

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



Jane Wrightson
Retirement Commissioner
Te Ara Ahunga Ora Retirement Commission
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Dear Jane,

ANNUAL LETTER OF EXPECTATIONS FOR 2022/23

I am writing to convey my strategic and performance expectations for Te Ara Ahunga Ora Retirement Commission (**the Commission**) for 2022/23.

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 your ongoing work to help mitigate the impact of the COVID-19 pandemic, which brings with it significant challenges for our economy, for businesses, and for New Zealanders.

Contributing to Government priorities

In addition to keeping New Zealanders safe from COVID-19, the Government's priorities this year include accelerating our economic recovery by building a productive, sustainable, and equitable economy. Wellbeing will continue to inform the Government's view of success as we focus on creating a fairer New Zealand through sustainable and inclusive growth.

The Commission continues to play an important role in achieving these strategic priorities by promoting the importance of long-term thinking about personal finances. Monitoring the effects of retirement income policies, promoting education about financial matters, and promoting methods of improving the effectiveness of retirement income policies will help to put the well-being of our people at the heart of measuring success in these areas.

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:

- receiving advice on options for enhancing KiwiSaver so that more New Zealanders are better financially prepared for retirement and more resilient to short-term financial shocks
- implementing the climate-related financial disclosures regime for climate-reporting entities and working closely with the External Reporting Board as they develop the climate-related disclosures framework and climate standards
- progressing legislation to regulate the conduct of the banking and insurance sectors to ensure fair treatment of consumers
- progressing reforms to New Zealand's insurance contract law to make insurance contracts easier to understand and fairer for consumers
- 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
- managing the ongoing impact of COVID-19 on consumers, investors and the broader financial sector.

I expect the Commission to contribute to achieving results against these priorities, as appropriate.

The work of the Commission 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**), the Ministry of Social Development, the Ministry of Housing and Urban Development, the Ministry of Transport, the Ministry of Education, the Treasury, the Financial Markets Authority, and the Commerce Commission.

Specific expectations for the Commission

My particular expectations for the Commission in 2022/23 are to:

- Undertake a Review of Retirement Income Policies as per the terms of reference issued by me on 13 December 2021.
- Lead the National Strategy on Financial Capability and work to align financial capability activities across sectors: government, industry and community.
- Continue to deliver *Sorted.org.nz* and financial capability resources and associated programmes to a high standard, including where appropriate a stronger focus on Māori, Pacific peoples and women.

- Focus on, and assist with, increasing financial wellbeing and financial resilience, particularly in response to issues caused by the COVID-19 pandemic.
- Continue to work collaboratively with the Ministry for Social Development and the Office for Seniors to progress the development of retirement and seniors' policy and programmes.
- Continue to work collaboratively with the Ministry of Housing and Urban Development in relation to monitoring the retirement villages regulatory framework, and providing policy input on these issues.
- 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.
- Be a thought-leader on financial capability and retirement issues by publishing high-quality research and information to improve collective knowledge.
- Continue to promote and develop the Commission's cultural capability, including knowledge of Tikanga Māori and the perspectives of Pacific Peoples, to further the goals of improving the financial capability of New Zealanders within these communities.

General expectations and good governance

I am confident the Commission will work constructively with the Government to help realise these priorities. In doing so, please work closely with officials to continue sharing information on the impacts of COVID-19 on financial wellbeing and retirement savings to ensure policy settings give the best chance for delivering a revitalised New Zealand economy.

In addition, I expect you to follow the updated *Enduring Letter of Expectations* from the Minister of Finance and the 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 the Commission'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.

Further information regarding these expectations is included in the Annex to this letter.

Self-review

As a self-review of the Commissioner's performance as a corporation sole was last undertaken in 2018, I expect you to carry out a new self-review this year. Further details are set out in the Annex.

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 Commission's SOI was published in 2021, I do not expect the Commission to develop a new SOI this year.

Response

Your advice by **16 April 2022** 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 be 'David Clark', written in a cursive style.

Hon Dr David Clark
Minister of Commerce and Consumer Affairs

Copy to: Andrew Hume,
General Manager, Small Business, Commerce, Consumers, 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 Commission last undertook a self-review of its performance back in 2018. As the Commission has seen a number of changes since then I expect you to carry out a new self-review of your performance as a corporation sole this year. I expect you to use a robust process and keep both me and MBIE updated on the review's progress. I look forward to being informed of the review when completed.

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.