC has partnered with teachers to co-create resources, and led a successful roll-out to years 9 and 10 students. We are now focused on delivery across New Zealand schools.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Develop, pilot and implement New Zealand Curriculum and Te Marautanga o Aotearoa teaching and learning packages co-constructed with teachers aimed at years 9-13 consisting of eight financial capability topics.	Develop, pilot and implement two New Zealand curriculum and two Te Marautanga packages* consisting of four financial capability topics for Years 9 and 10. * Te Marautanga packages are subject to progress with the development of Te Marautanga resources.	2 New Zealand Curriculum packages 1 Māori Medium Education package Partially achieved	New measure
Schools and kura are accessing and using the Sorted in Schools resources	30% of NZ schools teaching Year 9 and 10 are accessing and using at least one financial capability resource	35% Achieved	New measure ¹³
The completed financial capability resource packages and teacher training materials are available for all secondary schools via a digital platform	Achieved	Achieved	New measure
Engage with Ministry of Education for the delivery of the School Leavers Toolkit, and identify areas for collaboration	Achieved	Achieved	New measure
Engage and collaborate with key education stakeholders via a Quality Assurance group and bi-monthly cross government meetings	Four Quality Assurance Group meetings and six cross government group meetings	41 stakeholder meetings Achieved	35 ¹⁴
Ensure that co-design content is leading to behavioural and attitudinal change in learners	Develop a Sorted in Schools evaluation and monitoring plan that includes measurements to determine if the co-design content is leading to behavioural and attitudinal change	Partially achieved ¹⁵	New measure

¹³ Last year's metric was the Reach of Sorted in Schools programmes. In 2017/18 we achieved 79 schools signing up for Sorted in Schools, representing over 59,000 students.

¹⁴ Last year the measure was 'Engagement meetings'.

¹⁵ During 2018/2019 CFFC developed an evaluation plan including recommendations for a number of evaluation measures. NZCER has been contracted to execute the Sorted in Schools evaluation plan. NZCER will collect and analyse evaluation monitoring data to determine the impact of the Sorted in Schools programme is having on behaviour and attitudinal change during 2019/2020.

“SORTED IN
SCHOOLS NOT
ONLY TEACHES KIDS
ABOUT MONEY, BUT
HOW TO MANAGE
MONEY”

**SORTED
IN SCHOOLS**

IN THEIR OWN WORDS

CASE STUDY

BOTANY DOWNS SECONDARY COLLEGE

SECONDARY TEACHER GURPREET KAUR IS SOLD ON SORTED IN SCHOOLS.

She's been involved for the past five years, from the early pilot programmes through the development of the first learning packages, and, since last year, in teaching it to her students at Manurewa High School and now at Botany Downs Secondary College.

“I think it should be a compulsory part of the curriculum,” says Kaur. “Sorted in Schools not only teaches kids about money, but how to manage money. That skill is important in helping them succeed in life.”

The learning packages released so far have been aimed at students in Years 9 and 10, but Kaur is also using them with her students in Years 11-13 while she waits for the senior packages to come on stream in 2020.

“The learnings are relevant for every age group, and it's wonderful to see those lightbulb moments. Today we were looking at pay slips and talking about wages and tax brackets, and how students might claim a tax refund if they've started their first part-time job. Teachers can use the programme to make lessons relevant to students' real lives.”

When she first started teaching the programme she was shocked at how little many students knew about how money worked.

“Some didn't know the difference between an eftpos card and a credit card. They are not necessarily getting taught about financial matters at home; in fact many parents think this is something they should be learning at school.”

Kaur's students agree that school is the best place to learn about money, in class as part of day to day lessons with their teachers.

“Our parents don't always know how to pass on this kind of information,” says Megan, who's in Year 10. “We've learned about GST, tax, KiwiSaver, how to save, the difference between borrowing from a bank and from a loan shark ... it's valuable.”

“In the future it will be us using money, not our parents doing it for us,” says her classmate, Ryan. “It's best for us to learn directly from our teachers in a reliable way.”

Kaur is a member of Sorted in Schools' teachers advisory group, and is looking forward to continuing to work with CFFC in the development of the programme.

“We're helping to ensure the teaching and learning packages are consistent - what things do kids need to know at different ages, and how can those learnings be built upon in subsequent years? Those of us out there teaching it can feed back to continuously improve it.”

Ultimately she would love to see Sorted in Schools taught through primary and intermediate school as well, with packages dovetailing those the children will move onto at secondary level.

“I have high aspirations for it - it's an important programme that all young New Zealanders should benefit from.”

**NAU MAI KI TE
WHAI HUA
- KIA ORA!
EQUIPPING ALL
YOUNG NEW
ZEALANDERS FOR
THEIR FINANCIAL
FUTURE**

COMMUNICATION AND INFORMATION VIA MEDIA

DELIVERABLE
RAISE AWARENESS AND COMMUNICATE WITH THE PUBLIC REGARDING THE IMPORTANCE OF FINANCIAL CAPABILITY

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. Our online channels offer a cost-effective, fast, and mass-delivery option for engaging with New Zealanders. Reflecting trends in media and journalism, we are generating regular video content that can be distributed widely in digital channels as well as mainstream media enabling us to secure substantial earned media reach.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Reach and value of earned media coverage for CFFC and Sorted	\$10m total	\$15.85 million Achieved	\$12.46 million
Content items that cover financial capability and retirement income issues, capturing New Zealanders thoughts on the same, including stories, videos, blogs, podcasts, guides, mobile video programmes, live online events	152 total	355 Achieved	152
cffc.org.nz traffic sessions	71,500	90,344 Achieved	68,823
CFFC Facebook daily consumptions	33,000	41,661 Achieved	84,211
CFFC Facebook post relevancy by relevance score	Achieve 5 - 6	Facebook relevancy score was measured for quarters 1-3, and the average across these three quarters was 5.3. ¹⁶	New measure
CFFC video views	154,000	105,369* Not achieved * CFFC used a 'test and learn' strategy to better target content to our audiences, and this led to some inconsistencies in achievement data.	274,111

¹⁶ No relevancy data is available for quarter four as Facebook has removed relevancy score as a metric.

SORTED.ORG.NZ

DELIVERABLE
BUILD GREATER SORTED ENGAGEMENT AMONG NEW ZEALANDERS

Sorted.org.nz is the foundation of our financial capability efforts. It underpins all our face to face and online programmes and partnerships.

Sorted provides inspiration, trusted information, tools and calculators, and is available free to all New Zealanders. We build engagement through an evolving content strategy to drive demand which in 2018/19 has had an increased focus towards the On the Ward audience. Sorted holds a unique and long-standing position as the independent aggregator of information with no sales agenda, just the goal to help improve the financial capability and wellbeing of our audience.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
sorted.org.nz traffic	2.09m sessions across 1.166m unique users	2.28m sessions 1.36m users Achieved	2.01m sessions 1.19m users
Sorted Facebook daily consumptions	176,000	108,664* Not achieved * CFFC used a 'test and learn' strategy to better target content to our audiences, and this led to some inconsistencies in achievement data.	243,680
Sorted Facebook post relevancy	Achieve 7-8	Facebook relevancy score was measured for quarters 1-3, and the average across these three quarters was 4.5 ¹⁷	New measure ¹⁸

¹⁷ No relevancy data is available as Facebook has removed relevancy score as a metric.

¹⁸ In 2017/18 CFFC measured 'Sorted Facebook engagements'. Year end result for 2017/18 was 243,680 Facebook engagements.

SORTED MONEY WEEK

DELIVERABLE

PRODUCE A PLATFORM TO RAISE THE IMPORTANCE OF FINANCIAL CAPABILITY AMONGST NEW ZEALANDERS

Sorted Money Week is the national, annual campaign platform aimed at leveraging National Strategy partners, businesses, community groups and the media to spotlight financial capability issues.

The 2019 theme, ‘Weather the Storm’ sought to get New Zealanders thinking about how prepared they were for a financial shock. We provided promotional resources and content to partners and drove awareness through the media with research and insight relevant to three key areas – insurance, emergency savings and making a will.

This approach resonated with our stakeholders, the public and the media. We achieved unprecedented reach with 275 organisations reaching 1.8 million New Zealanders, along with notably high penetration into Māori and Pasifika media channels and their communities. In total more than 320 Money Week media items were recorded, with a cumulative reach to New Zealanders of more than 13 million views, and a record ASR of \$1.75 million, double that achieved the previous year.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
New Zealanders interact with tools and resources promoted during Money Week and in the week following	35,000	145,402 Achieved	89,906
Number of organisations that take part in Money Week and reach to New Zealanders	240 organisations reaching 65,000 New Zealanders	275 organisations reaching 1.8 million New Zealanders* Achieved	220 organisations reaching 60,000 New Zealanders
Media value generated through Money Week	\$550k	\$1,754,139 Achieved	\$866,000

FEATURE
SORTED
MONEY WEEK



\$1,754,139
ADVERTISING SPACE RATE (ASR)
FOR EARNED/UNPAID MEDIA COVERAGE

145,402
NEW ZEALANDERS USING MONEY
WEEK TOOLS AND RESOURCES

1.8 MILLION
NEW ZEALANDERS PARTICIPATING
IN MONEY WEEK

326 MAINSTREAM
MEDIA
ITEMS

275
PARTNERS
SUPPORTED
MONEY WEEK
BY HOSTING EVENTS,
ACTIVITIES AND
WORKSHOPS

FINANCIAL CAPABILITY MONITORING AND EVALUATION

CFFC undertakes a range of research and evaluation approaches including conducting direct post programme evaluations and contributing to evaluation with our Community partners.

In addition, we hear regularly from people through social media channels, website feedback and major initiatives such as Money Week enabling us to overlay qualitative insights to our work.

The primary research and insight tool is CFFC's Barometer which has surveyed 23,913 New Zealanders on a range of topics relating to financial wellbeing. The Barometer has been able to establish metrics across a range of financial indicator questions which can be analysed across segments and used to understand broader behaviors and motivations around money matters as well as opportunities and barriers for engagement.

Our annual report highlights the work and some specific impacts of this work in transforming the lives of New Zealanders by providing them with the knowledge and money skills to live life in control of their finances. Despite increased reach of our programmes and resources, the Barometer is not sensitive enough to reflect this impact. We have also seen that there are myriad of factors beyond CFFC's control that effect not only people's optimism around their finances but also their attitudes and behaviours. In 2019/20, CFFC will be reviewing our performance measurement framework as part of developing a new Statement of Intent aligned to future strategic goals for 2021-2024.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18 ¹⁹	MOVEMENT YEAR ON YEAR
Percentage of New Zealanders who state that they have saved money at least monthly over the last 12 months	>50%	51% Achieved	54%	↓
Percentage of New Zealanders who strongly disagree/disagree that they live for today and let tomorrow take care of itself	>50%	46% Not achieved	52%	↓
Percentage of New Zealanders who strongly agree/agree that they set long term financial goals	>50%	52% Achieved	53%	↓
Percentage of New Zealanders who strongly agree/agree that they keep a close watch on their financial affairs	>80%	80% Achieved	81%	↓
Produce a quarterly report of key findings from the Financial Capability Barometer Survey	Achieved	Report produced Achieved	New measure	

¹⁹ This survey was performed by Dynata. The total survey sample was n = 7,744 respondents aged 18 and over in New Zealand, with quotas applied to age, sex, ethnicity and location to reflect the composition of New Zealand adult population. The online survey was conducted in monthly or quarterly waves between Jul 18 and Jun 19. The sampling method can provide an estimated margin of error ranging from 1.8%-4.4% at a 95% level of confidence.

FEATURE

FRAUD EDUCATION

THE CASE OF AN
81-YEAR-OLD MAN
WHO WAS TARGETED
BY SCAMMERS IS
AN EXAMPLE OF
THE GOOD OUTCOME
THAT CAN BE
ACHIEVED WHEN
AGENCIES WORK
TOGETHER IN
THE INTERESTS
OF A VICTIM.

CFFC plays an important role in fraud education and support, and liaises regularly with other agencies working in this area.

John's wife died last December and he was adjusting to living on his own. He suffers from short-term memory loss, but has no family or anyone with an enduring power of attorney who can look out for him. Fortunately, he had befriended a local PC technician who had helped him with his computer several times in recent years.

When he visited John again earlier this year he noticed activity on the PC that indicated John's bank account had been broken into and money transferred overseas. John told him he was constantly receiving phone calls from people claiming to be from a telephone company, saying they needed access to his computer, and demanding fees.

The technician had recently seen a news story quoting CFFC's Fraud Education Manager Bronwyn Groot, and contacted her to ask how John could be helped. Groot visited John, convinced him that the callers were scammers, and with his permission engaged the services of Age Concern, the Police and John's local bank manager. The bank blocked overseas money transfers from his account and added a note for staff to query unusual withdrawals. The police will visit John regularly to check on his wellbeing and remind him of the danger of scammers calling again, and Age Concern will continue to support him and work with other service providers.

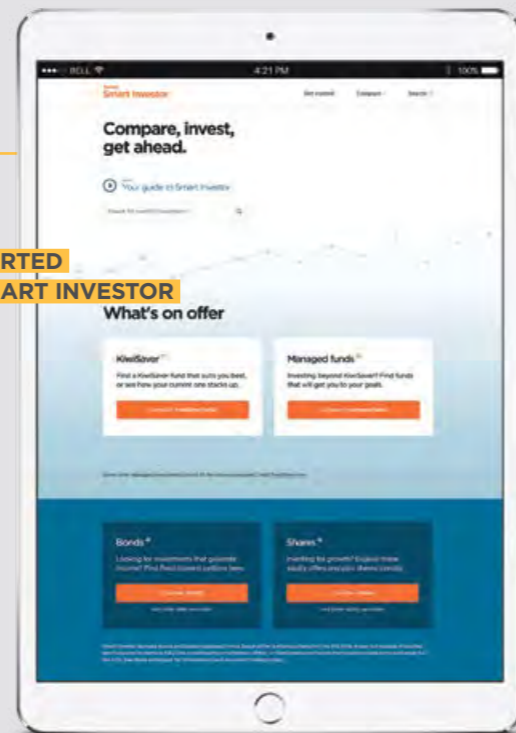
"This was an example of a referral process done correctly," says Groot. "With everyone on board we can share information and give the victim the best protection as we work out solutions. We call it a financial security blanket, and in this case it was well and truly wrapped."

FEATURE AWARD WINNERS

CFFC RECEIVED AWARDS
ACROSS THREE DIFFERENT
WORKSTREAMS IN THE PAST
YEAR, ACKNOWLEDGING
OUR EFFORTS TO IMPROVE
FINANCIAL CAPABILITY
FOR NEW ZEALANDERS IN A
VARIETY OF WAYS.

1/

SORTED SMART INVESTOR



SORTED SMART INVESTOR

Sorted Smart Investor, the online tool that enables Kiwis to search and compare New Zealand investments such as KiwiSaver, shares and bonds, won gold and bronze medals in two design awards this year.

The tool was named the best Web Design and Development in the Digital category of the Good Design Australia Awards in July, and in October won a Bronze medal in the User Experience category of the Public Good section of the New Zealand Best Design Awards.

Housed on the Sorted website, the portal was launched in February to enable KiwiSaver members to explore their fund's investments in detail, and compare their fund against other offerings. It also compares other managed funds, managed investments and share and bond offers, as well as providing guides on investing and definitions of jargon.

Smart Investor was developed in collaboration with the Ministry for Business, Innovation and Employment (MBIE) and the Financial Markets Authority (FMA).

"Our aim was to break down the barriers to investing so that all New Zealanders could benefit from this way of growing their money," says Sorted's Managing Editor, Tom Hartmann. **"We're thrilled the website has been recognised as doing such a good job."**

SORTED KĀINGA ORA

A programme to help whānau Māori achieve their home ownership aspirations won an Australasian Housing Institute award for Leading Community Engagement Practice.

Sorted Kāinga Ora, developed in partnership with Te Puni Kōkiri, won the award at the 2019 Professional Excellence in Housing Awards in Wellington on June 6. It was jointly accepted by CFFC's GM Community Programmes, Peter Cordtz, and Te Puni Kōkiri's Helen Algar, the Project Lead of The Māori Housing Network's Te Ara Mauwhare: Pathways to Home Ownership programme.

Sorted Kāinga Ora is a financial capability course delivered by Māori for Māori, to help them assess whether they are ready to pursue home ownership. If so, they may then apply to continue on a home ownership pathway offered by their rūpū through the Māori Housing Network. Cordtz says CFFC was proud to have been involved in the development of Sorted Kāinga Ora and its ongoing delivery to whānau around the country.

"Improving a whānau's financial capability is a crucial step in preparing for home ownership," says Cordtz. **"In turn, improving housing outcomes is critical to achieving long term wellbeing for our most vulnerable groups, which supports our kaupapa of arriving at and living in retirement in good financial health."**

Funding allocated in the government's 2019 Budget will enable Sorted Kāinga Ora to be scaled up further, reaching 300 whānau Māori.

2/

SORTED KĀINGA ORA



3/

THINKING OF LIVING IN A RETIREMENT VILLAGE?



THINKING OF LIVING IN A RETIREMENT VILLAGE?

CFFC's booklet Thinking of Living in a Retirement Village? won the People's Choice award at the 2018 Plain English Awards. Written for retirees and their families, the booklet conveys important technical information in a way that is easy to understand.

For older New Zealanders, selling a home and moving into a retirement village has far-reaching consequences for the remainder of their life, and affects the estate they will pass on to their loved ones. CFFC's booklet offers practical tips and checklists to help ease the decision-making process, helping residents and their families navigate complicated legal and financial terrain so they can make an informed decision at what can be an emotional time.

The judges commented: **"This document breaks down highly complex, life-changing information into accessible chunks that the average New Zealander can easily absorb. This is an outstanding communication that meets a pressing public need."**

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 maintains a watching brief on the impacts of - and options for - retirement income policy settings in New Zealand. We draw on overseas research, commission bespoke New Zealand research, and connect with the views and perceptions of the broader population. Every three years, we produce an independent report for Government that distils all this information into a set of policy recommendations.

Encouraging New Zealanders to actively plan for their retirement

Arriving at retirement in good financial shape requires people to think long-term and defer some spending today in favour of tomorrow. There are many social influences and trends that make this a challenging task. CFFC works to ensure that the retirees of today and tomorrow are equipped with the financial knowledge, skills and confidence to make responsible financial decisions at every stage of their lives.

Measures

The following chart shows how we are tracking against the strategic intentions in our 2017-2020 Statement of Intent.

ARRIVING AT RETIREMENT IN GOOD FINANCIAL SHAPE REQUIRES PEOPLE TO THINK LONG-TERM AND DEFER SOME SPENDING TODAY IN FAVOUR OF TOMORROW.

STATEMENT OF INTENT

- 1/ **INCREASED** understanding of retirement income issues.
- 2/ **MONITOR** and report on the effectiveness of retirement income policy.

IMPACTS

- 1/ **MORE** constructive debate on retirement income policy. This is supported by our ongoing media coverage of issues (page 35).
- 2/ **GOVERNMENT** is better informed to make policy changes. We have commissioned a range of specialist research to inform our 2019 Review of Retirement Income Policies.
- 3/ **NEW ZEALAND** is better prepared to meet the challenges of an ageing workforce. We were active supporters of the Better Later Life strategy development.

OUTCOME

Our work in this output class is helping New Zealanders become better informed about retirement income policy and related matters, so they can make more informed choices.

Assessment of Performance		Budget standard 2018/19	Actual standard 2018/19
Increased participation in public discussions on retirement savings and planning, and the issues surrounding New Zealand's retirement income policy ²⁰		Achieved	Not measured
Actual 12 months to 30 June 2018		Actual 12 months to 30 June 2019 ²¹	Budget 12 months to 30 June 2019 \$000s
\$1,447,290	Revenue	\$1,452,120	\$1,452,120
\$1,095,279	Expenditure	\$1,310,556	\$1,438,384
\$352,011	Surplus/(Deficit)	\$141,564	\$13,736

²⁰ 11,600 contributions from the public and experts vs 196 submissions for the 2013 review.
²¹ The appropriation revenue received by CFCC equals the Government's actual expenses incurred in relation to the appropriations, which is a required disclosure from the Public Finance Act.

RETIREMENT INCOME

DELIVERABLE
RAISE AWARENESS AND PROMOTE PUBLIC INFORMATION AND DEBATE ON RETIREMENT INCOME AND POLICY-RELATED ISSUES

CCFC’s focus is on retirees of today and of the future, operating as a thought leader. We understand and reflect the views and perceptions of the broader population. We work to drive awareness and discussion of the issues and provide robust policy advice to meet complex demographic changes.

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Build awareness on decumulation options (via media stories, radio, conferences, etc)	5 per quarter, 20 total	37 Achieved	New measure ²²

CCFC’S FOCUS
IS ON RETIREES
OF TODAY AND
OF THE FUTURE,
OPERATING AS
A THOUGHT
LEADER.

²² In 2017/18 the metric was ‘Unpaid/earned media coverage of CCFC and Sorted, thought leadership pieces, online features, activations, presentations and videos.’ Target was 500 per quarter, CCFC achieved 3,304 total items.



16%
OF PEOPLE
HAVE THOUGHT
A GREAT DEAL
ABOUT HOW
MUCH MONEY
THEY WILL NEED
IN RETIREMENT

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 key function is to monitor the effects of the Retirement Villages Act, Codes and Regulations. Since 2009, we have completed seven monitoring reports on specific parts of the sector.

Informing intending and existing residents of their rights and responsibilities

The second key function is to advise on issues relating to retirement villages when requested by the Minister, and to provide information and education to the sector. We use a mix of traditional and targeted activities, including digital tools and reports on trends and issues. Under this function we also offer free public seminars for intending retirement village residents, to provide them 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 key function is to administer the disputes process, which includes checking v vand holding documentation, maintaining an approved group of panellists and providing information about the process to both residents and operators.

Measures

The following chart shows how we are tracking against the strategic intentions in our 2017-2020 Statement of Intent.

STATEMENT OF INTENT

- 1/
INFORM
intending and existing residents of retirement villages of their choices, rights and responsibilities.
- 2/
MONITOR
the effects of the Retirement Villages Act.
- 3/
ADMINISTERING
the Retirement Villages Act disputes process.

IMPACTS

- 1/
INTENDING
and existing residents, more informed of their rights and responsibilities, are better equipped to manage issues as they arise (page 49).
- 2/
RESIDENTS
are able to navigate a robust disputes process and achieve fair outcomes (page 50).
- 3/
SECTOR
stakeholders are better informed (page 50 and the feature on page 52).

OUTCOME

Our work in this output class is helping New Zealanders become better informed about retirement village issues and the operation of the Retirement Villages Act, and ensuring residents have access to a robust disputes process.

Assessment of Performance		Budget standard 2018/19	Actual standard 2018/19
Ministerial satisfaction with the Retirement Commissioner s delivery of its functions under the Retirement Villages Act 2003		Satisfied or very satisfied	Satisfied
Actual 12 months to 30 June 2018		Actual 12 months to 30 June 2019 ²³	Budget 12 months to 30 June 2019 \$000s
\$222,660	Revenue	\$215,000	\$215,000
\$318,017	Expenditure	\$419,580	\$400,272
(\$95,357)	Surplus/(Deficit)	(\$204,580)	(\$185,272)

²³ The appropriation revenue received by CFFC equals the Government s actual expenses incurred in relation to the appropriations, which is a required disclosure from the Public Finance Act.

RETIREMENT VILLAGES

DELIVERABLE
INFORM INTENDING AND EXISTING RESIDENTS AND THEIR FAMILIES OF THEIR RIGHTS AND RESPONSIBILITIES, AND PROVIDE INFORMATION TO THE RETIREMENT VILLAGES SECTOR

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Presentations for intending and existing retirement village residents and their families, and for key stakeholders, with a focus in 2018/19 on the regions	23 presentations to 1300 participants	25 presentations to 2,157 participants Achieved	21 presentations to 1,750 participants
Three or more meetings with the Retirement Villages Association	Achieved	9 meetings Achieved	4 meetings
Annual meeting with the Retirement Villages Residents Association and at least one regional RVRANZ AGM	Achieved	4 meetings Achieved	Achieved
Two meetings with MBIE's Construction and Housing Markets team	Achieved	5 meetings Achieved	Achieved
Social media and general media plans targeting families of intending and existing residents are implemented	12 stories	195 stories Achieved	41 stories
Sector trends (e.g. key stakeholders such as operators) and environmental trends (e.g. developments in aged care) are understood and recommendations made	Achieved	Achieved	New measure
Resources supporting any changes to the Code of Practice or wider retirement village issues are published and summary reports on village complaint activity are published twice a year	Achieved	Achieved	Achieved

DELIVERABLE
MONITOR THE EFFECTS OF THE PROVISIONS OF THE RETIREMENT VILLAGES ACT

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
CFFC reports on at least one thematic monitoring project per annum	Achieved	Achieved	Achieved
Annual Retirement Village stakeholder forum held with representation of all key stakeholders	Achieved	Achieved	Achieved
CFFC meets with the Minister for Housing and Urban Development annually to discuss key retirement village issues	Achieved	Achieved	Achieved
CFFC will provide a summary report to the Minister of key issues it has identified for the retirement villages industry	Achieved	Achieved	Partially achieved
CFFC will consult with MBIE (now MHUD) on next steps for addressing these issues			

DELIVERABLE
ADMINISTER THE RETIREMENT VILLAGES ACT DISPUTES PROCESS

ACTIVITY	TARGET	RESULTS 2018/19	RESULTS 2017/18
Six-monthly thematic reporting of issues identified in the Retirement Villages Complaints Register are published and, where required, recommendations for industry action or improvement are implemented	Achieved	Achieved	Achieved
95% of residents' enquiries receive a substantive response from CFFC within 20 working days of CFFC receiving all relevant information	Achieved	Achieved ²⁴	Achieved
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	

²⁴ Enquiries are received in various forms, such as written letters, emails and phone calls. Enquiries received by phone call are not always recorded.



FEATURE

CFFC RETIREMENT VILLAGES MONITORING REPORT 2019

THE ANNUAL MONITORING REPORT UNDERTAKEN BY CFFC'S NATIONAL MANAGER OF RETIREMENT VILLAGES, TROY CHURTON, THIS YEAR FOCUSED ON THE INTERFACE BETWEEN INDEPENDENT LIVING IN VILLAGES, AND THE CARE FACILITIES MANY OPERATORS ALSO PROVIDE.

The report criticised the confusing contracts presented to intending residents and their families, and Churton called for greater clarity from operators regarding the rules and costs involved in residents' moving from independent living to care facilities on the same site.

The retirement village industry is growing rapidly as the population ages, and villages increasingly include care facilities so they can market themselves as providing a "continuum of care". About 67% of villages now have care facilities on site, and more than 50% of New Zealand's care beds are on retirement village sites.

But few intending residents understand the independent living part of a village and the care facility operate under different regulatory regimes, or that there are different cost implications for residents transferring into care.

The independent living side is regulated by the Retirement Villages Act and monitored by the Retirement Commissioner; care facilities come under the auspices of district health boards and are monitored by District Health Boards and Health & Disability Commissioner.

A person who buys a license to occupy an independent living unit in a village may think they can move easily into the care facility on site should they need to, but that's not necessarily the case, says Churton.

The process for moving into care is complex, and the resident may face extra charges.

"We believe many retirement village operators have not been explaining this clearly enough in their marketing and in the contracts they offer to intending residents," says Churton. *"There needs to be better disclosure in the marketing and documents that tells consumers really clearly that if they're going to need care in the future, there are different pathways by which they may access that care, each with different cost implications."*

CFFC's report recommended formal changes to the Retirement Village Code of Practice to require retirement village operators to provide greater clarity for people considering moving into one, and to simplify the jargon that could confuse both prospective retirement village residents and their lawyers.

"Every intending resident has to have independent legal advice on the documents they are about to sign. We stress how important it is to look at the terms of transfer between the village and the care facility," says Churton.

CFFC is engaging with the Retirement Villages Association on operator guidance and improved disclosure. We have also partnered with the Auckland District Law Society as a first step to provide continuing legal education for lawyers advising retirees.

2,157

PEOPLE
ATTENDED
INFORMATION
SEMINARS

25

PRESENTATIONS
IN DIFFERENT
TOWNS AND
CITIES ACROSS
NEW ZEALAND

9

MEETINGS
WITH THE
RETIREMENT
VILLAGES
ASSOCIATION

67%

OF VILLAGES HAVE AN
AGED CARE FACILITY
ONSITE



FINANCIAL
STATEMENTS

FINANCIAL
STATEMENTS

2/

Independent Auditor's Report

To the readers of the Commission for Financial Capability's financial statements and performance information for the year ended 30 June 2019

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 60 to 67, 70 to 71 and 73 to 88, that comprise the statement of financial position as at 30 June 2019, 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 21 to 27, 32, 35 to 37, 39, 43 to 45 and 47 to 50.

In our opinion:

- the financial statements of the Commissioner on pages 60 to 67, 70 to 71 and 73 to 88:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; 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 21 to 27, 32, 35 to 37, 39, 43 to 45 and 47 to 50:
 - presents fairly, in all material respects, the Commissioner's performance for the year ended 30 June 2019, 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 2019. 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 they determine necessary to enable them 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 pages 1 to 20, 28 to 31, 33 to 34, 38, 40 to 42, 46, 51 to 54, 59, 68 to 69, 72 and 89 to 90 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

BUILDING WEALTHY LIVES

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES

FOR THE 12 MONTHS ENDED 30 JUNE 2019

	Note	Actual 2018/19	Budget 2018/19	Actual 2017/18
REVENUE				
Revenue from Crown Appropriation	2	\$8,622,000	\$8,622,000	\$7,422,000
Other Revenue	2	\$216,649	\$75,000	\$287,680
Interest Revenue	2	\$83,965	\$30,000	\$38,076
Total Revenue		\$8,922,614	\$8,727,000	\$7,747,756

EXPENDITURE				
Personnel Costs	4	\$4,272,479	\$4,036,658	\$3,308,944
Depreciation	10	\$104,809	\$111,250	\$83,217
Amortisation	10	\$180,434	\$246,250	\$263,193
Loss on Disposal of Assets		\$437	\$0	\$0
Property Expenses		\$333,285	\$314,600	\$218,253
Other Operating Costs	3	\$427,527	\$208,650	\$286,185
Financial Education Resources and Campaigns	17	\$1,685,552	\$2,256,400	\$1,118,327
Other Expenses	18	\$1,431,273	\$1,578,260	\$1,287,364
Total Expenditure		\$8,435,796	\$8,752,068	\$6,565,483

Comprehensive Revenue/(Expenditure)			
Surplus/(Deficit)	\$486,818	(\$25,068)	\$1,182,273
Total Comprehensive Revenue/(Expenditure)	\$486,818	(\$25,068)	\$1,182,273

Explanations of significant variances against budget are detailed in note 20. 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 the 2018/19 Statement of Service Expectations are due to different classifications.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Actual 2018/19	Budget 2018/19	Actual 2017/18
ASSETS				
Current Assets				
Cash and Cash Equivalents	6	\$961,135	\$1,907,821	\$800,976
Term Investments	8	\$1,502,897	\$0	\$1,400,000
Receivables and Prepayments	7	\$55,527	\$52,000	\$28,553
GST Receivable		\$126,940	\$100,000	\$115,639
Total Current Assets		\$2,646,499	\$2,059,821	\$2,345,168
NON-CURRENT ASSETS				
Property, Plant & Equipment	9	\$437,395	\$469,554	\$404,495
Intangible Assets	10	\$478,170	\$304,041	\$243,645
Total Non-Current Assets		\$915,565	\$773,595	\$648,140
Total Assets		\$3,562,064	\$2,833,416	\$2,993,308
LIABILITIES				
Current Liabilities				
Creditors and Other Payables	11	\$466,390	\$300,000	\$422,619
Lease Incentive Liability		\$12,705	\$12,703	\$22,234
Employee Entitlements	12	\$157,332	\$160,000	\$109,633
Total Current Liabilities		\$636,427	\$472,703	\$554,486
NET ASSETS		\$2,925,637	\$2,360,713	\$2,438,822
PUBLIC EQUITY				
Taxpayer Funds		\$200,000	\$200,000	\$200,000
Accumulated Surplus		\$2,725,640	\$2,160,713	\$2,238,822
Total Public Equity		\$2,925,640	\$2,360,713	\$2,438,822

Explanations of significant variances against budget are detailed in note 20. 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 2019

	Actual 2018/19	Budget 2018/19	Actual 2017/18
Public Equity at the Start of the Year	\$2,438,822	\$2,385,781	\$1,256,549
Total Comprehensive Revenue/(Expenditure)	\$486,818	(\$25,068)	\$1,182,273
Public Equity At The End Of The Year	\$2,925,640	\$2,360,713	\$2,438,822

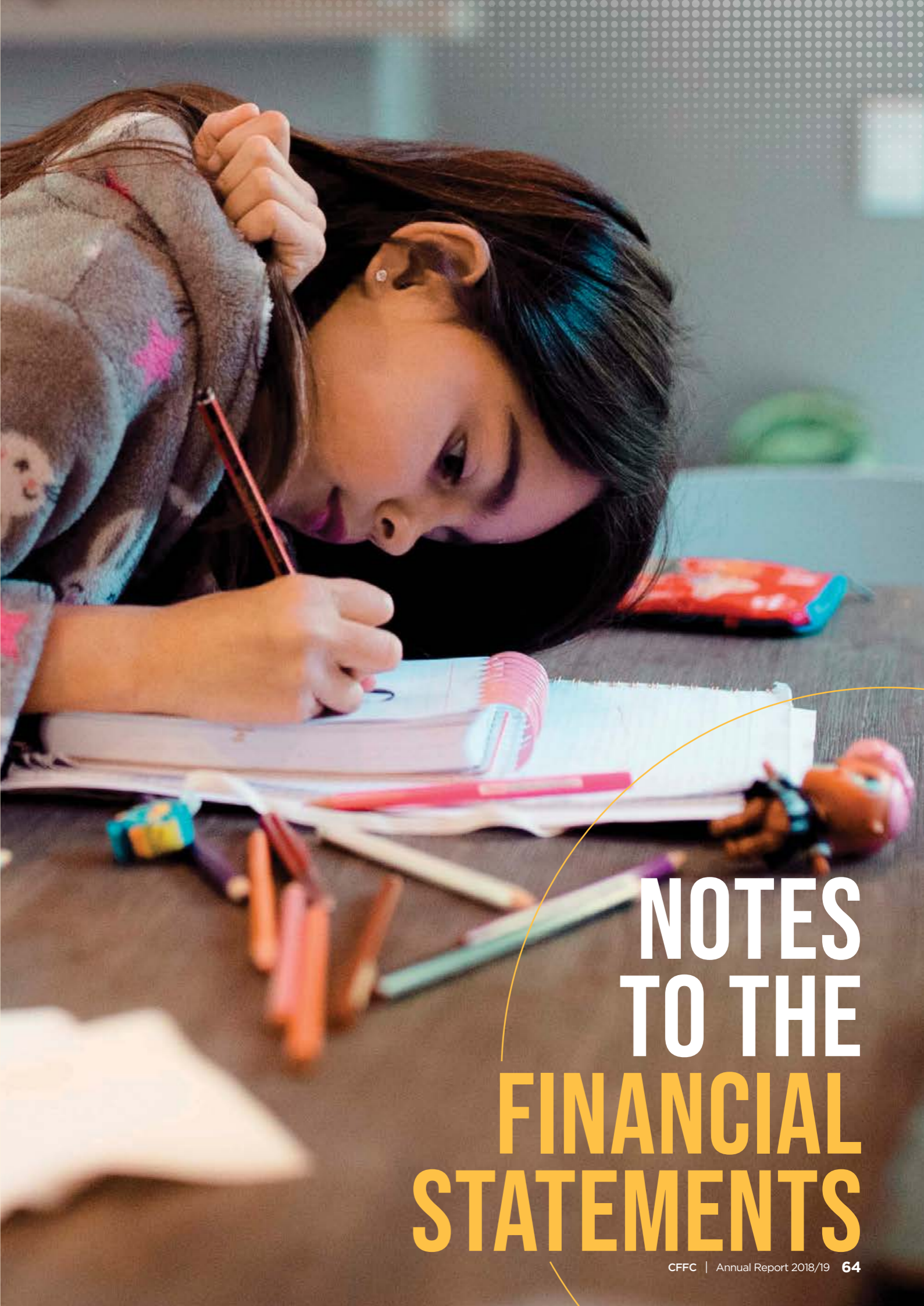
Explanations of significant variances against budget are detailed in note 20. The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 30 JUNE 2019

	Note	Actual 2018/19	Budget 2018/19	Actual 2017/18
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Was Provided From:				
Receipts from Crown Appropriation		\$8,622,000	\$8,622,000	\$7,422,000
Other Crown Receipts		\$152,319	\$0	\$105,938
Other Income		\$67,566	\$75,000	\$205,503
Interest Received		\$81,067	\$30,000	\$38,078
		\$8,922,952	\$8,727,000	\$7,771,519
Cash Was Applied To:				
Payments to Suppliers and Employees		(\$8,103,276)	(\$8,329,096)	(\$6,196,646)
Net GST (Paid) / Received		(\$6,411)	\$0	(\$443)
		(\$8,109,687)	(\$8,329,096)	(\$6,197,089)
Net Cash Flows From Operating Activities	19	\$813,265	\$397,904	\$1,574,430
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash Was Applied To:				
Term Investments		(\$100,000)	\$0	(\$1,400,000)
Purchase of Property, Plant and Equipment		(\$138,147)	(\$210,000)	(\$111,633)
Purchase of Intangible Assets		(\$414,959)	(\$255,000)	(\$180,435)
		(\$653,106)	(\$465,000)	(\$1,692,068)
Net Cash Flows From Investing Activities		(\$653,106)	(\$465,000)	(\$1,692,068)
Net Increase / (Decrease) In Cash Held		\$160,159	(\$67,096)	(\$117,638)
Plus Cash at the Start of the Year		\$800,976	\$1,974,917	\$918,614
Cash Held At The End Of The Year		\$961,135	\$1,907,821	\$800,976
REPRESENTED BY:				
Cash and Cash Equivalents		\$961,135	\$1,907,821	\$800,976
Cash Held At The End Of The Year		\$961,135	\$1,907,821	\$800,976

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 20. 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?

STATEMENT OF ACCOUNTING POLICIES

Note 1

Reporting Entity

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 and subsequently re-appointed for a further term of three years on 1 July 2016. Subsequent to balance date, an Interim Retirement Commissioner was appointed on 1 July 2019, pending appointment of a new Retirement Commissioner.

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 principle activities 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 2019, and were approved by the Retirement Commissioner on 31 October 2019.

BASIS OF PREPARATION

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 going concern basis, and the accounting policies have been applied consistently throughout the year.

The financial statements comply 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 the CFFC is New Zealand dollars.

Standard Early Adopted

In line with the Financial Statements of the Government, CFFCE has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Information about the adoption of PBE IFRS 9 is provided in Note 21.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective, that have not been early adopted are:

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. CFFC does not intend to early adopt the amendment.

PBE IPSAS 34-38

PBE IPSAS 34-38 replace the existing standards for interests in other entities (PBE IPSAS 6-8). These new standards are effective for annual periods beginning on or after 1 January 2019. CFFC will apply these new standards in preparing the 30 June 2020 financial statements. No effect is expected as a result of this change.

PBE IPSAS 41 Financial Instruments

The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although CFFC has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. CFFC has not yet determined how application of PBE FRS 48 will affect its statement of performance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of current assets or current liabilities in the Statement of Financial Position. The net GST paid to, or received from the 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.

Budget Figures

Budget figures are derived from CFFC's Statement of Performance Expectations for the financial year ending 30 June 2019. The budget figures were prepared in accordance with NZ GAAP, using forecast financial statements for the year ended 30 June 2019 and accounting policies that are consistent with those adopted by CFFC for the preparation of these financial statements.

Capital Management

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 has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

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

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 allocated using predetermined percentages based on the previous period actual spent for each output class.

Accounting Estimates and Assumptions

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant, and equipment – refer to Note 9.
- Useful lives of software assets – refer to Note 10.


Judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Leases classification – refer to Note 5.

Other Significant Accounting Policies

Other Significant Accounting Policies are included in the notes to which they relate.



28%
OF PEOPLE HAVE
THOUGHT A FAIR
AMOUNT ABOUT
THE MONEY THEY
WILL NEED IN
RETIREMENT



HOW IS CFFC FUNDED?

REVENUE

Note 2

Funding from the Crown

Funding 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.

Interest Revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Other Revenue

CFFC received other funding from Crown and non-Crown entities to contribute towards the provision of services.

Provision of Services

Services provided to third parties on commercial terms are recognised as revenue in proportion to the stage of completion at balance date.

Breakdown of other revenue

	Actual 2018/19	Actual 2017/18
Sorted Workplace Programme	\$176,946	\$256,464
Community Programmes	\$36,000	\$20,050
Other Revenue	\$3,704	\$11,166
Total Other Revenue	\$216,650	\$287,679

HOW DOES THE COMMISSION SPEND THE FUNDS?

OTHER OPERATING COSTS

Note 3

Accounting Policy

Expenses are recognised in the period to which they relate.

Operating Costs

CFFC Website Maintenance related costs were included in Other Operating Costs for 2017/18, as for this Financial Year 2018/19 it was recorded separately under Marketing and Communications as Marketing Related (\$76,872).

Other Operating Costs

	Actual 2018/19	Actual 2017/18
Retirement Commissioner	\$22,268	\$35,631
Other Operating Costs		
Professional Service Fees	\$176,838	\$40,244
Consultants	\$57,742	\$12,671
Travel	\$7,288	\$12,028
Insurance	\$13,867	\$9,368
General Office Supplies	\$14,810	\$12,404
Technology	\$134,715	\$90,347
Total Other Operating Costs	\$427,528	\$212,692

Other operating costs for 2017/18 is \$73k lower than the last year reported expense due to reclassification of marketing costs to 'Other expenses'.

PERSONNEL COSTS

Note 4

Accounting Policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

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 and Expenses as incurred.



MORE THAN
50%
OF CARE
BEDS ARE ON
RETIREMENT
VILLAGE SITES

BREAKDOWN OF PERSONNEL COSTS
AND FURTHER INFORMATION

Breakdown of personnel costs and further information

	Note	Actual 2018/19	Actual 2017/18
PERSONNEL COSTS			
Salaries and Wages		\$3,850,044	\$3,000,371
Employer Contributions to Superannuation Schemes		\$152,981	\$121,980
Increase/(Decrease) in Employee Entitlements	12	\$47,699	(\$25,664)
		\$4,050,724	\$3,096,687
ACC Levies		\$10,369	\$8,694
Professional Development, Training & Miscellaneous		\$47,662	\$49,964
Contractors who have a direct contract with CFFC		\$41,193	\$63,677
Recruitment Costs		\$122,531	\$89,922
Total Personnel Costs		\$4,272,479	\$3,308,944

Employee Remuneration

During the 12-month period ending 30 June 2019, 15 employees and former employees (2017/18: 10) 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 2018/19	# Employees 2017/18
\$100,000–\$109,999	3	2
\$110,000–\$119,999	1	2
\$120,000–\$129,999	4	-
\$130,000–\$139,999	1	1
\$140,000–\$149,999	1	1
\$160,000–\$169,999	1	-
\$170,000–\$179,999	-	1
\$180,000–\$189,999	-	1
\$190,000–\$199,999	1	-
\$200,000–\$209,999	1	-
\$210,000–\$219,999	-	1
\$220,000–\$229,999	1	-
\$320,000–\$329,999	1	1
Total Number of Employees	15	10

During the 12 month period ending 30 June 2019, 1 employee (2017/18: 1) received compensation and other benefits in relation to cessation totalling \$3,900 (2018/19: \$27,913).

OPERATING LEASES

Note 5

Accounting Policy

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Commitments existing for non-cancellable operating leases as follows:

Operating Leases as Leases

	Actual 2018/19	Actual 2017/18
Not later than one year	\$222,204	\$201,168
Later than one year and not later than five years	\$146,235	\$292,419
Later than five Years	\$19,005	\$0
Total Operating Leases	\$387,444	\$493,587
Auckland Office Lease	\$267,647	\$462,059
Photocopier Lease	\$24,772	\$31,528
Tauranga Desk Lease	\$95,025	\$0
Total Operating Leases	\$387,444	\$493,587

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.

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. CFFC has entered into a memorandum of understanding (MOU) with Te Puni Kokori in which they co-share the premises and pay an annual rent including proportionate costs per month. The lease expires after September 2025.

Lease Incentives

As part of the agreement to lease its Auckland offices the 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 the CFFC and recognised as a reduction of rental expense over the lease term.

Lease Incentives

	Actual 2018/19	Actual 2017/18
Auckland Office Lease	\$12,705	\$22,234
Total Lease Incentives	\$12,705	\$22,234

CASH AND CASH EQUIVALENTS

Note 6

Accounting Policy

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.

Breakdown of Cash and Cash Equivalents

	Actual 2018/19	Actual 2017/18
Cheque and Savings Account	\$961,135	\$800,975
Total Cash and Cash Equivalents	\$961,135	\$800,975

While cash and cash equivalents at 30 June 2019 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

RECEIVABLES AND PREPAYMENTS

Note 7

Short-term receivables are recorded at the amount due, less an allowance for credit losses. CFFC applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Previous accounting policy for impairment of receivables

In the previous year, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Receivables and Prepayments

	Actual 2018/19	Actual 2017/18
Receivables	\$26,718	\$20,439
Prepayments	\$28,809	\$8,114
Total Receivables and Prepayments	\$55,527	\$28,553

The carrying value of receivables and prepayments approximates their face value. A breakdown of aged trade receivables is detailed below:

Aged Receivables

	Actual 2018/19	Actual 2017/18
Past Due Days		
Current	\$26,718	\$20,439
< 6 months	-	-
6 months - 1 year	-	-
1 - 2 years	-	-
> 2 years	-	-
Estimates of Losses	-	-
Impaired Credit Loss	-	-
Total Aged Debtors	\$26,718	\$20,439

All receivables greater than 6 months in age are considered to be past due. There are no expected losses and no allowance for credit loss in 2018/19 (2017/18: \$nil).

TERM INVESTMENTS

Note 8

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Term deposits

CFFC considers there has not been a significant increase in credit risk for investments in term deposits because the issuer of the investment continues to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments. No loss allowance for expected credit losses has been recognised because the estimated 12-month expected loss allowance for credit losses is trivial. The carrying amounts of term deposits with maturities of 12 months or less approximate their fair value.

Breakdown of Term Investments

	Actual 2018/19	Actual 2017/18
Term Investment	\$1,500,000	\$1,400,000
Accrued Interest	\$2,897	\$-
Total Investment	\$1,502,897	\$1,400,000

PROPERTY, PLANT & EQUIPMENT
AND INTANGIBLE ASSETS

PROPERTY, PLANT & EQUIPMENT
Note 9

Accounting policy

Property, plant, and equipment consists of four asset classes, which are measured as follows:

- Leasehold improvements, at cost less accumulated depreciation and impairment losses.
- Furniture, at cost less accumulated depreciation and impairment losses.
- Office Equipment, at cost less accumulated depreciation and impairment losses.
- Computer Equipment, at cost less accumulated depreciation and 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 the CFFC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at its fair value as at the date of acquisition.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the 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.

Disposals/Capitalisation

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.

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%

Impairment of Property, Plant & Equipment

CFFC does not hold any cash - generating assets. Assets are considered cash generating where their primary objectives is to generate a commercial return.

Property, Plant & Equipment 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 service amount. The recoverable service amount is the higher of an asset’s fair value less costs to sell and value in use.

Value in use is the present value of an asset’s remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable service amount.

Critical accounting estimates and assumptions

Estimating useful lives and residual values of property, plant and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by CFFC, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit and carrying amount of the asset in the statement of financial position. CFFC minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second-hand market prices for similar assets; and
- analysis of previous asset sales.

CFFC has not made significant changes to past assumptions concerning useful lives and residual values.

PROPERTY, PLANT & EQUIPMENT

Note 9 continued

	Leasehold Improvements	Furniture & Fittings	Computer Equipment	Office Equipment	Total
GROSS CARRYING AMOUNT					
Balance at 1 July 2017	\$313,935	\$99,717	\$114,732	\$27,855	\$556,239
Additions	\$2,568	\$6,985	\$59,136	\$42,947	\$111,636
Disposals	\$0	\$0	(\$36,414)	\$0	(\$36,414)
Balance at 30 June 2018	\$316,503	\$106,702	\$137,454	\$70,802	\$631,461
Additions	\$43,284	\$22,066	\$70,892	\$1,904	\$138,146
Disposals	(\$485)	\$0	(\$8,065)	\$0	(\$8,550)
Balance at 30 June 2019	\$359,302	\$128,768	\$200,281	\$72,706	\$761,057
ACCUMULATED DEPRECIATION					
Balance at 1 July 2017	\$59,135	\$26,411	\$78,413	\$16,204	\$180,163
Depreciation Expense	\$25,319	\$10,121	\$39,127	\$8,650	\$83,217
Elimination on Disposal	\$0	\$0	(\$36,414)	\$0	(\$36,414)
Balance at 30 June 2018	\$84,454	\$36,532	\$81,126	\$24,854	\$226,966
Depreciation Expense	\$26,892	\$11,467	\$49,902	\$16,548	\$104,809
Elimination on Disposal	(\$48)	\$0	(\$8,065)	\$0	(\$8,113)
Balance at 30 June 2019	\$111,298	\$47,999	\$122,963	\$41,402	\$323,662
CARRYING AMOUNTS					
At 30 June 2018	\$232,049	\$70,170	\$56,328	\$45,948	\$404,495
At 30 June 2019	\$248,004	\$80,769	\$77,318	\$31,304	\$437,395

Capital Commitments

There are no capital commitments at 30 June 2019 (2017/18: \$Nil).

INTANGIBLE ASSETS

Note 10

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

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 the CFFC’s websites are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit.

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

Websites	2.5 - 3.3 years	30% - 40%
Software	2.5 years	40%

Impairment of Intangible Assets

Refer to the policy for impairment of property, plant and equipment in Note 9. The same approach applies to the impairment of intangible assets.

Critical accounting estimates and assumptions

Estimating useful lives of software assets

CFFC’s internally generated software largely comprises of an interactive database provided to the public as part of CFFC’s regulatory functions. Internally generated software has a finite life, which requires CFFC to estimate the useful life of the software assets. In assessing the useful lives of software assets, a number of factors are considered, including:

- the period of time the software is intended to be in use;
- the effect of technological change on systems and platforms; and
- the expected time frame for the development of replacement systems and platforms.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit, and the carrying amount of the software assets in the statement of financial position. CFFC has estimated a useful life of 6 years for its regulatory platform based on the period of use estimated in its 2015 business case. This useful life is still considered reasonable based on the current performance and use of the software. There are currently no indicators the period of use of the software will be materially different.

Breakdown of intangible assets and further information

Intangible Assets	Websites	Computer Software	Capital Work In Progress	Total
GROSS CARRYING AMOUNT				
Balance at 1 July 2017	\$725,617	\$16,642	\$0	\$742,259
Additions	\$0	\$0	\$180,435	\$180,435
Disposals	\$0	\$0	\$0	\$0
Balance at 30 June 2018	\$725,617	\$16,642	\$180,435	\$922,694
Additions	\$588,903	\$6,492	\$373,383	\$968,778
Disposals/Capitalisation	(\$49,475)	\$0	(\$553,818)	(\$603,293)
Balance at 30 June 2019	\$1,265,045	\$23,134	\$0	\$1,288,179
ACCUMULATED AMORTISATION				
Balance at 1 July 2017	\$407,266	\$8,590	\$0	\$415,856
Amortisation Expense	\$256,536	\$6,657	\$0	\$263,193
Elimination on Disposal	\$0	\$0	\$0	\$0
Balance at 30 June 2018	\$663,802	\$15,247	\$0	\$679,049
Amortisation Expense	\$177,308	\$3,126	\$0	\$180,434
Elimination on Disposal/ Capitalisation	(\$49,474)	\$0	\$0	(\$49,474)
Balance at 30 June 2019	\$791,636	\$18,373	\$0	\$810,009
CARRYING AMOUNTS				
At 30 June 2018	\$61,815	\$1,395	\$180,435	\$243,645
At 30 June 2019	\$473,409	\$4,761	\$0	\$478,170

Capital Commitments

There are no capital commitments at 30 June 2019 (2017/18: \$Nil).

CREDITORS AND OTHER PAYABLES

Note 11

Accounting policy

Short-term payables are recorded at the amount payable.

Breakdown of Creditors and Other Payables

	Actual 2018/19	Actual 2017/18
Trade Creditors	\$389,322	\$332,655
Accrued Expenses and Other Payables	\$77,068	\$89,964
Total Creditors and Other Payables	\$466,390	\$422,619

EMPLOYEE ENTITLEMENTS

NOTE 12

Accounting policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Breakdown of Employee Entitlements

	Actual 2018/19	Actual 2017/18
Accrued Salaries and Wages	-	-
Accrued Annual Leave	\$157,332	\$109,633
Total Employee Entitlements	\$157,332	\$109,633

CONTINGENCIES

Note 13

There are no contingent assets or liabilities at reporting date (2017/18: \$Nil)

RELATED PARTIES TRANSACTIONS

Note 14

CFFC is controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are;

- within a normal supplier or client /recipient relationship; and
- on terms and conditions no more or less favorable than those that it is reasonable to expect CFFC would have adopted in dealing with the party at arm’s length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

Related Party Transactions Required to be Disclosed

All related-party transactions have been entered into on an arm’s-length basis. Therefore there are nil disclosures.

Key Management Personnel Compensation

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

Key Management Personnel

	Actual 2018/19	Actual 2017/18
Remuneration	\$1,237,465	\$1,191,507
Full-Time Equivalent Staff	5	6

FINANCIAL INSTRUMENTS

Note 15

Financial Instrument Categories

The carrying amounts of financial assets and liabilities in each of the financial categories are as follows;

Financial Assets and Liabilities

	Actual 2018/19	Actual 2017/18
Financial Assets measured at amortised cost (2018: Loans and Receivables)		
Cash and Cash Equivalents	\$961,135	\$800,976
Term Investments	\$1,502,897	\$1,400,000
Receivables	\$26,718	\$28,553
Total Loans and Receivables	\$2,490,750	\$2,229,529
Financial Liabilities measured at amortised costs		
Creditors and Other Payables	\$466,390	\$422,619
Total Financial Liabilities	\$466,390	\$422,619

CFFC has business credit card facilities with Westpac Bank of \$100,000 (2017/18: \$80,000).

EVENTS AFTER BALANCE DATE

Note 16

There were no significant events after the balance date.

OTHER

FINANCIAL EDUCATION, RESOURCES AND CAMPAIGNS ACTUAL BALANCE

Note 17

Accounting Policy

Expenses are recognised in the period to which they relate to.

Other Financial Education Resources and Campaigns

	Actual 2018/19	Actual 2017/18
ACCOUNT		
Financial Capability Summit	0	135,744
Education (Schools)	1,121,316	170,825
COMMUNITY, WORKPLACE & ONLINE LEARNING		
Community	271,957	413,141
Sorted Open (Sorted Sessions)	18,672	20,281
Sorted Workplaces (Programme Delivery)	205,440	335,045
Total Community, Workplace & Online Learning	496,069	768,467
INVESTOR EDUCATION		
Scams & Frauds	38,755	13,917
National Strategy	6,942	5,789
Investor Education	11,974	23,584
Aging Workforce	10,496	0
Total Investor Education	68,167	43,290
Total Other Financial Education Resources and Campaigns	1,685,552	1,118,326

OTHER EXPENSES BALANCES

Note 18

Accounting Policy

Expenses are recognised in the period to which they relate to.

Other Expenses

	Actual 2018/19	Actual 2017/18
ACCOUNT		
Auditor Remuneration	\$23,577	\$20,530
Leasing	\$6,857	\$11,599
Research	\$169,085	\$278,179
Marketing & Communications	\$909,030	\$890,514
Retirement Villages	\$120,178	\$67,307
Review of Retirement Income Policy	\$202,546	\$19,235
Total Other Expenses	\$1,431,273	\$1,287,364

NET CASH FLOW FROM OPERATING ACTIVITIES

Note 19

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

Net Cash Flow from Operating Activities

	Actual 2018/19	Actual 2017/18
NET SURPLUS/(DEFICIT) FOR THE YEAR	\$486,818	\$1,182,273
ADD NON-CASH ITEMS		
Depreciation	\$104,809	\$83,217
Amortisation	\$180,434	\$263,193
Net Loss on Disposal of Assets	\$437	\$0
ADD MOVEMENTS IN NET ASSETS AND LIABILITIES		
(Increase)/Decrease in Debtors & Other Receivables	(\$6,281)	\$27,757
(Increase)/Decrease in Accrued Interest	(\$2,897)	\$0
(Increase)/Decrease in Prepayments	(\$20,695)	\$490
(Increase)/Decrease in GST Refund Due	(\$11,301)	(\$29,677)
Increase/(Decrease) in Creditors & Other Payables	\$43,771	\$196,370
Increase/(Decrease) in Employee Entitlements	\$47,699	(\$25,664)
Increase/(Decrease) in Provisions	\$0	(\$114,000)
Increase/(Decrease) in Lease Incentive Liability	(\$9,529)	(\$9,529)
Increase/(Decrease) in Revenue in Advance	\$0	\$0
Net Cash Flow from Operating Activities	\$813,265	\$1,574,430

EXPLANATION OF MAJOR VARIANCES (+/- \$25,000)
AGAINST BUDGET

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES
Note 20

Explanation of major variances from CFFC’s budgeted figures in the Statement of Performance
Expectations are as follows:

- Other Revenue is \$141,649 more than budgeted, primarily due to invoicing for CFFC run financial capability programmes.
- Interest Revenue is \$53,965 more than budgeted due to appropriation revenue received but not yet spent being placed on term deposit.
- Personnel costs were \$235,821 less than budgeted due to additional staff being recruited to run the Sorted in Schools programme. Remuneration for Sorted in Schools staff is attributed to the additional appropriation funding received to extend the reach of financial education in schools.
- Amortisation is \$65,816 more than budgeted due to budgeted capital expenditure on website development being completed later in the year than anticipated.
- Other operating costs are \$218,877 less than budgeted due to additional costs incurred for legal fees, a new Customer Relationship Management System, employment advisory service, employee assistance programmes, and leasehold planning and design.
- Research is \$127,815 more than budgeted with a lower level of research being undertaken in this financial year.
- Marketing and Communications is \$30,970 more than budgeted with cost savings being achieved on the Money Week campaign.
- Financial Education, Resources, and Campaigns were \$570,848 more than budgeted due to:
 - » An online learning website that was originally budgeted as operating expenditure subsequently being determined to be correctly accounted for as capital expenditure
 - » Costs for research, programme evaluation, and development of toolkits for the Sorted in Schools programme being lower than anticipated
 - » Additional Sorted in Schools funds being allocated towards personnel to run this programme instead of being utilised towards the general expenses of the programme
 - » \$1,324,229 of funding received to date for the Sorted in Schools programme will carry forward to future financial years for continued support of nationwide delivery for this programme.

Statement of Financial Position

- Overall Cash and Cash Equivalents and Term Investments are \$553,314 higher than budget. This reflects a surplus of \$468,818 compared with a budgeted deficit of \$25,068.
- GST Receivable is \$26,940 higher than budget due to the timing of operational expenditure.
- Property, Plant and Equipment is \$32,156 lower than budget as CFFC did not proceed with planned leasehold improvements.
- Intangible Assets are \$174,129 higher than budget due to capital expenditure on a Sorted in Schools website and an Online Learning website.
- Creditors and Other Payables are \$166,390 higher than budget due to timing of operational expenditure.

ADOPTION OF PBE IFRS 9 FINANCIAL INSTRUMENT
Note 21

In accordance with the transitional provisions of PBE IFRS 9, CFFC has elected not to restate the information for previous years to comply with PBE IFRS 9. Adjustments arising from the adoption of PBE IFRS 9 are recognised in opening equity at 1 July 2018.

Accounting policies have been updated to comply with PBE IFRS 9. The main updates are:

- **Note 7 Receivables:** This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying an expected credit loss model.
- **Note 8 Investments:**
 - » **Term deposits:** This policy has been updated to explain that a loss allowance for expected credit losses is recognised only if the estimated loss allowance is not trivial.

On the date of initial application of PBE IFRS 9, being 1 July 2018, the classification of financial instruments under PBE IPSAS 29 and PBE IFRS 9 is as follows:

		MEASUREMENT CATEGORY		CARRYING AMOUNT	
	Original PBE IPSAS 29 category	New PBE IFRS 9 category	Closing balance 30 June 2018 (PBE IPSAS 29)	Adoption of PBE IFRS 9 adjustment	Opening balance 1 July 2018 (PBE IFRS 9)
Cash at bank and on hand	Loans and receivables	Amortised cost	\$800,976	\$-	\$ 800,976
Receivables	Loans and receivables	Amortised cost	\$28,553	\$-	\$ 28,553
Term deposits	Loans and receivables	Amortised cost	\$1,400,000	\$-	\$ 1,400,000
Total financial assets			\$2,229,529	\$-	\$ 2,229,529

The measurement categories and carrying amounts for financial liabilities have not changed between the closing 30 June 2018 and opening 1 July 2018 dates as a result of the transition to PBE IFRS 9.



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