



## MP for Mana

Minister of Broadcasting, Communications and Digital Media

Minister of Civil Defence

Minister of Commerce and Consumer Affairs

Minister of Customs

Associate Minister of Immigration

**26 FEB 2019**

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

Dear Peter

## **ANNUAL LETTER OF EXPECTATIONS FOR 2019/20**

I am writing to convey my portfolio priorities and your role in achieving these priorities, along with my strategic and performance expectations for the Commission for Financial Capability (CFFC) in relation to the 2019/20 financial year.

The goal of this Government's economic strategy is to improve the well-being and living standards of New Zealanders through sustainable and inclusive growth. This means moving beyond narrow economic indicators and measures of success, and instead putting the well-being of our people and the environment at the centre.

### **Commerce and Consumer Affairs priorities and what this means for CFFC**

The Commerce and Consumer Affairs portfolio plays an important role in supporting a more competitive and productive business environment that delivers for all New Zealanders. My priorities for this year include:

- introducing legislation to amend the *Credit Contracts and Consumer Finance Act 2003* to help support disadvantaged and vulnerable consumers
- progressing implementation of the Financial Services Legislation Amendment Bill to improve access to high quality financial advice
- reviewing the settings for the default KiwiSaver scheme to ensure that they deliver value for those individuals in default funds and help people save for retirement
- introducing legislation to regulate the conduct of the banking and insurance sectors to protect consumers, and enable better financial decision-making
- Work to increase access to safe financial products and services.

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

This Government's priorities extend beyond agency boundaries - many will involve you playing an effective role within an integrated and coherent system. I expect you to collaborate and work closely with a range of agencies and parties that have a stake in achieving these priorities including the Ministry of Business, Innovation and Employment (MBIE), Ministry of Social Development, Ministry of Education, the Financial Markets Authority and the Commerce Commission.

The following paragraphs set out my specific expectations for CFFC.

### **Specific expectations for CFFC**

My particular expectations for CFFC in 2019/20 are:

- Ensure efficient use of government resources when performing commission functions.
- Lead cross-government coordination on financial capability.
- Improve transparency and work towards improving collective knowledge, through being a thought-leader on financial capability and retirement income issues and by publishing research, data and information.
- Focus on the roll-out of the Sorted in Schools initiative and work with the Ministry of Education on the School Leavers' Toolkit.
- Work effectively with all organisations (public and private) to achieve the shared goal of improving financial capability.
- Collaborate in the development and achievement of any goals related to financial capability that arise from the Access to Safe Credit strategy, and to continue to develop a savings trial in collaboration with other agencies and the sector.
- Work effectively to ensure a substantial evidence base with public input on the Retirement Income Policies Review.
- Develop outcome-focused performance measures to better reflect the level of financial capability in New Zealand, how this level is tracking and identify opportunities for improvement.
- Actively monitor the effectiveness of CFFC's initiatives by collecting data on their impact across the population, including their impact on vulnerable communities and those on low fixed incomes, and to identify areas where CFFC could take a more targeted approach.

### **General expectations and good governance**

As part of your role in governing a high performing Commission, I expect you to:

- maintain an effective senior leadership
- be the primary monitor of CFFC's performance and maintain effective relationships with my advisors in MBIE
- operate a no surprises policy.

These expectations are set out in more detail in the Annex to this letter.

### **Strategy and performance information**

All Crown entities must prepare an annual Statement of Performance Expectations (SPE) and have an approved Statement of Intent (SOI).

The annual SPE should provide a clear performance framework and support excellent reporting to Parliament and the public on results.

I do not expect to see a new draft SOI this year as the current SOI can remain in place until further notice. However, please advise me as soon as is practicable if your work on the future of CFFC indicates that a new SOI should be developed.

**Response**

Your advice by 15 March 2019 on how you propose to respond to the expectations set out in this letter and its Annex would be appreciated. I would be happy to consider approaches that best achieve our collective aims and work well for CFFC.

In the first instance, please discuss your proposed response with MBIE.

I look forward to developing an effective working relationship with you over the coming year.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Kris Faafoti', is written over a faint, illegible stamp or watermark.

Kris Faafoti

**Minister of Commerce and Consumer Affairs**

Copy to: James Hartley,  
General Manager, Commerce, Consumers and Communications, MBIE

## **Annex 1: General expectations and good governance**

### *Effective leadership*

Ensuring the senior leadership team is, and remains, high-performing is essential. I expect the leadership to address opportunities for improvement, including strategic focus/planning, organisational capability, staff turnover, organisational dynamics and succession. I look forward to hearing how the organisation progresses against these goals.

### *Deliver responsible governance with a broader measure of success*

I ask you to be part of a public sector that builds a New Zealand we can all be proud of; a public sector that recognises the value of every New Zealander and backs all our people. To do this I expect you to think holistically about the impact of your organisation's plans and programmes, and prioritising interventions that make the biggest difference to lifting the current and future wellbeing of New Zealanders. In particular, I ask you to strengthen your effort to partner with Maori organisations to improve services and outcomes for Maori.

I expect you to actively promote and develop the diversity of your workforce for the long term to encompass a broad spread of experience, culture, perspective and lifestyle of those who live in New Zealand.

### *Effective monitoring of entity performance and relationship with the MBIE*

In addition to setting and driving a strategy that delivers on government priorities, your senior leadership is the most important monitor of entity performance. I expect the senior leadership to provide me with high quality information and analysis on entity performance against plan, implications for future performance, and risks and opportunities facing the entity.

I expect you to have a constructive working relationship with your monitor within MBIE. This relationship should include active participation and engagement with my officials in the process of setting your organisation's strategic direction and in any review of existing strategies, priorities and plans, and data systems.

I expect you to work with and across government to integrate work of your organisation with the role and work of other agencies, and to support the state sector stewardship of government departments.

### *No surprises*

The Government has a 'no surprises' policy. No surprises means that the Government expects you to:

- be aware of any possible implications of their decisions and actions for wider government policy issues
- advise the responsible Minister of issues that may be discussed in the public arena or that may require a ministerial response, preferably ahead of time or otherwise as soon as possible
- inform the Minister in advance of any major strategic initiatives.

I also ask you to avoid 'pre-judging' my potential responses to risks and opportunities. I expect to hear about emerging issues and what major actions the senior leadership is considering. My reactions will be based on a range of factors, including the benefits of new initiatives and of taking different approaches to achieve our goals.