



MP for Mana

Minister of Broadcasting, Communications
and Digital Media

Associate Minister of Housing (Public Housing)

Minister for Government Digital Services

Minister of Commerce and Consumer Affairs

05 MAR 2020

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

Dear Jane,

Annual Letter of Expectations for 2020/21

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 2020/21 financial year.

The goal of this Government's economic strategy is 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.

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:

- 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
- progressing legislation to regulate the conduct of the banking and insurance sectors to protect consumers and enable better financial decision-making
- progressing reforms to New Zealand's insurance contract law to make insurance contracts easier to understand and fairer for consumers
- progressing the review of the KiwiSaver default scheme settings to ensure that KiwiSaver delivers value for those in default funds and helps people save for retirement
- making regulations to support the newly amended Credit Contracts and Consumer Finance Act 2003 to help support disadvantaged and vulnerable consumers
- exploring how further work on open banking and consumer data rights can increase competition, innovation and consumer welfare consistent with our overall goal of building a broad-based economy.

I believe that the work of CFFC to improve financial capability for all New Zealanders complements this work.

This Government's priorities extend beyond agency boundaries. Many will involve you playing an effective role within an integrated and coherent system. I expect you to collaborate and work closely with a range of agencies and parties that have a stake in achieving these priorities including the Ministry of Business, Innovation and Employment (**MBIE**), Ministry of Social Development, Ministry of Housing and Urban Development, 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 2020/21 are to:

- Lead cross-government coordination on financial capability, and work effectively with relevant public and private organisations.
- Improve transparency and work towards improving collective knowledge, through being a thought-leader on financial capability and retirement income issues and by publishing research, data and information.
- Focus on the roll-out of the Sorted in Schools initiative and work with the Ministry of Education on the School Leavers' Toolkit.
- Increase awareness of safer credit options including no-interest and low-interest loans as part of CFFC's role in increasing financial capability.
- Take intellectual leadership and collaborate in the development or achievement of initiatives related to financial capability that arise from the Safer Credit and Financial Inclusion Strategy, and continue to develop a savings trial in collaboration with other agencies and the sector.
- Work collaboratively with the Ministry of Housing and Urban Development in relation to retirement village issues, provide input on policy issues, and promote education.
- Continue to focus on building expertise and research capability to support CFFC's function of monitoring the effects of retirement income policies.
- Proactively monitor issues impacting levels of financial capability, and work with other agencies in addressing these by contributing subject-matter expertise.
- Develop outcome-focused performance measures to better reflect the level of financial capability in New Zealand, and develop appropriate data-collection and evaluation tools to monitor the effectiveness of CFFC's functions. This information should also be used to identify areas where CFFC could take a more targeted or strategic approach.

General expectations and good governance

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 MBIE
- operate a no surprises policy.

These expectations are set out in more detail in the Annex 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, while the SOI should set the strategic direction for the organisation.

As the CFFC's SOI has now been in place for three years, I expect the CFFC to develop a new SOI for the start of the 2020/21 financial year and for at least the following three financial years. I look forward to seeing a draft of the new SOI and SPE by 30 April 2020.

Response

Your advice by 20 March 2020 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 developing an effective working relationship with you over the coming year.

Yours sincerely



Kris Faafoi

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 Maori organisations to improve services and outcomes for Maori.

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.

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 their 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 also ask you to avoid 'pre-judging' my potential responses to risks and opportunities. 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.