

Briefing to the Incoming Minister of Commerce and Consumer Affairs

Prepared by the Commission for Financial Capability
- 31 October 2017

2016/17 Key highlights:



Section one: about CFFC

Who we are

The Commission for Financial Capability (CFFC) leads the Government response for helping 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 good financial decisions at every stage of their lives and reach retirement in good financial health.

Greater financial resilience and capability enables New Zealanders to better manage debt, accumulate savings, realise home ownership aspirations, and so reduces the government's long-term liabilities associated with an ageing population.

CFFC is the office of the Retirement Commissioner, an Autonomous Crown Entity defined by the Crown Entities Act 2004. The role of the Retirement Commissioner is defined in the New Zealand Superannuation and Retirement Income Act with responsibilities also under the Retirement Villages Act 2004.

The current Retirement Commissioner, Diane Maxwell, was appointed on 1 July 2013 for an initial term of three years and re-appointed for a further term of three years on 1 July 2016.

We are a small, innovative team of 27 staff that primarily operate out of our Auckland office. Two of our staff are also based in Wellington. CFFC has an appropriation of \$7.5 million which includes additional funding of \$10.2 million to roll out financial capability programmes for students and schools over the next four years. The funding also includes \$960,000 to expand our work in communities.

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 – three yearly review and raising awareness of retirement income policy issues and providing robust policy advice; and
- Retirement villages - monitoring the provisions of the Retirement Villages Act (2003) and administering its dispute provisions, and providing information and education to the sector.

Our Vision and Mission

CFFC's vision is to ensure that everyone gets ahead financially.

Our mission is driving sustainable behaviour change. Our focus is on the retirees of today and tomorrow.

Future focused

New Zealand is undergoing unprecedented demographic change, as we live longer and fertility rates decline. At the same time, technological advances mean the financial landscape is constantly changing. Access to credit is becoming quicker and easier in many cases, and social norms around money and debt play a role in how much we buy and consume. We need to keep up with these changes and meet people where they spend most of their time – sometimes that means face-to-face, but often online.

Driving behaviour change around money habits is a complex task. The demands of today drown out thoughts of tomorrow and we need to cut through the noise of our busy lives to inform, inspire and encourage New Zealanders to focus on their financial wellbeing.

At CFFC, we create a culture of innovation and thought leadership, favouring a bold and brave approach that is ready to challenge the status quo. We are nimble and flexible, able to adapt our work in response to new research insights so that we can meet the changing needs of the retirees of today and tomorrow.

Government's priority areas

The Prime Minister has signaled a number of post-election priority and action areas. These include reducing child poverty and a new School Leavers ToolKit.

Reducing child poverty

Over the past four years, CFFC has had an increased focus on working with low income and vulnerable New Zealanders to help people that are financially vulnerable become financially capable. We do this by working with the community, schools and workplaces.

CFFC focuses on driving sustainable and enduring behaviour change.

Greater financial resilience and capability empowers families and whānau to make the most of their income and resources. It places them in the best position to build savings and financial assets, to better manage debt and weather shocks. These are key aspects of financial self-determination and autonomy which help create ways out of poverty.

Our financial capability programmes have the greatest impact when they are integrated across health services, housing, education and student employment programmes. Our National Strategy will continue to focus on scaling our efforts to integrate financial capability programmes across government in these areas and contribute towards reducing child poverty.

A new School Leavers ToolKit

The Prime Minister has previously signaled an intention to create a new School Leavers ToolKit. This will include financial and budgeting courses in schools. CFFC will work with the Ministry of Education to understand how we can connect with this work going forward.

In Budget 2017, CFFC was allocated \$10 million over four years to support the implementation of a national roll out for financial capability in schools.

Sorted in Schools is a large-scale programme that aims to have financial literacy and capability integrated across the curriculum. We will work to achieve sustained behaviour change across the student demographic by scaling CFFC's successfully piloted financial capability programmes.

What we do

Building wealthy lives

We are working to reclaim the word wealth, which is a 12th century word meaning “wellbeing”. We aim to build wealth and wellbeing by bringing about an underlying shift in the way people think about and manage money, which improves both short-term and long-term behaviour.

The three functions represent the core of CFFC’s work in financial capability

1. LEADERSHIP	2. RESOURCES AND EDUCATION	3. MONITORING AND EVALUATION
<ul style="list-style-type: none">• Use our leadership role to help set, align and advocate national priorities to advance the financial capability of New Zealanders to build a wealthier future• Provide robust policy advice on retirement income issues	<ul style="list-style-type: none">• Financial capability information is accessible and useable through the provision of education materials, tools and training to deliver tailored, high-quality financial capability information and education	<ul style="list-style-type: none">• Monitor and evaluate policy and programme implementation and the financial capability of New Zealanders• Monitor the effects of the Retirement Villages Act (2003) and administer the disputes process

Under these functions and in collaboration with our partners, CFFC will focus on:

- Increasing understanding of the importance of financial capability in driving economic growth and individual wellbeing.
- Ensuring that more New Zealanders become financially capable.
- Ensuring that more New Zealanders actively plan for their retirement.
- Promoting the contribution of financial capability in supporting a wealthier future.
- Increasing understanding of retirement income issues.
- Monitoring and reporting on the effectiveness of retirement income policy.
- Informing intending and existing residents of retirement villages of their choices, rights and responsibilities.
- Monitoring the effects of the Retirement Villages Act (2003).
- Administering the Retirement Villages Act (2003) disputes process.

Our partners

We work across a range of community, government, private and NGO stakeholders to strengthen joint efforts towards raising financial capability across New Zealand.

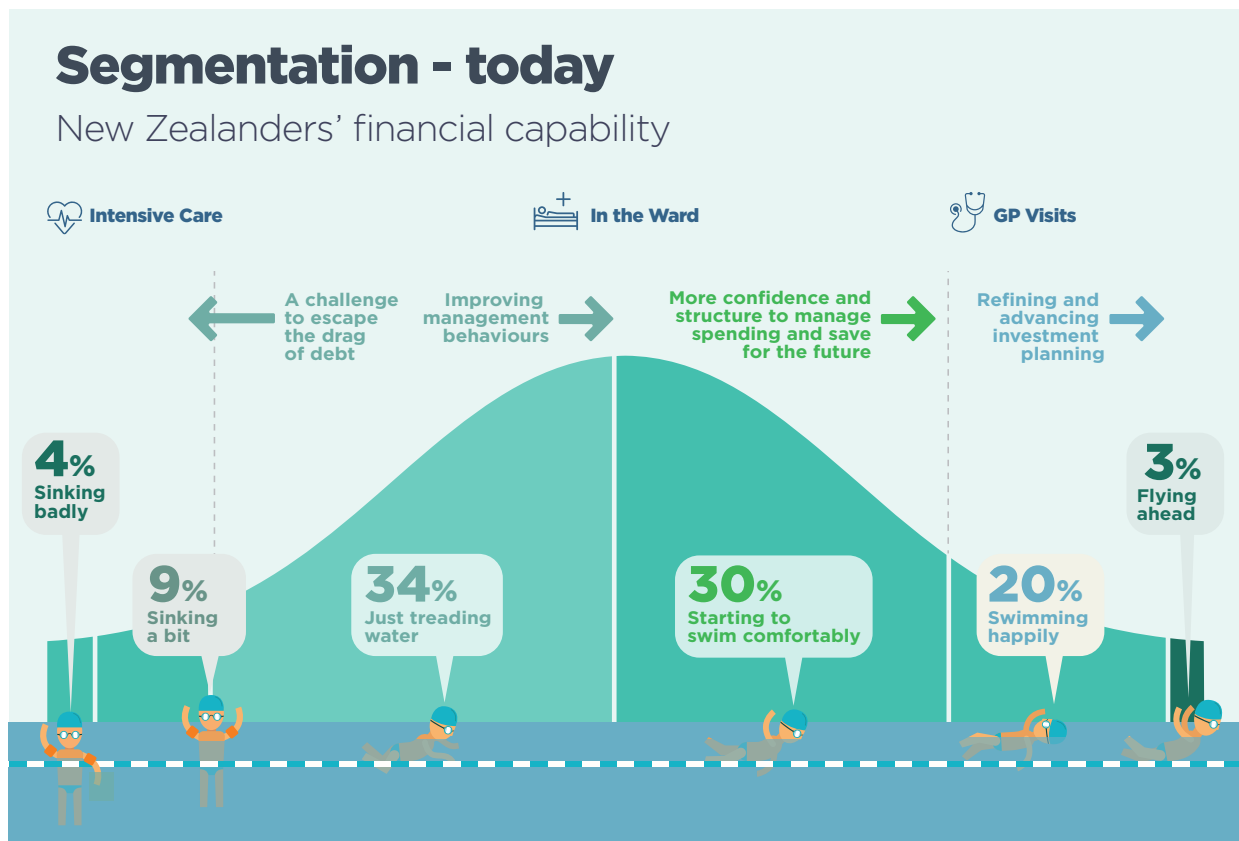
CFFC leads the National Strategy for Financial Capability which sets a shared direction for financial capability. It provides a practical framework for how stakeholders can work together to achieve the greatest impact by strategic alignment and effective coordination across government.

International context

CFFC actively participates in the work of the OECD International Network for Financial Education, and in the development of policy and measurement tools for financial capability. In 2016, we hosted the New Zealand OECD Global Symposium on Financial Education for the first time with discussions focusing on innovative policies and strategies around financial education and consumer protection.

Our strategic framework

CFFC uses a health framework to segment the 3.6m adults in New Zealand and a triage approach to determine who needs what, and how best to deploy our finite resources. Our Financial Capability barometer is a nationwide survey which gives us insights into the 13% of New Zealanders in financial 'Intensive Care,' the 64% 'In the Ward' and the 23% who we call 'GP Visits.'



Barometer

Our new Financial Capability Barometer will see us survey over 4,000 people each year, in addition to the thousands who we hear from through our roaming video tent, our street activations, and our website surveys.

Section two: delivery of our key priorities 2017-2018

The following section outlines how we will focus on the delivery of our key priorities.

Leadership

- Grow understanding of the importance of financial capability in driving economic growth and individual wellbeing.
- Monitor and report on the effectiveness of retirement income policies.
- A wealthier future.

CFFC uses its leadership role to provide evidence and advice to influence and support decision-making across government.

We develop partnerships with community and government stakeholders for local and system-level conversations to impact practice, planning and policy, to develop and promote financial capability programmes, policies and resources.

National strategy

The National Strategy for Financial Capability provides a framework for a nationally coordinated approach to achieve the greatest impact for raising financial capability through strategic alignment and effective coordination across government.

Review of Retirement Income Policies

In December 2016, CFFC released our findings on the three-yearly Review of Retirement Income Policies, with a range of recommendations around KiwiSaver, NZ Super, vulnerable groups and more. The work was delivered via an online interactive portal featuring videos called 'Toys Talk Retirement' with seven short animated films, and 226 pieces of content underneath. Our innovative approach to releasing the findings attracted widespread media engagement and was recognised with an award for Public Sector Engagement at the IPANZ Public Sector Excellence Awards.

The previous government formally responded to our recommendations in mid 2017. Findings from the Review will continue to be built into CFFC's future work programme, which has underlined 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. We will also commence planning for the next Review due in 2019.

Resources and education

- More New Zealanders become financially capable.
- More New Zealanders actively plan for their retirement.
- Increased understanding of retirement income issues.
- Informing intending and existing residents of retirement villages of their choices, rights and responsibilities.

CFFC makes financial capability information accessible and useable through the provision of tools and resources, through its education programmes, and by working with community and partner organisations to deliver tailored, high quality financial information and education.

Sorted in Schools

Over the next four years, CFFC will lead the delivery of the first national roll out for financial capability in schools. Sorted in Schools will give scale to CFFC's already successfully piloted financial capability programmes. A tool kit of resources will be developed to help teachers integrate financial education across the curriculum. These will include professional learning development for primary and secondary schools and a focus on creating new and innovative digital learning resources. CFFC will work across school leaders, boards, the Ministry of Education and key stakeholders to promote the programme (see Appendix two: Sorted in Schools).

Sorted in communities

We work with a range of iwi and other organisations 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 the financially vulnerable become financially capable. CFFC has tailored resources and programmes to deliver specifically for Māori and pilots a range of programmes to connect to the government eco-system and at a grassroots level.

Sorted in workplaces

We work with a range of businesses and other organisations to build financial capability in workplaces. Examples include national workplace 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).

Sorted online

CFFC powers the Sorted website. Since 2001, our Sorted brand has become a trusted source of free, impartial and independent financial information and resources for the 1+million New Zealanders who use it every year. The 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 for communities and workplaces that take the time to work on our attitudes to, knowledge of and relationship with, money. They run from one-off seminars to nine-week programmes with variations in between.

Retirement village residents

CFFC provides information and education to intending and existing residents of retirement villages regarding their rights and responsibilities. CFFC proactively engages with the sector, collects and publishes information about retirement village issues, collaborates with MBIE and advises the Minister on issues when requested or required.

Investor education

With more than 2.7 million New Zealanders in KiwiSaver, we focus on helping them to see themselves as investors, not savers, and give them resources to make better informed decisions that could have a significant effect on their future financial wellbeing.

CFFC is developing a wide range of investor education materials including the growth of the website invested.co.nz. We continue to build a strong and extensive national media presence, run campaigns on social media platforms, and organise investor education seminars around the country, covering areas including KiwiSaver, financial scams and income in retirement.

Money week

CFFC runs an annual event called Money Week with seminars, events, competitions, and quizzes etc. held nationwide by schools, businesses and community groups. 'Show Me The Money' Week ran from 5-11 September 2016 with a focus on living more than 30 years in retirement.

More than 200 businesses, organisations, schools and community groups supported Money Week by hosting events and activities reaching 55,000 people.

Audience reach

Our online channels offer a cost effective, fast and increasingly mass 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' presenting real people and real stories and promoting these via social media.

Media reach

Coverage of CFFC's work by the mainstream media is crucial in order for us to raise awareness of, and provide thought leadership around, financial capability. We have developed strong relationships with key journalists, collaborate with them on pro-active media campaigns, and CFFC staff are regularly asked to comment on stories in print, broadcast and online media. In the last financial year our earned coverage was valued at an equivalent ad spend of \$18m.

Monitoring

- Monitoring of the effects of the Retirement Villages Act.
- Administering the Retirement Villages Act disputes process.

Monitoring of the effects of the Retirement Villages Act

One of the main ways in which CFFC monitors the effects of the Retirement Villages Act is by undertaking an annual review of a key aspect of it. The review project currently underway evaluates the effectiveness of the statutory supervision regime and the extent to which is operating as intended by the legislation.

Administering the Retirement Villages Act disputes process

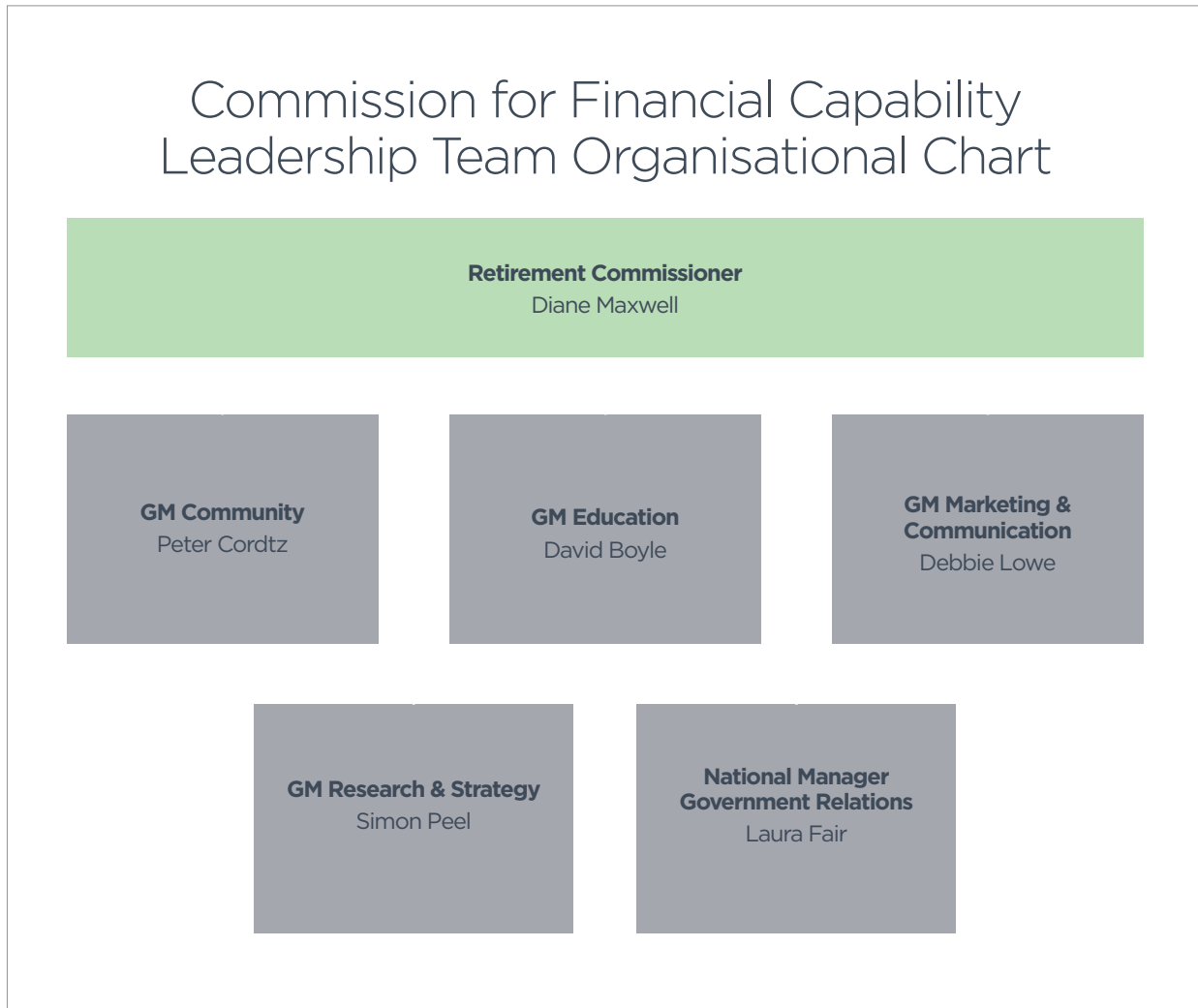
CFFC administers the disputes process, which includes checking and holding documentation, providing an approved group of panelists and providing information about the process to both residents and operators.

Appendix one

CFFC's Senior Leadership Team

A team that's both on the ground and reaches wider New Zealand.

Our leadership team is lean, agile, innovative and able to respond rapidly to change, but with a long-term strategic view that is firmly focused on improving everyone's financial wellbeing. We have built a reputation for leading the national conversation around financial capability and supporting behavior change to help New Zealanders prepare for the future.

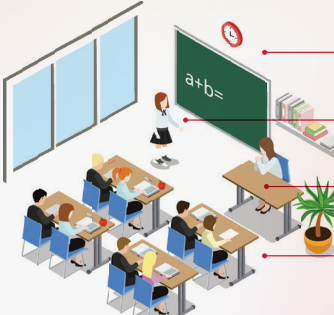



Appendix two: sorted for schools A3

See attachment.

Equipping our kids for their financial futures

New Zealand is undergoing unprecedented demographic change, with an ageing population. We need all young people to leave school confident about what money is, how to make it work for them, and ready for the future.





Challenges

- 54% of primary schools don't offer financial literacy programmes. Financial Literacy Survey of NZ Primary Students (NZS), 2012
- 73% of secondary students want to learn more about how to manage their money. Financial Literacy of Secondary Students (NZCES), 2014
- 40% of schools include teachers with no professional development in financial education. Financial Literacy Survey of NZ Primary Students (NZS), 2012
- ↓ Financial literacy is lowest for Māori (27%) & Pacific (44%) learners, who perform below the PISA baseline. PISA Financial Literacy (OECD), 2012

Quality of resources

- 17% of digital resources are interactive
- 35% of learning resources are cross-curricular
- 15% of resources are targeted to teachers and learners
- 66% of resources are provided by others (not MOE or CFFC). Financial Capability Development Scorecard (2017)

Action

- Financial capability is integrated across the curriculum
- Sorted Toolkit for teachers A package of resources to support delivery in schools and PLD to build workplace capability
- Lead the development of interactive digital learning resources
- Engage School leaders Boards, COLs, parents, family and whānau, and education providers
- Campaign to include financial capability in the National Education Learning Priorities
- Agree a monitoring and evaluation framework

Success

- Equity All learners have opportunities to achieve financial capability outcomes as part of their educational pathway
- Integration Financial capability is recognised as an education priority and integrated across the curriculum
- Accessibility Quality financial education resources are accessible, easy to use and respond to diverse learner needs
- Collaborative partnerships Increased collaborative partnerships support schools, their communities, parents, family and whānau to build financial capability for learners

