Commission For
Financial Capability

ANNUAL REPORT 2020

Supporting New Zealanders
to retire with confidence

Te Ara Ahunga Ora
CFFC
Commission for Financial Capability

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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Section 1 – Our work

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FROM THE RETIREMENT COMMISSIONER

NĀ TE MANA AHUNGARUA

Kei aku nui, kei aku rahi. Tēnā koutou katoa.

Tēnei te mihi nui ki tēnā, ki tēnā, i mahi ngātahi i tēnei tau. Nā te whakaaro angitū, me te manawanui, i whai ake ai tātou i te ara ahunga ora.

Ka nui aku mihi. Tēnā koutou katoa.

I took up this job in late February 2020 expecting to deal with significant change, transitioning from an executive career in the media and righting an organisation that had been unsettled. I want to thank Peter Cordtz, Acting Retirement Commissioner for 18 months, and the leadership team for steering the entity through that period and welcoming me on board.

I barely had my feet under the desk when COVID-19 hit. I watched in shock as New Zealanders panicked in response to job loss and income reduction and had to quickly swing into action with my team to help prevent a run on KiwiSaver, steering people instead toward help we and others could offer. We rapidly rolled out a marketing strategy for the online treasure trove that is Sorted, reassuring people that its independent information, guidance and tools were there for them. Site usage went through the roof. There's more information about our COVID-19 response on page 8.

As the first lockdown lifted I committed to designing a new strategy to move the CFFC forward and a new structure to deliver it. I had already interviewed staff and many key stakeholders and the feedback was clear. We needed a consistent strategy, a clear road map, an unwavering focus on doing a smaller number of things very well, improved operating systems, a clear commitment to genuine partnership, and an inclusive team culture.

We completed the organisational redesign in June with an increased emphasis on retirement policy and advocacy, in cultural competence, and with better integration of marketing and service delivery. You'll see the full results of this work in next year's report, along with a new approach to the National Strategy for Financial Capability. See our new plan on a page on page 59.

We will soon need more resource to help improve the financial resilience of a wider range of New Zealanders, and to better inform policy and debate around issues affecting older New Zealanders. Research we conducted during the first lockdown showed our work is more important than ever. In addition to 34% of households in financial difficulty, we found another 40% newly at risk of tipping into hardship. One in 10 households had already missed a rent or mortgage payment. Māori, Pacific Peoples and the younger generation were the worst affected.

The financial blow COVID-19 has dealt to households means that learning to be good with money will be vital in our economic recovery. The road to retirement just got harder, and our long-term policy view will help government navigate an altered path.

COVID-19 led us into unpredictable new territory and I'm proud of what our dedicated team achieved. We look forward to continuing to play a key role in helping New Zealanders arrive at retirement in better shape.

Nō reira, tēnā koutou, tēnā koutou,
tēnā koutou katoa

Jane Wrightson
Mana Ahungarua | Retirement Commissioner

Statement of responsibility

I am responsible for the preparation of the Commission for Financial Capability's financial statements and statement of performance, and for the judgements made in them.

I am responsible for any end-of-year performance information provided by the Commission for Financial Capability under section 19A of the Public Finance Act 1989.

I have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements and the statement of performance fairly reflect the financial position and operations of the Commission for Financial Capability for the year ended 30 June 2020.

Signed:

Jane Wrightson
Mana Ahungarua / Retirement Commissioner

HIGHLIGHTS

HE TĪPAKO WHAKAHIRA

2000+ public submissions to the **Review of Retirement Income Policies**

1.48m Sorted website users, up **27%** from last year

88.5% of **retirement village seminar** participants say they can now make an informed decision about village living

62% of secondary schools use **Sorted in Schools**

220 Sorted at Work courses to **3770** participants

80 Sorted in Communities iniatives engaging **1922** people

42 fraud prevention seminars to **3148** participants

67% of all viewers aged **25-54** felt more financially confident during lockdown after watching **My Money, What Now?** on TVNZ 1 and On Demand

475,900 minutes of **COVID-19** related **Sorted content** consumed

4000+ mentions of **CFFC's** work in news media

WHAT WE DO

TĀ MĀTOU MAHI

Retirement is not just about the state we're in when we stop working; it's about how we get there. Becoming financially capable is crucial to securing a comfortable retirement, and the earlier we start on that journey the better.

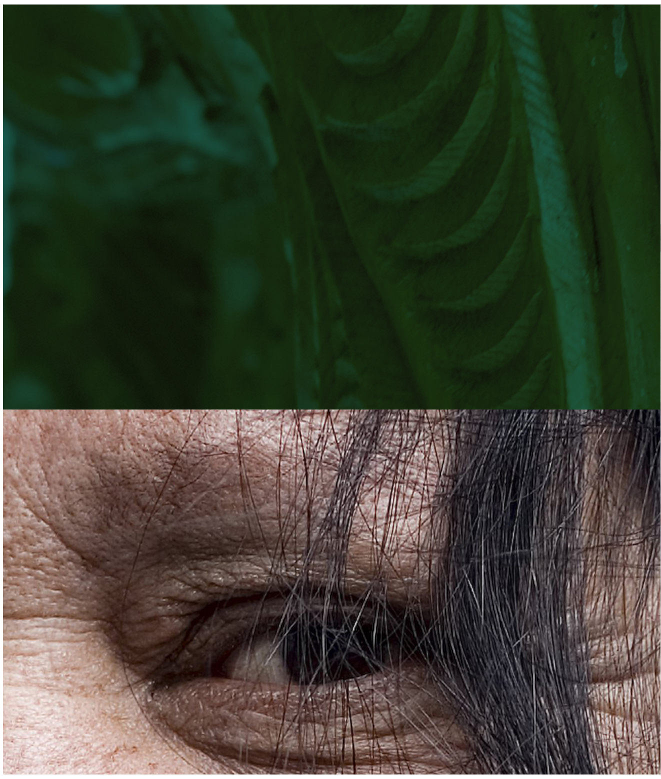
The CFFC's work has expanded to include financial education in schools, in workplaces and in the community. We lead the National Strategy for Financial Capability to help unite a wide variety of stakeholders in a common cause. And we continue to refine the Sorted suite of online resources and information to keep them relevant to a diverse 21st century audience.

What we know about New Zealanders' financial capability feeds into our advice to government on retirement income policy. This year we completed our statutory three-yearly Review of Retirement Income Policies 2019. The report with 19 recommendations was supported by robust research from both within our organisation and commissioned from external experts.

Monitoring the effects of the Retirement Villages Act is another key pillar. We provide independent information to intending residents and their families on the financial implications of moving into a village.

Each of these areas is supported by a strong public outreach through media and marketing.

COVID-19 has made our work more important. The financial blow it has dealt to households means that learning to be good with money will be vital in our economic recovery.



FINANCIAL CAPABILITY

In 2019 Sorted.org.nz marked its 18th birthday. The mouse that launched the brand hadn't been seen for some years but COVID-19 saw the mascot make a comeback in mass media channels to encourage New Zealanders to seek out Sorted's help 'to make tomorrow a better day'. This immediately delivered significant awareness and usage gains.

Ongoing marketing and communications through news media and digital channels steer people toward the Sorted website's suite of information, guides and tools. We've improved our internal data capability and technology to support our continued relationship with our users and to effectively target audiences. Our user survey reports that 58.1% of respondents have created a budget; 46% have set and/or achieved a financial goal; 45.8% have a better idea of their retirement plan as a result of visiting Sorted and 92% agree that Sorted is useful. This is behaviour change in action.

Our annual Sorted Money Week campaign is joined by many in our sector. This year we focused on encouraging people to overcome the taboo of talking about money and open up money conversations with their loved ones.

Sorted is also part of our other financial capability programmes – Sorted in Schools, Sorted at Work and Sorted in Communities. The lessons shared through these programmes are based on behaviour change principles, understanding that financial literacy may be what you know, but financial capability is what you do.

Sorted in Schools, Te whai hua – kia ora is a free financial education programme with a vision to equip all young New Zealanders for their financial future. Available for students in Years 9-13, it is aligned with the curriculum and available in both English and te reo Māori. It is taught by teachers as part of day to day classes in diverse subjects, educating students about money management, saving, debt, goal-setting, KiwiSaver, insurance, investing and retirement. By developing financial capability at a young age, this generation, and those who come after them, will be better prepared to reach their life goals and retire in good financial shape. See case study on page 12.

Sorted at Work is a collection of face to face courses, seminars and webinars we offer to employers for their staff. Our research shows that financial stress impacts attendance and productivity. Employees who take part in our courses report relief at realising they are not alone in their financial problems, and at having newfound knowledge and tools with which to improve their situation.

Sorted in Communities is primarily focused on Māori and Pasifika cohorts with face to face courses delivered in partnership with agencies such as Whānau Ora and Vaka Tautua. Culturally appropriate, and relevant to each group's needs, we've celebrated many case studies of families shedding crippling debt, meeting savings goals for their children's future, and even gaining home ownership.

Helping us is our network of trained Sorted facilitators, respected providers of this kaupapa. Their names and locations are listed on the CFFC website.

The National Strategy for Financial Capability is a loose network of more than 150 organisations across government, the community and in the private sector. The CFFC serves it to help pool collective knowledge and efforts so that together we may help raise the financial capability of more New Zealanders than we would alone.

The Strategy 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 and invest. But it needs better focus and by the end of the 2019-20 year we began consultation to improve it.

POLICY AND RESEARCH

We have a central role in advising government on retirement income policy. Every three years we are required to undertake a review of retirement income policies and present a report with recommendations on how to ensure that New Zealanders have a good standard of living as they age, now and in the future. 2019 saw the latest review undertaken, with wide consultation and a report produced. See case study on page 10.

Underpinning the review's findings was a collection of robust research. Our own survey analysis was supplemented by papers from external experts, and focus groups run by an external research company. In the coming year we will extend and grow our policy capability.

Our internal research capability came into its own during the first lockdown against COVID-19 in April. We took part in an international study of the financial impact of the virus, and were one of the first three countries to furnish results. Our findings that 34% of households were in difficulty, and a further 40% were at risk of tipping into hardship, presented a stark picture of the lack of New Zealanders' financial resilience. The paper[1] was widely absorbed by government, our stakeholders and the media, and has sharpened our resolve to assist New Zealanders in enhancing their financial capability.

We are due to repeat the survey again in late 2020 to further inform our work in helping Kiwis on the road to recovery, and to prepare for future financial shocks.

RETIREMENT VILLAGES

The Retirement Villages Act requires the Retirement Commissioner to monitor the effects of the regulatory framework. This helps ensure the needs of the village industry and consumers are balanced and being met.

The decision to sell a family home and move into a village is a complicated and emotional process. We help ensure intending residents and their families are fully informed of the financial implications of buying a license to occupy a village unit, and entering into the village's occupational right agreement. Most villages in New Zealand are operated by listed companies with responsibilities to shareholders as well as residents. We provide clear, impartial information for the public through face to face seminars, residents' meetings and our website to help people make the best choice for themselves and their family.

We operate a complaints reporting system that enables us to track trends and report on themes in our advice to government, and we administer the Retirement Villages Act disputes process for when complaints cannot be resolved at village level. The Retirement Commissioner appoints approved mediator agencies and disputes panel members. Six-monthly complaints reports and disputes panel findings are published on our website.

1 Impact of COVID-19 on Financial Wellbeing, Dr Celestyna Galicki, Commission for Financial Capability, May 2020

COVID-19
IMPACT AND RESPONSE

Internal

When the country went into lockdown in March 2020 the CFFC was in the fortunate position of having the technology and equipment to enable staff to continue working from home uninterrupted.

We established a COVID-19 response team to monitor staff wellbeing and service continuity. The response team met regularly and managers convened regular online team meetings. We updated and created policies and registers to cover issues such as the risk of infection in the workplace, health and safety in working from home, and to record equipment taken from the workplace to residences.

All staff were able to work from home with few complications, and there was no significant financial impact. We met the majority of our performance reporting targets. Any targets not achieved due to COVID-19 have been noted in the Statement of Performance.

Service delivery

The pandemic was not only a health issue but had enormous and immediate financial impact on many households . With businesses closed, redundancies slated, and income loss affecting households which could least afford it, people were scared, desperate, and starting to panic.

The CFFC, with deep knowledge of personal finance and with tools and programmes to help, swung into action. As described below we realigned our work to Initiate, Accelerate, and Pivot.

INITIATE

The Sorted campaign

We rapidly designed a marketing and content strategy that would first reassure New Zealanders that Sorted was there for them and could be trusted, then help them reflect on their situation to assess what they needed to do, and finally help them recover by offering Sorted's guides and tools to navigate a path forward.

Simplified guides on the financial issues worrying Kiwis the most were put together at speed for the Sorted website and distributed through social channels. Sorted thought leaders were placed across TV, online news sites, radio and social Q&As; and a first-of-its kind live learning experience, the half-hour My Money What Now? in partnership with TVNZ, featured on TVNZ One, Facebook Live, and On Demand.

As a result Sorted content engagement levels rose to record levels:

- During April sorted.org.nz saw a four-year record in user numbers - more than 150,000 people.
- Users for the period from late March – June were up 15% year-on-year. New users were up 18%.
- The total volume of website sessions increased 12%.
- Social media post engagement levels increased 28% from pre-COVID-19 levels
- Social media response rates increased 126% from pre-COVID-19 levels.
- Our article Covid-19 and your money: 7 things to do right now was read for 269,493 minutes, a site record
- In total, over 475,900 minutes of COVID-19-related Sorted content was consumed by June 30 (and is still growing)

Surveys showed we engaged our priority audiences, with those visiting Sorted most likely to be aged 18-30, as well as Māori and Pacific Peoples.

We ensured Sorted was included on the Government's official covid19.govt.nz website as a key and impartial source of financial guidance.

My Money: What Now? – a live 30-minute TV show produced with TVNZ in just two weeks.

- Hosted by Fair Go's **Hadyn Jones** with Sorted mentor Unicia Veer
- watched by nearly **200,000** people
- **67%** of viewers **aged 25-54** felt more financially confident after watching the show
- **66%** of viewers visited or planned to visit the Sorted website

New webinars

We developed a new one-hour webinar called Navigating COVID-19: Get your money Sorted to address the high level of public anxiety. It was delivered to workplace and community audiences. Post-participation surveys found 98% felt more hopeful after attending the webinar, and 86% of participants were satisfied with the webinar experience and content. As people came to terms with the COVID-19 situation, we produced a second webinar called Design your 'new normal'. It focused on taking advantage of the disruption to reflect on what was important in participants' lives and help them redesign their lifestyle for the better.

Instructional videos

We produced new videos to replace our retirement village public information meetings to continue helping prospective residents decide whether village living was for them, to help New Zealanders recognise and protect themselves from the rise in frauds and scams, and to impart personal finance guidance.

Research

We joined an OECD partnership and produced New Zealand data for an important global comparative study on the financial impact of COVID-19 on individuals and households. Our research[2] was widely shared with Government, stakeholders and the public through the media.

ACCELERATE

Stakeholder connection

We collaborated weekly in virtual meetings with key partners to share insights and align our efforts, with a special focus on communications consistency and joint messaging so New Zealanders received consistent information.

PIVOT

Web-based delivery

Our face-to-face programmes switched to online delivery and we added professional development for facilitators and partners to deliver crafted online programmes based on our Sorted resources.

Between April and June, the Sorted at Work team delivered 30 webinars to 541 people in 17 organisations. The Sorted in Communities team delivered 21 webinars to 531 recipients with a strong focus on Māori and Pacific families. Webinar quality was high with 84% satisfaction and 89% saying the webinar gave them the tools and resources to feel more hopeful.

Different teaching support

For Sorted in Schools, we developed new teaching planners to help teachers focus on topical themes, such as KiwiSaver, Saving, Investing and Debt. Our online financial education resources were popular while secondary students were learning from home, with more than twice as many users of the Sorted in Schools website compared to the same time last year.

Active industry assistance

The Retirement Commissioner joined weekly calls with retirement village operators to understand trends on the ground and raise issues with government agencies as needed. We also worked with the Registrar of Retirement Villages to provide guidelines for operators on Code of Practice meeting requirements during COVID-19 Levels and shared guidelines for keeping retirement village residents safe at various alert levels.

2 Impact of COVID-19 on Financial Wellbeing, Dr Celestyna Galicki, Commission for Financial Capability, May 2020

REVIEW OF RETIREMENT INCOME POLICIES 2019

The CFFC did not let the absence of a permanent Retirement Commissioner in 2019 get in the way of delivering its three-yearly Review of Retirement Income Policies. Far from repeating earlier findings, the 2019 report[3] marked a watershed moment in the history of this office's retirement income recommendations.

Acting Retirement Commissioner Peter Cordtz oversaw the review process. Policy specialist Kate Riddell was contracted to drive the review to address eight terms of reference, formulate recommendations, and write the report.

Eight pieces of significant research[4] were produced to inform recommendations. Focus groups were conducted with vulnerable groups, including Māori and Pacific New Zealanders.
We convened expert advisory groups and held workshops to examine issues such as the gender gap at retirement, KiwiSaver improvements, and the ageing workforce. A communications strategy was implemented to engage stakeholders and the public and to call for submissions.

The two previous reviews called for a rise in the age of eligibility for NZ Superannuation as it was deemed unaffordable, but by 2019 we found things had changed. Treasury projections showed the cost of NZ Super was sustainable for at least the next 30 years, and raising the age would do more harm than good. Instead, we recommended that NZ Super be retained at its current settings, and fears that it might diminish or disappear for future generations should be laid to rest.

It was apparent from submissions and focus groups that younger New Zealanders, as well as their parents and grandparents, were concerned that NZ Super would not be available to future retirees or be adequate. We received numerous comments to the effect that 'Super won't be there for us'. This uncertainty was causing unnecessary stress, and we wanted to put a stake in the ground in the belief that NZ Super should stay stable so that younger New Zealanders could plan.

Indeed, we found there would be more people in need of state support as they entered retirement in coming years, not fewer, due to declining home ownership, rising levels of debt and the changing nature of work inhibiting people's ability to save. COVID-19 has only intensified these issues.

The report's release in January 2020 engendered significant media coverage, giving rise to a public conversation we believe was more mature and meaningful than being tied simply to the age of eligibility for NZ Super. By taking that issue off the table, we were able to broaden consideration of more impactful policies.

3 Review of Retirement Income Policies 2019

4 A Review of Gender Differences in Retirement Income, Yanshu Huang and Jennifer Curtin, University of Auckland Public Policy Institute; The Wellbeing and Vulnerability of Older New Zealand Adults in Retirement, Joanne Allen, Health and Ageing Research Team, Massey University; Background Paper on Responsible Investment in New Zealand, KPMG; Housing - New Zealand's Tenure Revolution and Implications for Retirement, Dr Kay Saville-Smith, Centre for Research, Evaluation and Social Assessment; Decumulation: Time to Act, Susan St John and Dr M Claire Dale, University of Auckland Retirement Policy and Research Centre; Intergenerational Impacts: The Sustainability of New Zealand Superannuation, Susan St John and Dr M Claire Dale, University of Auckland Retirement Policy and Research Centre; Wealthy Ageing Research, IPSOS; Data Report for the Review of Retirement Income Policies, Dr Celestyna Galicki, Commission for Financial Capability

THE 2019 REVIEW'S RECOMMENDATIONS:

1. Governance for the Retirement Commissioner and their office should be provided jointly by the Ministries of Social Development and Business, Innovation and Employment.
2. The regular review cycle should be amended to fall in the year after an election, rather than prior.
3. Value and ensure the ongoing provision of NZ Superannuation at its current settings.
4. Establish a new government 'employment connection' service.
5. Introduce a 'Small Steps' employee contribution programme to KiwiSaver as the default for new members, and as an option for current members.
6. Target the government contribution to KiwiSaver members to incentivise voluntary contributions by non-employees.
7. Phase in employer contributions for KiwiSaver members aged over 65, and consider implications of doing so for those aged under 18.
8. Phase out the inclusion of KiwiSaver in total remuneration packages.
9. Model the potential range of impacts if the owner-occupied requirement for first-home withdrawals from KiwiSaver was to be withdrawn.
10. Establish a centralised financial capability hub for KiwiSaver hardship applications.
11. Add a sidecar savings facility to KiwiSaver for short-term emergencies.
12. Auto-enrol beneficiaries in KiwiSaver through a government contribution.
13. Consider the introduction of care credits to KiwiSaver accounts to reduce the risk of being penalised for time out of employment caring.
14. A purpose statement for New Zealand's retirement income system to be advanced by the Retirement Commissioner.
15. Exclude fixed fees from low-balance KiwiSaver accounts. For all balances under $5000, require providers to remove fixed fees.
16. Display fee projections on KiwiSaver members' annual statements, and include a comparison to the average fee projection for that type of fund.
17. Mandate improved disclosure around share investing in KiwiSaver, further distinguishing between emerging vs established markets, as well as New Zealand vs Australian shares.
18. Make Prescribed Investor Rates (PIR) tax refundable. This would change PIR status to 'not a final tax', and accommodate people who use incorrect tax rates.
19. Introduce taxpayer funding of Mindful Money to guarantee the charity continues to publish unbiased, responsible investment information, and erase any potential conflict of interest.

SORTED IN SCHOOLS
TE WHAI HUA – KIA ORA

Now in its third year Sorted in Schools, Te whai hua - kia ora is achieving or exceeding its performance measures and received outstanding feedback in an independent evaluation survey of teachers and students.

The programme aims to equip all young New Zealanders for their financial future. Aligned with the curriculum, learning packages are delivered by teachers as part of day to day lessons in subjects ranging from maths and technology to English, social studies and health. Topics cover money management, saving, debt, goal-setting, insurance, investing, KiwiSaver and retirement.

The programme is available for English-medium schools and Māori-medium kura. Resource packages are co-constructed by CORE Education, with teachers, kaiako, and the CFFC. Schools and kura started to use the Year 9 and 10 resources in 2019. Senior secondary packages for Years 11-13 launched in June 2020. The senior resources are aligned to unit standards and have gained NZQA accreditation, enabling students who complete them to gain credits toward their NCEA qualifications.

Student and teacher resources are delivered through the sortedinschools.org.nz website, making them ideal for students learning from home. During the first COVID-19 lockdown, the website saw more than twice as many users as the same time the previous year.

Whanaungatanga has underpinned the development of resources for the te reo Māori sister programme Te whai hua – kia ora. Rather than a direct translation of the English resources, they are uniquely culturally contextualised in a te ao Māori perspective, focusing on financial wellness for whānau rather than simply being good with money. They draw on traditions and stories about Māui Tikitiki āTaranga, Te Ika-ā-Māui, Kupe, Hoturoa and Te Rauparaha.

Alongside student resource development, we also run a professional development programme for teachers so they feel confident in teaching financial capability. Dedicated Learning Specialists for schools and kura provide one-on-one workshops and seminars to support teachers in implementing Sorted in Schools in a customised way.

The programme's milestones can be seen in the graphic on the facing page. Perhaps the best reflection of the programme's success can be seen in the results and comments by teachers and students in an independent evaluation report by the New Zealand Council for Education Research (NZCER)[5]. Undertaken from 2 June to 9 July 2020, the student and teacher surveys found the following:

- 98% and 97% of teachers agreed the resources support Māori and Pasifika students' learning
- 70% of teachers highly agreed using Sorted in Schools had increased their confidence in teaching financial capability
- 89% of teachers agreed students had changed what they did with money
- 71% of students highly agreed they had learned new things about money

A survey undertaken at the start of Sorted in Schools' development showed 80% of school leavers wished they had learned more about money at school. Now students are gaining the financial capability to transition from school into the wider world of future education, training or employment, and start their financial journey on the right foot.

5 Sorted in Schools, Te whai hua – kia ora! Evaluation Progress Report, Jo MacDonald and Mohamed Alansari, NZCER, July 2020

Equipping young New Zealanders for their financial future.

Te whai hua - kia ora!

sorted in Schools

Development of quality Financial Capability learning opportunities

4 year 9/10 packages

2 EME and **2 MME** packages developed, trialled and implemented for **year 9/10** covering key financial capability topics

Senior Secondary resources

6 Level 1 and **4 Level 2** Unit Standards for EME and MME have been developed

361

Resources online

- **98** student activities
- **144** teaching and learning resources
- **93** teacher tools
- **21** videos
- **5** interactive activities

Teacher PLD

Professional learning and development for teachers developed, trialled and implemented across New Zealand

60%

53 Kura registered

68%

374 Secondary Schools registered

62% Secondary schools using the resources

Over 192,000 Students have access to Sorted in Schools

42,158 Māori students

18,370 Pasifika students

Implementation of Financial Capability in schools

95% PLD participants are very satisfied with the quality of the resources

1,141 Teachers registered to use the programme

170+ Teachers trained to deliver financial capability in their classroom

Website statistics FY19-20

Users	Sessions	Downloads	Page views
22,010	38,064	7,376	145,180

Jun 2020

ORGANISATIONAL HEALTH & CAPABILITY

TE HAUORA ME NGĀ ĀHEINGA O TE WHAKAHAERE

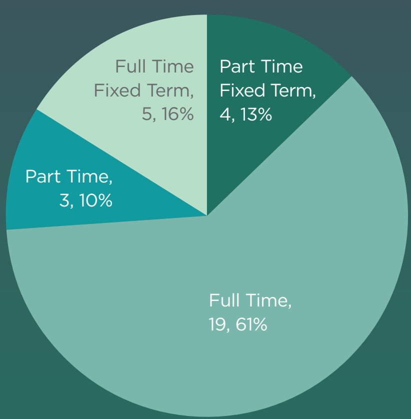
The CFFC organisation

There's a lot to do for a relatively small organisation.One of the first tasks for the new Retirement Commissioner was to reassess the organisation's structure. After extensive staff and stakeholder consultation she found it could be improved: a restructure based on teams was critical in setting up the organisation to focus better and to meet its goals.

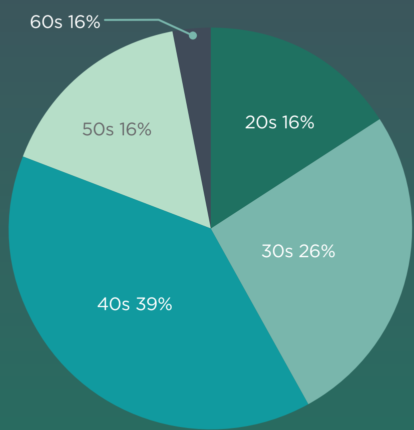
CFFC staff profile and metrics

We strive to maintain a positive and productive workplace culture where every team member knows their contribution is valued. Because of our small team size, we rely on our people to be adaptable and highly capable. The team profile and some of the key metrics we track regularly are detailed below.

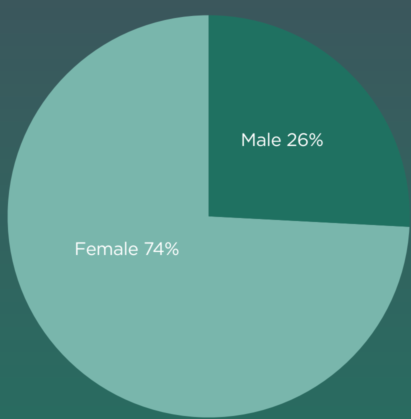
HEADCOUNT



AGE PROFILE

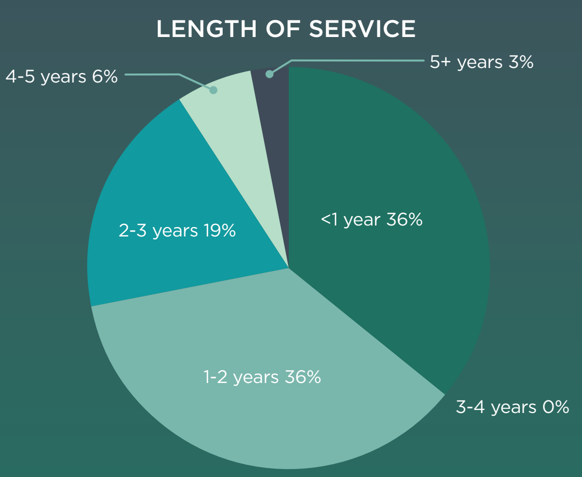


GENDER



Ethnicities in the organisation

Ethnicity	EMP NUMBERS
Australian	1
British	1
Canadian	1
Chinese	1
Dutch	1
Indian	1
Indian English	1
Irish	1
Italian/French	1
Māori	3
Māori/Dutch	1
Māori/Samoan	1
North American	1
Not Disclosed	1
NZ European	12
Other European	1
Polynesian	1
South African Italian	1
Total	**31**



Turnover and length of service

	2019/2020	2018/2019	2017/2018
Average LOS (months)	20.4	**16.1**	**8**
Turnover (%)	22%	**28.6%**	**52%**

*Percentage calculated based on separation excluding redundancy and contract end (fixed term) divided by the actual number of employees at the end of the reporting period

Gender Pay Gap

Median: 21.0% *(median male – median female)/median male
Mean: 12.2% *(mean male – mean female)/mean male

Ethnic Pay Gap

Median: 29.4% *(median Maori/Asian/Pacific – median other)/median other
Mean: 22.5% *(mean Maori/Asian/Pacific – mean other)/mean other

Performance Measures

As part of refocusing the agency and developing a new Statement of Intent 2021-2024 and Statement of Performance 2020/2021, the CFFC introduced new organisational health and capability indicators. These will be reported on next year.

Commitment to Good Employer Principles

The CFFC encourages and supports workplace diversity, a positive team culture, and development opportunities for our pool of talented people – we know our people drive the success of our organisation. We want the CFFC to be a great place to work at, and with. The table below details the Human Rights Commission principles of being a good employer and the practices the CFFC implements to meet these principles.

Element	CFFC Practices
Leadership, Accountability and Culture	• Our leaders and managers model positive and accountable behaviour that promote a safe, positive and productive environment • Our Diversity and Equal Employment Opportunity and Recruitment and Selection Policies are focussed on merit and non-discriminatory practices - they recognise that individuals have different strengths, and as an organisation we are better together – a diverse workforce contributes to better organisational outcomes • We demonstrate a commitment to and respect for the Treaty of Waitangi and incorporate this into every aspect of work • We are raising awareness and develop Māori cultural competency in all team members through internal training and activities • We cascade CFFC's vision and objectives through the annual performance review process and promoting • We have a culture of constructive and consistent two-way feedback • We encourage transparent, honest and frank communication and we ask everyone to respectfully share their views and opinions in a constructive manner • We have well-developed job descriptions to clearly communicate responsibilities and expectations • We appoint and develop leaders and managers in alignment with the Leadership Success Profile - Information on the LSP can be found at mylsp.ssc.govt.nz • We undertake regular engagement, communication and consultation through weekly organisation-wide, team specific and one-on-one meetings where our people are encouraged to share ideas, raise concerns and suggest new ways of doing things • We identify learning and development opportunities through the performance review process, succession planning and ensuring investment through an Annual Learning and Development Plan • We regularly assess cultural climate through observations, general feedback, leadership discussion and when periodic engagement surveys • We provide leadership development activities including short courses, coaching and development

Recruitment, Selection and Induction	• We have Diversity and Equal Employment Opportunity and Recruitment and Selection Policies focussed on merit and non-discriminatory practices • We have a People Lead to provide support, advice and coaching in quality recruitment and selection process • We use a library of behavioural-based interview questions • We undertake regular reporting and review of diversity statistics • We are committed to continuous improvement to, and provision of induction
Team Member Development, Promotion and Exit	• We have an Annual Learning and Development Plan and succession planning processes • We invest in learning and development activities • We have Diversity and Equal Employment Opportunity and Recruitment and Selection Policies focussed on merit and non-discriminatory practices • We provide promotion and secondment opportunities to team members • We have a fair and transparent Performance Improvement Policy • We have a performance review process that identifies development opportunities and team member career aspirations • We provide manager and leadership coaching and development activities
Flexibility and Work Design	• We have a flexible workplace practices to promote a culture of trust where team members are empowered to undertake their work in a way which is mutually beneficial to the CFFC and the team member • We use technology to enable remote working • We are flexible with timing of leave and provide additional paid leave (Commission Days)
Harassment, Discrimination and Bullying Prevention	• We implement a Bullying and Harassment Policy which outlines unacceptable behaviours and investigation process • We have a CFFC Code of Conduct which details standards of behaviour • We hold training sessions and workshops to raise awareness and understanding
Safe and Healthy Environment	• We have well communicated Health and Safety Policies • We provide an induction detailing key safety information including evacuation, fire safety and other emergencies • We undertake safety audits • We ensure safety is a standing agenda at weekly meetings • We provide wellbeing support including the Employee Assistance Programme, access to discounted health insurance and resilience training

STATEMENT OF PERFORMANCE

TAUAKI WHAKATUTUKINGA

The information below explains the funding allocated to the CFFC for 2019/20 by government appropriation, the statutory requirements it is intended to fund, and how we have performed against those requirements.

Appropriation: Commerce and Consumer Affairs: Retirement Commissioner (M13)

Scope of appropriation

This appropriation is limited to services from the Retirement Commissioner to comply with responsibilities under Part 4 of the New Zealand Superannuation and Retirement Income Act 2001 and Parts 3, 4 and 5 of the Retirement Villages Act 2003. These include improving the level of financial capability, raising public understanding of, and reviewing the effectiveness of, retirement income policies, and carrying out the statutory functions as required in the Retirement Villages Act 2003.

Funding from the Crown for the 2019/20 year was received as a single appropriation of $8,622,000, as budgeted.

In addition to Crown funding, CFFC also received a further $242,342 in interest and other sources. The allocation of this funding and expenditure across our three workstreams is shown below:

Allocation of Revenue/Expenditure	Actual 2019/20	Budget 2019/20
Revenue		
Financial Capability	$7,197,222	$7,189,880
Retirement Income Policy	$1,452,120	$1,452,120
Retirement Villages	$215,000	$215,000
Total Revenue	**$8,864,342**	**$8,857,000**
Expenditure		
Financial Capability	$7,448,292	$8,035,733
Retirement Income Policy	$1,466,102	$1,522,054
Retirement Villages	$405,234	$464,803
Total Expenditure	**$9,319,628**	**$10,022,590**
Surplus / (Deficit)	**($455,286)**	**($1,165,590)**

Actual 2019/20 Financial Capability Revenue comprises $6,954,800 from our Crown Appropriation (81% allocation as per CFFC's Statement of Performance Expectations (SPEs), $188,388 of Other Revenue (100% allocation to this) and $53,954 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 2019/20 Retirement Income Revenue comprises $1,452,120 from our Crown Appropriation (17% allocation as per SPEs).

Actual 2019/20 Retirement Villages Revenue comprises $215,000 from our Crown Appropriation (2% allocation as per SPEs).

What is intended to be achieved with this appropriation

This appropriation is intended to achieve growth in the financial capability and resilience of New Zealanders, across a lifetime, putting them in the best possible position to reach their life goals and reach retirement in good financial health.

Performance assessment

Performance against appropriation measures

Our performance against appropriation measures is summarised below. Performance against operating targets is discussed in the next section.

Appropriation measures	Actual 2019/20	Target 2019/20	Actual 2018/2019
Increased levels of financial capability and sustainable behaviour change	Not Achieved[6]	Achieved	Not Achieved
Increased participation in public discussions on retirement savings and planning, and the issues surrounding New Zealand's retirement income policy	Achieved[7]	Achieved	Not measured
Ministerial satisfaction with the Retirement Commissioner's delivery of its functions under the Retirement Villages Act 2003	Satisfied[8]	Satisfied or very satisfied	Satisfied

6 This year our COVID-19 lockdown research, as well as Barometer data, confirmed a growing knowledge gap of New Zealanders during an unprecedented crisis. These are being addressed with a new strategy and measures.

7 Because of the triennial Review of Retirement Income Policies, formal public engagement was a special priority. 782 formal submissions were received for the 2019 Review of Retirement Income Policies; 12 focus groups were held with 62 New Zealanders of different age groups, vulnerable groups and Māori and Pacific Peoples, a KiwiSaver survey of 2046 people was conducted, and 1 workshop was held with 54 KiwiSaver stakeholders.

8 Letter of satisfaction received from Associate Minister of Housing.

CHECKING IN ON OUR STATEMENT OF INTENT 2017-2020

Performance against our strategic intentions

The CFFC's Statement of Intent 2017-2020 (SOI) sets out our goals for our three workstreams:

- Financial Capability
- Retirement Income Policy
- Retirement Villages

The SOI goals are listed below followed by tables containing the performance results against this year's Statement of Performance Expectations.

Financial Capability

In the SOI we aimed to help New Zealanders become more financially capable, and understand that being confident to make good decisions around money was essential not only to provide for today and achieve life goals, but also secure a comfortable retirement. In addition, leading the National Strategy for Financial Capability would help the Strategy's diverse membership to collectively empower New Zealanders, and through people's invidividual growth also help grow the economy.

In the past year COVID-19 has impacted our ability to meet some of the earlier financial capability goals we set ourselves. As explained in Section 1, we pivoted quickly to meet New Zealanders' changed and immediate needs. We had to stop face to face interaction but replaced this where we could by online courses, blogs, and information. People could not think and plan long-term when they were dealing with immediate job loss, income and investment reduction, and uncertainty, so we provided them with guidance and crisis-management tools to cope and start moving forward. The crisis brought new, distressed customers to Sorted, which caused us to start adapting our offering. Meantime our Sorted in Schools programme continued achieving outstanding results in reaching the youngest generation, teaching them the importance of financial capability as they transition into adult life.

Actively-sought media coverage of our messages and delivery of our frauds and scams seminars help grow financial capability understanding with the wider public, some of whom are particularly vulnerable to exploitation.

Our Sorted courses, delivered in communities and workplaces both face to face and by webinar, are increasing the number of New Zealanders becoming financially capable. We are particularly proud of courses delivered through Māori and Pacific partners, and those that form part of pathway to home ownership courses with housing providers.

Retirement Income Policy

Our SOI committed us to increase understanding of retirement income issues, and to monitor and report on the effectiveness of retirement income policy. The triennial Review of Retirement Income Policy was carried out this year, with strong public consultation, media coverage, stakeholder engagement and the gathering of robust research that will inform policy development in the future. The Review, with recommendations, was delivered to Government in December 2019.

Some planned work in 2020 resulting from the Review was delayed both by COVID-19 and the later appointment of the new Retirement Commissioner, but was commenced by July 2020.

Retirement Villages

The SOI notes our statutory requirement to monitor the effects of the Retirement Villages Act and administer the Retirement Villages Act disputes process. We achieved all measures in these areas. We also inform and assist intending and existing residents of retirement villages of their choices, rights and responsibilities. At this we excelled, exceeding our targets for presentations, participants, feedback and responses to written queries.

2020 results against the Nine-year Snapshot Plan

The CFFC's 2017-2020 Statement of Intent plotted a nine-year snapshot of activity that would put the SOI strategy into action. Here are the results against the 2019-2020 targets as the nine-year timeline comes to a close.

Activity	Achieved/ Not Achieved	Notes
Brands		
Money Week	Achieved	2019 campaign implemented
Education & Behaviour Change		
Sorted Personal financial assistant offering a central view of finances in real time and Robo-planning - Self managed - Templated plans - Individual nudges	Not achieved	Lack of funding prevented the development of a fully-automated financial assistant. Instead, personalised communications were delivered through Sorted marketing campaigns.
Invested Investor portal	Achieved	Smart Investor tool launched
Schools		
Online hub	Achieved	Sorted in Schools website launched 2019
Sorted in Schools	Achieved	Programme rolled out 2019
Making Sense of Cents for Teachers	Achieved	Sorted in Schools teacher PLD (professional learning & development) programme rolled out from 2019

Programmes **Sorted:** **Women** **Investor Education** **Home ownership** **Get Ahead, Be Ahead, Fly Ahead**: New behaviour change programmes aligned with 2017 segmentation Continue to build scale through: • Partnering with workplaces, NGOs, government agencies, community networks • Embedding in existing government social programmes • Continue to embed blended learning by including more eLearning modules/online programmes **Regional hubs** Community train the trainer	Achieved	**SPE measures:** Partnership agreements with 2 new organisations (Māori, Pasifika and vulnerable communities) 80 initiatives engaging 1,500 individuals (Māori, Pasifika and vulnerable communities) 12 new partners (workplace) 200 courses to 3,000 participants (workplace) **SPE measure:** The current 20 provider networks will be expanded with a 50% increase in the number of trained facilitators within these networks
National Strategy		
Revisit National Strategy Framework	Achieved	Refresh project underway, to be completed 2021
Content & Media Channels		
Production: VR – virtual reality AR – augmented reality Commission TV	Not Achieved	Lack of funding, change of priorities
Media: Supply content: videos, photos, surveys, research	Achieved	Media asset library developed, research plan implemented
Owned/Earned: Sorted and tools become increasingly integrated into social media. Further investment in social channels based on analysis of research and results.	Achieved	Social media strategy implemented

Performance against Statement of Performance Expectations

The tables below align our SOI goals with those set in the 2019-20 Statement of Performance Expectations (SPE).

WORKSTREAM 1: Financial Capability

SOI GOAL: Grow understanding of the importance of financial capability in economic growth and individual wellbeing

COMMENT: We achieved or exceeded most targets but COVID-19 affected some that involved face to face interaction or activity that we deemed less important as stakeholders dealt with the impact of lockdown.

SPE goal	2019-20 Target	2019-20 Actual	2018-19 Actual	2017-18 Actual
National Strategy - Goals				
National Strategy partner organisations are collaborating to meet the goals of the National Strategy	4 collaborations profiled	1[9]	New measure	New measure
	4 cross government meetings	3[10]	4 meetings Achieved	4 meetings
	4,685 National Strategy website views	4,755	4,456 views Achieved	4,907 views
	5 regional financial capability meetings	2[11]	2 meetings Not achieved	5 meetings
Organisations from across the financial capability system are contributing to the National Strategy for Financial Capability goals	160 (Snapshot survey results)	Survey not conducted[12]	167 Achieved	153
Sorted in Schools - Goals				
Sorted in Schools provides high quality content that is relevant for all learners	Develop, trial and implement two New Zealand Curriculum packages for senior secondary students	2 Achieved	2 New Zealand Curriculum packages 1 Māori Medium Education package Partially achieved	New measure
	Develop, trial and implement one Māori Medium Education package for years 9-10 and one Māori Medium Education package for senior secondary students	1x years 9-10 1x senior secondary Achieved	New measure	New measure
	Develop one MME package for senior secondary	Achieved	New measure	New measure

9 One profile published. Due to the impacts of COVID-19, Q2, Q3 and Q4 video collaboration profiles were not completed. We replaced these with multiple Zoom meetings, collaborating with partners to co-ordinate crucial public messaging about financial capability actions.

10 The cross-government group scheduled for March was delayed until the start of April. The June meeting was not convened due to the impacts of Covid-19.

11 The outcome from the two hui included a decision by network members to reduce meeting frequency to twice per year.

12 Annual survey was due to be undertaken in Q4. This was not run as it was considered to be too onerous for respondents during the first COVID-19 lockdown.

NZ secondary schools adopt the Sorted in Schools programme	35% of schools (year 9-10) are accessing and using Sorted in Schools	Exceeded 62%	35% Achieved	New measure
	2,000 Sorted in Schools resources have been downloaded from the website	Exceeded 7,376	New measure	New measure
Sorted in Schools is easy for teachers to access and use	Develop, trial and implement phase 5, 6 and 7 of the Sorted in Schools website	Achieved	New measure	New measure
	Sorted in Schools relationship managers have visited 80 schools and kura to educate stakeholders on the benefits of Sorted in Schools	Achieved	New measure	New measure
	Sorted in Schools professional development plan for teachers has been developed, trialled and implemented.	Achieved	New measure	New measure
	Sorted in Schools website structure incorporates a New Zealand Curriculum site and a Māori Medium Education site to cater for all learners	Achieved	New measure	New measure
Financial capability is embedded across the education sector	4 meetings with MoE	Achieved	Achieved	New measure
	4 reference group meetings and four cross-government group meetings are held.	Achieved	41 stalkeholder meetings Achieved	35

Sorted in Schools is leading to behavioural and attitudinal change in learners	Evaluation and monitoring data is collected and analysed to determine the impact of Sorted in Schools	Achieved	Partially Achieved	New measure
Financial capability is valued - Goals				
Financial capability messages are seen and heard throughout mainstream media	$2.75m per quarter, $11m total	Exceeded $18 million	$15.85 million Achieved	$12.46 million
New Zealanders increase their awareness of frauds and scams and protect their wellbeing	12 seminars on fraud prevention to 1,000 participants	Exceeded 42 seminars, 3148 participants	New measure	New measure
	70% of host organisations rate CFFC's tools and education as useful or very useful for increasing the fraud awareness of attendees	Exceeded 100%	New measure	New measure

SOI GOAL: More New Zealanders become financially capable

COMMENT: We achieved or exceeded most targets but COVID-19 brought us new, distressed customers which caused us to start redesigning our offering.

SPE goal	Measure	2019-20 Actual	2018-19 Actual	2017-18 Actual
Quality financial capability education is embedded across government programmes	The current 20 provider networks will be expanded with a 50% increase in the number of trained facilitators within these networks	Exceeded 37 provider networks by June 30, 80% increase in the number of trained facilitators within these networks	Achieved	New measure
	At least 85% of partners are satisfied with CFFC's training and coaching	Exceeded 100%	New measure	New measure
Māori, Pasifika and vulnerable communities have increased financial capability	Implement robust data collection systems and processes	Achieved	New measure	New measure
	Partnership agreements with 2 new organisations.	Achieved	New measure	New measure
	Organisations are satisfied or very satisfied with their partnership with CFFC	Achieved	New measure	New measure
	80 initiatives engaging 1,500 individuals	Achieved	Not achieved	New measure
New Zealanders can access relevant and effective financial education through their workplace	12 new partners	Exceeded 27	9 new partnerships Not achieved	New measure
	200 courses to 3,000 participants	Exceeded 220 courses to 3,770 participants	477 courses/ seminars 10,001 participants	New measure

New Zealanders undertake self-directed learning on Sorted Open	1,000 module completions	Not Achieved 820[13]	Not achieved	New measure
	250 learners enrolled in Sorted Open	Not Achieved 167[14]	New measure	New measure
Sorted learning journeys are relevant to the needs of the target audience and motivates them to take action	63% of the 'on the ward' segment agree that Sorted is relevant to their needs	Not Achieved 54%[15]	New measure	New measure
	39% of the 'on the ward' segment agree that 'Sorted' learning journeys motivate me to take action	Achieved 42%	New measure	New measure
Sorted.org.nz maintains broad reach	2.09m sessions	Exceeded 2.37m sessions	2.28m sessions Achieved	2.01m sessions
	1.16m users	Exceeded 1.48m users	1.36m users Achieved	1.19m users
Sorted provides a positive user experience for the target audience.	70% of 'on the ward' New Zealanders who agree 'Sorted' is very easy to use.	Not Achieved 66%[16]	New measure	New measure

SOI GOAL: More New Zealanders actively plan for their retirement

COMMENT: The impact of COVID-19 led people to think more negatively about the long term.

SPE goal	Measure	2019-20 Actual	2018-19 Actual	2017-18 Actual
New Zealanders are saving more	43% of New Zealanders 'on the ward' state that they have saved money over the last 12 months	Achieved 43.5%	New measure	New measure
New Zealanders are focused on their financial future	46% of New Zealanders 'on the ward' strongly disagree/ disagree that they live for today and let tomorrow take care of itself	Not Achieved 42%[17]	Not achieved 46%	52% setting baseline
New Zealanders are setting long-term financial goals	46% of New Zealanders 'on the ward' strongly agree/agree that they set long term financial goals	Not achieved 44%[18]	Achieved 52%	53% setting baseline
New Zealanders are keeping a close watch on their financial affairs.	Maintain the 79% of New Zealanders 'on the ward' agree/ strongly agree that they keep a close watch on their financial affairs.	Not Achieved 78%[19]	Achieved 80%	81% setting baseline

13 Delays in technical delivery pushed our pilot launch to March. We reached the target of 1,000 module completions at the beginning of July 2020.

14 We chose to delay a full launch of the platform targeting a broader audience until feedback from the pilot could be implemented. This will ensure the product meets more of our audience needs.

15 While the website led with COVID content during Q4, which we know was highly relevant and engaging to some audiences, the content may not have met the changing needs of a highly distressed audience looking for financial support in a uniquely stressful period.

16 During Q4 Sorted.org attracted a large number of new users as a result of COVID-19. We have identified that new users find the website less easy to use. We will improve the user journey and experience in 2020.

17, 18, 19 COVID-19 shifted people's attitudes towards dealing with the short-term money management rather than long-term planning, which is an understandable reaction to a global crisis.

WORKSTREAM 2: Retirement Policy

SOI GOAL: Increased understanding of retirement income issues

COMMENT: COVID-19 delayed action on these as it affected adequate consultation opportunities.

SPE goal	Measure	2019-20 Actual	2018-19 Actual	2017-18 Actual
Government has an agreed understanding of the purpose and objectives for retirement income policies.	Proposal submitted to MBIE by 30 June, 2020	**Delayed by Covid** Work underway. Expert Advisory Group created in Q2 2020; the proposal is its first project	New measure	New measure
The evidence base needed for future policy decisions is built	A monitoring and evaluation framework is developed	**Delayed by Covid.** Work underway. This is being advanced together with a purpose statement for retirement income policies during FY 20/21.	New measure	New measure

SOI GOAL: Monitor and report on the effectiveness of retirement income policy

COMMENT: All targets achieved or exceeded.

SPE goal	Measure	2019-20 Actual	2018-19 Actual	2017-18 Actual
CFFC advice to government is evidence-based	Six pieces of key external research commissioned	Exceeded 8	New measure	New measure
	Subject experts agree that this adequately met the objectives of the Terms of Reference	Achieved[20]	New measure	New measure
Equitably incorporate a range of views as part of the review process to help shape and inform the final findings	Public engagement approach agreed and implemented, including 5 stakeholder forums, and at least 2,000 survey respondents	Achieved Series of focus groups and interviews; 2,000+ respondents	New measure	New measure
	Media and communications strategy designed and implemented	Achieved	New measure	New measure
Government agencies are mobilised to engage in the review	Survey: 80% of government stakeholders report being 'satisfied' or 'very satisfied' with the level of engagement by CFFC	Exceeded 100%	New measure	New measure
CFFC's report provides clear options for improving wellbeing in retirement	Minister letter of satisfaction	Achieved	New measure	New measure

20 All academic and sector comment on the RRIP was positive. Research reports were reviewed by external subject matter experts and/or through university sign-off processes. They were also subject to mutual scrutiny by CFFC's expert advisors. Eight expert advisors were engaged to work with Review Programme Director.

WORKSTREAM 3: Retirement villages

SOI GOAL: Informing intending and existing residents of retirement villages of their choices, rights and responsibilities.

COMMENT: All targets exceeded.

SPE goal	Measure	2019-20 Actual	2018-19 Actual	2017-18 Actual
Current and future retirement village residents (and their families) are well informed of their rights and responsibilities	20 presentations to 1,400 participants	Exceeded 31 presentations, 2,600 participants	25 presentations to 2157 participants Achieved	21 presentations to 1750 participants
	80% of participants say they now make more informed decisions	Exceeded 88.5%	New measure	New measure
Residents are assisted to navigate their retirement villages issues	95%	Exceeded 100%	Achieved	Achieved

SOI GOAL: Monitoring the effects of the Retirement Villages Act

COMMENT: All targets achieved.

SPE goal	Measure	2019-20 Actual	2018-19 Actual	2017-18 Actual
Independent monitoring provides evidence for CFFC's recommendations to government and policy makers	Publish one thematic report	Achieved	Achieved	Achieved
	One briefing meeting with the Minister of Housing and Urban Development	Achieved	Achieved	Achieved
Complaint activity is tracked and themes are reported	Six-monthly complaints reports are published	Achieved	Achieved	Achieved
Sector environmental trends are understood and advice is given to government.	12 meetings including RV stakeholder forum. (Source: 4+ meetings with RVA, annual meeting with RVRANZ plus one regional AGM, 2 meetings with MHUD, Annual RV stakeholder forum)	Achieved	Achieved	Achieved

SOI GOAL: Administering the Retirement Villages Act disputes process

COMMENT: Target achieved.

SPE goal	Measure	2019-20 Actual	2018-19 Actual	2017-18 Actual
The Retirement Commissioner appoints approved mediator agencies and disputes panel members	Achieved (source: cffc website)	Achieved	Achieved	Achieved

INDEPENDENT AUDITOR'S REPORT

PŪRONGO KAIAROTAKE MOTUHAKE

To the readers of the Commission for Financial Capability's Annual Report for the year ended 30 June 2020

The Auditor-General is the auditor of the Retirement Commissioner, operating as the Commission for Financial Capability (the Commission). The Auditor-General has appointed me, J R Smaill, 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 Commission on his behalf.

Opinion

We have audited:

- the financial statements of the Commission on pages 34 to 58, that comprise the statement of financial position as at 30 June 2020, 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 Commission on pages 18 to 29.

In our opinion:

- the financial statements of the Commission on pages 34 to 58:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; 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 18 to 29:
  - presents fairly, in all material respects, the Commission's performance for the year ended 30 June 2020, 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;
      - 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 17 December 2020. This is the date at which our opinion is expressed.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the Commission. In addition, we outline the responsibilities of the Retirement Commissioner and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Commission as set out in Note 23 to the financial statements and pages 18 to 29 of the performance information.

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 Retirement Commissioner for the financial statements and the performance information

The Retirement 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 Retirement Commissioner is responsible for such internal control as it is necessary to enable the Commission 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 Retirement Commissioner is responsible for assessing the Commission's ability to continue as a going concern. The Retirement 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 Commission, or there is no realistic alternative but to do so.

The Retirement 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 Commission'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 Commission's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Retirement Commissioner.
- We evaluate the appropriateness of the reported performance information within the Commission's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Retirement 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 Commission'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 Commission 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 Retirement 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 Retirement Commissioner is responsible for the other information. The other information comprises the information included on pages 1 to 17 and 59 to 60, 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 Commission in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International 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 Commission

Jo Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

AUDITED FINANCIAL STATEMENTS

TAUAKI AHUMONI KUA AROTAKEA

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES

FOR THE 12 MONTHS ENDED 30 JUNE 2020

	Note	Actual 2019/20	Budget 2019/20	Actual 2018/19
REVENUE				
Revenue from Crown Appropriation	2	$8,622,000	$8,622,000	$8,622,000
Other Revenue	2	$188,388	$210,000	$216,649
Interest Revenue	2	$53,954	$25,000	$83,965
Total Revenue		**$8,864,342**	**$8,857,000**	**$8,922,614**
EXPENDITURE				
Personnel Costs	6	$4,753,741	$5,039,900	$4,272,479
Depreciation	11	$107,204	$110,000	$104,809
Amortisation	12	$263,280	$320,000	$180,434
Loss on Disposal of Assets		$394	$0	$437
Property Expenses		$324,383	$349,100	$333,285
Other Operating Costs	3	$545,398	$317,700	$427,527
Financial Education Resources and Campaigns	4	$1,720,934	$2,136,250	$1,685,552
Other Expenses	5	$1,604,294	$1,749,640	$1,431,273
Total Expenditure		**$9,319,628**	**$10,022,590**	**$8,435,796**
COMPREHENSIVE REVENUE/(EXPENDITURE)				
Surplus/(Deficit)		($455,286)	($1,165,590)	$486,818
Total Comprehensive Revenue/(Expenditure)		**($455,286)**	**($1,165,590)**	**$486,818**

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 2019/20 Statement of Service Expectations are due to different classifications.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	Actual 2019/20	Budget 2019/20	Actual 2018/19
ASSETS				
Current Assets				
Cash and Cash Equivalents	8	$520,496	$416,851	$961,135
Term Investments	10	$1,707,152	$800,000	$1,502,897
Receivables and Prepayments	9	$72,379	$65,000	$55,527
GST Receivable		$113,460	$80,000	$126,940
Total Current Assets		**$2,413,487**	**$1,361,851**	**$2,646,499**
Non-Current Assets				
Property, Plant & Equipment	11	$343,919	$418,568	$437,395
Intangible Assets	12	$417,927	$505,746	$478,170
Total Non-Current Assets		**$761,846**	**$924,314**	**$915,565**
Total Assets		**$3,175,333**	**$2,286,165**	**$3,562,064**
LIABILITIES				
Current Liabilities				
Creditors and Other Payables	13	$400,790	$400,000	$466,390
Revenue Received in Advance	13	$50,000	$0	$0
Lease Incentive Liability		$3,176	$3,178	$12,705
Employee Entitlements	14	$240,791	$167,960	$157,332
Total Current Liabilities		**$694,757**	**$571,138**	**$636,427**
Non-current Liabilities				
Employee Entitlements	14	$10,222	$0	$0
Total Non-current Liabilities		**$10,222**	**$0**	**$0**
Total Liabilities		**$704,979**	**$571,138**	**$636,427**
NET ASSETS		**$2,470,354**	**$1,715,027**	**$2,925,637**
PUBLIC EQUITY				
Taxpayer Funds		$200,000	$200,000	$200,000
Accumulated Surplus		$2,270,354	$1,515,027	$2,725,640
Total Public Equity		**$2,470,354**	**$1,715,027**	**$2,925,640**

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 YEAR ENDED 30 JUNE 2020

	Note	Actual 2019/20	Budget 2019/20	Actual 2018/19
Public Equity at 1 July		$2,925,640	$2,880,617	$2,438,822
Adjustment to accumulated suplus/deficit from the adoption of PBE IFRS 9		$0	$0	$0
Adjusted balance at 1 July		**$2,925,640**	**$2,880,617**	**$2,438,822**
Total Comprehensive Revenue /(Expenditure) for the year		**($455,286)**	**($1,165,590)**	**$486,818**
OWNER TRANSACTIONS				
Capital contribution		$0	$0	$0
Repayment of capital		$0	$0	$0
Public Equity At End of the Year		**$2,470,354**	**$1,715,027**	**$2,925,640**

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 2020

	Note	Actual 2019/20	Budget 2019/20	Actual 2018/19
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Was Provided From:				
Receipts from Crown Appropriation		$8,622,000	$8,622,000	$8,622,000
Other Crown Receipts		$172,365	$122,060	$152,319
Other Income		$46,380	$85,000	$67,566
Interest Received		$49,698	$25,000	$81,067
		$8,890,443	**$8,854,060**	**$8,922,952**
Cash Was Applied To:				
Payments to Suppliers and Employees		($8,934,783)	($9,502,326)	($8,103,276)
Net GST (Paid) / Received		$13,481	($5,463)	($6,411)
		($8,921,303)	**($9,507,789)**	**($8,109,687)**
Net Cash Flows From Operating Activities	19	**($30,860)**	**($653,729)**	**$813,265**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash Was Provided From:				
Term Investments		$0	$700,000	$0
Receipts from sale of Property, Plant & Equipment		$7,377	$0	$0
		$7,377	$700,000	$0
Cash Was Applied To:				
Term Investments		($200,000)	$0	($100,000)
Purchase of Property, Plant & Equipment		($14,120)	($80,000)	($138,147)
Purchase of Intangible Assets		($203,037)	($315,000)	($414,959)
		($417,157)	**($395,000)**	**($653,106)**
Net Cash Flows From Investing Activities		**($409,779)**	**$305,000**	**($653,106)**
Net Increase / (Decrease) In Cash Held		**($440,639)**	**($348,729)**	**$160,159**
Plus Cash at the Start of the Year		$961,135	$765,580	$800,976
Cash Held At The End Of The Year		**$520,496**	**$416,851**	**$961,135**
Represented by:				
Cash and Cash Equivalents		$520,496	$416,851	$961,135
Cash Held At The End Of The Year		**$520,496**	**$416,851**	**$961,135**

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

KUPU TĀPIRI KI NGĀ TAUAKI AHUMONI

WHO IS CFFC & WHAT IS THE BASIS OF FINANCIAL STATEMENT PREPARATION?

NOTE 1
STATEMENT OF ACCOUNTING POLICIES

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. An Interim Retirement Commissioner was appointed on 1 July 2019. A new Retirement Commissioner was appointed for a three year term commencing 10th February 2020.

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 of CFFC are to:

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

The financial statements for CFFC are for the year ended 30 June 2020, and were approved by the Retirement Commissioner on 17 December 2020.

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 Benfit 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.

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 40 PBE Combinations

PBE IPSAS 40 This standard supersedes PBE IFRS 3 Business Combinations. It is effective for reporting periods beginning on or after 1 January 2021 with early adoption permitted. Although CFFC has not assessed the effect of the new standard, it does not expect any significant impact.

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 2022. 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 2020. The budget figures were prepared in accordance with NZ GAAP, using forecast financial statements for the year ended 30 June 2020 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 11.
- Useful lives of software assets – refer to Note 12.

Judgements in applying accounting policies

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

- Leases classification – refer to Note 7.

Other Significant Accounting Policies

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

HOW IS THE CFFC FUNDED?

NOTE 2
REVENUE

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 2019/20	Actual 2018/19
Other Revenue from exchange transactions		
Sorted Workplace Programme	$93,926	$176,946
Community Programmes	$170	$0
Other Revenue	$7,377	$3,124
Other Revenue from non-exchange transactions		
Community Programmes	$85,590	$36,000
Other Revenue	$1,325	$580
Total Other Revenue	**$188,388**	**$216,650**

HOW DOES THE CFFC SPEND THE FUNDS?

NOTE 3
OTHER OPERATING COSTS

Accounting Policy

Expenses are recognised in the period to which they relate

OPERATING COSTS

	Actual 2019/20	Actual 2018/19
Retirement Commissioner	$8,509	$22,268
Other Operating Costs		
Professional Service Fees	$95,111	$176,838
Consultants	$230,241	$57,742
Travel	$4,081	$7,288
Insurance	$11,655	$13,867
General Office Supplies	$11,825	$14,810
Technology	$183,976	$134,715
Total Other Operating Costs	**$545,398**	**$427,528**

Property expenses

CFFC received a rent free period of 2 months for the Tauranga Desk lease, resulting in $2,534 reduction in spend on this lease than expected in the 19/20 financial year. This concession was a direct result of CFFC not accessing the desks during the April/May 2020 lockdown as a result of COVID-19.

NOTE 4
FINANCIAL EDUCATION, RESOURCES AND CAMPAIGNS ACTUAL BALANCE

Accounting Policy

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

OTHER FINANCIAL EDUCATION RESOURCES AND CAMPAIGNS

Account	Actual 2019/20	Actual 2018/19
Financial Capability Summit	$0	$0
Education (Schools)	$1,233,868	$1,121,316
Community, Workplace & Online Learning		
Community	$295,819	$271,957
Sorted Open (Sorted Sessions)	$2,669	$18,672
Sorted Workplaces (Programme Delivery)	$143,123	$205,440
Total Community, Workplace & Online Learning	**$441,610**	**$496,069**
Investor Education		
Scams & Frauds	$38,139	$38,755
National Strategy	$2,481	$6,942
Investor Education	$3,234	$11,974
Aging Workforce	$1,602	$10,496
Total Investor Education	**$45,456**	**$68,167**
Total Other Financial Education Resources and Campaigns	**$1,720,934**	**$1,685,552**

Note 5
OTHER EXPENSES BALANCES

Accounting Policy

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

OTHER EXPENSES

	Actual 2019/20	Actual 2018/19
Auditor Remuneration	$24,053	$23,577
Leasing	$7,047	$6,857
Research	$156,557	$169,085
Marketing & Communications	$1,109,614	$909,030
Retirement Villages	$68,118	$120,178
Review of Retirement Income Policy	$238,904	$202,546
Total Other Expenses	**$1,604,294**	**$1,431,273**

NOTE 6
PERSONNEL COSTS

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 & Expenses as incurred.

BREAKDOWN OF PERSONNEL COSTS AND FURTHER INFORMATION

Personnel Costs	Note	Actual 2019/20	Actual 2018/19
Salaries and Wages		$4,359,307	$3,850,044
Employer Contributions to Superannuation Schemes		$174,726	$152,981
Increase/(Decrease) in Employee Entitlements	14	$93,681	$47,699
		$4,627,714	**$4,050,724**
ACC Levies		($9,211)	$10,369
Professional Development, Training & Miscellaneous		$67,348	$47,662
Contractors who have a direct contract with CFFC		$22,691	$41,193
Recruitment Costs		$45,199	$122,531
Total Personnel Costs		**$4,753,741**	**$4,272,479**

Employee Remuneration

During the 12 month period ended 30 June 2020, 22 employees and former employees (2018/19: 15) received remuneration (salary, bonuses and other benefits such as superannuation) in excess of $100,000 per annum.

Remuneration Paid or Payable	# Employees 2019/20	# Employees 2018/19
$100,000–$109,999	5	3
$110,000–$119,999	3	1
$120,000–$129,999	1	4
$130,000–$139,999	4	1
$140,000–$149,999	2	1
$150,000–$159,999	3	-
$160,000–$169,999	-	1
$170,000–$179,999	1	-
$180,000–$189,999	-	-
$190,000–$199,999	-	1
$200,000–$209,999	-	1
$210,000–$219,999	-	-
$220,000–$229,999	1	1
$250,000–$259,999	1	-
$260,000–$269,999	1	-
$340,000–$349,999	-	1
Total Number of Employees	**22**	**15**

During the 12 month period ending 30 June 2020, 2 employees received compensation and other benefits in relation to cessation totalling $7,300 (2018/19: 1 employee totalling $3,900), and 6 employees (2018/19: 0) received redundancy payments as per their employment agreement, totalling $106,854.

CFFC has assessed the impact of COVID-19 on employee salaries and wages and there has been no significant impact in relation to COVID-19 in the year ended 30 June 2020.

NOTE 7
OPERATING LEASES

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	Actual 2019/20	Actual 2018/19
Not later than one year	$120,615	$222,204
Later than one year and not later than five years	$84,216	$146,235
Later than five Years	$3,801	$19,005
Total Operating Leases	**$208,632**	**$387,444**
Auckland Office Lease	$68,526	$267,647
Photocopier Lease	$30,600	$24,772
Tauranga Desk Lease	$79,821	$95,025
Wellington Desk Lease	$2,805	$0
Wellington Office Lease	$26,880	$0
Total Operating Leases	**$208,632**	**$387,444**

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. CFFC has not extended this lease and therefore the lease has ended on 2 November 2020.

Operating lease commitments also include a photocopier lease of an estimated $7,200 per annum which expires on 09 October 2024.

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.

In June 2020 CFFC entered into a 12 month contract to co-share a new premise in Wellington for an initial term of 1 year, commencing 1 July 2020 with annual right of renewal offered for 3 years.

CFFC has reviewed the impacts of COVID-19 on Note 7, Operating Leases. CFFC received a partial rent reduction to the Wellington desk lease due to COVID-19, this reduction was applied in the month of August 2020. The non-cancellable portion of the operating lease of no later than one year includes this discount.

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 2019/20	Actual 2018/19
Auckland Office Lease	$3,176	$12,705
Total Lease Incentives	**$3,176**	**$12,705**

There has been no impact of COVID-19 on Lease incentives.

NOTE 8
CASH AND CASH EQUIVALENTS

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 2019/20	Actual 2018/19
Cheque & Savings Account	$520,496	$961,135
Total Cash and Cash Equivalents	**$520,496**	**$961,135**

While cash and cash equivalents at 30 June 2020 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.

NOTE 9
RECEIVABLES AND PREPAYMENTS

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.

Receivables and Prepayments	Actual 2019/20	Actual 2018/19
Receivables from the sale of goods and services (exchange transactions)		
Aged receivables	$10,781	$26,718
Debtor accrual	$22,454	$0
Prepayments	$33,394	$28,809
Receivables from grants (non-exchange transactions)		
Aged receivables	$5,750	$0
Total Receivables and Prepayments	**$72,379**	**$55,527**

Debtor accruals at 30 June 2020 consist of $6,089 in airline credits, due to flight rescheduling and cancellations caused by COVID-19. Aswell as a $16,365 credit receivable from ACC for levies paid prior to 30 June 2020.

In line with PBE IPSAS 9 and PBE IPSAS 23, Aged receivables, Debtor Accrual and Prepayments have been classfified as exchange transactions and aged receivables (grants) are recognised as a non-exchange transaction.

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

Aged Receivables	Actual 2019/20	Actual 2018/19
Past Due Days		
Current	$16,531	$26,718
< 6 months	$0	$0
6 months - 1 year	$0	$0
1 - 2 years	$0	$0
> 2 years	$0	$0
Estimates of Losses	$0	$0
Impaired Credit Loss	$0	$0
Total Aged Debtors	**$16,531**	**$26,718**

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 2019/20 (2018/19: $nil).

CFFC has no significant concerns relating to COVID-19 impact on the ageing of receivables.

NOTE 10
TERM INVESTMENTS

Accounting policy

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 2019/20	Actual 2018/19
Term Investment	$1,700,000	$1,500,000
Accrued Interest	$7,152	$2,897
Total Investment	**$1,707,152**	**$1,502,897**

PROPERTY, PLANT & EQUIPMENT & INTANGIBLE ASSETS

Note 11
PROPERTY, PLANT & EQUIPMENT

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 – 11.8 years	8.5% – 30.0%
Computer Equipment	1.33 – 5.8 years	17.5% – 75.42%
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 objective 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 assets 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	Leasehold Improvements	Furniture & Fittings	Computer Equipment	Office Equipment	Total
Gross Carrying Amount					
Balance at 1 July 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/ 1 July 2019	**$359,302**	**$128,768**	**$200,281**	**$72,706**	**$761,057**
Additions	$0	$2,466	$19,459	$0	$21,925
Disposals	$0	$0	($28,033)	$0	($28,033)
Balance at 30 June 2020	**$359,302**	**$131,234**	**$191,707**	**$72,706**	**$754,949**
Accumulated Depreciation					
Balance at 1 July 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/ 1 July 2019	**$111,298**	**$47,999**	**$122,963**	**$41,402**	**$323,662**
Depreciation Expense	$29,214	$12,722	$50,460	$14,808	$107,204
Elimination on Disposal	$0	$0	($19,835)	$0	($19,835)
Balance at 30 June 2020	**$140,512**	**$60,721**	**$153,588**	**$56,210**	**$411,031**
Carrying Amount					
At 30 June 2019	**$248,004**	**$80,769**	**$77,318**	**$31,304**	**$437,395**
At 30 June 2020	**$218,790**	**$70,513**	**$38,120**	**$16,496**	**$343,919**

Capital Commitments

There are no capital commitments at 30 June 2020 (2018/19: $Nil).

Note 12
INTANGIBLE ASSETS

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to 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 11. 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 2018	$725,617	$16,642	$180,435	$922,694
Additions	$588,903	$6,492	$373,383	$968,778
Disposals	($49,475)	$0	($553,818)	($603,293)
Balance at 30 June 2019/ 1 July 2019	**$1,265,045**	**$23,134**	**$0**	**$1,288,179**
Additions	$178,509	$24,528	$0	$203,037
Disposals/Capitalisation	($7,307)	($10,848)	$0	($18,155)
Balance at 30 June 2020	**$1,436,247**	**$36,814**	**$0**	**$1,473,061**
Accumulated Depreciation				
Balance at 1 July 2018	$663,802	$15,247	$0	$679,049
Amortisation Expense	$177,308	$3,126	$0	$180,434
Elimination on Disposal	($49,474)	$0	$0	($49,474)
Balance at 30 June 2019/ 1 July 2019	**$791,636**	**$18,373**	**$0**	**$810,009**
Amortisation Expense	$256,397	$6,883	$0	$263,280
Elimination on Disposal/Capitalisation	($7,307)	($10,848)	$0	($18,155)
Balance at 30 June 2020	**$1,040,726**	**$14,408**	**$0**	**$1,055,134**
Carrying Amount				
Balance at 30 June 2019/ 1 July 2019	**$473,409**	**$4,761**	**$0**	**$478,170**
At 30 June 2020	**$395,521**	**$22,406**	**$0**	**$417,927**

Capital Commitments

There are no capital commitments at 30 June 2020 (2018/19: $Nil).

NOTE 13
CREDITORS AND OTHER PAYABLES

Accounting policy
Short-term payables are recorded at the amount payable.

BREAKDOWN OF PAYABLES AND DEFERRED REVENUE

	Actual 2019/20	Actual 2018/19
Payables and deferred revenue under exchange transactions		
Accrued Expenses and Other Payables	$24,738	$77,068
Trade Creditors	$376,052	$389,322
Total payables under exchange transactions	**$400,790**	**$466,390**
Payables and deferred revenue under non-exchange transactions		
Revenue received in Advance	$50,000	$0
Total payables under non-exchange transactions	**$50,000**	**$0**
Total payables and deferred revenue	**$450,790**	**$466,390**

In line with PBE IPSAS 9 and PBE IPSAS 23, Accrued expenses and Other Payables and Trade Creditors have been classified as exchange transactions and Revenue Received in Advance is recognised as a non-exchange transaction.

Revenue Received in Advance

Revenue received in advance was $50,000 compared to a budget of nil. This was due to funding received in 19/20 for projects that will be undertaken by CFFC in 20/21. In accordance with PBE International Public Sector Accounting Standard 23 (Revenue from Non-exchange Transactions), the Commission has recognised $50,000 (2018/19: nil) as Revenue Received in Advance.

NOTE 14
EMPLOYEE ENTITLEMENTS

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.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

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.

Critical accounting estimates and assumptions

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. Expected future payments are discounted using discount rates as per Treasury models issued under TC 2009/06. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The discount rate used ranged from 0.22% to 0.25%.

If the discount rate were to differ by 1% from that used, with all other factors held constant, the carrying amount of the retirement and long service leave liability would be an estimated $65.86 higher/lower. If the salary inflation factor were to differ by 1% from that used, with all other factors held constant, the carrying amount of the retirement and long service leave liability would be an estimated $66.59 higher/lower.

Breakdown of Employee Entitlements	Actual 2019/20	Actual 2018/19
Current portion		
Accrued Salaries and Wages	$28,412	$0
Accrued Annual Leave	$212,379	$157,332
Total current portion	**$240,791**	**$157,332**
Non-current portion		
Accrued Annual Leave	$10,222	$0
Total non-current portion	**$10,222**	**$0**
Total Employee Entitlements	**$251,013**	**$157,332**

CFFC's level of annual leave accrual has increased for the year ended 30 June 2020. This was due to travel restrictions imposed by COVID-19 causing staff to cancel annual leave or choose to not take leave.

NOTE 15
CONTINGENCIES

There are no contingent assets or liabilities at reporting date (2018/19: $Nil)

NOTE 16
RELATED PARTIES TRANSACTIONS

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/recipientrelationship; 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 arms 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.

On 15 May 2020 the Remuneration Authority Amendment Act was passed. The priority of amendment (addition of section 19A to the Remuneration Authority Act 1977) is to allow those public sector leaders listed in schedule 4A of the amendment Act to show leadership and solidarity during and in response to the COVID-19 outbreak.

Consequently, The Remuneration Authority has made a temporary reduction in the Retirement Commissioner's determination of 20%, to be effective on 9 July 2020, expiring 6 January 2021. This has not had an impact on the 19/20 financial statements.

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 four members of the Executive Leadership Team.

Key Management Personnel	Actual 2019/20	Actual 2018/19
Remuneration	$1,015,950	$1,195,178
Contributions to defined contribution plans	$36,214	$42,287
Full-Time Equivalent Staff	4.4	5

The basis of reporting has been updated in 2019/20 to follow the requirements of PBE IPSAS 20. For comparison, the 2018/19 figures have also been updated to reflect the seperation of remuneration and contributions to defined contribution plans.

NOTE 17
FINANCIAL INSTRUMENTS

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 2019/20	Actual 2018/19
Financial Assets measured at amortised cost		
Cash and Cash Equivalents	$520,496	$961,135
Term Investments	$1,707,152	$1,502,897
Receivables	$22,454	$26,718
Total Loans and Receivables	**$2,250,101**	**$2,490,750**
Financial Liabilities measured at amortised costs		
Creditors and Other Payables	$400,790	$466,390
Total Financial Liabilities	**$400,790**	**$466,390**

CFFC has business credit card facilities with Westpac Bank of $100,000 (2018/19: $100,000).

NOTE 18
EVENTS AFTER BALANCE DATE

After balance date CFFC has signed the lease for a premises in Victoria Street West, Auckland commencing 1 November 2020, for a term of 5 years and right of renewal for a further 5 year term. The rental commitment across the initial five year term is $974,110.

OTHER

NOTE 19
NET CASH FLOW FROM OPERATING ACTIVITIES

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

Net Cash Flow from Operating Activities	Actual 2019/20	Actual 2018/19
Net Surplus/(Deficit) for the Year	**($455,286)**	**$486,818**
Add Non-Cash Items		
Gain on Sale	($7,377)	$0
Depreciation	$107,204	$104,809
Amortisation	$263,280	$180,434
Net Loss on Disposal of Assets	$394	$437
Add Movements in Net Assets and Liabilities		
(Increase)/Decrease in Debtors & Other Receivables	($12,266)	($6,281)
(Increase)/Decrease in Accrued Interest	($4,255)	($2,897)
(Increase)/Decrease in Prepayments	($4,586)	($20,695)
(Increase)/Decrease in GST Refund Due	$13,481	($11,301)
Increase/(Decrease) in Creditors & Other Payables	($65,600)	$43,771
Increase/(Decrease) in Employee Entitlements	$93,681	$47,699
Increase/(Decrease) in Provisions	$0	$0
Increase/(Decrease) in Lease Incentive Liability	($9,529)	($9,529)
Increase/(Decrease) in Revenue in Advance	$50,000	$0
Net Cash Flow from Operating Activities	**($30,860)**	**$813,265**

NOTE 20
EXPLANATION OF MAJOR VARIANCES (+/- $25,000) AGAINST BUDGET

Statement of Comprehensive Revenue & Expenses

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

- Interest Revenue is $28,954 more than budgeted due to appropriation revenue received but not yet spent being placed on term deposit.
- Personnel Costs were $302,301 less than budgeted due to late recruitment of the new Retirement Commissioner and subsequent hiring of staff.
- Other operating costs were $227,698 higher than budgeted due to increased contractor expenditure to cover internal roles on a temporary basis. This overspend is partially offset by the underspend on Personnel Costs.
- Amortisation is $56,720 less than budgeted due to less capital assets & intangible assets being purchased during the year than expected resulting in a decrease in this cost area.

Other Expenses are $145,345 less than budgeted, largely driven by:

- A $112,143 underspend on Research due to reduced travel costs due to COVID-19 and some previously externalised research being conducted in house and therefore captured in personnel costs.
- A $48,722 underspend on Retirement Villages. This was a result of much lower spending in Research monitoring, lower call centre costs as well as COVID-19 impacting expenditure on travel and seminar hosting costs in 2020.

Financial Education, Resources, and Campaigns were $415,316 less than budgeted due to:

- Education (Schools) underspent by $347,632 due to deferment of development expenditure and an underspend in consultancy
- Community overspent by $115,869 due to a team member moving into the role of Interim Retirement Commissioner and the Community role temporarily being filled by external contractors/facilitators.
- Sorted Workplaces underspent by $150,477. The main contributor to this was an underspend in facilitator costs, due to demand for online workshops (which are cheaper to produce) which continued through to the end of the year due to COVID-19 impacting the ability to run sessions in person.

$1,396,742 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 $1,010,797 higher than budget. The main driver of this was a deficit of $421,031 against the budgeted deficit of $1,165,590.

- GST Receivable is $33,460 higher than budget due to the timing of operational expenditure.
- Property, Plant and Equipment is $74,649 lower than budget as CFFC did not proceed with planned leasehold improvements.
- Intangible Assets are $87,819 lower than budget, due to capital expenditure on websites being delayed due to the late appointment of the Retirement Commissioner. Due to the onset of COVID-19 in New Zealand and the length of time involved in planning these projects, Website CAPEX will incur a significant level of work in 2021/22.
- Revenue received in advance was $50,000 compared to a budget of nil. This was due to funding received in 19/20 for projects that will be undertaken by CFFC in 20/21

NOTE 21
ADOPTION OF PBE IPSAS 34-38 INTERESTS IN OTHER ENTITIES

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 has applied these new standards in preparing the 30 June 2020 financial statements, CFFC does not have an interest in any other entity, and therefore the implementation of this reporting standard had no impact on the organisation.

NOTE 22
ADOPTION OF PBE IPSAS 39 EMPLOYEE BENEFITS

During the year ended 30 June 2020 CFFC introduced PBE IPSAS 39. Overall, the net effect of the implementation of PBE IPSAS 39 had a minimal impact on the financial statements, as outlined in note 14. This will be monitored in future reporting periods and assessed against any changes in the provision of employment benefits to staff.

NOTE 23
COVID-19 DISCLOSURE

CFFC has conducted a line by line analysis of the COVID-19 impact on the financial statements and has concluded that the impacts of COVID-19 have been minimal. Any major variances to budget have been disclosed in note 20 with specific reference to COVID-19 where applicable.

The following impacts to the financial statements have been determined by CFFC to have a direct link to COVID-19:

- Operating Leases and property expenses. CFFC received a partial rent reduction to the Wellington desk lease due to COVID-19, this reduction was applied in the month of August 2020 and so does not have an impact on the 19/20 financial reports. CFFC also received a rent free period of 2 months for the Tauranga Desk lease, resulting in $2,534 reduction in spend on this lease than expected in the 19/20 financial year. This concession was a direct result of CFFC not accessing the desks during the April/May 2020 lockdown as a result of COVID-19.
- A 3 day long in person workshop that was due to be delivered in May/June was postponed due to COVID-19. $40k funding from TPK which was allocated to this project was subsequently moved to 20/21 financial year and is reflected as Revenue Received in Advance.
- Debtor accruals at 30 June 2020 consist of $6,089 in airline credits, due to flight rescheduling and cancellations as a direct result of COVID-19.

OUR STRATEGIC AND PERFORMANCE FRAMEWORK 2021-24

TĀ MĀTOU ANGA RAUTAKI ANGA WHAKATUTUKI MAHI

The 2019-20 year marks the end of the term covered by the CFFC's previous Statement of Intent.

The plan on this page encapsulates the CFFC's strategic and performance framework for the next three years, as detailed in our Statement of Intent 2021-24.

OUR VISION | TĀ MĀTOU WHAKAKITENGA

New Zealanders retire with confidence

OUR MISSION | TĀ MĀTOU KAUPAPA MĀTĀMUA

To help improve retirement outcomes for New Zealanders, with trusted information, informed advocacy and effective collaboration

OUR OBJECTIVES | TĀ MĀTOU ARONGA

- Trusted information
- Informed advocacy
- Effective collaboration

THREE GOALS | WHĀINGA E TORU

Retirement Policies

What we will do: Advocate for a system that serves the diversity of New Zealanders

How we will do it:
- Conduct a three-yearly review for government
- Uncover emerging issues and call for action
- Promote debate on retirement challenges
- Drive shared evidence to measure the impact of policy changes

Retirement Villages

What we will do: Oversee a fair regulatory framework

How we will do it:
- Flag issues and report on sector trends
- Support dispute resolution
- Tackle issues through sector collaboration

Financial Capability

What we will do: Promote the importance of long-term thinking

How we will do it:
- Lead the National Strategy for Financial Capability
- Supply trusted, independent information through Sorted
- Equip stakeholders with insights that add value

DIRECTORY

RĀRANGI KAIMAHI

Our Team (as at December 2020)

Jane Wrightson – Retirement Commissioner

Peter Cordtz (Ngātiwai, Ngāti Hine)
– Assistant Retirement Commissioner

Dr Kathie Irwin (Ngāti Porou, Rakaipaaka, Ngāti Kahungunu) - Kaihautū

Dr Suzy Morrissey – Director, Policy
- **Troy Churton** – Retirement Villages Lead
- **Dr Celestyna Galicki** – Research Lead
- **Dr Brenda Leeuwenberg** – National Strategy Project Lead (fixed term)
    - **Sophia Li** – Research Assistant (fixed term)

Nick Thomson – Director, Financial Capability
- **Tista Lythe** – Learning Development Lead
    - **Marina Kawe-Peautolu** (Ngāti Ranginui, Ngāti Kahungunu, Ngāi Tahu) - Kaitakawaenga/Learning Designer MME
    - **Su Min Ahn** - Learning Designer EME
    - **Tania Vercoelen** - Learning Development Specialist
    - **Liline Hewett** - Learning Development Administrator
- **Kate Reddington** - Sorted Website Lead
- **Marc Harris** - Learning Delivery Lead
    - **Jill MacDonald** - Learning Specialist Schools
    - **Erin Thompson** (Tainui, Te Arawa, Ngāi Tāmanuhiri) - Kaikōkiri/Learning Specialist – Kura
    - **Ana Tu'inukuafe** - Relationship Specialist – Communities
    - **Marco Ghirardelli** - Relationship Specialist – Workplaces
    - **Paul Nicolini** - Learning Delivery Administrator

Lyndsey Francis – Director, Marketing
- **Kelly Phillips** - Marketing & Content Lead
    - **Hannah Merceanu** - Digital Marketing Specialist
    - **Felicity Weller** - Product Marketing Specialist
    - **Abigail Kerr** - Graphic Designer
- **Jason Gambitsis** - Digital Assets Lead
    - **Tom Maden** - Data and Analytics Specialist
    - **Morgan Martin** - Web Administrator

Estelle Sarney – Director, Communications
- **Tom Hartmann**- Personal Finance Lead
- **Lucinda Haworth** - Communications Specialist

Nisha Keetels (Ngāti Raukawa, Tuhoe)
– Director, Corporate Services
- **Gemma Fulton** - Finance Lead
    - **Shristi Singh** - Assistant Accountant
- **Kristy Allan** - People Lead
- **Nick Beard** - Business Lead
    - **Rebecca Jenner** - Governance Administrator
    - **Minna Birch** - Business Administrator

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