

Hon Dr Duncan Webb

MP for Christchurch Central

Minister of Commerce and Consumer Affairs

Minister for State Owned Enterprises



29 March 2023

Jane Wrightson
Retirement Commissioner
Te Ara Ahunga Ora Retirement Commission
PO Box 106-056
Auckland City 1143
Email: jane@retirement.govt.nz

Dear Jane,

ANNUAL LETTER OF EXPECTATIONS FOR 2023/24

I am writing to convey my strategic and performance expectations for Te Ara Ahunga Ora Retirement Commission (**the Commission**) for 2023/24.

I would like to take this opportunity to thank you for your work over the previous year to ensure the Commission strives to be a high-performing organisation. I also thank you for the Commission's work in recent years to help mitigate the impacts of the COVID-19 pandemic, which has created significant challenges for our economy, for businesses, and for New Zealanders.

Contributing to Government priorities

The Government's economic plan is for New Zealand to become a high-wage, low-emissions economy that provides economic security in good times and bad. As we shift away from the COVID-19 emergency response, the Government is now primarily focused on helping New Zealanders face the global cost of living spike and consolidating our fiscal position.

The Commission plays an important role in achieving these strategic priorities by promoting the importance of long-term thinking about personal finances. The Commission's work to monitor the effects of retirement income policies and promote education about financial matters remains crucial to ensure New Zealanders have the necessary skills and knowledge to prepare for their retirement.

Priorities in the Commerce and Consumer Affairs portfolio that are relevant to the Commission

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 in the financial sector include:

- progressing further work on open banking and a consumer data right framework to increase competition, innovation, and consumer welfare
- progressing reforms to New Zealand's insurance contract law to make insurance contracts easier to understand and fairer for consumers and businesses
- finalising the new regime regulating the conduct of the banking and insurance sectors to ensure the fair treatment of consumers (due to commence in 2025)
- progressing regulations to reduce financial hardship caused or worsened by the use of Buy Now Pay Later
- managing the ongoing impact of challenging global economic circumstances on consumers, investors, and the broader financial sector.

The work of the Commission to improve financial capability and retirement income outcomes for all New Zealanders is an essential complement to this work. To achieve the best outcomes, we need financially capable consumers, alongside appropriate legislative settings, well-designed and delivered financial products and services, 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**), the Ministry of Social Development (**MSD**), the Ministry of Housing and Urban Development (**HUD**), the Ministry of Transport, the Ministry of Education (**MoE**), the Office for Seniors, the Treasury, the Financial Markets Authority, and the Commerce Commission.

Specific expectations for the Commission

My specific expectations for the Commission in 2023/24 are to:

- continue to deliver financial capability resources
- work to assist in the development of financial capability in communities which generally enter retirement in a less advantageous position, such as women, Māori, and Pasifika
- work with MBIE to take stock of current and planned financial capability, information, and education activities to develop a clearer mandate for the Commission
- continue to lead the National Strategy for Financial Capability and work to align financial capability activities across government, industry, and community sectors
- continue to work collaboratively with MSD and the Office for Seniors to progress the development of retirement and seniors' policy and programmes

- continue to work collaboratively with HUD in relation to monitoring the retirement villages regulatory framework, including providing policy input into the review of the Retirement Villages Act 2003
- continue to work collaboratively with the Ministry for Pacific Peoples on the Pacific Peoples Pathways to Homeownership Programme
- continue to promote and develop the Commission's cultural capability, including knowledge of Tikanga Māori and the perspectives of Pacific peoples, in order to further the goals of improving financial wellbeing within these communities
- proactively monitor issues impacting levels of financial wellbeing, influence sustainable behaviour change and work with other agencies in addressing these issues by contributing subject-matter and policy expertise
- continue to be a thought-leader on financial wellbeing and retirement issues by publishing high-quality research and information to improve collective knowledge.
- continue to ensure that the Commission has robust cybersecurity systems in place.

General expectations and good governance

I am confident the Commission will work constructively with the Government to help realise these priorities. I also expect you to follow the 2019 *Enduring Letter of Expectations* from the Minister of Finance and the Minister of State Services to Statutory Crown Entities, and MBIE'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 the Commission's performance while maintaining effective relationships with my advisors at MBIE
- operate on a "no surprises" basis with MBIE and my Office

Further information regarding these expectations is included in the Annex to this letter. I also expect you to assist in building capacity and diversity in public sector governance, for example, by mentoring emerging talent and including emerging talent in board activities.

I expect that you will consider and respond to recommendations from the 2022 Efficiency and Effectiveness review. Of particular note, I expect you to:

- keep me informed on decisions around how the Commission's accumulated reserves will be used to fund activities and investments over the coming year
- continue to invest in cyber security initiatives, minimum maintenance, and upgrades of existing systems and platforms in line with digital best practice, security, privacy, data, and procurement guidelines.

Strategy and performance information

All Crown entities must prepare an annual Statement of Performance Expectations (**SPE**) and have an approved Statement of Intent (**SOI**). SOIs must be produced at least once in every three-year period.

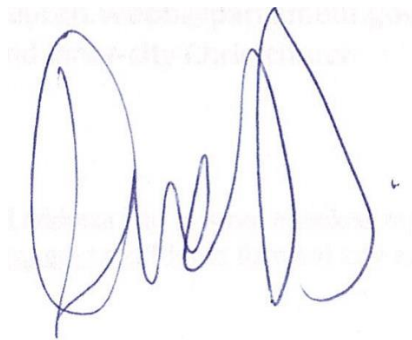
Thank you for recently providing me with a draft copy of the Commission's SOI for 2023-2026, I expect this to drive the Commission's overall direction and performance. As you note in your SOI covering letter, I expect any further changes to be considered in line with the expectations set out in this letter. Further, I expect the annual SPE to provide a clear performance framework and support excellent reporting to Parliament and the public on the results.

Response

Your advice by 17 April 2023 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 the Commission. In the first instance, please discuss your proposed response with MBIE.

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

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Duncan Webb', with a small mark at the end of the signature.

Hon Dr Duncan Webb
Minister of Commerce and Consumer Affairs

Copy to: Andrew Hume,
General Manager, Small Business, Commerce & Consumer Policy, 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.

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.