
Statement of Performance Expectations 2018/19

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Introduction by the Retirement Commissioner

The shift from talking about financial literacy, through to financial capability and financial wellbeing, reflects our growing understanding of what it takes to prepare generations of today and the future for an ageing population. Literacy is about what we know, capability is what we can do, and wellbeing is the end goal.

At CFFC we work to build financial wellbeing by increasing financial capability, and we do so across the population using a mix of mass online tools, and tailored, targeted face to face programmes for those that need something more fundamental in the way of behaviour change.

Our research and evaluations over the past four years have helped us better understand the necessary ingredients to bring about that change.

The programmes deliver a shared experience over time, something of a personal journey and an important opportunity to step back from the urgency of today. The tension between today and tomorrow and our ability to think long term is fundamental to financial wellbeing, and we know that becomes harder for families that deal daily with chaos and uncertainty.

We also know that our internal locus of control, meaning the degree to which we believe we are capable of determining our fate, is critical. Why try if we don't believe there is a correlation between our efforts and outcomes?

The programmes developed and delivered by CFFC and our partners provide a place to tackle those and other issues. They are effective, but they are also resource intensive and it has taken time to build scale. Now with over 80 trained CFFC facilitators across New Zealand and multiple partnerships with NGO's, workplaces, community groups, churches and iwi we are delivering national reach to thousands of New Zealanders.

Work is underway to extend that reach by taking our programmes online, trying to replicate the transformation that happens in that shared journey through online learning. The reality is that it cannot replace the face to face experience for everybody; it will meet the needs of some if not all, but it will be another offering alongside our existing work.

Our Sorted website continues to evolve to keep pace with a changing fintech environment. Ten years ago, it was a leader in offering online tools, but investment by the financial services sector in meeting demand for real time information has left us somewhere at the back of the pack. Sorted offers a neutral perspective, it has no sales agenda and no products to promote, its only goal is to improve financial capability and wellbeing. That makes it uniquely placed, but to stay relevant Sorted will need to evolve further, capitalising on the move towards Open Banking, offering an 'all of asset' view and algorithm-based robo-planning.

Five years ago, CFFC signalled a shift to a greater focus on low income and vulnerable New Zealanders. That ongoing commitment is not annexed in one project or team, it is reflected throughout our work. When we talk about wealth we mean the wellbeing that comes from being able to meet your living costs, sleep well knowing you have emergency savings for the unexpected and a plan for the future.

We also acknowledge that vulnerability is not just about income. In response to the rapid growth in frauds and scams we are working with government agencies, the banking sector and NGO's on education and prevention. Millions of dollars are drained from the New Zealand economy annually by sophisticated international fraud operations targeting older people. Those targeted are approached because they have savings and often increased vulnerability due to loneliness and isolation, and a lack of tech savviness.

In 2017 we received additional funding for schools. Work is underway to embed financial capability in the curriculum so that our young people leave school ready to navigate choices around credit, spending and savings. The availability of credit, combined with head-winds such as housing affordability and the growth of the gig economy, make it critical that generations to come are equipped for the future.

Our shift away from investing in paid-for advertising towards generating editorial content in-house continues. We are now self-sufficient in our ability to quickly create content that runs across media platforms. It enables us to connect and inform, present challenges to social norms and build a persuasive narrative via story telling. It delivers on our goal to bring financial capability to the fore and turn dry and complex data into something compelling and relevant in a far more cost-effective way.

Our ageing population will present future generations with some challenges. There are many positives to living longer but it comes with the risk that we outlive our savings. Our work with New Zealanders young and old to build financial capability is an incredibly important part of preparing us as a country for the unprecedented demographic change ahead.

A handwritten signature in black ink that reads "Diane Maxwell". The signature is written in a cursive style with a large, stylized initial 'D'.

Diane Maxwell

Retirement Commissioner

30 June 2018

CFFC's Performance Story

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 Retirement Commissioner, Diane Maxwell, was appointed on 1 July 2013 for an initial term of three years, and then reappointed for a further term of three years on 1 July 2016.

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.

What We Seek to Achieve for New Zealanders

Greater financial resilience and capability means New Zealanders are better able to manage debt, accumulate savings, realise home-ownership aspirations and weather shocks, and in doing so reduce the government's long-term liabilities associated with an ageing population.

We are an organisation that drives sustainable behaviour change by helping people to make better decisions about their money. We want to build wealth and well-being by bringing about an underlying shift in the way people think about and manage money, which improves both short-term and long-term behaviour.

CFFC intends to deliver on these objectives by working towards three high-level outcomes:

New Zealanders are more financially capable, achieving financial wellbeing now and in retirement.¹

New Zealanders are better informed about retirement income policy and related matters and are able to make more informed choices.

New Zealanders are better informed about retirement village issues and the operation of the Retirement Villages Act, and residents have access to a robust disputes process.

Our Approach to Measuring Performance

The CFFC Statement of Intent 2017–2020 identifies our strategic priorities that will be our focus over the next two years.

This Statement of Performance Expectations (SPE) outlines the performance expectations of CFFC for the year ending 30 June 2019, covering both service performance and the prospective financial statements which are agreed with the Minister of Commerce and Consumer Affairs.

This SPE provides further detail on the key activity areas for each of the three output classes and how our performance in each area will be assessed for the year to 30 June 2019.

The progress against each of these activities will be reported in CFFC's 2018/19 Annual Report.

The reporting sections are divided by each of our output classes:

- Financial Capability
- Retirement Income
- Retirement Villages

¹ See Financial Capability measures on page 14.

CFFC Performance Measurement Framework

Each of our three output classes will contribute to the three outcomes as set out in the performance measurement framework below. This Statement of Performance Expectations provides further detail on the key delivery areas for each three output classes and the key activities being delivered.



*Impacts are dependent on Government implementation of CFFC recommendations.

Output Class 1: Financial Capability

CFFC funding in this area is intended to achieve growth in the financial capability and resilience of New Zealanders across a lifetime, putting them in the best possible position to reach their life goals and reach retirement in good financial health.

The assessment of performance for this measure is increased levels of financial capability and sustainable behaviour change.²

Key activity areas under this output are:

- Lead the National Strategy for Financial Capability
- Develop, deliver, and support high-quality financial capability learning experiences
- Raise awareness and communicate with the public regarding the importance of financial capability

Lead the National Strategy for Financial Capability

CFFC leads the delivery of the National Strategy for Financial Capability, which sets a shared direction for raising financial capability with government agencies, communities, and the private sector. Through partnerships we foster innovative and collaborative ways of working that benefit all New Zealanders.

The strategy helps to ensure that:

- A range of existing government agency networks and services are used to deliver shared financial capability messages and resources, allowing us to reach more people without additional cost or duplication.
- Government-funded, community-run financial capability programmes are well connected, have access to current best practices, and target priority areas.
- We tap into community-run collective effort exercises where financial capability could play a part.

ACTIVITY	2016/17	2017/18	2018/19
	Actual	Forecast	Target
Lead quarterly meetings of the Cross-Government Group for Financial Capability	Achieved (4 meetings)	Achieved (4 meetings)	Achieved (4 meetings)
Lead meetings of the Auckland and Wellington Financial Capability Networks	Achieved (4 meetings)	Achieved (4 meetings)	Achieved (4 meetings)

² <https://www.budget.govt.nz/budget/pdfs/estimates/v1/est18-v1-buscin.pdf>, page 60

ACTIVITY	2016/17	2017/18	2018/19
	Actual	Forecast	Target
Work with National Strategy partners to promote content on the National Strategy website and increase website traffic	2,725 views	25% increase in website traffic (from 2,725 to 3,407 views)	25% increase in website traffic (from 3,407 to 4,259 views)
Number of organisations from across the financial capability system that support and/or align their initiatives to the National Strategy for Financial Capability	130	140	150

Develop, Deliver, and Support High-Quality Financial Capability Learning Experiences

Sorted in Schools

In Budget 2017, CFFC was allocated \$10 million over four years to support the implementation of a national rollout for financial capability in schools. Sorted in Schools is a large-scale programme that aims to have financial capability integrated across the New Zealand Curriculum and Te Marautanga o Aotearoa. We will work to achieve sustained behaviour change across the student demographic by scaling CFFC's successfully piloted financial capability programmes.

The Sorted in Schools programme vision is that financial capability is integrated across key areas of the New Zealand Curriculum and Te Marautanga o Aotearoa so that learners leave school understanding what money is, how it works and how to make it work for them.

In 2018-2019, the programme will target Years 9 and 10 to provide a base level of financial capability for secondary school students, which will be delivered over two packages that are of relevance to this cohort of learners. The first package will cover the following topics:

- Debt
- Savings
- Budgeting
- Goals

The second package will cover a further four topics:

- Insurance
- KiwiSaver
- Retirement
- Investing

The review of NCEA is currently underway in 2018, and the outcomes and recommendations from this review will help shape the delivery of the financial capability education programme for all learners across Years 9–13 in out years to 2021, with an equitable focus on Māori and Pasifika learners.

Sorted in Schools will provide quality, consistent learning to be incorporated into the curriculum at each year level. We will arrange for professional development for teachers so they feel confident in teaching financial capability, and provide digital, interactive resources they can use with their students. Teachers will be supported to deliver the programme through training and professional development. Content packages will be made available for all schools via a digital platform.

CFFC will work across school leaders, boards, and key stakeholders to promote delivery of the programme and collaborate with the Ministry of Education on the delivery of the School Leavers' Toolkit.

ACTIVITY	2017/2018	2018/2019 Target
Develop, pilot and implement New Zealand Curriculum and Te Marautanga o Aotearoa teaching and learning packages co-constructed with teachers aimed at years 9-13 consisting of eight financial capability topics	New	Develop, pilot and implement two NZ Curriculum and two Te Marautanga packages ³ consisting of four financial capability topics for Years 9 and 10
Schools and kura are accessing and using the Sorted in Schools resources	New	30% of NZ schools teaching Year 9 and 10 are accessing and using at least one financial capability resource
The completed financial capability resource packages and teacher training materials are available for all secondary schools via a digital platform	New	Achieved
Engage with MOE for the delivery of the School Leavers Toolkit, and identify areas for collaboration	New	Achieved
Engage and collaborate with key education stakeholders via a Quality Assurance group and bi-monthly cross government meetings	New	Four Quality Assurance Group meetings and six cross government group meetings
Ensure that co-design content is leading to behavioural and attitudinal change in learners	New	Develop 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.

³ Te Marautanga packages are subject to progress with the development of Te Marautanga resources.

Raise Awareness and Communicate with the Public Regarding the Importance of Financial Capability

Communication and Information Via Media

Coverage of CFFC's work by the mainstream media is crucial in order to raise awareness of financial capability and provide thought leadership. We have strong relationships with key journalists, collaborate with them on proactive media campaigns, and CFFC staff are regularly asked to comment on stories in print, broadcast, and online media.

Our online channels offer a cost-effective, fast, and mass-delivery option for engaging with New Zealanders. Reflecting changing trends, CFFC has shifted emphasis from traditional advertising to creating video content, such as 'Commission Confessionals' and 'Tales from the Tent', which present real people and real stories that are then promoted via social media.

ACTIVITY	2016/2017 Actual	2017/2018 Forecast	2018/2019 Target
Reach and value of earned media coverage for CFFC and Sorted	2.54m total cumulative reach	\$2.3m per quarter, \$8.7m total	\$2.5m per quarter, \$10m total
Content items that cover financial capability and retirement income issues, capturing New Zealanders thoughts on the same, including stories, videos, blogs, podcasts, guides, mobile video programmes, live online events	32 per quarter, 128 total	35 per quarter, 140 total	38 per quarter, 152 total
cffc.org.nz traffic sessions	91,394 traffic sessions	65,000	71,500
CFFC Facebook daily consumptions	34,294	39,107	33,000
CFFC Facebook post relevancy by relevance score	New	New	Achieve 5–6
CFFC video views	7,500	140,000	154,000

Sorted Community

CFFC works with a range of iwi, family, whānau, and communities to ensure quality development and delivery of financial capability initiatives. Financial education and information initiatives are delivered in a variety of ways, with the goal of driving sustainable and enduring behaviour change, helping everyone (but with a focus on the financially vulnerable) becoming financially capable.

Sorted community initiatives are designed to achieve a variety of outcomes with depth and breadth, such as face-to-face engagements (e.g. one-off seminars or intensive programmes) or embedding financial capability into partners' programmes to improve outcomes across various community initiatives, e.g. housing, health, and social services. They also build capability and support delivery via the community and voluntary sector (e.g. community groups, marae, iwi and church outreach initiatives).

CFFC has tailored resources and programmes that are delivered through pilots to connect to the government ecosystem and at a grassroots level.

ACTIVITY	2017/2018	2018/2019
Number of provider networks engaged to support programme delivery.	New	20
The number of financial capability initiatives delivered to improve Māori and Pasifika financial capability via community and government partnerships, to increase engagement with individuals and reach more households across New Zealand	New (previously combined with workplace) 300 initiatives engaging 3750 individuals	400 initiatives engaging 5,000 individuals

Sorted Workplace

CFFC works with a range of businesses and other organisations to build financial capability in workplaces. Examples include national partnerships with New Zealand Police Families Credit Union, the New Zealand Defence Force, The Warehouse Group, and a national community partnership with the Adventist Development and Relief Agency (ADRA). Work is ongoing to expand the range of workplaces offering financial capability courses and seminars, and to increase CFFC's reach across New Zealand.

ACTIVITY	2017/2018	2018/2019
Number of Workplace Financial Capability Programme (WFCP) partner organisations	New	Increase of 10 partnerships
Number of WFCP courses/seminars delivered	New (previously combined with community)	220 courses/seminars to 5,500 participants

Online Learning

CFFC is developing an online financial capability programme in response to changes in the way people prefer to access learning opportunities. The new digital programme will greatly increase the accessibility of financial capability education. The online learning provision will be available to all New Zealanders via the Sorted website and will grow organically from an initial set of six online modules.

ACTIVITY	2017/2018	2018/2019
Six financial capability modules live	New	Achieved
Number of module completions	New	500

Sorted

Our award-winning Sorted website (sorted.org.nz) provides trusted resources with information, calculators, and tools.

ACTIVITY	2016/2017 Actual	2017/2018 Forecast	2018/2019 Target
sorted.org.nz traffic	1,845,655 sessions across 1,093,024 users	1.9m sessions across 1.06m unique users	2.09m sessions across 1,166m unique users
Sorted Facebook daily consumptions	197,763	160,000	176,000
Sorted Facebook post relevancy	N/A	N/A	Achieve 7–8

Money Week

CFFC runs Sorted Money Week, the annual series of events with seminars, events, competitions, quizzes, etc. held nationwide by schools, businesses, and community groups.

ACTIVITY	2016/2017 Actual	2017/2018 Actual	2018/2019 Target
New Zealanders interact with tools and resources promoted during Money Week and in the week following	34,418	89,906	35,000
Number of organisations that take part in Money Week and reach to New Zealanders	200 organisations reaching 55,611 New Zealanders	220 reaching 60,000 New Zealanders	240 organisations reaching 65,000 New Zealanders
Media value generated through Money Week	\$606k	\$866k	\$550k

Financial Capability – Monitoring and Evaluation

In addition to the monitoring and evaluation conducted in the context of our financial capability programmes, the CFFC surveys over 8,000 New Zealanders each year via the Financial Capability Barometer. This is in addition to the thousands of people we hear from through our roaming video tent, street activations and website surveys.

The 2017/18 SPE stated that the CFFC would use the Barometer survey to set benchmarks for some aspects of New Zealanders' financial capability. These are outlined below:

ACTIVITY	2017/2018	2018/2019
Percentage of NZers who state that they have saved money at least monthly over the last 12 months	New	>50%

ACTIVITY	2017/2018	2018/2019
Percentage of NZers who strongly disagree/disagree that they live for today and let tomorrow take care of itself	New	>50%
Percentage of NZers who strongly agree/agree that they set long term financial goals	New	>50%
Percentage of NZers who strongly agree/agree that they keep a close watch on their financial affairs	New	>80%
Produce a quarterly report of key findings from the Financial Capability Barometer Survey	New	Achieved

Output Class 2: Retirement Income Policy

In December 2016, CFFC released its findings from its three-yearly Review of Retirement Income Policies, with a range of recommendations around KiwiSaver, NZ Super, vulnerable groups, and more. In June 2017, the Government released its response to the Retirement Commissioner.

Findings from the review continue to be built into CFFC's work programmes and underline the importance of raising the level of New Zealanders' financial capability over a lifetime.

We will continue to work on further developing key recommendations and look forward to continuing the policy conversation.

Planning for the next review will commence in 2018–19, with delivery in 2019–2020. The CFFC Statement of Performance Expectations 2019/2020 will include activity measures relevant to that year.

Raise Awareness and Promote Public Information and Debate on Retirement Income and Policy-Related Issues

ACTIVITY	2016/2017 Actual	2017/18 Forecast	2018/19 Target
Build awareness on decumulation options (via media stories, radio, conferences, etc)	New	5 per quarter, 20 total	5 per quarter, 20 total

Monitor, Evaluate, and Report on the Effectiveness of Retirement Income Policies

The three-yearly Review of Retirement Income Policies is due in December 2019.

ACTIVITY	2016/2017 Actual	2017/2018 Forecast	2018/2019 Target
Sessions on the review web pages and contributions or submissions on the review	Exceeded 50,213 sessions and contributions or submissions on the review	Review takes place once every three years	Review takes place once every three years
Participants in review surveys	Exceeded 11,249 surveys completed	Review takes place once	Review takes place once

ACTIVITY	2016/2017 Actual	2017/2018 Forecast	2018/2019 Target
	(Review period Feb–Dec 2016)	every three years	every three years
Execute the planned review agenda of 7 themes across seven months, which includes 6 sector roundtables or forums	Achieved	Review takes place once every three years	Review takes place once every three years
Familiarity with retirement income issues increased by 20% from the 2014 survey on Public Views on Retirement Income Policy	Achieved	Review takes place once every three years	Review takes place once every three years

Output Class 3: Retirement Villages

Inform Intending and Existing Residents and Their Families of Their Rights and Responsibilities, and Provide Information to the Retirement Villages Sector

ACTIVITY	2016/2017 Actual	2017/2018 Forecast	2018/2019 Target
Presentations for intending and existing retirement village residents and their families, and for key stakeholders, with a focus in 2018/19 on the regions	25 seminars were delivered to 2,260 participants	23 presentations to 1300 participants	23 presentations to 1300 participants
Three or more meetings with the Retirement Villages Association	New	Achieved	Achieved
Annual meeting with the Retirement Villages Residents Association and at least one regional RVRANZ AGM	Achieved	Achieved	Achieved
Two meetings with MBIE's Construction and Housing Markets team	New	Achieved	Achieved
Social media and general media plans targeting families of intending and existing residents are implemented	New	5 per quarter 20 total	12 stories
Sector trends (e.g. key stakeholders such as operators) and environmental trends (e.g. developments in aged care) are understood and recommendations made	Achieved	Achieved	Achieved
Resources supporting any changes to the Code of Practice or wider retirement village issues are published and summary reports on village complaint activity are published twice a year	Achieved	Achieved	Achieved

Monitor the Effects of the Provisions of the Retirement Villages Act

ACTIVITY	2016/2017 Actual	2017/2018 Forecast	2018/2019 Target
CFFC reports on at least one thematic monitoring project per annum	Achieved	Achieved	Achieved
Annual Retirement Village stakeholder forum held with representation of all key stakeholders	Achieved	Achieved	Achieved
CFFC meets with the Minister for Building and Construction annually to discuss key retirement village issues	Achieved	Achieved	Achieved
CFFC will provide a summary report to the Minister of key issues it has identified for the retirement villages industry (May 2018)	New	Achieved	Achieved
CFFC will consult with MBIE on next steps for addressing these issues.			

Administer the Retirement Villages Act Disputes Process

ACTIVITY	2016/2017 Actual	2017/2018 Forecast	2018/2019 Target
Six-monthly thematic reporting of issues identified in the Retirement Villages Complaints Register are published and, where required, recommendations for industry action or improvement are implemented	New	Achieved	Achieved
95% of residents' enquiries receive a substantive response from CFFC within 20 working days of CFFC receiving all relevant information	Achieved	Achieved	Achieved
Retirement Commissioner maintains and publishes a list of approved disputes panel members and a list of approved mediator agencies	Achieved	Achieved	Achieved
100% of disputes panel decisions are published on cffc.org.nz	Achieved	Achieved	Achieved

Forecast Financial Statements

All figures exclude GST.

Summary of Output Revenue and Costs

Output category	2018/19	2018/19
	Forecast Revenue	Forecast Cost
Financial Capability	\$7,059,880	\$6,913,412
Retirement Income	\$1,452,120	\$1,438,384
Retirement Villages	\$215,000	\$400,272
Total	\$8,727,000	\$8,752,068

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

Forecast Statement of Comprehensive Revenue and Expenses

For the year ended 30 June 2018

	2017/18	2018/19
	\$	\$
Revenue		
Revenue from Crown Appropriation	7,422,000	8,622,000
Other Crown Revenue	60,000	5,000
Other Revenue	181,100	70,000
Interest Revenue	32,000	30,000
Total Revenue	7,695,100	8,727,000
Expenditure		
Community	380,728	323,450
Workplace	304,710	268,100
Education (Schools)	240,916	1,592,000
Depreciation, Amortisation & Loss on Asset Disposal	349,793	357,500
Corporate Services	364,782	507,110
Financial Capability Summit	175,000	-
Investor Education	26,200	27,850
National Strategy	12,800	10,000
Scams & Fraud	15,535	41,800
Marketing & Communications	1,023,680	940,000
Research	300,000	296,900
Personnel Costs	3,234,833	4,036,658
Retirement Commissioner	36,906	36,200
Retirement Villages	80,750	114,500
Review of Retirement Income Policies	19,235	200,000
Total Expenditure	6,565,868	8,752,068
Comprehensive Revenue/(Expenditure)	1,129,232	(25,068)

Forecast Statement of Changes in Equity

For the year ended 30 June 2018

	2017/18	2018/19
	\$	\$
Public Equity at Start of the Year	200,000	200,000
Accumulated Surplus	1,056,549	2,185,781
Comprehensive Revenue/(Expenditure)	1,129,232	(25,068)
Public Equity at End of the Year	2,385,781	2,360,713

The Accumulated Surplus forecast at 30 June 2019 includes \$1.18m of additional funding received during FY18 and FY19 for building financial capability in schools which is not expected to be spent prior to 30 June 2019. During 2017/18 CFFC focused on implementing a robust and fit-for-purpose programme structure to drive delivery of Sorted in Schools over the next three years. CFFC also ensured this aligned with priorities of the incoming government.

This funding will be carried forward and allocated against costs incurred building financial capability in schools in future financial years.

Forecast Statement of Financial Position

As at 30 June 2018

	2017/18	2018/19
	\$	\$
Assets		
Current Assets		
Cash and Cash Equivalents	1,974,917	1,907,821
Accounts Receivable	44,000	44,000
GST Receivable	100,000	100,000
Prepayments	8,000	8,000
Total Current Assets	2,126,917	2,059,821
Non-Current Assets		
Property, Plant & Equipment	389,554	469,554
Intangible Assets	276,541	304,041
Total Non-Current Assets	666,095	773,595
Total Assets	2,793,012	2,833,416
Current Liabilities		
Creditors and Other Payables	250,000	300,000
Lease Incentive Liability	22,231	12,703
Employee Entitlements	135,000	160,000
Total Current Liabilities	407,231	472,703
Net Assets	2,385,781	2,360,713
Public Equity		
Taxpayer Funds	200,000	200,000
Accumulated Surplus	2,185,781	2,160,713
Total Public Equity	2,385,781	2,360,713

Forecast Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	2017/18	2018/19
	\$	\$
Cash Flows From Operating Activities		
Cash Was Provided From:		
Receipts from Crown Appropriation	7,422,000	8,622,000
Other Crown Receipts	60,000	-
Other Income Receipts	206,063	75,000
Interest Received	32,000	30,000
	7,720,063	8,727,000
Cash Was Applied To:		
Payments to Suppliers & Employees	6,302,114	8,329,096
Net GST	14,038	-
	6,316,152	8,329,096
Net Cash Flows From Operating Activities	1,403,911	397,904
Cash Flows From Investing Activities		
Cash Was Applied To:		
Purchase of Property, Plant & Equipment	(127,608)	(210,000)
Purchase of Intangible Assets	(220,000)	(255,000)
Net Cash Flows From Investing Activities	(347,608)	(465,000)
Net Increase / (Decrease) In Cash Held	1,056,303	(67,096)
Plus Cash at the Start of the Year	918,614	1,974,917
Cash Held At The End Of The Year	1,974,917	1,907,821
Represented By:		
Cash and Cash Equivalents	1,974,917	1,907,821
Cash Held At The End Of The Year	1,974,917	1,907,821

Statement of Underlying Accounting Assumptions

Significant Assumption

The opening position of the forecast statements is based on unaudited results for 2017/18. The actual results for April to June 2018 are unavailable at the time of preparation; therefore, the balance as at 30 June 2018 has been estimated using April to June 2018 forecast figures.

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 28.4 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.

In the application of NZ IFRS, 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 NZ IFRS 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 was appointed under the New Zealand Superannuation and Retirement Income Act 2001 and the Crown Entities Act 2004 on 1 July 2013 for an

initial term of three years. The Retirement Commissioner was re-appointed for a further term of three years on 1 July 2016.

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 principle 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 website are capitalised on an annual basis.

Costs associated with maintaining and advertising the Commission'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 years 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.