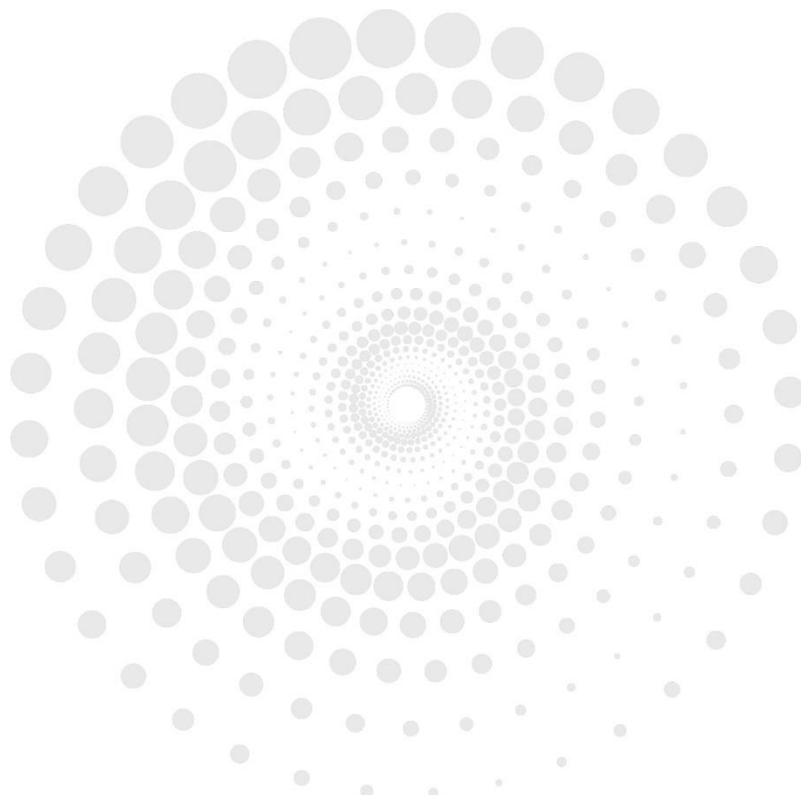




**Commission for
Financial Capability**
Building wealthy lives

Statement of Performance Expectations 2017/18



Presented to the House of Representatives by the Retirement Commissioner pursuant to section 149 of the Crown Entities Act 2004.

The Retirement Commissioner is an autonomous Crown entity under the Crown Entities Act 2004, with its role established under the New Zealand Superannuation and Retirement Income Act 2001.

The Commission for Financial Capability is the office of the Retirement Commissioner.



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Overview

This Statement of Performance Expectations (SPE) outlines the Commission's performance targets for 2017-18, and the activities we will undertake to achieve them. It should be read together with the Statement of Intent 2017-2020 (SOI), which sets out our strategic direction.

In the future young New Zealanders will literally have more life to live, and more years with better health. Our grandchildren will survive diseases that would have killed my generation, do jobs that haven't yet been invented, glide to work in an autonomous vehicle while engaged in a global virtual group-chat. I'm quite jealous, and I'd really like to be there but I will have had my time.

Which brings me to the point that each generation faces the challenges of their time.

Our population is ageing. By 2060 we will have a greater number of people who are over 65, living longer, with a smaller number of people working to support them. We don't know what these lower dependency ratios will do for productivity and GDP growth, but I'm prepared to go out on a limb and say that the costs of NZ Super will grow faster than the government's income. Combined with a steep increase in health costs, future governments will face some difficult choices about what to fund, and how.

It makes sense to invest now in the retirees of the future. They will be fitter and younger for longer, and have higher expectations for the second half of their lives. Many will arrive at their 50th birthday ready for career number two or three, anticipating another 20 years of work, and then a further 10 to 20 years of being relatively active.

In that sense, for all the inter-generational tension and debate over house prices and superannuation, young New Zealanders will literally have more life to live, and more years with better health. Our grandchildren will survive diseases that would have killed my generation, do jobs that haven't yet been invented, glide to work in an autonomous vehicle while engaged in a global virtual group-chat. I'm quite jealous, and I'd really like to be there but I will have had my time.

Which brings me to the point that each generation faces the challenges of their time. Generations arguing over 'who got what' ignores the fact that less than 100 years ago there were men and women who sent their children, lovers and communities off to war. Let's agree that they faced more adversity than anyone and accept history deals us all a different hand.

Our focus at the Commission is on building the financial capability of New Zealanders across a lifetime. It makes life better, easier and opens up choices. It reduces the social and financial cost to the government of a life financially out of control and it reduces the long-term liabilities of groups reaching retirement with nothing.

This is based on the premise that behaviour change is possible, that if we understand the brain and behaviour, the power of social norms, what underpins our decision-making, or lack of it, then we can effect change. The alternative is to say that our job is to give out information. We do that, but it's only one strand of our work. We have an increasingly sophisticated understanding of both the challenges and what's possible.

We also have an increasingly sophisticated array of technology to assist us. The Sorted website has a long-term goal of becoming your personal financial assistant – ever-present via your phone, a learning algorithm that serves up a 'whole of life' view of your finances and robo-planning to keep you on track in real time as you make decisions and put them in place. The online channel enables us to deliver scale, is cost-effective and personalised, but it assumes a level of motivation and self-direction.

Over the past three years we have built a suite of face-to-face programmes that take the time to work on our attitudes to, knowledge of and relationship with, money. They run from one-off seminars to ten-week programmes with variations in between.

Technology will never be enough to replace the warmth, camaraderie and power of 20 families meeting weekly to work their way through their money goals, aspirations and fears. The story-telling, eye contact, acceptance and shared experience are what bring people through to a point where they challenge their own assumptions and habits.

The face-to-face work is more intensive and reaching scale has taken time, but we will be expanding the programmes further across the next four years. The Commission uses a health framework to segment the 3.6m adults in New Zealand and a triage approach to determine who needs what, and how to best deploy our finite resources.

Our new Financial Capability Barometer will see us interview over 4,000 people each year, in addition to the thousands who we hear from through our roaming tent, our street activations, and our website surveys. The Barometer gives us insights into the 14% of New Zealanders in financial 'Intensive Care', the 64% 'On the Ward' and the 22% who we call 'GP Visits'.

Driving behavior change around money habits is a complex task, the demands of today drown out thoughts of tomorrow, 2nd and 3rd tier credit is more easily available and peer pressure and social norms play a role in how much we buy and consume. The message to 'save' sits alongside some far more exciting messages to 'buy now and pay later', which are immediately satisfying and frankly more fun. Asking people to step back from today and think about tomorrow matters, as does getting them on the right side of debt where it works for them and not against them.

The final word would have to be about the value of financial capability and the role it plays in our long-term economic health and our individual wellbeing.

The importance of financial capability, what it does for our economy, right through to our capital markets and rate of GDP growth, is not well understood. At the Commission, we understand it because we see what it does every day: the parent who stops smoking because they calculate what the habit costs, what else they could do with the money, how quickly it would grow to a relatively large sum, and how life-changing that would be.

The results are better family health, greater workforce participation, and in the long-term greater wealth and wellbeing leading to reduced government spend. The last point feels brutal but it is a reality and as we face an ageing workforce that reality grows.

We need a broader, better understanding of the crucial role of financial capability in our national wealth and wellbeing and that will continue to be an area of focus for us.



Diane Maxwell

Retirement Commissioner
21 June 2017



Statement of Authorisation

The Retirement Commissioner is an autonomous Crown entity under the Crown Entities Act 2004, with its role established under the New Zealand Superannuation and Retirement Income Act 2001. The Commission for Financial Capability is the office of the Retirement Commissioner.

This Statement of Performance Expectations sets out our financial forecast for the next financial year, 1 July 2017 to 30 June 2018, and has been prepared in accordance with the Crown Entities Act 2004. It should be read in conjunction with our Statement of Intent 2017-2020.

The forecast financial statements have been prepared in accordance with PBE FRS-42 for the purposes of this Statement of Performance Expectations, have not been audited, and should not be relied upon for any other purposes. Actual results are likely to be different from the forecast financial statements, and any variation may be material.

The Commission for Financial Capability is responsible for the preparation of this Statement of Performance Expectations, including the forecast financial statements and the assumptions on which they are based, the non-financial measures and for the judgments used in them.

Consultation and Reporting to the Responsible Minister

The Retirement Commissioner received a Letter of Expectations 2017/18 from the Minister of Commerce and Consumer Affairs, setting out details of the way in which the Commission will continue to consult and report on the Government's ownership interests in the Commission. The Minister will be provided with an annual report as required by the Crown Entities Act 2004, and quarterly reports outlining the Commission's performance against this Statement of Performance Expectations. We will continue to work with the Minister on a 'no surprises' basis and raise issues at the earliest opportunity rather than waiting for formal reporting to be done. We will continue to brief the Minister on significant publications and releases.

Reportable Classes of Outputs

The Commission's reportable outputs fall into three classes:

- Financial Capability
- Retirement Income
- Retirement Villages

There are no non-reportable classes of outputs in the Statement of Performance Expectations, and no output classes are granted exemption by the Minister of Finance.



Diane Maxwell

Retirement Commissioner

21 June 2017

Output Classes and Outputs

Financial Capability

Appropriation Outcome: Increasing numbers of New Zealanders participate in quality financial education and are motivated to change their behaviour demonstrating financial capability.

This category, within the Commission’s single appropriation, contributes to our output of financial capability and is directed towards:

- **Driving behaviour change**
The Commission focuses on driving sustainable and enduring behaviour change, helping the financially vulnerable become financially capable.
- **Raising awareness of the value of financial capability**
Financial capability is an essential life skill. Improving New Zealanders’ ability to manage their money across a lifetime gives individuals greater financial certainty and freedom. It helps to reduce hardship among families and creates resilient communities and a more prosperous and productive economy.
- **Extending reach**
The Commission operates as a strategic centre, test hub and thought leader. We build and evaluate programmes tailored for different sectors, and engage with stakeholders across New Zealand to execute nationally. We also reach a broader base of New Zealanders through multiple platforms such as cffc.org.nz, sorted.org.nz, Money Week and media partnerships.
- **Improving financial capability learning experiences**
Our children and our grandchildren will face new challenges in their retirement as the population ages and the world around them changes. The Commission’s work seeks to equip people from an early age with the skills and confidence to navigate through a lifetime of financial choices, ask the right questions and be on the winning side of their decisions, so that they reach retirement in good financial shape.
- **Encouraging New Zealanders to actively plan for their retirement**
Planning for retirement requires people to think long term and defer (some) spend today in favour of tomorrow. There are many social influences and trends that make that a challenging task. Yet ultimately, good retirement planning and smart decisions throughout life will mean New Zealanders are more likely to reach retirement in good financial shape.

Statement of Intent Outcome: Grow understanding of the importance of financial capability in economic growth and individual well being

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
1. Government agencies actively working together to drive results				
1.1 Co-lead quarterly meetings of the Cross-Government Group for Financial Capability	new measure	achieved	achieved (4 meetings)	achieved (4 meetings)
1.2 Number of collaborative, cross-government initiatives identified and delivered	new measure	new measure	three	six

Forecast Standard		2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
2.	National Strategy partners work collaboratively and proactively across all regions				
2.1	Lead meetings of the Auckland and Wellington Financial Capability Networks	new measure	achieved	achieved (4 meetings)	achieved (4 meetings)
2.2	Contribute to the design and delivery of locally-led communities of practice	new measure	new measure	new measure	4 initiatives
2.3	Number of organisations from across the financial capability system that support and/or align their initiatives to the National Strategy for Financial Capability	new measure	94	130	140
2.4	Work with National Strategy partners to review and refresh the National Strategy website to increase website traffic from 2016/17 baseline of 2,725 views	new measure	new measure	2,725 views	25% increase in website traffic (from 2,725 to 3,407 views)
3.	More conversations about money				
3.1	ASR (rate card) value of unpaid/earned media coverage of the Commission and Sorted	new measure	new measure	\$17.8m	\$2m per quarter \$8m total
3.2	Content items per quarter of stories, videos, blogs and podcasts that cover financial capability and retirement income issues	new measure	32 per quarter 128 total	40 per quarter 160 total	35 per quarter 140 total
3.3	YouTube video guides to KiwiSaver, Sorted tools and financial capability and retirement income concepts and mobile video programme capturing New Zealanders' thoughts on the same	new measure	new measure	new measure	12 per annum
4.	More financial capability learning outcomes as part of school curriculum				
4.1	Work with school communities to deliver a whole-school approach to financial capability:				
	(a) Online learning hub – facilitated discussion forum and resource library. Establish baseline for engagement measures by user registrations	new measure	new measure	new measure	establish baseline
	(b) 'Making Sense of Cents' initiative for teachers	new measure	new measure	new measure	40 events / seminars / activities

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
(c) Reach of Sorted Schools programmes	new measure	new measure	new measure	55,000 students
(d) Reach of resources and professional development training	new measure	new measure	new measure	15,000 teachers / 200,000 students
(e) Reach of Commission engagement and communications strategy	new measure	new measure	new measure	1,000 schools
4.2 Greater engagement with key education partners to identify new opportunities for financial capability collaboration through:				
(a) Engagement meetings	new measure	new measure	new measure	10
(b) Develop new partnerships with targeted project outcomes, including collaborative investment	new measure	new measure	new measure	2
(c) Develop content pieces to communicate big financial capability concepts for education (video, audio, e-books and infographics)	new measure	new measure	new measure	6
5. More investment in financial capability				
5.1 Build greater Sorted engagement among New Zealanders:				
(a) sorted.org.nz traffic	1.5m sessions across 970k unique users	1.7m sessions across 1.04m unique users	1.8m sessions across 1.05m unique users	1.9m sessions across 1.06m unique users
(b) Growth in number of active Sorted users (registered and used their account in the past 6 months) p/a	new measure	new measure	10%	10%
(c) Sorted Facebook engagements	60,000	65,000	191,217	160,000
(d) Barometer to establish baseline via question Sorted 'Helped me change the way I think about money'	new measure	new measure	new measure	establish baseline
5.2 Provide leadership and support to Money Week partners:				

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
(a) Cumulative reach to New Zealanders of social media channels	new measure	2.2m	2.5m	2.5m
(b) New Zealanders that interact with tools promoted during Money Week and in the period one week after	15,844	18,932	34,444	25,000
(c) Number of organisations that take part in Money Week and reach to New Zealanders	new measure	new measure	200 reaching 55,611 New Zealanders	200 reaching 55,000 New Zealanders
(d) Media value generated through Money Week	new measure	\$319k	\$606k	\$500k
5.3 Commission owned communication channels support engagement with New Zealanders:				
(a) cffc.org.nz traffic sessions	38,491	57,000	92,000	65,000
(b) CFFC Facebook engagements	new measure	4,500	34,642	30,000
(c) CFFC Video views	4,032	7,500	183,298	140,000

Statement of Intent Outcome: More New Zealanders become financially capable

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
6. Greater penetration of financial capability community and workplace initiatives across all sectors				
6.1 Growth in the number of financial capability initiatives and face-to-face delivery, to increase engagement with individuals and reach more households across New Zealand. 'Initiatives' are designed to achieve a variety of depth and breadth outcomes, such as face-to-face engagements (e.g. one-off seminars to intensive programmes) and/or embedding financial capability into partners' wellbeing programmes	141 initiatives engaging 2,515 individuals	215 initiatives engaging 3,745 individuals	395 initiatives engaging 5,879 individuals	900 initiatives engaging 12,500 individuals and reaching an estimated 26,250 household members
6.2 Number of initiatives delivered to improve Maori and Pasifika financial capability	new measure	eight	ten	twelve
7. More New Zealanders will make informed financial decisions				

Forecast Standard		2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
7.1	Barometer to establish baseline via question 'I keep a close personal watch on my financial affairs'	new measure	new measure	new measure	establish baseline
7.2	Barometer to establish baseline via question 'I set long term financial goals and strive to achieve them'	new measure	new measure	new measure	establish baseline
7.3	New "Invested" videos based on understanding more in-depth aspects of investments	new measure	seven	six	six
8. More New Zealanders will have a financial plan					
8.1	Barometer to establish baseline via question 'Do you [and your partner] have a financial plan that will deliver the sort of lifestyle you want in retirement?'	new measure	new measure	new measure	establish baseline
9. More New Zealanders will have a buffer (minimum one-month emergency fund)					
9.1	Barometer to establish baseline via question 'Would you be able to access 1 months' worth of expenses' (i.e. access to a buffer via savings, credit or insurance)	new measure	new measure	new measure	establish baseline
9.2	Barometer to establish baseline via question 'How could you access up to one months' worth of your household expenses?' (i.e. access to a cash/savings buffer)	new measure	new measure	new measure	establish baseline
10. Behaviours are enduring and sustained in the face of life events					
10.1	Barometer to establish baseline via question 'Thinking about some of life's big events/headwinds (e.g. job loss, injury/illness, divorce/death of a partner) were you able to stick to/stay on track more-or-less with your financial plan?'	new measure	new measure	new measure	establish baseline
11. Parents guiding children / teenagers to become financially capable adults					
11.1	Barometer to establish baseline via question 'How often do you talk to your children about managing or saving money?'	new measure	new measure	new measure	establish baseline
12. Better risk management (insurance, wills and estate planning)					

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
12.1 Barometer to establish baseline via question 'Do you have a legal will that sets out how your property and financial assets will be handled?'	new measure	new measure	new measure	establish baseline
12.2 Barometer to establish baseline via question 'Which of these types of insurance do you have?'	new measure	new measure	new measure	establish baseline

Statement of Intent Outcome: More New Zealanders actively plan for their retirement

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
13. More informed, constructive, engaged public debate on retirement income issues including the concept of intergenerational equity				
13.1 Unpaid/earned media coverage of the Commission and Sorted, thought leadership pieces, online features, activations, presentations and videos	new measure	new measure	new measure	500 per quarter
13.2 Live-stream Commission forums, events and online Q&A sessions	new measure	new measure	new measure	1 per quarter 4 total
13.3 Partner with government agency/agencies on a key initiative that will help with New Zealanders' overall financial wellbeing and joint media strategy to maximise media coverage	achieved	achieved	achieved	achieved
14. People have greater understanding of their long-term trajectory based on homeownership and other key factors				
14.1 Barometer to establish baseline via question 'To what extent have you/and your partner thought about the amount of money you will need in retirement?'	new measure	new measure	new measure	establish baseline
14.2 Growing GPs (Markers for Future Financial Success) Research establishes benchmark measures	new measure	new measure	new measure	establish baseline measures

Statement of Intent Outcome: A wealthier future - these are the outcomes that are audacious and challenging but also necessary and will continue to inform our work. They are complex, hard to measure and have many interdependencies but we have challenged ourselves to set clear goals and build the tools that can track progress. They are however, a work in progress.

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target	
15. Reduce liabilities for future governments because more people reach retirement in better financial shape / greater rates of home ownership					
15.1	Establish baseline measures in collaboration with other government agencies	new measure	new measure	new measure	establish baseline measures
16. Changed social norms around debt and savings that lead to better decisions and behaviours					
16.1	Barometer to establish baseline via question 'How often do you talk about managing and saving money with your family, friends or work colleagues?'	new measure	new measure	new measure	establish baseline
16.2	Barometer to establish baseline via question 'Before I make a big purchase (e.g. like a car or holiday) I carefully consider whether I can afford it'	new measure	new measure	new measure	establish baseline
* ideally changes in these ambitious long-term goals will be captured by an additional longitudinal study which the Commission is currently costing					
17. Key Projects for 2017/18					
17.1	Review the National Strategy for Financial Capability implementation strategy and measurement framework				
17.2	Growing GP Parents research project (research and develop tools for parents and teachers to talk about money and raise financially capable children)				
17.3	Develop a financial capability survey of 15 year olds (target 5% sample) to provide an appropriate baseline to measure the Commission's impact				
17.4	Work with industry on a template financial plan. Template is then implemented into a Sorted project to deliver this via the sorted website. Short form financial plan will be included for use in the Commission's segmental programmes				
17.5	Develop a decumulation calculator in Sorted to allow users to work out what their KiwiSaver lump-sum could potentially provide as an income stream in retirement				
17.6	Create a toolbox for employers and drive national awareness of the Ageing Workforce to help employers and employees manage the challenges of New Zealand's ageing workforce				

Retirement Income

Appropriation Outcome: New Zealanders have greater awareness and appreciation of issues surrounding New Zealand's retirement income policies.

This category, within the Commission's single appropriation, contributes to our output of retirement income and is directed towards:

- **Raising awareness of retirement income policy issues**
The Commission continues to drive awareness and discussion of the issues, and provides robust policy advice to meet complex demographic challenges.
- **Monitoring and reporting on the effects and effectiveness of retirement income policies**
The Commission's focus is on retirees of today – and of the future – operating as a research hub that offers thought leadership but also understands/reflects the views and perceptions of the broader population.

Statement of Intent Outcome: Increased understanding of retirement income issues

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
18. Greater preparedness for ageing workforce and increasing life expectancy				
18.1 Increase in number of businesses reporting that they have specific policies or strategies relating to older workers (aged 50+) Business Survey re Aging Workforce via Aging Workforce Survey. 2016/17 baseline is 8%	new measure	new measure	8%	25% increase (from 8% to 10%)
18.2 Barometer to establish baseline via question 'Sometime around 65 years of age people often retire. This is when they stop working full time, and it usually means a person will receive less or no income from paid work. Would you say you have thought about it ...?'	new measure	new measure	new measure	establish baseline
19. New Zealanders more actively planning retirement outcomes / more future focused				
19.1 Barometer to establish baseline of New Zealanders attitudes to retirement saving.	new measure	new measure	new measure	establish baseline
19.2 Barometer to establish baseline via question 'I am confident I will be able to have a financially comfortable retirement'	new measure	new measure	new measure	establish baseline
20. New Zealanders are more aware of the options available to them in decumulation				
20.1 Build awareness on the options of decumulation (via media stories, radio, conferences)	new measure	new measure	new measure	5 per quarter 20 total

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
21. Greater understanding of and support for evolving retirement income policy				
21.1 Barometer to establish baseline via question 'Do you expect the age of 65 for NZ Super (retirement) to stay the same over the next 20 years?'	new measure	new measure	new measure	establish baseline
21.2 Barometer to establish baseline via question 'If New Zealand is to keep New Zealand Superannuation, some changes are likely to be made either to the scheme or how it is paid for. Do you agree or disagree with increasing the age when people start receiving New Zealand Superannuation?'	new measure	new measure	new measure	establish baseline
21.3 6-monthly CFFC online survey of New Zealanders' views on Review of Retirement Income Policy recommendations	new measure	new measure	new measure	establish baseline

Statement of Intent Outcome: Monitor and report on the effectiveness of retirement income policy

The following Forecast Standards are included in the Commission's Statement of Intent; however, given the Review of Retirement Income Policies occurs every three years the measures are not applicable for 2017/18:

- 22. Retirement income policy framework is fiscally sustainable
- 23. Insightful and evidence-based policy recommendations
- 24. Current and timely policy positions reflecting up-to-date information

Retirement Villages

Appropriation Outcome: The effect of the Retirement Villages Act is independently monitored and relevant information is made available to residents and intending residents of retirement villages.

This category, within the Commission's single appropriation, contributes to our output of retirement villages and is directed towards:

- **Administering the Retirement Villages Act disputes process**
The first function is to administer the disputes process, which includes checking and holding documentation, providing an approved group of panellists and providing information about the process to both residents and operators.
- **Monitoring the provisions of the Retirement Villages Act**
The second function is to monitor the effects of the Retirement Villages Act, Codes and Regulations. Three monitoring reports on specific parts of the sector have been completed since 2009.
- **Informing intending and existing residents of their rights and responsibilities**
We also provide information and education to the sector.

Statement of Intent Outcome: Informing intending and existing residents of retirement villages of their choices, rights and responsibilities

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
25. Intending and existing residents make an informed choice that suits their evolving needs				
25.1 Presentations for intending and existing Retirement Village residents and their families and for key stakeholders with a focus in 2017/18 on the regions	8 seminars to 800 participants	19 seminars to 1,900 participants	12 seminars to 900 participants	12 seminars to 900 participants
26. Intending and existing residents are more informed of their rights and so better equipped to manage issues as they arise				
26.1 The Commission promotes its information and resources through proactive stakeholder and agency engagement. This includes: (a) Quarterly meetings with the Retirement Villages Association (b) Annual meeting with the Retirement Villages Residents Association of NZ (c) Two meetings with MBIE's Construction and Housing Markets team	new measure	new measure	new measure	achieved
27. Extended family are aware and informed where appropriate about the rights of residents and intending residents of retirement villages				
27.1 Implement a media campaign with Retirement Village stories of interest to families of intending and existing residents	new measure	new measure	new measure	5 per quarter 20 total

Statement of Intent Outcome: Monitoring of the effects of the Retirement Villages Act

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
28. Sector trends (e.g. key stakeholders such as operators) and environmental trends (e.g. developments in aged care) are understood and recommendations made				
28.1 Resources supporting changes to the Code of Practice and summary reports on village complaint activity are published twice a year	achieved	achieved	achieved	achieved
29. The Commission facilitates monitoring reports to ensure the Retirement Village framework is future fit for purpose				
29.1 The Commission reports on at least one thematic monitoring project per annum	new measure	new measure	achieved	achieved
29.2 Annual Retirement Village stakeholder forum held with representation of all key stakeholders	new measure	achieved	achieved	achieved
30. Timely and quality advice to the Minister on issues relating to Retirement Villages which may require regulatory or policy review				
30.1 The Commission meets with the Minister for Building and Construction annually to discuss key retirement village issues (*meeting sought following change of Minister)	not achieved (achieved August 15*)	achieved	achieved	achieved

Statement of Intent Outcome: Administering the Retirement Villages Act disputes process

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
31. The Commission builds a deeper understanding of the wider complaints issues across the sector looking at circumstances leading to, and issues arising from, complaints				
31.1 Six monthly thematic reporting of issues identified in the Retirement Villages Complaints Register are published and where required, recommendations for industry action/improvement are implemented	new measure	new measure	new measure	achieved
31.2 95% of residents enquiries receive a substantive response from the Commission within 20 working days of the Commission receiving all relevant information	achieved	achieved	achieved	achieved

Forecast Standard	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Target
32. Residents are able to navigate a robust disputes process with a fair outcome				
32.1 Retirement Commissioner maintains and publishes a list of approved disputes panel members and a list of approved mediator agencies	achieved	achieved	achieved	achieved
32.2 100% of disputes panel decisions are published on cffc.org.nz	achieved	achieved	achieved	achieved
33. Key Projects for 2017/18				
33.1 A plain English re-write of the Code of Practice is completed with proposed changes recommended to the Minister by 31 March 2018				
33.2 Continue developing and building educational web content and information on Retirement Villages. This includes a review of the websites technical content and three new tools (e.g. a new video for older New Zealanders' relating to the cost of care) uploaded to the resources page				
33.3 Develop a social media plan targeting families of intending and existing residents				
33.4 The Commission, with the support of MBIE, produces a cross-agency review paper identifying key issues to ensure the law and regulations are functioning well, and fit for purpose and seeks Minister approval for public consultation if recommended				

Forecast Financial Statements

All figures exclude GST.

Summary of Output Revenue and Costs

Output category	2017/18 Forecast Revenue	2017/18 Forecast Cost
Financial Capability	\$5,808,480	\$6,159,846
Retirement Income	\$1,452,120	\$1,253,737
Retirement Villages	\$215,000	\$457,016
Total	\$7,475,600	\$7,870,599

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

Note: The net comprehensive deficit forecast for 2017/18 of \$394,999 is primarily due to the non-cash impact of amortisation of intangible assets and depreciation of property, plant and equipment. Consistent with prior years the Commission has funded this deficit and ongoing capital investment with internal funding and is forecasting a further reduction in its closing cash balance to \$426,377 at 30 June 2018.

Forecast Statement of Comprehensive Revenue and Expenses

FOR THE YEAR ENDED 30 JUNE

	2016/17	2017/18
	\$	\$
Revenue		
Revenue from Crown Appropriation	6,682,000	7,422,000
Other Crown Revenue	113,744	-
Other Revenue	350,279	50,000
Interest Revenue	4,626	3,600
Total Revenue	7,150,649	7,475,600
Expenditure		
Community, Workplace & Education	1,631,633	1,867,800
Depreciation, Amortisation & Loss on Asset Disposal	366,751	445,054
Corporate Services	502,323	530,887
Financial Capability Summit/OECD Conference	340,751	-
Investor Education	44,455	67,700
Marketing & Communications	1,290,925	1,475,680
Personnel Costs	3,014,320	3,298,378
Retirement Commissioner	46,751	34,350
Retirement Villages	106,616	115,750
Review of Retirement Income Policies	308,702	35,000
Total Expenditure	7,653,227	7,870,599
Comprehensive Revenue/(Expenditure)	(502,578)	(394,999)

Forecast Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE

	2016/17	2017/18
	\$	\$
Public Equity at Start of the Year	200,000	200,000
Accumulated Surplus	1,201,756	699,178
Comprehensive Revenue/(Expenditure)	(502,578)	(394,999)
Public Equity at End of the Year	899,178	504,179

Forecast Statement of Financial Position

AS AT 30 JUNE

	2016/17	2017/18
	\$	\$
Assets		
Current Assets		
Cash and Cash Equivalents	666,151	426,377
Accounts Receivable	30,958	25,150
GST Receivable	127,887	81,984
Prepayments	8,854	5,257
Total Current Assets	833,850	538,768
Non-Current Assets		
Property, Plant & Equipment	376,076	290,874
Intangible Assets	326,402	266,551
Total Non-Current Assets	702,478	557,425
Total Assets	1,536,328	1,096,193
Current Liabilities		
Creditors and Other Payables	459,000	450,941
Lease Incentive Liability	31,764	22,235
Employee Entitlements	146,386	118,838
Total Current Liabilities	637,150	592,014
Net Assets	899,178	504,179
Public Equity		
Taxpayer Funds	200,000	200,000
Accumulated Surplus	699,178	304,179
Total Public Equity	899,178	504,179

Forecast Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE

	2016/17	2017/18
	\$	\$
Cash Flows From Operating Activities		
Cash Was Provided From:		
- Receipts from Crown Appropriation	6,682,000	7,422,000
- Other Crown Receipts	163,092	-
- Other Income Receipts	327,589	55,050
- Interest Received	4,740	3,600
	7,177,421	7,480,650
Cash Was Applied To:		
- Payments to Suppliers & Employees	7,033,051	7,466,034
- Net GST	(35,751)	(45,610)
	6,997,300	7,420,424
Net Cash Flows From Operating Activities	180,121	60,226
Cash Flows From Investing Activities		
Cash Was Applied To:		
- Purchase of Property, Plant & Equipment	(8,720)	(40,000)
- Purchase of Intangible Assets	(50,370)	(260,000)
Net Cash Flows From Investing Activities	(59,090)	(300,000)
Net Increase / (Decrease) In Cash Held	121,031	(239,774)
Plus Cash at the Start of the Year	545,120	666,151
Cash Held At The End Of The Year	666,151	426,377
Represented By:		
Cash and Cash Equivalents	666,151	426,377
Cash Held At The End Of The Year	666,151	426,377

Statement of Underlying Accounting Assumptions

Significant Assumption

The opening position of the forecast statements is based on unaudited results for 2016/17. The actual results for April to June 2017 are unavailable at the time of preparation; therefore, the balance as at 30 June 2017 has been estimated using April to June 2017 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 25.8 FTEs to meet the work programme.

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 (the 'Commission') 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 the Commission are to:

- help all New Zealanders prepare financially for their retirement through improved financial capability and driving sustainable and enduring behaviour change;
- raising awareness of retirement income policy issues and monitoring and reporting on the effects and effectiveness of retirement income policies; and
- monitoring the provisions of the Retirement Villages Act and administering 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). The Commission 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 the Commission is New Zealand dollars.

Use of Estimates and Judgments

In preparing these forecast financial statements, the Commission 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.

The Commission 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.

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

Other Revenue

The Commission 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 are:

- '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 the Commission 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 the Commission 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 the Commission 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	3–12 years	8.4%–30.0%
Furniture and fittings	3–12 years	8.4%–30.0%
Computer equipment	2–5 years	21.6%–50.0%
Leasehold improvements	5–15 years	7.0%–20.0%

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	2–3 years	30.0%–48.0%
Websites	2.5 years	40.0%

Impairment

Property, plant & 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 the Commission'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 & 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

The Commission 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 the Commission 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 the Commission 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

The Commission 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.

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