



# Statement of Performance Expectations 2019/20

# Contents

## Statement of Performance Expectations 2019/20

Introduction	<b>4</b>
Statement of Responsibility	<b>8</b>
Our Strategy	<b>9</b>
Who We Are	<b>10</b>
Our Strategic Framework	<b>11</b>
National Strategy for Financial Capability	<b>12</b>
Measuring Our Impact	<b>14</b>
Our Strategic Focus Areas	<b>19</b>
Financially Capable New Zealanders	<b>19</b>
Sustainable Retirement	<b>28</b>
Retirement Village Oversight	<b>32</b>
Forecast Financial Statements	<b>35</b>

# Introduction



**Peter Cordtz**

Acting Retirement  
Commissioner

Stepping into the role of Acting Retirement Commissioner has brought with it opportunities like this one, to pause and consider the year ahead, and set out clearly what we at CFFC are aiming to achieve. It is also a chance to look back, and consider the journey that got us here. For me personally, that journey is best summed up by a blog I wrote as GM Community, which was first published a couple of years ago.

# It's my family's money story, and I think it sums up the power of financial capability to transform lives for generations.

Originally published as a CFFC blog titled *Mō tātou, ā, mō kā uri ā muri ake nei...* For us and our children after us.

In essence it's about future focussed decisions made by my parents, which provided the platform that gave me opportunities they never had and have put me in a position to do the same for my children.

And this is essentially what CFFC endeavours to help others achieve. When the parents in a whānau become financially capable, the effects ripple not just to members of their own family, but also to their community and, ultimately their fellow New Zealanders through the weight it can lift from the economy. When fewer are dependent on government support, those resources can be given to others in greater need.

The gift of financial capability ripples through generations too. In the same way I benefitted from my parents' decisions, and learned from them, our education programmes inspire

behaviour change that alters families' futures forever. We've had families break generations of living in social housing by starting to save, pay off debt and eventually move into their own homes. This financially capable way of living has now become the norm for their children.

Members of our youngest generation are now able to also start developing their financial capability at school, thanks to the Sorted in Schools programme which we'll continue to develop and roll out this year. We're working closely with the Ministry of Education, teachers and kura to ensure that the resources we provide, in English and Te Reo, meet the needs of students and align with the curriculum in a way that inspires teachers to use them as part of everyday learning.

Managing money well and achieving home ownership are entwined in the



journey to arriving at retirement in good financial shape. Even then, there are choices to be made. Some remain in their own homes as long as they can, some go to live with whānau, others choose the lifestyle of a retirement village. Our responsibilities under the Retirement Villages Act enable us to liaise with the village industry and with current and prospective residents so that people who choose to live in a village will enjoy a positive and supportive environment.

Creating a supportive environment among the financial education fraternity is another key aspect of our work. CFFC is proud to lead the National Strategy for Financial Capability. We work with many organisations across government and in the community to pool our collective knowledge and abilities, so that together we can help raise the financial capability of more New Zealanders than we would do alone.

Government policy is a connecting thread between all of us. This year we undertake the three-yearly Review of Retirement Income Policies to assist government in doing the best it can to help people prepare for and live well in retirement. The Review is a big piece of work, requiring extensive research and consultation with our National Strategy partners, experts in various

fields and ordinary New Zealanders, and we're looking forward to delivering a set of recommendations that we believe will make this country an even better place to live and retire in the future.

Between all of us, we can provide the knowledge and motivation to help propel New Zealanders along a path where they feel empowered to make good financial choices as they head toward, and into, the kind of retirement they want. It all starts with helping people make the best decisions for their children, like my parents did for me, offering the next generation a future of security, opportunity and wellbeing.



**Peter Cordtz**  
Acting Retirement  
Commissioner

**“It all starts with helping people make the best decisions for their children”**

A young man with dark hair, wearing a black t-shirt and a grey apron, is smiling broadly while working in a bakery. He is standing behind a counter with various baked goods, including donuts and pastries, some of which are in the foreground and slightly out of focus. The background is a warm, blurred interior of a bakery with shelves of more pastries.

**We can**  
provide the knowledge  
and motivation to help  
propel New Zealanders  
along a path where they  
feel empowered to make  
good financial choices.

# Statement of Responsibility

This Statement of Performance Expectations (SPE) for 1 July 2019 – 30 June 2020 has been prepared in accordance with the Crown Entities Act 2004. This SPE sets out CFFC's intended non-financial performance and financial forecast for the year, and has been agreed with the Minister of Commerce and Consumer Affairs.

In signing this statement, we acknowledge our responsibility for the information contained in this document and confirm that CFFC's systems and processes provide reasonable assurance about the integrity and reliability of its prospective operations and financial statements.

Signed on behalf of CFFC.



**Peter Cordtz**  
Acting Retirement Commissioner  
30 April 2019

# Our Strategy

<b>MBIE GOAL</b>	Growing New Zealand for All
<b>Vision</b>	Everyone getting ahead financially
<b>Our desired outcome</b>	New Zealanders are financially prepared for a positive future within a sustainable retirement system.

## Our strategic focus areas

### Financially Capable New Zealanders

Inspire New Zealanders to take control of their money so they can live well today and tomorrow.

### Sustainable Retirement

Equip the government to future-proof retirement income policy, to ensure wellbeing for retirees now and in the future.

### Retirement Village Oversight

Optimise resident wellbeing in Retirement Villages through CFFC's oversight.

## How we do this

CFFC is focused on achieving sustainable behaviour change, by doing what works, at scale. We pride ourselves on knowing our audience, which enables us to focus our efforts on where we can have the biggest impact and make the best use of our resources. We are known for being bold, and challenging the status quo. We lead by example, which means providing online tools and resources direct to New Zealanders through our well established **sorted.org.nz** website.

It also sees us delivering proven programmes in partnership with other organisations – government agencies, schools, workplaces, and community groups. We have been entrusted by government as the lead agency for the National Strategy.



# Who We Are

## CFFC leads the government response to help people to get ahead financially.

We work to ensure the retirees of today and tomorrow are equipped with the financial knowledge, skills, and confidence to make responsible financial decisions at every stage of their lives and reach retirement in good financial health.

CFFC is the office of the Retirement Commissioner, an Autonomous Crown Entity under the Crown Entities Act 2004 that operates under the New Zealand Superannuation and Retirement Income Act 2001.

The current Acting Retirement Commissioner is Peter Cordtz, who was appointed on 5 December 2018. A new Retirement Commissioner is being recruited and is expected to commence the role on 1 July 2019.

CFFC has three core responsibilities:

- Financial capability – we help all New Zealanders prepare financially for their retirement through programmes and initiatives designed to improve financial capability and drive sustainable and enduring behaviour change.
- Retirement income – we raise awareness and understanding of retirement income policy issues and provide robust policy advice.
- Retirement villages – we monitor the provisions of the Retirement Villages Act (2003) and administer its dispute provisions, and provide information and education to the sector.

The Retirement Commissioner is also empowered under section 83(e) of the New Zealand Superannuation and Retirement Income Act 2001 to monitor the effectiveness of persons who have been appointed (other than under statutory authority) to consider complaints and disputes about savings and investments and, if appropriate, to make recommendations to any person.

# Our Strategic Framework

CFFC's Statement of Intent 2017-2020<sup>1</sup> sets the overarching direction for CFFC and guides our work.

Our focus on building wealthy lives sees us working across three key output classes - financial capability, retirement income and retirement villages - to help New Zealanders to build wealth and wellbeing by bringing about an underlying shift in the way they think about and manage money.

## Three functions at the heart of CFFC's work in financial capability

1 Leadership	2 Resources and Education	3 Monitoring and Evaluation
Lead the national conversation on the importance of financial capability in building a wealthier future.	Provide high quality, impartial tools and information to support Kiwis to become financially capable.	Track the financial capability of New Zealanders and the impact of our work.
Share our insights on barriers to financial capability, and how to address them through sustainable behaviour change.	Offer courses in communities and workplaces, including those tailored to Māori and Pasifika.	Monitor the effects of the Retirement Villages Act (2003) and administer the disputes process.
Provide robust policy advice on retirement income issues.	Develop and roll out the Sorted in Schools programme for secondary students.  Inform current and future retirement village residents of their choices and rights.	

<sup>1</sup> <http://cffc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/Corporate-reports/Statement-of-Intent/bd8fladaad/CFFC-Statement-of-Intent-010817.pdf>

Our Statement of Intent describes our approach to understanding New Zealand and measuring our impact. We created a Financial Capability Barometer in February 2017, and since then more than 17,000 respondents have helped to build a rich understanding of the financial capability and money attitudes of New Zealanders. We use a financial health framework to segment New Zealand's 3.9m adults, and a triage approach to determine who needs what, and how to best deploy our finite resources for the 14% of New Zealanders in financial 'intensive care', the 36% 'on the ward' and the 50% who we call 'GP visits'.

# National Strategy for Financial Capability

CFFC is proud to lead the National Strategy for Financial Capability, and values its role in helping create a supportive environment among the financial education fraternity.

We work with more than 150 organisations across government, the community and in the private sector to pool our collective knowledge and abilities, so that together we can help raise the financial capability of more New Zealanders than we would do alone.

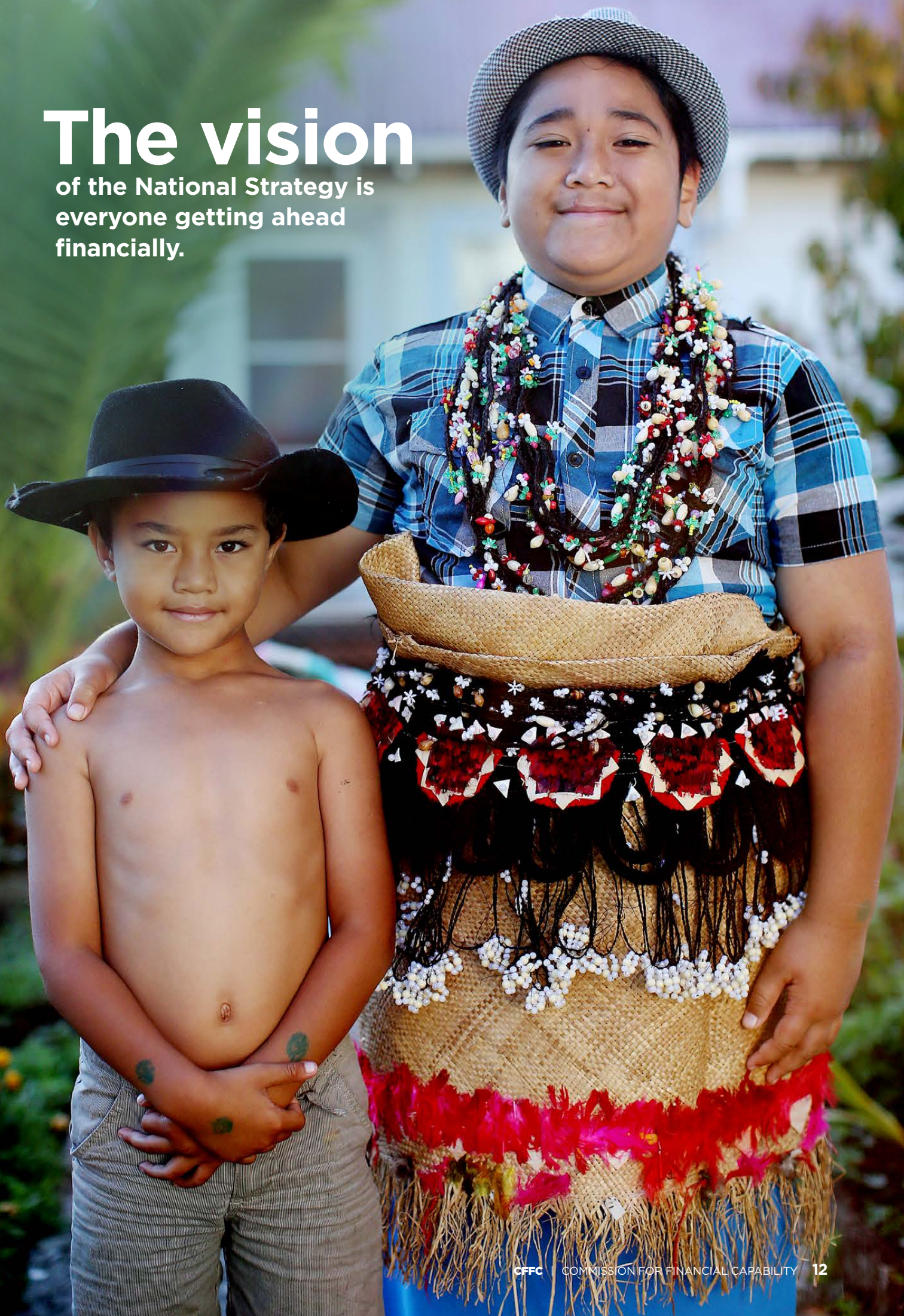
The vision of the National Strategy is everyone getting ahead financially. It has five work streams: to get New Zealanders to **TALK** and **LEARN** about money, to **PLAN** for the future, to be **DEBT-SMART** and to **SAVE** and **INVEST**.

CFFC's own work in helping people change the way they use and manage their money sits under the umbrella of the National Strategy. Our experience in creating sustainable behaviour change tells us that financial capability programmes have the greatest impact when they are integrated into health, housing, education and employment services. This is reflected in our performance measures for 2019/20.



# The vision

of the National Strategy is  
everyone getting ahead  
financially.





# Measuring Our Impact

**New Zealanders are financially prepared for a positive future within a sustainable retirement system.**

Our focus is threefold – we work across financial capability, retirement income and retirement villages. The activities we deliver in 2019/20 will contribute to achieving our overall desired outcome where all New Zealanders are financially prepared for a positive future within a sustainable retirement system. This work is guided by the framework set out in our 2017-2020 Statement of Intent.



# New Zealanders

are financially prepared for a positive future within a sustainable retirement system.”

# Financially Capable New Zealanders

Inspire New Zealanders to take control of their money so they can live well today and tomorrow.

## Outcomes we aim to deliver

- 1** Government, private sector, non-profit organisations and community groups are mobilised to collectively own and deliver on the goals of the National Strategy for Financial Capability.
- 2** Sorted in Schools is a proven and innovative financial capability programme for New Zealand school students.
- 3** New Zealanders' lives are transformed through proven and innovative financial capability journeys.
- 4** New Zealanders understand and value the role of financial capability in their lives.
- 5** The financial capability of New Zealanders is increasing.

# Sustainable Retirement

Equip the government to future-proof retirement income policy, to ensure wellbeing for retirees now and in the future.

## Outcomes we aim to deliver

Transition to a system that is equitable now and in the future

- 1 New Zealand's retirement income policies are informed by research, public opinion and the need for intergenerational equity.
- 2 New Zealanders' aspirations for retirement inform future reviews.

# Retirement Village Oversight

Optimise resident wellbeing in Retirement Villages.

## Outcomes we aim to deliver

- 1 Well-informed retirement village residents know their rights.
- 2 The effects of the Retirement Villages Act (2003) are proactively monitored.
- 3 Residents can access a fair and transparent disputes process.





# Our overall

desired outcome where all  
New Zealanders are financially  
prepared for a positive future within  
a sustainable retirement system.

# Financially Capable New Zealanders

## Our Strategic Focus Areas

# Inspire New Zealanders to take control of their money so they can live well today and tomorrow.

## Why this Matters

Helping an individual to become financially capable has a ripple effect that also transforms the future of their whānau, community, and ultimately their fellow New Zealanders through the weight it can lift from the economy. When fewer are dependent on government support, those resources can be given to others in greater need.

Our research shows that financial capability is also key to a person's overall wellbeing – it reduces stress and associated ill-health, improves their productivity at work, and enhances self-esteem and social connection.

New Zealanders inherently understand this and are seeking ways to feel in control of their money. CFFC's work in financial capability education makes this possible, inspiring people to change their behaviour around money through self-awareness and focusing on what motivates them in their lives. In gaining knowledge of money and how to grow it, being aware of risk through frauds and scams and bad debt, and having the confidence to make sound financial decisions at each life stage, New Zealanders will achieve their goals and arrive at retirement in good financial shape.

Our work helps grow financial sustainability for individuals that will ultimately benefit the whole country.

## What We Are Aiming to Achieve

We want all New Zealanders to be confident about managing their money, insulated from the risk of frauds and scams, and able to make sound financial decisions throughout life. To achieve this, we are working towards the following outcomes.

The table below sets out what we will achieve in 2019/20.

Government, private sector, non-profit organisations and community groups are mobilised to collectively own and deliver on the goals of the National Strategy for Financial Capability.

Goal	National Strategy pillar/s <sup>2</sup>	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
National Strategy partner organisations are collaborating to meet the goals of the National Strategy.	Talk Learn Plan Debt-smart Save-invest	CFFC creates opportunities for National Strategy partners to collaborate across government, private sector, NGOs and community groups. Examples of the National Strategy in action are profiled on the website.	4 cross government meetings (4) 4,259 National Strategy website views (4,259) 4 financial capability network meetings (4)	4 collaborations profiled 4 cross government meetings 4,685 National Strategy website views 5 regional financial capability meetings
Organisations from across the financial capability system are contributing to the National Strategy for Financial Capability goals.	Talk Learn Plan Debt-smart Save-invest	The Snapshot survey shows an increasing number of government, private sector, NGOs and community groups focus their work on meeting the goals of the National Strategy for Financial Capability.	150 (153)	160 (Snapshot survey results)

<sup>2</sup> Refer to <https://www.cffc.org.nz/about/national-strategy/>



Sorted in Schools is a proven and innovative financial capability programme for New Zealand school students.

Goal	National Strategy pillar/s	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Sorted in Schools provides high quality content that is relevant for all learners.	Learn	Develop, trial and implement New Zealand Curriculum and Maori Medium Education teaching and learning packages co-constructed with teachers and aimed at years 9-13.	2 New Zealand Curriculum packages for years 9-10 (2)  2 Māori Medium Education package for years 9-10 (2)	Develop, trial and implement two New Zealand Curriculum packages for senior secondary students.  Develop, trial and implement one Māori Medium Education package for years 9-10 and one Māori Medium Education package for senior secondary students.  Develop one MME package for senior secondary.
NZ secondary schools adopt the Sorted in Schools programme.	Learn	Schools and kura know how to access the Sorted in Schools resources.	30% of schools (year 9-10) are accessing and using Sorted in Schools (survey data due June 2019)	35% of schools (year 9-10) are accessing and using Sorted in Schools.  2,000 Sorted in Schools resources have been downloaded from the website.
Sorted in Schools is easy for teachers to access and use.	Learn	The completed financial capability resource packages and teacher training materials are available for all secondary schools via a digital platform.	The completed financial capability packages and teacher training materials are available for all secondary schools via a digital platform (on track)	Develop, trial and implement phase 5, 6 and 7 of the Sorted in Schools website.  Sorted in Schools relationship managers have visited 80 schools and kura to educate stakeholders on the benefits of Sorted in Schools.  Sorted in Schools professional development plan for teachers has been developed, trialled and implemented.  Sorted in Schools website structure incorporates a New Zealand curriculum site and a Māori Medium Education site to cater for all learners.



Sorted in Schools is a proven and innovative financial capability programme for New Zealand school students.

Goal	National Strategy pillar/s	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Financial capability is embedded across the education sector.	Learn	Engage with Ministry of Education for the delivery of the School Leavers Toolkit, and identify areas for collaboration.  Opportunities for engagement and collaboration with key education stakeholders occurs through regular Governance Group meetings.	Engage with Ministry of Education for the delivery of the School Leavers toolkit and identify areas for collaboration (on track)  Four quality assurance group meetings and six cross government group meetings (on track)	Four meetings with Ministry of Education.  Four reference group meetings and four cross government group meetings are held.
Sorted in Schools is leading to behavioural and attitudinal change in learners.	Learn	Implement a Sorted in Schools evaluation and monitoring plan that includes measurements to determine if the co-design content is leading to behavioural and attitudinal change.	Develop a Sorted in Schools evaluation and monitoring plan that includes measurements to determine if the co-design is leading to behavioural and attitudinal change (on track)	Evaluation and monitoring data is collected and analysed to determine the impact of Sorted in Schools.

New Zealanders' lives are transformed through proven and innovative financial capability journeys.

Goal	National Strategy pillar/s	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Quality financial capability education is embedded in across government programmes.	Talk Learn Plan Debt-Smart Save-Invest	Partner agencies are supported to deliver financial capability education as part of their programmes, through CFFC's training and coaching of provider networks and facilitators.	20 provider networks trained (20)	The current 20 provider networks will be expanded with a 50% increase in the number of trained facilitators within these networks.  At least 85% of partners are satisfied with CFFC's training and coaching.
Māori, Pasifika and vulnerable communities have increased financial capability.	Talk Learn Plan Debt-Smart Save-Invest	Financial capability initiatives to improve financial capability for Māori, Pasifika and vulnerable communities are delivered directly by CFFC and through partnerships with other organisations.	400 initiatives engaging 5,000 individuals  (CFFC delivery: 50 initiatives to 850 individuals; Partner delivery: due to be collected and collated in June 2019)	Implement robust data collection systems and processes.  Partnership agreements with 2 new organisations.  Organisations are satisfied or very satisfied with their partnership with CFFC.  80 initiatives engaging 1,500 individuals <sup>3</sup> .
New Zealanders can access relevant and effective financial education through their workplace.	Learn	CFFC's workplace partners offer relevant and effective financial capability education to their employees.	10 new partners (5)  220 courses to 5,500 participants  (CFFC delivery: 180 courses to 2,500 participants; Partner delivery: 500 courses to 3,500 participants)	12 new partners.  200 courses to 3,000 participants <sup>4</sup> .

<sup>3</sup> Previous year data includes CFFC delivered courses, and those funded and delivered by other agencies where the facilitators were CFFC-trained. For 2019/20, the metric will only include initiatives and participants where the delivery is directly facilitated by CFFC.

<sup>4</sup> Previous year data includes independent courses run using Sorted materials (measured by website downloads). For 2019/20 the metric will only focus on courses and participants from formal CFFC workplace partners where an MoU is in place and CFFC is able to provide quality assurance of the course.

New Zealanders' lives are transformed through proven and innovative financial capability journeys.

Goal	National Strategy pillar/s	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
New Zealanders undertake self-directed learning on Sorted Open.	Learn	Sorted financial capability education modules are accessible online.	500 module completions (This project was delayed due to technical website issues which have now been resolved. The go live date of Sorted Open is late June, which means the 500 module completions will not be achieved)	1,000 module completions. 250 learners enrolled in Sorted Open.
'Sorted' learning journeys are relevant to the needs of the target audience and motivates them to take action.	Talk Learn Plan	Continuous improvement and optimisation of content and brand experience.	New measure.	63% of the 'on the ward' segment agree that Sorted is relevant to their needs.  39% of the 'on the ward' segment agree that 'Sorted' learning journeys motivate me to take action.
Sorted.org.nz maintains broad reach	Learn Plan Debt-smart Save-Invest	Invest in communications channels to maintain awareness of site offering.	2.09m sessions across 1.16m unique users.	2.09m sessions. 1.16m users.
'Sorted' provides a positive user experience for the target audience.	Learn Plan Debt-Smart Save-Invest	Review user journey, content and update tools to improve target audience user experience.	New measure.	70% of 'on the ward' New Zealanders who agree 'Sorted' is very easy to use.

## The financial capability of New Zealanders is increasing.

Goal	National Strategy pillar/s	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
New Zealanders are saving more.	Save-Invest	Increase the percentage of New Zealanders who state that they have saved money over the last 12 months.	All NZers - >50% (54%)  On the ward - 42%	43% of New Zealanders 'on the ward' state that they have saved money over the last 12 months.
New Zealanders are focused on their financial future.	Plan	Increase the percentage of NZers who strongly disagree/disagree that they live for today and let tomorrow take care of itself.	All NZers - >50% (52%)  On the ward - 45%	46% of NZers 'on the ward' strongly disagree/disagree that they live for today and let tomorrow take care of itself <sup>5</sup> .
New Zealanders are setting long term financial goals.	Plan	Increase the percentage of NZers who strongly agree/agree that they set long term financial goals.	All NZers - >50% (53%)  On the ward - 45%	46% of NZers 'on the ward' strongly agree/agree that they set long term financial goals <sup>5</sup> .
New Zealanders are keeping a close watch on their financial affairs.	Plan	Maintain the percentage of NZers who strongly agree/agree that they keep a close watch on their financial affairs.	All NZers - >80% (81%)  On the ward - 79%	Maintain the 79% of NZers 'on the ward' that agree/strongly agree that they keep a close watch on their financial affairs.

<sup>5</sup> Target increase is aimed at a 5% increase in the 'on the ward' segment over four years.



New Zealanders understand and value the role of financial capability in their lives.

Goal	National Strategy pillar/s	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Financial capability messages are seen and heard throughout mainstream media.	Talk Learn	Reach and value of CFFC's media coverage.	\$2.5m per quarter, \$10m total (\$13m)	\$2.75m per quarter, \$11m total.
New Zealanders increase their awareness of frauds and scams and protect their wellbeing.	Learn Plan Save-Invest	New Zealanders are provided with key protection methods to protect themselves, and victims are supported in their recovery.	New Measure.	12 seminars on fraud prevention to 1,000 participants.  70% of host organisations rate CFFC's tools and education as useful or very useful for increasing the fraud awareness of attendees.

# Equip

the government to  
future-proof retirement  
income policy, to ensure  
the wellbeing of retirees  
now and in the future.



# Sustainable Retirement

Our Strategic Focus Areas

**Equip the government to future-proof retirement income policy, to ensure the wellbeing of retirees now and in the future.**

## Why this Matters

Government policy is a connecting thread between the many organisations working to improve retirement outcomes for New Zealanders. Raising awareness of retirement income policy issues is a core part of CFFC's ongoing work in retirement income. This year CFFC undertakes the three-yearly Review of Retirement Income Policies to advise government on options to ensure all New Zealanders have a good standard of living as they age, both now and in the future. The Review brings together commissioned research and broad public engagement into a formal report that is delivered to Parliament in December 2019.

The Review will shine a light on issues affecting retirement through the gathering of evidence, consultation with experts and key stakeholders, and igniting conversations with the public. This includes amplifying the experiences of New Zealanders who, under current policy settings and regardless of their age and proximity to retirement, are likely to be vulnerable in retirement. The report and recommendations that emerge will support the government in leading change to help all New Zealanders prepare for and live well during the final phase of their lives.

Our work helps grow financial sustainability for individuals that will ultimately benefit the whole country.

## What We Are Aiming to Achieve

CFFC's role is to advise government on retirement income policy options that ensure all New Zealanders have a good standard of living as they age, both now and in the future. To achieve this, we are working towards the following outcomes.

The table below sets out what we will achieve in 2019/20.

New Zealand's retirement income policies are informed by research, public opinion and the need for intergenerational equity.			
Goal	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
CFFC advice to government is evidence-based.	Engage recognised expertise to help guide and deliver the review and to ensure a robust catalogue of research and thinking that helps inform recommendations.	New measure	Six pieces of key external research commissioned.  Subject experts agree that this adequately met the objectives of the Terms of Reference.
Equitably incorporate a range of views as part of the review process to help shape and inform the final findings.	Undertake public and stakeholder engagement to help inform findings and recommendations. This includes capturing Te Ao Māori and Pacific perspectives, plus input from subject matter experts, industry groups and relevant stakeholders.  Ensure that the draft and final recommendations are well communicated to the public, including Māori and Pasifika, with the opportunity to provide feedback on draft findings.	New measure	Public engagement approach agreed and implemented, including 5 stakeholder forums, and at least 2,000 survey respondents.  Media and communications strategy designed and implemented.



New Zealand's retirement income policies are informed by research, public opinion and the need for intergenerational equity

Goal	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Government agencies are mobilised to engage in the review.	A Cross Government group is established to support the delivery of the Review by providing coordinated advice and supporting the deliverables of the Review through their expertise and networks.	New measure	Survey  80% of government stakeholders report being 'satisfied' or 'very satisfied' with the level of engagement by CFFC.
CFFC's report provides clear options for improving wellbeing in retirement.	Deliver strongly evidenced report to government that succinctly and clearly outlines options to improve retirement outcomes for all New Zealanders in the short and long terms.	New measure	Minister letter of satisfaction.



## New Zealanders' aspirations for retirement inform future reviews.

Goal	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Government has an agreed understanding of the purpose and objectives for retirement income policies.	Propose new purpose and objectives for retirement income policies, to support informed debate on the trade-offs required to improve retirement outcomes for all New Zealanders over the medium to long-terms.	New measure	Proposal submitted to MBIE by 30 June 2020.
The evidence base needed for future policy decisions is built.	Commence and commit to ongoing evaluation and monitoring of impacts and outcomes of retirement income policies.	New measure	A monitoring and evaluation framework is developed.

# Retirement Village Oversight

## Our Strategic Focus Areas

### Support resident wellbeing in Retirement Villages.

#### Why this Matters

Retirement is not the final destination in each New Zealander's money journey. Once reached, there are still choices to be made. Some people remain in their own homes as long as they can, some go to live with whānau, others choose the lifestyle of a retirement village. Our work ensures that people can make the best choices for their own future, by giving them the information they need, when they need it.

Our responsibilities under the Retirement Villages Act enable us to liaise with the village industry and with current and prospective residents to ensure that the legal framework governing the sector is clear, and easily understood. This means that residents who choose to live in a village can enjoy the security of knowing their rights are protected.

#### What We Are Aiming to Achieve

Retirement Village residents know their rights, and the Retirement Commissioner monitors the effects of the Act and administers the disputes process. To achieve this, we are working towards the following outcomes.

The table below sets out what we will achieve in 2019/20.

The effects of the Retirement Villages Act (2003) are proactively monitored.

Goal	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Independent monitoring provides evidence for CFFC's recommendations to government & policy makers.	CFFC commissions and reports on one thematic monitoring project.	Publish one thematic monitoring report (achieved)  One briefing meeting with the Minister of Housing and Urban Development (achieved)	Publish one thematic monitoring report.  One briefing meeting with the Minister of Housing and Urban Development.
Complaint activity is tracked and themes are reported.	Maintain a functioning complaints portal for industry to directly log and update their retirement village complaints.	Six-monthly complaints reports are published (achieved)	Six-monthly complaints reports are published.
Sector and environmental trends are understood and advice is given to government.	Stakeholder engagement meetings are held with residents, operators, statutory supervisors and government, including convening all stakeholders at an annual RV forum.	9 meetings (achieved)  (achieved: 4+ meetings with RVA; annual meeting with RVRANZ plus one regional AGM; 2 meetings with MHUD; annual RV stakeholder forum)	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)

## Well-informed Retirement Village residents know their rights.

Goal	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
Current and future Retirement Village residents (and their families) are well informed of their rights and responsibilities.	Deliver RV information at events around New Zealand, especially regional New Zealand.	23 presentations to 1,300 participants (23 presentations to 2,200 participants)	20 presentations to 1,400 participants.  80% of participants say that they now make more informed decisions.
Residents are assisted to navigate their retirement village issues.	95% of residents' written enquiries receive a substantive response from CFFC within 20 working days of CFFC receiving all relevant information.	95% (achieved)	95%

## Residents can access a fair and transparent disputes process.

Goal	Key activity area	2018/19 measure (plus forecast 2018/19 year end)	2019/20 measure
The Retirement Commissioner appoints approved mediator agencies and disputes panel members.	CFFC maintains and publishes a list of approved mediator agencies and disputes panel members. Disputes decisions are published on <a href="http://cffc.org.nz">cffc.org.nz</a>	Achieved (achieved)	Achieved (source: <a href="http://cffc.org.nz">cffc website</a> )

# Forecast Financial Statements

All figures exclude GST.

## Summary of Output Revenue and Costs

Output category	2019/20 Forecast Revenue	2019/20 Forecast Cost	2019/20 Surplus/ (Deficit)
Financial Capability	\$7,189,880	\$8,035,733	(\$845,853)
Retirement Income	\$1,452,120	\$1,522,054	(\$69,934)
Retirement Villages	\$215,000	\$464,803	(\$249,803)
<b>Total</b>	<b>\$8,857,000</b>	<b>\$10,022,590</b>	<b>(\$1,165,590)</b>

Indicative application of revenue and costs only. The Retirement Commissioner has a single appropriation.



# Forecast Statement of Comprehensive Revenue and Expenses

	2019/20 \$	2018/19 \$
<b>REVENUE</b>		
Revenue from Crown Appropriation	8,622,000	8,622,000
Other Crown Revenue	125,000	109,816
Other Revenue	85,000	108,731
Interest Revenue	25,000	70,000
<b>Total Revenue</b>	<b>8,857,000</b>	<b>8,910,547</b>
<b>EXPENDITURE</b>		
Corporate Services	656,660	626,701
Depreciation, Amortisation & Loss on Asset Disposal	430,000	293,000
Personnel Costs	5,039,900	4,126,118
Marketing & Communications	1,087,340	897,000
National Strategy	6,000	8,000
Ageing Workforce	10,000	8,375
Investor Education	-	18,850
Research	268,700	210,600
Retirement Commissioner	38,000	27,235
Retirement Villages	116,840	117,111
Review of Retirement Income Policies	248,900	200,000
Sorted Community	179,950	260,450
Sorted Workplaces	293,600	323,950
Sorted Open	25,000	-
Sorted in Schools	1,581,500	1,295,000
Scams & Fraud	40,200	56,362
<b>Total Expenditure</b>	<b>10,022,590</b>	<b>8,468,752</b>
<b>Comprehensive Revenue/(Expenditure)</b>	<b>(1,165,590)</b>	<b>441,795</b>

# Forecast Statement of Changes in Equity

For the year ended 30 June

	2019/20 \$	2018/19 \$
Public Equity at Start of the Year	200,000	200,000
Accumulated Surplus at Start of the Year	2,680,617	2,238,822
Comprehensive Revenue/(Expenditure)	(1,165,590)	441,795
<b>Public Equity at End of the Year</b>	<b>1,715,027</b>	<b>2,880,617</b>

The deficit of \$1,165,590 forecast for the year ended 30 June 2020 includes a drawdown of unspent appropriation received in FY18 and FY19 that is ring-fenced for Sorted in Schools. The remainder of the deficit is funded by CFFC's prior year accumulated surpluses and includes a non-cash element of \$430,000 depreciation and amortisation. The three-yearly Review of Retirement Income Policies will incur additional costs and internal staff resource in FY20. Recently developed websites are also expected to incur increased maintenance and amortisation costs.

# Forecast Statement of Financial Position

As at 30 June

	2019/20 \$	2018/19 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	416,851	765,580
Term Investments	800,000	1,500,000
Accounts Receivable	40,000	36,619
GST Receivable	80,000	70,000
Prepayments	25,000	51,604
<b>Total Current Assets</b>	<b>1,361,851</b>	<b>2,423,803</b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant & Equipment	418,568	448,568
Intangible Assets	505,746	510,746
<b>Total Non-Current Assets</b>	<b>924,314</b>	<b>959,314</b>
<b>Total Assets</b>	<b>2,286,165</b>	<b>3,383,117</b>
<b>CURRENT LIABILITIES</b>		
Creditors and Other Payables	400,000	361,834
Lease Incentive Liability	3,178	12,706
Employee Entitlements	167,960	127,960
<b>Total Current Liabilities</b>	<b>571,138</b>	<b>502,500</b>
<b>Net Assets</b>	<b>1,715,027</b>	<b>2,880,617</b>
<b>Public Equity</b>		
Taxpayer Funds	200,000	200,000
Accumulated Surplus	1,515,027	2,680,617
<b>Total Public Equity</b>	<b>1,715,027</b>	<b>2,880,617</b>

# Forecast Statement of Cash Flows

For the year ended 30 June

	2019/20 \$	2018/19 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Was Provided From:</b>		
Receipts from Crown Appropriation	8,622,000	8,622,000
Other Crown Receipts	122,060	95,746
Other Income Receipts	85,000	108,731
Interest Received	25,000	70,000
	<b>8,854,060</b>	<b>8,896,477</b>
<b>Cash Was Applied To:</b>		
Payments to Suppliers & Employees	9,502,326	8,263,300
Net GST	5,463	(35,600)
	<b>9,507,789</b>	<b>8,227,700</b>
<b>Net Cash Flows From Operating Activities</b>	<b>(653,729)</b>	<b>668,777</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Was Provided From:</b>		
Term Investments	700,000	-
	<b>700,000</b>	-
<b>Cash Was Applied To:</b>		
Term Investments	-	100,000
Purchase of Property, Plant & Equipment	80,000	147,072
Purchase of Intangible Assets	315,000	457,101
	<b>395,000</b>	<b>704,173</b>
<b>Net Cash Flows From Investing Activities</b>	<b>305,000</b>	<b>704,173</b>
<b>Net Increase / (Decrease) In Cash Held</b>	<b>(348,729)</b>	<b>(35,396)</b>
Plus Cash at the Start of the Year	<b>765,580</b>	<b>800,976</b>
<b>CASH HELD AT THE END OF THE YEAR</b>	<b>416,851</b>	<b>765,580</b>
<b>Represented By:</b>		
Cash and Cash Equivalents	<b>416,851</b>	<b>765,580</b>
<b>CASH HELD AT THE END OF THE YEAR</b>	<b>416,851</b>	<b>765,580</b>

# Statement of Underlying Accounting Assumptions

## Significant Assumption

The opening position of the forecast statements is based on unaudited results for 2018/19. The actual results for April to June 2019 are unavailable at the time of preparation; therefore, the balance as at 30 June 2019 has been estimated using April to June 2019 forecast figures.

## Revenue from Crown Appropriations

Revenue from Crown Appropriations is consistent with the 2019/20 Estimates Appropriations.

## Other Assumptions

The accrual basis of accounting has been used in the preparation of these forecast financial statements.

The budget reflects a staffing level of 38.3 FTEs to meet the work programme with additional contractors being used for short term projects as required. There is a risk that forecast events and the associated income and expenditure do not occur.

## Nature of Forecast Financial Statements

The forecast financial statements have been prepared as a best efforts indication of the Commission's future financial performance.

The forecast financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) accounting standards, and comply with with PBE FRS 42 Prospective Financial Statements.

In the application of PBE FRS 42, management is required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of PBE FRS 42 that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, if applicable, in the relevant notes to the financial statements.

Actual financial results achieved for the period covered are likely to vary from the information presented, potentially in a material manner.



# Statement of Significant Accounting Policies

## Reporting Entity

The Retirement Commissioner is appointed under the New Zealand Superannuation and Retirement Income Act 2001 and the Crown Entities Act 2004. The Acting Retirement Commissioner was appointed on 5 December 2018 and a new Retirement Commissioner is currently being recruited to commence a three year term from 1 July 2019.

The Commission for Financial Capability (CFFC) is the office of the Retirement Commissioner, 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.

The principal 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, and monitoring and reporting on the effects and effectiveness of retirement income policies
- Monitor the provisions of the Retirement Villages Act and administer the Retirement Villages Act disputes process.

## Basis of Preparation

### Statement of Compliance and Measurement Base

The forecast financial statements for the Commission 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 forecast financial statements have been prepared on a historical-cost basis for a going concern in accordance with the Tier 2 Public Benefit Entities (PBE) Accounting Standards Reduced Disclosure Regime (PAS RDR). CFFC qualifies for PAS RDR reporting as it is not publicly accountable and has expenses greater than \$2m but less than \$30m.

## Presentational and Functional Currency

The forecast financial statements are presented in New Zealand dollars, and all values are rounded to the nearest dollar. The functional currency of CFFC is New Zealand dollars.

## Use of Estimates and Judgments

In preparing these forecast 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.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## Significant Accounting Policies

The following significant accounting policies, which materially affect the measurement of the forecast financial performance and financial position, have been applied.

# Revenue

## Crown Revenue

Revenue 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.

CFFC also receives other revenue from Crown entities to contribute towards the development, project management, execution and evaluation of various programmes and initiatives.

## Other Revenue

CFFC receives other revenue from non-Crown entities to contribute towards the development, project management, execution and evaluation of various programmes and initiatives.

## Interest Revenue

Interest revenue is recognised using the effective interest method.

# Cash and Cash Equivalents

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.

## Statement of Cash Flows

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Revenue and Expenses.

### Definitions of the terms used in the Statement of Cash Flows

- 'Cash' includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash, and includes at-call borrowings such as bank overdrafts, used by CFFC as part of its day-to-day cash management.
- 'Operating activities' include all transactions and other events that are not investing or financing activities.
- 'Investing activities' are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- 'Financing activities' are those activities relating to changes in equity of the entity.

## Debtors and Other Receivables

Debtors and other receivables, comprising trade debtors and accrued interest, are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

# Property, Plant and Equipment and Intangible Assets

## Property, Plant and Equipment

Property, plant and equipment asset classes consist of office equipment, furniture and fittings, computer equipment, and leasehold improvements. Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

## Additions and Disposals

The cost of an item of property, plant and 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 CFFC and the cost of the item can be measured reliably. If an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

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 forecast Statement of Comprehensive Revenue and Expenses.

## 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 CFFC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised as an expense in the forecast Statement of Comprehensive Revenue and Expenses as they are incurred.

## Depreciation

Depreciation is calculated on a straight-line basis on property, plant and equipment once in the location and condition necessary for its intended use so as to write off the cost or valuation of the property, plant and equipment over their expected useful life to their estimated residual value.

The following estimated useful lives and rates are used in the calculation of depreciation:

Office equipment	3–10 years	9.6%–30.0%
Furniture and fittings	3–12 years	8.5%–30.0%
Computer equipment	1.5–6 years	17.5%–67.0%
Leasehold improvements	5–15 years	7.0%–21.0%



## Intangible Assets

### Software Acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment.

### Website Development

Costs that are directly associated with interactive aspects of the Sorted websites are capitalised on an annual basis.

Costs associated with maintaining and advertising CFFC and Sorted websites are recognised as an expense in the forecast Statement of Comprehensive Revenue and Expenses as incurred.

### Amortisation

Amortisation is charged on a straight-line basis over the estimated useful life of the intangible asset.

The following estimated useful lives and rates are used in the calculation of amortisation:

Software	2.5 years	40.0%
Websites	2.5 years	30-40.0%

### Impairment

Property, plant and equipment and intangible assets 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 amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Given that the future economic benefits of CFFC's assets are not directly related to the ability to generate net cash flows, the value in use of these assets is measured on the basis of depreciated replacement cost.

An impairment loss is recognised in the Statement of Comprehensive Revenue and Expenses whenever the carrying amount of an asset exceeds its recoverable amount. Any reversal of impairment losses is also recognised in the Statement of Comprehensive Revenue and Expenses.

# Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

## Goods and Services Tax

All items in the forecast 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 (IRD) 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 IRD, 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.

## Creditors and Other Payables

Creditors and other payables, comprising trade creditors and other accounts payable, are recognised when CFFC becomes obliged to make future payments resulting from the purchase of goods and services.

## Employee Entitlements

Short-term employee entitlements, including holidays, are recognised as an expense over the period in which they accrue.

Entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are accrued based on the higher of current, or the rolling twelve months' average, rate of pay.

## Superannuation Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expenses as incurred.

## Operating Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to CFFC are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the forecast Statement of Comprehensive Revenue and Expenses.

## 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 charged to outputs based on cost drivers and related activity or usage information. Personnel costs are charged on the basis of estimated time incurred. Other indirect costs are assigned to outputs based on the proportion of direct staff time for each output.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.



