

# **Tauākī whakamaunga āta** **Statement of Performance** **Expectations**

FOR THE YEAR ENDING 30 JUNE 2023





Te Ara Ahunga Ora Retirement Commission  
is a Toitū certified carbonreduce organisation

# Ngā Ihirangi

## Contents

<b>Nā te Mana Ahungarua</b> From the Retirement Commissioner .....	2
<b>He karapa ki te tau kei te tū mai</b> The year ahead at a glance .....	3
<b>Te wāhi ki a mātou</b> Our role .....	4
<b>Aotearoa i ēnei rā</b> New Zealand today – our environment .....	5
<b>Tā mātou anga rautaki anga whakatutuki mahi</b> Our strategic and performance framework .....	7
<b>Te āhua o tā mātou whakatinana i ngā whāinga o te rautaki</b> How we deliver our strategic objectives .....	8
<b>He arotahinga tāngata</b> Who we focus on .....	9
<b>Te mahi ka mahia e mātou</b> What we will do .....	10
<b>Te hauora me ngā āheinga o te whakahaere</b> Organisational health and capability .....	14
<b>Tauākī matapae ahumoni</b> Financial forecast statements .....	15
<b>Tauākī Matapae Whiwhinga Whānui</b> Forecast statement of comprehensive income .....	16
<b>Tauākī Matapae Tūnga Ahumoni</b> Forecast statement of financial position .....	17
<b>Tauākī Matapae Huringa Tūtanga</b> Forecast statement of changes in equity .....	17
<b>Tauākī Matapae Kapewhiti</b> Forecast statement of cash flows .....	18
<b>Tauākī Whakaaro Tūāpapa</b> Statement of underlying assumptions .....	19
Basis of preparation .....	20
Significant accounting policies .....	20
Revenue .....	20
Property, plant and equipment and intangible assets .....	21
Intangible assets .....	22
<b>He Mahere Tāngata</b> Directory .....	24



# Nā te Mana Ahungarua

## From the Retirement Commissioner

This Statement of Performance Expectations reflects the proposed performance targets and forecast financial information for Te Ara Ahunga Ora Retirement Commission. It is produced in accordance with s149E of the Crown Entities Act 2004. Our Crown funding is received as a single appropriation - Commerce and Consumer Affairs: Retirement Commissioner.

The forecast financial statements and underlying assumptions in this document have been authorised by the Retirement Commissioner in her role under the Crown Entities Act 2004. It is not intended to update the forecast financial statements subsequent to presentation.



Jane Wrightson

**Mana Ahungarua**  
Retirement Commissioner

30 June 2022





# He karapa ki te tau kei te tū mai

## The year ahead at a glance



### Our vision

#### Everyone retires with confidence





##### Retirement policy

-  Deliver the triennial Review of Retirement Income Policies
-  Analyse NZ Super settings in a new research project






##### Retirement villages

-  Monitor progress and support the legislative framework review being undertaken by the Ministry for Housing and Urban Development
-  Deliver a monitoring report on an aspect of the retirement villages sector to continue providing publicly available information and analysis

##### Financial capability

-  Convene a national partners' conference to evaluate progress from the first full year of the National Strategy for Financial Capability
-  Focus Sorted financial capability efforts on younger New Zealanders, Māori, Pacific Peoples, and women
-  Maintain and develop the training products and services for Te whai hua – kia ora! Sorted in Schools, Sorted in Communities, and Sorted at Work
-  Implement Māori Medium Education NCEA achievement standard learning and assessment resources

##### Organisational health and capability

-  Complete an external self-review to assess our performance as a corporation sole
-  Progress our Māori development capability journey
-  Implement a diversity and inclusion strategy and action plan
-  Evolve our talent management practices, professional development, and progression opportunities
-  Implement an information management and technology action plan

# Te wāhi ki a mātou

## Our role

Te Ara Ahunga Ora's mission is to help improve retirement outcomes for New Zealanders. Our role is to work with the many different parts of government that contribute to retirement outcomes, to advocate for improvements, and to scrutinise the impact of changes. We are a small agency of just three dozen people so it is crucial we maintain a sharp focus on strategy, efficiency, and delivery.

We are heading into the final year of the high-level strategy outlined in the Statement of Intent 2021-2024. We will fully review the strategy in 2023 as we prepare a new Statement of Intent.<sup>1</sup>

For the coming year, our goals for retirement policy, retirement villages and financial capability will continue to be framed by three core objectives: trusted information, informed advocacy, and effective collaboration.

This Statement of Performance Expectations sets out our operating plan for 2022-2023. As we continue to navigate the impacts of living in a COVID-19 environment we have been considering how our small organisation can best deliver on our purpose alongside our statutory responsibilities.

Fundamentally, we work to help New Zealanders think long-term to improve their financial outcomes and to ensure a principled long-term approach is taken with retirement income settings.

While it is never easy to plan too far in advance, it can be especially hard for people facing daily challenges and those encountering difficult life events. We use an equity-based lens, placing tighter focus on populations needing the most investment of time and energy to achieve dignity and mana in retirement. Aligning with the National Strategy for Financial Capability, we are concentrating more effort on helping Māori, Pacific Peoples, women, and those with high debt levels and insufficient savings, such as some younger people. Collaboration will extend our impact.

### Empowerment is key.

The Retirement Commissioner also has a stewardship role in pensions policy, advocating for a fair, consistent and principled approach across different governments so New Zealanders can have long-term trust and confidence in the retirement income system.<sup>2</sup>

Our purpose helps frame our work, shape our planning and focus our people:

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To empower the people of  
Aotearoa on their journeys to  
a better retirement.

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## Scope of appropriation

Te Ara Ahunga Ora has a single appropriation and output class – Retirement Services. As encapsulated in the three goals, our statutory responsibilities include:

- improving financial capability
- raising public understanding and reviewing effectiveness of retirement income policies, and
- monitoring the retirement villages operating framework.

See also the Reporting Entity information in the Statement of Underlying Assumptions.

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1 See the Statement of Underlying Assumptions in this SPE for a list of our statutory responsibilities (Reporting Entity)

2 See website: [Purpose Statement for New Zealand's Retirement Income System | Retirement Commission Te Ara Ahunga Ora](#)

## Aotearoa i ēnei rā

# New Zealand today – our environment

With COVID-19 continuing to dominate thinking, it's more challenging than ever for people to find the space to plan long-term, particularly for retirement.

Government debt is increasing, and pressure is mounting to get levels down to a sustainable level. Interest rates are rising rapidly, Aotearoa is experiencing record inflation, and household debt is soaring.<sup>3</sup>

We know the great majority of superannuitants are dependent on NZ Super (the government pension) or other government transfers for their income. Forty percent of singles have no other income, 40% have less than \$100 per week from other sources and for the next 20% of the over 65s, NZ Super accounts for 70% of their income.<sup>4</sup>

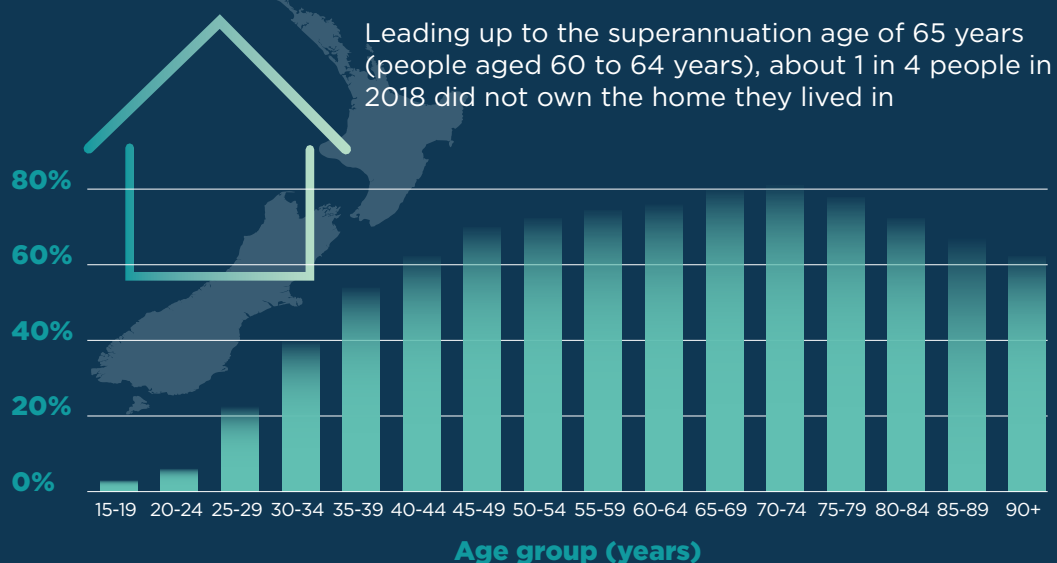
When New Zealand's borders were closed for an unprecedented period due to COVID-19, stories emerged of New Zealand pensioners who had travelled overseas and were unable to

return within 26 weeks, meaning their pensions were stopped and repayment demands issued after 30 weeks. While a concession was secured for some<sup>5</sup>, others were hurt by legislation and policy that lacks flexibility. We intend to examine pension settings this year to assess whether they should be updated and improved.

Home ownership is a key factor in securing an adequate standard of living in retirement. An overheated housing market continues to put buying a home out of reach for many first home buyers. However, a growing number of older New Zealanders are hitting NZ Super age renting or still paying off mortgages.<sup>6</sup>

This is a developing trend that, if it continues, will exacerbate "pension poverty" for those without a secure roof over their head. NZ Super is not designed to include covering significant housing costs, so the need to secure additional personal income in retirement years will intensify.

### Proportion of people who own their home, by age group, 2018



Source: Ministry of Social Development

<sup>3</sup> [Half Year Economic and Fiscal Update 2021 - 15 December 2021 \(treasury.govt.nz\)](https://www.treasury.govt.nz/publications/updates/half-year-economic-and-fiscal-update-2021-15-december-2021)

<sup>4</sup> [Household Incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2018 - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz/publications/household-incomes-in-new-zealand-trends-in-indicators-of-inequality-and-hardship-1982-to-2018)

<sup>5</sup> [Retirement Commissioner pleased a fix found to help stranded superannuitants | Retirement Commission Te Ara Ahunga Ora](https://www.retirementcommission.govt.nz/retirement-commission-te-ara-ahunga-ora)

<sup>6</sup> [Tenure insecurity precarious housing and hidden homelessness among older renters in New Zealand.pdf](https://www.msd.govt.nz/publications/tenure-insecurity-precarious-housing-and-hidden-homelessness-among-older-renters-in-new-zealand.pdf)



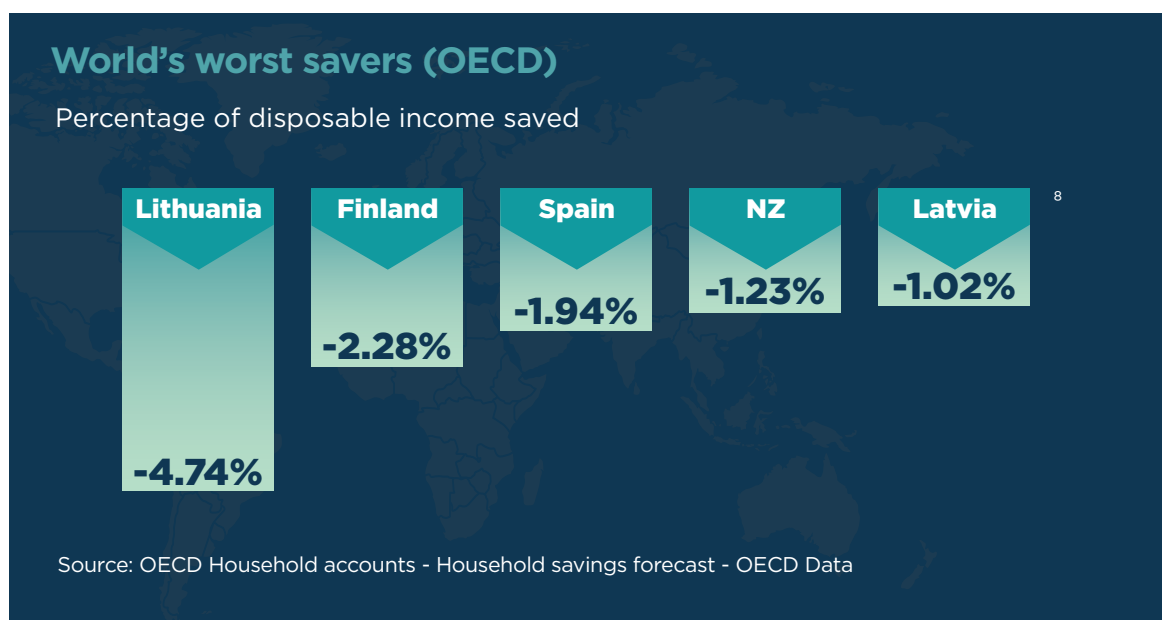
But New Zealand has a comparatively poor savings record <sup>7</sup> for a number of reasons. According to OECD data, New Zealand ranks in the top five of the world's worst savers, forecast to save -1.23% of their disposable income a year.

In other words, we spend more than we earn.

Many people's short-term savings, if they had any to begin with, have been hit hard by lockdowns and restrictions. A 2021 survey of 500,000 customers from one of the country's leading banks highlighted just how challenging it is for people: 38% are living pay-day to pay-day, and 49% of customers appear to be 'having trouble' or 'just coping.' Additionally, 40% of customers have less than \$1000 in funds available, and the national median savings balance is \$3032.<sup>9</sup>

Our own NZ Financial Capability Survey 2021 showed 50% of New Zealanders were either sometimes or constantly struggling to pay the bills, with 55% of New Zealanders often not having money left over. It also found 58% of New Zealanders could not cover an unexpected expense equivalent to one month's income, with 33% of people needing to borrow within the first three months if their income were to drop by a third.<sup>10</sup>

It's not getting easier for many in the team of five million and the gap is getting wider, with heightened inequities between groups, particularly women, Māori and Pacific Peoples.<sup>11</sup>



<sup>7</sup> Household accounts - Household savings forecast - OECD Data

<sup>8</sup> Household accounts - Household savings forecast - OECD Data

<sup>9</sup> <https://www.asb.co.nz/documents/media-centre/media-releases/asb-data-shows-financial-wellbeing-improving.html>

<sup>10</sup> <https://cfc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/Research-2020%2B/TAAO-RC-NZ-FinCap-Survey-Report-.pdf>

<sup>11</sup> COVID-19 Consumer Impacts Study: Wave 1 Survey Findings (mbie.govt.nz)



# Tā mātou anga rautaki anga whakatutuki mahi

## Our strategic and performance framework

Our strategic framework shows what drives us as an organisation and what we are aiming to achieve. We summarise it, for simplicity, as a plan on a page:

### OUR PURPOSE | TĀ MĀTOU PŪTAKE

To empower the people of Aotearoa on their journeys to a better retirement

### OUR VISION | TĀ MĀTOU WHAKAKITENGA

Everyone retires with confidence

### OUR MISSION | TĀ MĀTOU KAUPAPA MĀTĀMUA

Provide trusted information, informed advocacy and effective collaboration to improve retirement outcomes for all.

### OUR OBJECTIVES | TĀ MĀTOU ARONGA



Trusted information



Informed advocacy



Effective collaboration

### THREE GOALS | WHĀINGA E TORU

#### Retirement Policies

**What we will do:** Advocate for a system that serves the diversity of New Zealanders

**How we will do it:**

- Conduct a three-yearly review for government
- Uncover emerging issues and call for action
- Promote debate on retirement challenges
- Drive shared evidence to measure the impact of policy changes

#### Retirement Villages

**What we will do:** Oversee a fair regulatory framework

**How we will do it:**

- Flag issues and report on sector trends
- Support dispute resolution
- Tackle issues through sector collaboration

#### Financial Capability

**What we will do:** Promote the importance of long-term thinking

**How we will do it:**

- Lead the National Strategy for Financial Capability
- Supply trusted, independent information through Sorted
- Equip stakeholders with insights that add value

# Te āhua o tā mātou whakatinana i ngā whāinga o te rautaki

## How we deliver our strategic objectives

We ensure our goals for retirement policy, retirement villages and financial capability each have a built-in quality dimension with these three objectives:

### OBJECTIVE 1



Pārongo e whakaponohia ana

**Trusted Information**

We provide independent advice, information, and evidence that the government and the public can rely on. The extensively researched Sorted suite of products and workshops is a primary service, alongside quality policy and research contributions to discussions of financial capability and retirement issues.

#### **Quality lens**

If our information is not trusted our reputation will suffer and our work will not help New Zealanders.

### OBJECTIVE 2



Taunaki i runga i te mātau

**Informed Advocacy**

We promote informed debate about policies that affect retirees, and what it takes to get New Zealanders financially ready for retirement.

We support residents living in retirement villages with regular analysis of complaints data, and advocate for changes to the regulatory system when issues are identified.

#### **Quality lens**

If our advocacy is not informed we will be adding heat, not light, to complex debates.

### OBJECTIVE 3



Mahi tahi whai tikanga

**Effective collaboration**

Our independent role overseeing the retirement system means our impact is dependent on collaboration with others. Improved sector collaboration underpins our role in driving the new National Strategy for Financial Capability. Whether we are working with the retirement village sector, other government agencies, or financial service providers, we focus on positive relationships and building consensus to retain successful initiatives and change those that are not.

We also participate as global citizens through the work of the OECD. As a member of the International Network on Financial Education Working Group [INFE] we contribute to shared knowledge and understanding on financial capability and retirement income policy.

#### **Quality lens**

If our collaboration is not effective we will misuse resources and waste opportunities to achieve bigger goals.

# He arotahinga tāngata

## Who we focus on

We will keep building financial capability to help people weather stronger headwinds, so they improve their chances of arriving at retirement in better shape. Aligning our work with that of the wider financial capability sector is crucial so that, collectively, we can reach the people who need us most.

To help both internal and external alignment we have developed a new segmentation model, based on our consumer research, to underpin our work. We have identified six audience segments:

**Daily Distressed:** living day-to-day, potentially experiencing physical and mental health issues, and embarrassed by their financial situation, this group is likely to be in debt and unable to get ahead. They need access to dedicated social and financial services.

**Social Spenders:** financially generous and socially connected, this group is less experienced with their finances, is likely overwhelmed and doesn't want to think about it. They need proactive information about saving, spending, and borrowing, to keep their debt levels from spiralling.

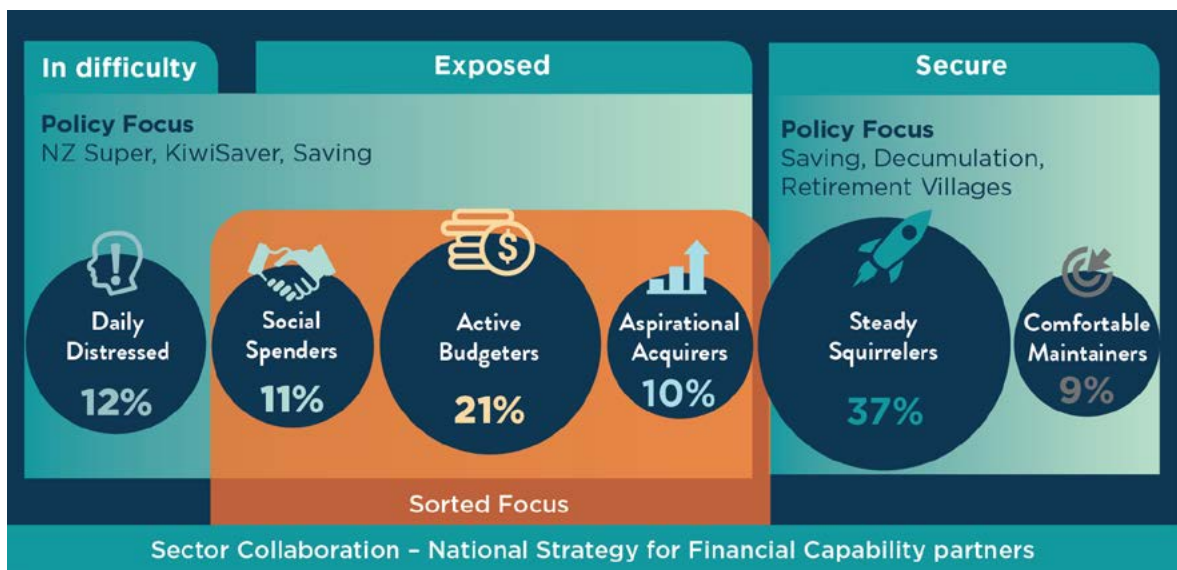
**Active Budgeters:** this group has limited financial resources, but a desire to improve their

financial position, so works hard to make every cent count. They are up for affordable help with budgeting, saving, and debt reduction, but need to be directed to the right people.

**Aspirational Acquirers:** this comparatively confident group likes to enjoy new-found financial independence, is starting to build up assets, but is not yet thinking longer-term. They seek information around budgeting, debt management and insurance. Also important is encouraging good financial habits and understanding risk and reward.

**Steady Squirrelers:** financially cautious, but confident and engaged, this group is future focused and keen on growing savings and assets. They feel on track to achieving the type of retirement they desire, regularly access formal financial information, and trust the advice they are given.

**Comfortable Maintainers:** having achieved financial independence and an adequate nest egg, this group is happy to enjoy the fruits of their labour. Building up savings or growing investments is less relevant at this stage but information about how to use resources consistently and wisely is likely to be of interest.



# Te mahi ka mahia e mātou

## What we will do

The tables below set out what we will do to achieve our objectives, and how we will measure progress.

Goal 1: Retirement Policies						
Long term goals and measures [SOI]	This year's objective	How we will measure progress	2022/2023 target	2021/22 estimated actual	2020/21 actual	Verification source
<p>Provide robust evidence to help future-proof retirement policy and support current and future retirees.</p> <p>Long-term impact measures –</p> <p>The number of recommendations accepted by Government, or which attract widespread industry or public support</p>	Trusted information					
	New Zealand's retirement policy settings are informed by a responsive, ongoing research programme	Publish at least three qualitative and quantitative research reports	3	4 <sup>12</sup>	4 <sup>13</sup>	Our website/ research
		Deliver the triennial Review of Retirement Income Policies by December 2022	Achieve	Not applicable	Not applicable	Our website/ letter to Minister
	Informed advocacy					
	New Zealand's retirement income policies are consistent and coherent	Recommendations in the triennial RRIP contribute to policy consistency	Achieve	Not applicable	Not applicable	External peer review
	Public understanding of retirement policy is enhanced by an annual deep dive on at least one important issue	Publish at least one well-researched policy paper aimed at the general audience by June 2023	Achieve (NZ Super settings)	Achieved <sup>14</sup>	Achieved <sup>15</sup>	Our website/ research
	Effective collaboration					
	Retirement policy issues are the focus of pan-sector government collaboration	Chair a senior officials' group across key government agencies to ensure retirement issues are considered across a range of policy settings	Achieve	Achieved	Achieved	Meeting minutes and actions taken
		Dashboard with measures across range of areas	Not applicable	Not applicable	Not applicable	Project undertaken by the Office for Seniors – their website

<sup>12</sup> Decumulation; seniors housing; retirees' spending habits; financial confidence

<sup>13</sup> COVID and financial wellbeing; triggering financial behaviour change; financial stress and interpersonal relationships; analysis of Sorted Money Week questions

<sup>14</sup> Kiwisaver; NZ Super basics

<sup>15</sup> Retirement income system; OECD comparisons



	Goal 2: Retirement Villages					
Long term goals and measures [SOI]	This year's objective	How we will measure progress	2022/2023 target	2021/22 estimated actual	2020/21 actual	Verification source
	Trusted information					
<p><b>Maintain a competent and independent regulatory regime.</b></p> <p>Long-term impact measure –</p> <p>An annual report provides insights that lead to constructive debate and change where required</p>	<b>Retirement village monitoring and sector insights are readily available for stakeholders</b>	Publish an annual report that monitors and discusses trends in the retirement villages sector, to extend the availability of independent public data	Achieve	Achieved	Achieved	Our website/ research
		Publish six-monthly reports of formal complaints raised in retirement villages	Achieve	Achieved (2)	Achieved (2)	Our website
	<b>Impartial information about retirement villages, for current and future retirees, is well-targeted and widely available</b>	Deliver public information through high quality, engaging online content, plus webinars and written material, as needed	Achieve	Achieved	Not applicable	Webinar participant survey; website usage statistics
	Informed advocacy					
	<b>Village residents and their families can access a disputes process</b>	Provide residents and their families with informal advice on options for dispute resolution	Achieve	Achieved	Not applicable	Our website
		Approve the appointment of appropriate members to the formal Disputes Panel	Achieve	Achieved	Achieved	Our website
		Publish Disputes Panel decision summaries <sup>16</sup>	Achieve	Achieved	Achieved	Our website

16 See [retirement.govt.nz/retirement-villages/complaints-and-disputes/disputes-panel-members-and-agencies](https://retirement.govt.nz/retirement-villages/complaints-and-disputes/disputes-panel-members-and-agencies)

	Goal 3: Financial Capability					
Long term goals and measures [SOI]	This year's objective	How we will measure progress	2022/23 target	2021/22 estimated actual	2020/21 actual	Verification source
<p><b>Provide trusted and independent information about retirement-related matters to help New Zealanders retire with confidence.</b></p> <p>Long term impact measures –</p> <p>The National Strategy for Financial Capability has active partners working collaboratively and reports successful progress annually</p> <p>Sorted remains the market leader for independent information and is widely used</p> <p>Senior team members are recognised subject experts and are consulted regularly</p>	Trusted information					
	<p><b>Maintain valued financial capability services with a special focus on the exposed segment: younger New Zealanders, Māori, Pacific Peoples, and women</b></p>	Sorted.org.nz				
		Sorted website users find the website valuable to help manage their finances	Greater than 85%	Awaiting 2021/2022 Sorted survey results	Baseline established (85%)	Sorted User Survey (agree/strongly agree)
		Māori find the Sorted website valuable to help manage their finances	Greater than 85%	Awaiting 2021/2022 Sorted survey results	Baseline established (85%)	Sorted User Survey (agree/strongly agree)
		Pacific Peoples find the Sorted website valuable to help manage their finances	Greater than 85%	Awaiting 2021/2022 Sorted survey results	Baseline established (85%)	Sorted User Survey (agree/strongly agree)
		Develop and execute a new approach for the Sorted website to serve younger Māori audiences better	Achieve	Not applicable	Not applicable	Internal plan and monitoring reports
		Grow website new user registrations	15,000	14,000	Not applicable	Internal plan and monitoring reports
		At least 45% new user registrations will be aged under 35 years	Achieve	Achieved	Not applicable	Internal plan and monitoring reports
		Sorted in Communities				
		Pilot two new initiatives for priority audiences, including a programme delivered to 150 Māori households	Achieve	Achieved	Not applicable	Internal plan and monitoring reports
		Achieve new household completion targets for the Sorted Pacific Peoples Pathways to Home Ownership Programme <sup>17</sup>	400	300	Not applicable	Internal plan and monitoring reports; Skills Update reporting
		Participants agree the Sorted Pacific Peoples Pathways to Home Ownership Programme is valuable as a pathway into their first home <sup>17</sup>	85%	Not applicable	Not applicable	Internal plan and monitoring reports; Skills Update reporting

<sup>17</sup> A partnership project with the Ministry for Pacific Peoples. 1200 Pacific household completions due by June 2025

		Sorted in Schools				
		Maintain percentage of secondary schools and Kura using Sorted in Schools	65%	65%	62%	NZCER independent audit
		Teachers agree they are satisfied with the quality of the Sorted in Schools programme <sup>18</sup>	85%	Not applicable	Not applicable	NZCER evaluation
		Develop and launch learning and assessment resources for two achievement standards for Māori Medium Education	Achieve	Not applicable	Not applicable	Resources are live on website
		Sorted in Work				
		Participants agree they value the Sorted at Work programme	85%	Not applicable	Not applicable	Internal plan and monitoring reports
	Informed advocacy					
	Share financial capability insights and research with key stakeholders on a regular basis	Regularly publish a substantial survey assessing NZers' financial capability and wellbeing that will track trends over time	Not applicable (RRIP year)	Achieved New Zealand Financial Capability Survey (July 2021)	Not applicable	Our website
		Present at least two well-received stakeholder webinars/seminars sharing new financial capability insights	Achieve	2	Not applicable	Participant survey (agree/strongly agree)
	Effective collaboration					
	The National Strategy for Financial Capability is relevant and supported by the sector	Publish a short annual report analysing progress and identifying new initiatives agreed by sector	Achieve	Achieved	Not applicable	Our website
		National Strategy partners value the shared Money Week resources provided by us	75%	72%	Not applicable	Post-campaign survey

<sup>18</sup> Sorted in Schools, Sorted in Community and Sorted at Work evaluations use a 6-point Likert scale. Reporting will include overall agreement (combining somewhat agree, agree, and strongly agree). The Sorted.org. evaluation uses a 5-point Likert scale.



# Te hauora me ngā āheinga o te whakahaere

## Organisational health and capability

We want to maintain a positive, supportive and productive workplace culture. To achieve this, we have formal good employer and personnel policies in place and are committed to equal opportunities. Harassment and discrimination have no place at Te Ara Ahunga Ora. Because of our small team size, we rely on our staff to be adaptable and highly capable. As a small corporation sole we will complete an external self-assessment this year to evaluate our governance and management performance and identify any improvements. The last such review was in 2018.

Our measures are summarised in the table below.<sup>19</sup>

Organisational health and capability performance measures				
Long term goal	This year's objective	2022/23 target	2021/22 estimated actual	2020/21 actual
A safe and healthy workplace for all staff	Effective Collaboration			
	Workplace hazards are identified, reported and addressed	100% of hazards reported had a documented mitigation strategy	Achieved. 100% of hazards reported had a documented mitigation strategy	Achieved. 100% of hazards reported had a documented mitigation strategy
A high performing, engaged team aligned with our vision and mission	Engagement survey results at least maintain the previous year's baseline Employee Net Promoter Score indicator	Achieve	- 4 (improved 7 points)	Baseline established (-11)
	Engagement survey results at least maintain baseline for this indicator: <i>Employees feel well informed about the direction, strategy and activities for Te Ara Ahunga Ora</i>	Achieve	86%	Baseline established (79%)
A collaborative culture where everyone's contribution is valued, and each team member is empowered to do a great job	A formal team member recognition programme is in place	Achieve	Achieved. Te Pae O Mihi launched (quarterly)	Achieved
	Implement a diversity and inclusion strategy and action plan and meet targets and measures	Achieve	Not applicable	Not applicable
Strengthened individual, leadership and organisational capability through career progression and professional development opportunities	An annual learning and development plan is in place for the organisation	Achieve	Achieved	Achieved
	A cultural competency training programme improves our team's understanding of and responsibilities to Te Ao Māori	Achieve	Achieved	Not applicable
Recruitment, training and remuneration policies and practices support us to attract and retain skilled, flexible and adaptable team players	Employee turnover is 15% or less each year	Achieve	20%	19%
	Salary benchmarking is conducted biennially to ensure employees are remunerated fairly	N/A (biennial)	N/A (biennial)	N/A (biennial)
Effective systems and processes help us meet wider obligations and our team to work efficiently	Implement an information management and technology action plan with targets and measures	Achieve	Not applicable	Not applicable

<sup>19</sup> All verification sources: Governance meeting reporting





**Tauākī matapae ahumoni**  
**Forecast financial statements**





## Tauākī matapae whiwhinga whānui

# Forecast statement of comprehensive income

as at 30 June 2023

	2022/23 Budget	2021/22 Budget	2021/22 Estimate
<b>Revenue</b>			
Crown revenue	9,277,000	9,302,000	9,313,637
Other revenue	80,000	170,000	136,532
<b>Total revenue</b>	<b>9,357,000</b>	<b>9,472,000</b>	<b>9,450,169</b>
<b>Expenditure</b>			
Personnel	\$5,396,888	5,020,696	5,014,538
Depreciation & amortisation	328,000	370,000	282,695
Other operating expenses	4,258,210	4,292,418	4,100,173
<b>Total expenditure</b>	<b>9,983,098</b>	<b>9,683,114</b>	<b>9,397,406</b>
<b>Total comprehensive revenue and expense</b>	<b>(626,098)</b>	<b>(211,114)</b>	<b>52,763</b>

## Tauākī matapae tūnga ahumoni

# Forecast statement of financial position

as at 30 June 2023

	2022/23 Budget	2021/22 Budget	2021/22 Estimate
<b>Current assets</b>			
Cash and cash equivalents	345,719	420,886	727,529
Investments	2,250,000	2,000,000	2,500,000
Debtors and other receivables	157,949	151,418	155,000
Prepayments	30,000	31,432	30,000
<b>Total current assets</b>	<b>2,783,668</b>	<b>2,603,736</b>	<b>3,412,529</b>
<b>Non-current assets</b>			
Property, plant & equipment	269,472	279,795	345,859
Intangible assets	342,316	410,000	313,872
<b>Total non-current assets</b>	<b>611,788</b>	<b>689,795</b>	<b>659,731</b>
<b>Total assets</b>	<b>3,395,456</b>	<b>3,293,531</b>	<b>4,072,260</b>
<b>Current liabilities</b>			
Creditors and other payables	273,000	386,283	265,000
Employee entitlements	293,272	277,884	305,272
Other liabilities	108,980	124,297	155,686
<b>Total current liabilities</b>	<b>675,252</b>	<b>788,464</b>	<b>725,958</b>
<b>Net assets</b>	<b>2,720,204</b>	<b>2,505,067</b>	<b>3,346,302</b>
<b>Equity</b>			
Taxpayer Funds	200,000	200,000	200,000
Accumulated Surplus	2,520,204	2,305,067	3,146,302
<b>Total equity</b>	<b>2,720,204</b>	<b>2,505,067</b>	<b>3,346,302</b>

## Tauākī matapae huringa tūtanga

# Forecast statement of changes in equity

For the year ending 30 June 2023

	2022/23 Budget	2021/22 Budget	2021/22 Estimate
<b>Balance at 1 July</b>	<b>3,346,302</b>	<b>2,716,181</b>	<b>3,293,539</b>
<b>Total comprehensive revenue and expense for the year</b>	<b>(626,098)</b>	<b>(211,114)</b>	<b>52,763</b>
<b>Balance at 30 June</b>	<b>2,720,204</b>	<b>2,505,067</b>	<b>3,346,302</b>



## Tauākī matapae kapewhiti

# Forecast statement of cash flows

For the year ending 30 June 2023

	2022/23 Budget	2021/22 Budget	2021/22 Estimate
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from the Crown	9,277,000	9,302,000	9,313,637
Receipts from other revenue	23,723	148,723	116,071
Interest received	2,000	25,000	2,649
	<b>9,302,723</b>	<b>9,475,723</b>	<b>9,432,357</b>
<i>Cash was applied to:</i>			
Payments to suppliers and employees	(9,706,905)	(9,366,955)	(8,991,256)
Net GST	2,372	896	15,991
	<b>9,704,533</b>	<b>9,367,851</b>	<b>9,007,247</b>
<b>Net cash from operating activities</b>	<b>(401,810)</b>	<b>107,872</b>	<b>425,110</b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Term Investments	2,500,000	0	2,000,000
Receipts from sale of property, plant & equipment	0	0	0
Interest received	50,000	0	29,000
	<b>2,550,000</b>	<b>0</b>	<b>2,029,000</b>
<i>Cash was applied to:</i>			
Funds transferred to investments	(2,250,000)	0	(2,500,000)
Purchase of property, plant & equipment	(30,000)	(80,000)	(91,690)
Purchase of intangible assets	(250,000)	(290,000)	(222,475)
	<b>(2,530,000)</b>	<b>(370,000)</b>	<b>(2,814,165)</b>
<b>Net cash flows from investing activities</b>	<b>20,000</b>	<b>(370,000)</b>	<b>(785,165)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(381,810)</b>	<b>(262,128)</b>	<b>(360,055)</b>
<b>Cash and cash equivalents at 1 July</b>	<b>727,529</b>	<b>683,014</b>	<b>1,087,584</b>
<b>Cash and cash equivalents at 30 June</b>	<b>345,719</b>	<b>420,886</b>	<b>727,529</b>
<b>Represented By:</b>			
Cash and Cash Equivalents	345,719	420,886	727,529
<b>Cash held at the end of the year</b>	<b>345,719</b>	<b>420,886</b>	<b>727,529</b>



# **Tauākī whakaaro tūāpapa**

## Statement of underlying assumptions

### Significant assumption

The opening position of the forecast statements is based on unaudited results for 2021/22. The actual results for January to June 2022 are unavailable at the time of preparation; therefore, the balance as at 30 June 2022 has been estimated using January to June 2022 forecast figures.

### Revenue from crown appropriations

Revenue from Crown Appropriations is consistent with the 2022/23 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 around 39 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 Te Ara Ahunga Ora'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 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.

### Reporting entity

Te Ara Ahunga Ora is the office of the Retirement Commissioner, an autonomous Crown Entity defined by the Crown Entities Act 2004. Te Ara Ahunga Ora is domiciled in New Zealand, and its ultimate parent is the New Zealand Crown. The Retirement Commissioner is appointed under the New Zealand Superannuation and Retirement Income Act 2001 and the Crown Entities Act 2004. The current Retirement Commissioner was appointed on 10 February 2020 for a term of three years.

Te Ara Ahunga Ora's role is set out in the New Zealand Superannuation and Retirement Income Act 2001, and the Retirement Villages Act 2003. Our statutory responsibilities include:

- Developing and promoting methods to improve New Zealand's retirement policy settings
- Monitoring the effects of retirement policies on retirees
- Conducting a three-yearly review of retirement policies
- Promoting education, and publishing information about financial matters
- Collecting and publishing information to fulfil our functions
- Monitoring the effectiveness of financial dispute resolution schemes; and
- Monitoring the effects of the retirement villages legislation.

## Basis of preparation

### Statement of compliance and measurement base

The forecast financial statements for the Te Ara Ahunga Ora 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). Te Ara Ahunga Ora qualifies for PAS RDR reporting as it is not publicly accountable and has expenses greater than \$2m but less than \$30m.

### Presentation currency

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

### Use of estimates and judgements

In preparing these forecast financial statements to conform with 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. Te Ara Ahunga Ora has made estimates and assumptions concerning the future, based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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 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.

## 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.

Te Ara Ahunga Ora 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.

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

#### Other revenue

Te Ara Ahunga Ora 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 and cash equivalents’ 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 Te Ara Ahunga Ora 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, accrued interest and GST receivable are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Impairment of a receivable is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the receivable.

## 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 Te Ara Ahunga Ora 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 Te Ara Ahunga Ora 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	2.8 – 10.4 years	9.6%–36.0%
Furniture and fittings	3.3 – 11.8 years	8.5%–30.0%
Computer equipment	1.33 – 5.8 years	17.5%–75.42%
Leasehold improvements	4.7 – 16.7 years	6.0%–21.0%
Telecommunications	3.3 years	30.0%

## 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 Te Ara Ahunga Ora's 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 – 3.3 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 Te Ara Ahunga Ora'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

Te Ara Ahunga Ora 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 Te Ara Ahunga Ora becomes obliged to make future payments resulting from the purchase of goods and services.

## Employee benefits

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 Te Ara Ahunga Ora 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

Te Ara Ahunga Ora attributes all direct and indirect costs to a single output class – Retirement Services.

# He mahere tāngata Directory

## Our team (as at June 2022)

**Jane Wrightson** – Retirement Commissioner

**Erin Thompson** (Tainui, Te Arawa, Ngāi Tāmanuhiri) – Kaihautū /Director Māori Development

**Dr Suzy Morrissey** – Director, Policy

Dr Michelle Reyers – Policy Lead

Tristan Fluerty – Retirement Villages Specialist

Dr Jo Gamble – Research Lead

**Nick Thomson** – Director, Financial Capability

Tista Lythe – Learning Development Lead

Marina Kawe-Peautolu (Ngāti Ranginui, Ngāti Kahungunu, Ngāi Tahu) – Kaitakawaenga/Learning Designer MME

Liline Hewett – Project Specialist, Pacific

Su Min Ahn – Learning Designer EME

Tania Vercoelen – Learning Development Specialist

Lexia Hansen – Learning Development Administrator

Donna Robinson – Learning Delivery Lead

Claire Bailey – Learning Specialist Schools

Vacant – Kaikōkiri/Learning Specialist – Kura

Ana Tu'inukuafe – Relationship Specialist – Communities

Natalie Palmer – Learning Delivery Specialist

Vacant – Director, Marketing

Kelly Phillips – Marketing & Content Lead

Hannah Merceanu – Digital Marketing Specialist

Georgia Lopesi – Graphic Designer

Natasha Lavulavu – Marketing Specialist

Jason Gambitsis – Digital Assets Lead

Michael Coffey – Data and Analytics Specialist

Morgan Martin – Digital Channels Specialist

Devon Connelly – Marketing Administrator

**Anika Forsman** – Director, Stakeholder Relations

Tom Hartmann – Personal Finance Lead

Rachel Beckett – National Partnerships Lead

Elizabeth O'Halloran – Communications Specialist

**Nisha Keetels** (Ngāti Raukawa, Tūhoe) – Director, Corporate Services

Gemma Fulton – Finance Lead

Shristi Singh – Assistant Accountant

Rosa Armstrong – People Lead

Nick Beard – Business Lead

Rebecca Jenner – Performance Accountability Specialist

Vacant – Business Administrator



## Contact us

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