

Hon Dr David Clark

MP for Dunedin

Minister of Commerce and Consumer Affairs
Minister for the Digital Economy and Communications
Minister for State Owned Enterprises
Minister of Statistics
Minister Responsible for the Earthquake Commission



11 MAR 2021

Jane Wrightson
Retirement Commissioner
Commission for Financial Capability
PO Box 106-056
Auckland City 1143
Email: jane@cffc.govt.nz

Dear Jane

ANNUAL LETTER OF EXPECTATIONS FOR 2021/22

I am writing to convey my portfolio priorities and your role in achieving these priorities, along with my strategic and performance expectations for the Commission for Financial Capability (CFFC) in relation to the 2021/22 financial year.

The goal of this Government's economic strategy is to continue to improve the well-being and living standards of New Zealanders through sustainable and inclusive growth. This means moving beyond narrow economic indicators and measures of success, and instead putting the well-being of our people and the environment at the centre. The Government is committed to tackling long-term challenges that the New Zealand economy is facing, particularly as a result of the impacts of COVID-19. This requires us to look ahead over 30 years and not just three. This has a particular relevance to the functions of the CFFC, given the long-term focus of retirement income policy.

Commerce and Consumer Affairs priorities and what this means for CFFC

The Commerce and Consumer Affairs portfolio plays an important role in supporting a more competitive and productive business environment that delivers for all New Zealanders. My priorities for this year include:

- progressing legislation to regulate the conduct of the banking and insurance sectors to protect consumers and enable better financial decision-making
- progressing further work on open banking and consumer data rights to increase competition, innovation and consumer welfare consistent with our overall goal of building a broad-based economy

- progressing reforms to New Zealand’s insurance contract law to make insurance contracts easier to understand and fairer for consumers
- progressing the procurement of the KiwiSaver default schemes to ensure that KiwiSaver delivers value for those in default funds and helps people save for retirement
- completing implementation work on the *Credit Contracts and Consumer Finance Act 2003* reforms to consumer credit protections
- implementing the new financial advice regime to improve access to high quality financial advice for New Zealanders and establish a level playing field of regulation for all who provide financial advice

The work of CFFC to improve financial capability and retirement income outcomes for all New Zealanders is an essential complement to this work. In addition to appropriate legislative settings, and well designed and delivered financial products and services, the best outcomes also require financially capable consumers, and aligned activities across sectors.

This Government’s priorities will involve you playing an effective role within an integrated and coherent public sector. I expect you to collaborate and work closely with a range of agencies that contribute to retirement income and financial capability outcomes, including the Ministry of Business, Innovation and Employment (MBIE), Ministry of Social Development, Ministry of Housing and Urban Development, Ministry of Transport, Ministry of Education, the Treasury, the Financial Markets Authority and the Commerce Commission.

The following paragraphs set out my specific expectations for CFFC.

Specific expectations for CFFC

My particular expectations for CFFC in 2021/22 are to:

- Lead the new National Strategy on Financial Capability and work to align financial capability activities across sectors: government, industry and community
- Confirm an annual work programme (“shifting the dial”), in consultation with National Strategy partners, that:
 - focuses on small number of complex issues that need cross-sector involvement to drive change (eg savings and debt)
 - promotes understanding across sectors of Te Ao Māori perspectives on financial matters
- Continue delivering Sorted financial capability resources and associated programmes to a high standard, including when appropriate a stronger focus on young people and Māori and Pasifika cohorts
- Focus on, and assist with, increasing financial wellbeing and financial resilience in response to issues caused by the COVID-19 pandemic

- Be a thought-leader on financial capability and retirement issues by publishing high quality research and information to improve collective knowledge
- Work collaboratively with the Ministry of Housing and Urban Development in relation to retirement village monitoring, and provide policy input
- Continue to monitor the effects of retirement income policies including initial preparation and planning for the 2022 Review of Retirement Income Policies
- Proactively monitor issues impacting levels of financial capability, influence sustainable behaviour change and work with other agencies in addressing these issues by contributing subject-matter and policy expertise.

General expectations and good governance

I am confident CFFC will work constructively with the Government to help realise these priorities. In doing so, please work closely with officials to share information on the impacts of COVID-19 to ensure policy settings give the best chance for delivering a revitalised New Zealand economy. In addition, we expect you to follow the updated *Enduring Letter of Expectations* from the Minister of Finance and Minister of State Services to Statutory Crown Entities in 2019 and the Ministry of Business, Innovation and Employment's *Monitoring Arrangements for MBIE-monitored Crown entities*.

As part of your role in governing a high performing Commission, I expect you to:

- maintain effective senior leadership
- be the primary monitor of CFFC's performance and maintain effective relationships with my advisors in the Ministry of Business, Innovation and Employment (MBIE)
- operate on a no surprises basis with MBIE and my Office.

These general expectations are set out in more detail in Annex 1 to this letter.

Strategy and performance information

All Crown entities must prepare an annual Statement of Performance Expectations (SPE) and have an approved Statement of Intent (SOI).

The annual SPE should provide a clear performance framework and support excellent reporting to Parliament and the public on results. As the CFFC's SOI was put in place last year, I do not expect the CFFC to develop a new SOI.

Response

Your advice by **30 March 2021** on how you propose to respond to the expectations set out in this letter and its Annex would be appreciated. I would be happy to consider approaches that best achieve our collective aims and work well for CFFC. In the first instance, please discuss your proposed response with MBIE.

I look forward to continuing to develop an effective working relationship with you over the coming year.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'David Clark', written in a cursive style.

Hon Dr David Clark
Minister of Commerce and Consumer Affairs

Copy to: James Hartley,
General Manager, Commerce, Consumers and Communications, MBIE

Annex 1: General expectations and good governance

Effective leadership

Ensuring the senior leadership team is, and remains, high-performing is essential. I expect the leadership to address opportunities for improvement, including strategic focus/planning, organisational capability, staff turnover, organisational dynamics and succession. I expect an efficient use of government resources when performing commission functions. I look forward to hearing how the organisation progresses against these goals.

The CFFC last undertook a self-review of its performance in 2018. I do not expect another self-review at this stage, and will advise you in the future when one is required.

Deliver responsible governance with a broader measure of success

I ask you to be part of a public sector that builds a New Zealand we can all be proud of; a public sector that recognises the value of every New Zealander and backs all our people. To do this I expect you to think holistically about the impact of your organisation's plans and programmes, and prioritising interventions that make the biggest difference to lifting the current and future wellbeing of New Zealanders. In particular, I ask you to strengthen your effort to partner with Māori organisations to improve services and outcomes for Māori.

I expect you to actively promote and develop the diversity of your workforce for the long term to encompass a broad spread of experience, culture, perspective and lifestyle of those who live in New Zealand.

Effective monitoring of entity performance and relationship with the MBIE

In addition to setting and driving a strategy that delivers on government priorities, your senior leadership is the most important monitor of entity performance. I expect the senior leadership to provide me with high quality information and analysis on entity performance against plan, implications for future performance, and risks and opportunities facing the entity. This includes taking appropriate action on the required improvements identified by the Office of the Auditor-General.

I expect you to have a constructive working relationship with your monitor within MBIE. This relationship should include active participation and engagement with my officials in the process of setting your organisation's strategic direction and in any review of existing strategies, priorities and plans, and data systems.

I expect you to work with and across government to integrate work of your organisation with the role and work of other agencies, and to support the state sector stewardship of government departments.

No surprises

The Government has a 'no surprises' policy. No surprises means that the Government expects you to:

- be aware of any possible implications of your decisions and actions for wider government policy issues

- advise the responsible Minister of issues that may be discussed in the public arena or that may require a ministerial response, preferably ahead of time or otherwise as soon as possible
- inform the Minister in advance of any major strategic initiatives.

I expect to hear about emerging issues and what major actions the senior leadership is considering. My reactions will be based on a range of factors, including the benefits of new initiatives and of taking different approaches to achieve our goals.