



FINANCIAL SERVICES COUNCIL
ANNUAL REPORT
2020

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THE ROLE OF THE FINANCIAL SERVICES COUNCIL

The FSC is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 77 members* comprise 95% of the life insurance market in New Zealand and manage funds of more than \$83bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.



STRONG CONSUMER OUTCOMES – The financial services industry must continue to deliver great product and services that deliver to the wealth, protection and wellbeing of New Zealanders.



SUSTAINABILITY OF THE FINANCIAL SERVICES SECTOR – The sector is key for the prosperity of New Zealand through the way we serve New Zealanders, to the jobs we create, to the insurance claims we pay and to the way in which we help people save for retirement.



INCREASING PROFESSIONALISM AND TRUST OF THE INDUSTRY – This requires the industry to continuously improve, address the hard issues and increase the trust and transparency of the sector.

FSC PURPOSE:

- be recognised as an organisation that represents the interests of the New Zealand financial services industry, including to Regulators and Government;
- promote best practice and integrity in the financial services industry, including through the institution of codes of conduct, standards and the publication of guidance for industry participants;
- promote the financial services industry for the economic benefit of New Zealand and to enhance the sustainability of the industry, whilst recognising the primacy of the interests of consumers;
- develop and promote evidence-based policies and practices designed to assist New Zealanders to build and protect their wealth;
- promote the financial services industry as a medium for investment and protection for consumers;
- promote, assist and generally advance the interests of members.

* 77 members as at 15 September 2020.

ABOUT THE FINANCIAL SERVICES COUNCIL



To deliver on our vision and purpose, FSC activity centres on five strategic pillars:

				
<p>POLICY AND ADVOCACY</p> <p>Thought leadership on key issues</p> <p>Use of research papers to drive the agenda</p> <p>Develop research institution in partnership with a tertiary institute</p>	<p>INDUSTRY LEADERSHIP & INSIGHT</p> <p>Develop targeted communications for, and with, industry</p> <p>Incubate and support FinTech and InsureTech</p> <p>Deliver creativity and innovation</p>	<p>INDUSTRY BEST PRACTICE</p> <p>Become the voice of trust in financial services</p> <p>Create excellence in transparency</p> <p>Increase understanding of data security</p> <p>Drive financial literacy</p>	<p>COMMUNITY OF PROFESSIONALS</p> <p>Build our future leaders</p> <p>Create a culture of inclusiveness</p> <p>Develop partnerships across the value chain</p>	<p>DEVELOP THE FSC</p> <p>Attract new members</p> <p>Monetising industry insight</p> <p>Use scale to get to drive savings</p> <p>Build a sustainable FSC</p>

MESSAGE FROM THE CHAIRMAN



Rob Flannagan
CHAIRMAN

Kaua mā te waewae tūtuki, engari mā te ūpoko pakaru.

Tēnā koutou members, welcome to the Financial Services Council 2019/2020 Annual Report.

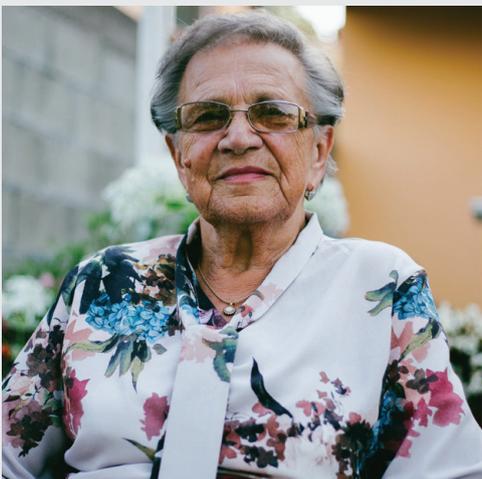
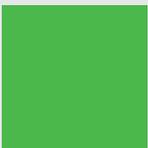
It has been a year of two very distinct halves globally, in New Zealand and at the Financial Services Council. Sitting writing this introduction we are back again in Covid Alert Level 2, language that wasn't part of my vocabulary six months ago, I am both apprehensive and optimistic about the coming months.

Looking back to 2019, the FSC was busy working across Government and industry, driving change in the areas of conduct, KiwiSaver and Insurance Contract Law. The Towards Wellbeing themed Annual Conference in September saw over 600 of our community come together over three days, driving conversations about how we can better support New Zealanders, our teams and support wellbeing across New Zealand. We also celebrated some impressive industry achievements at the Gala Awards Dinner.

It was great to start 2020 with a breakfast event where Rob Everett, Chief Executive of the Financial Markets Authority outlined the focus of the regulators, followed by the four "Get In Shape Advice" Summits across New Zealand, jointly delivered by the FMA, MBIE, Financial Advice New Zealand and ourselves. The focus was to update the advice community on the changes to the financial services legislation. It was a great pleasure to have Minister Faafoi open the event series.

As the extent of Covid-19 started to come to light, I was proud to see the FSC Members coming together as an essential service and to work with Government and regulators to put in place options to support Kiwis. The members worked hard to deliver and support New Zealanders, for example,





through KiwiSaver hardship withdrawals, payment holidays and ensuring, through the deployment of business continuity plans and dedicated staff, customers got the support they needed.

There is still some way to go and teams have been, and may continue to be, affected by this pandemic. The Board and I remain focused on supporting our members with a focus on sustainability and wellbeing as we continue to navigate these uncertain times.

POLICY AND ADVOCACY

The year was focused around changes to the Financial Services Legislative Amendment Act (FSLAA), KiwiSaver and Conduct of Institutions. Of course, much of the legislation was put on hold as Government and Regulators recognised the need to free up time for advisers and the front line of the sector to focus on customers in the second half of the year.

We convened sessions with Ministers and Regulators through Covid-19 focused committees that were key in developing trends and recommending action for the second half of the year.

INDUSTRY LEADERSHIP AND INSIGHT

We were pleased to launch KiwiSaver 2050: Pathways to the Future which was aimed at kickstarting a conversation about how New Zealand can make the most of the nearly trillion-dollar opportunity that KiwiSaver will present in 2050 and beyond.

The Moments of Truth and Gambling on Life research took a deep dive into how Kiwis felt about the Life Insurance sector and the life insurance gap to help understand why and how New Zealanders decide to manage risk in this sector.

INDUSTRY BEST PRACTICE

Alongside the Towards Wellbeing Conference, we focused on our distribution network, advocating change needed to comply with the Financial Advice Regime, that is now due to come into effect on 15 March 2021. This including the Navigating Regulation support hub, the joint countrywide Get In Shape Advice Summits with MBIE, Financial Markets Authority and Financial Advice New Zealand and the start of our Get In Shape webinar series in May giving practical advice of how to tackle the new regulations.

COMMUNITY OF PROFESSIONALS

We now have around 270 volunteers working across our committees bringing wide ranging expertise from across our membership.

We successfully integrated the Workplace Savings NZ members over the year and now have a well supported Workplace Savings Committee that is delivering a comprehensive workplan into the community.

DEVELOPING THE FSC

We were pleased to welcome many new members through the year, and it is pleasing to see our membership continuing to grow. The secretariat continues to deliver a wide range of business and committee plans with members in an agile way, and successfully put in place FSC Connect, our communications response to the pandemic including regular updates and our new webinar series with more than 3,600 registrations between the first event in April and the end of June.

FINANCIAL RESULT FOR 2019

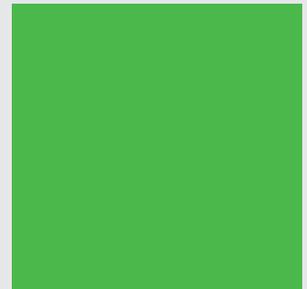
The FSC recorded a year-end surplus of \$183,238, an increase on the surplus recorded in 2019, which is largely due to good cost management and growing membership numbers.

Our net assets at 30 June 2020 were \$969,988. The FSC is actively managing cash and bank deposits on a variety of terms and interest rates to meet the cashflow needs of the organisation.

We are forecasting continued growth in new members joining in 2020/21, as well as looking at ways to diversify incomes from the conference and event revenue streams by continuing to build our proactive work programme.

CONCLUSION

On behalf of the FSC Board, I would like to thank Ministers, Government, regulators and all our members for working together to support New Zealanders through this difficult period. I would also like to thank the FSC secretariat, led by Chief Executive Richard Klipin. The team have risen to the unusual challenges, adapted and delivered to an extremely high level of professionalism.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Richard Klipin
CEO

Tēnā koutou members, what an extraordinary, challenging, year 2019/20 has turned out to be. When we started planning for 2019/20 we didn't plan for a massive impact from a global pandemic on our communities, health services, our sector, our customers and our teams.

With the support of the FSC Board and members, like many we initiated our business continuity plan to provide guidance to government and regulators by bringing together and supporting members and our wider community to navigate through uncertain and stressful times.

As the industry responded, having clarity and focus meant that as a sector we were able to support our customers, communities and people. I am pleased to have seen how the industry, as an essential service, pulled together for the benefit of New Zealand's team of 5 million.

It is also important to recognise how quickly government and regulators reacted to the crisis. For the financial services sector, this included reducing and simplifying processes for example, for KiwiSaver Hardship Withdrawals, and re-prioritising regulatory change due in 2020.

As the chair noted, the year of two halves started very differently. We were welcoming new members as the Workplace Savings NZ merger completed, setting up new committees, focusing on the wellbeing of New Zealand through our Towards Wellbeing conference and delivering a range of events, research and innovation.





April 2020 saw us change to online delivery through our new FSC Connect webinar channel and our committee meetings. Our work through specially convened Covid-19 committees showed the sector working together and continuing to innovate as we learnt more.

As the 2019 conference and latest Money & You research highlighted, New Zealanders' wellbeing is directly affected by their financial confidence and security. As we continue to explore wellbeing with government, regulators and the wider financial community, we will focus on helping our members deliver the most appropriate financial services and support to their customers.

POLICY AND ADVOCACY

In 2019, the FSC was working across a range of policy changes faced by the sector. We continued our programme of meeting with politicians, officials and other key stakeholders, initially face to face and then online. The work before Covid-19 was focussed on the new regulations facing the advice community, conduct and culture, Retirement Commission reviews, KiwiSaver and Taxation.

We continued, through autumn, to provide feedback on the Conduct of Financial Institutions Bill and appeared at our first virtual select committee.

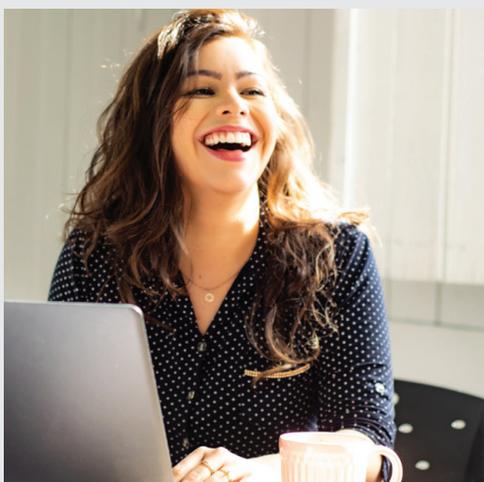
With over 100 meetings over the year, this area of focus continues to be key and as the various policy and legislative changes have been re-timetabled, we are working to support our membership and help the community get back on track.

INDUSTRY LEADERSHIP AND INSIGHT

The FSC Code of Conduct continues to develop since it came into force on 1 January 2019, and through the year members have been training their teams and the FSC Code Committee has been developing guidance materials, due to be launched later in 2020.

The FSC data project, designed to improve and increase the data we gather on behalf of the industry, has also made huge progress over the year and is on track for launch in late 2020. We are looking forward to embedding this new gathering and reporting process and expanding our data collection going forward.

Finally, the Financial Resilience Index and Money & You research has shone the light on how poorly Kiwis



are prepared for financial shocks, how well they know the language of money and how much of an impact this has on our overall wellbeing. This important piece of research, which is continuing to the end of 2020, is challenging the sector to come together and to innovate for the good of New Zealand.

INDUSTRY BEST PRACTICE

The Towards Wellbeing Conference really started to move discussions in the sector from dollars and cents to wellbeing, and the part financial security has to play in keeping us well. As mentioned earlier, this led to the FSC commissioning further research, however at the conference the 600 attendees heard from a range of wellbeing and resilience experts as we started to open up the wellbeing debate.

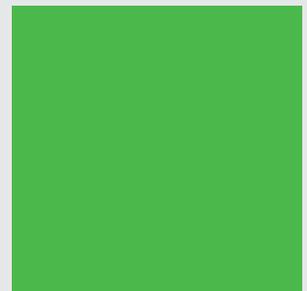
As timely as the conference topics were ahead of Covid-19, the quality of content and speakers was exceptional, and delegate feedback was particularly positive about the importance of wellbeing and out responsibility to both our teams and for our customers.

The Get In Shape Advice Summits had a record 1500 attendees in February. Advisers and front line teams are key in delivering accessible financial services to New Zealanders. We know that less than 20% of New Zealanders currently access professional advice, and so these summits and ongoing webinar series are designed to support the community in transition to the new Financial Services Legislation Amendment Act (FSLAA), designed to improve the quality of advice in New Zealand.

COMMUNITY OF PROFESSIONALS

The FSC members have continued to innovate and develop over the year, through ten special project working groups covering advice, data, FSC Code of Conduct, KiwiSaver withdrawals and risk assessment. These groups have been delving into how we think about not only today, but also the future. They are developing initiatives that directly support our three main stakeholder groups; our customers, the professional advice community and the wider financial services industry.

Watch this space as we continue to roll out these projects with the support of close to 300 member volunteers, our standing committees and the FSC Board.





DEVELOPING THE FSC

The Financial Services Council network continues to grow, and with the support of our agile secretariat team, we have been able to react and adjust to the challenges faced over the year. With the challenges of Covid-19 likely to continue for the foreseeable future, welcoming new members to the voice of the sector is important and necessary as the combined expertise from our member volunteers is shaping the future of this growing sector.

CONCLUSION

As we look forward, I am hopeful that the world opens back up so that we can re-connect with family, friends and colleagues.

There are a large number of people who are working together to make a difference to New Zealanders and I would like to thank:

- Government, officials and regulators for their inclusive, collaborative and pragmatic approach
- The FSC Chair and Board for their counsel and guidance
- Our committee chairs and members for their unstinting work
- The FSC team for their agility, relentless hard work and continued positivity.

At our core, the financial services sector is key in supporting New Zealanders; our families, our businesses and our communities through both good and bad times. We remain committed to the health, wealth and wellbeing of team New Zealand, now more than ever, as we continue to adapt and respond to the ongoing challenges of Covid-19.

We look forward to serving you as we go forward into 2021 and beyond.

Ngā manaakitanga, Richard.





PERFORMANCE REPORT

**FINANCIAL SERVICES
COUNCIL OF NEW
ZEALAND INCORPORATED
FOR THE YEAR ENDED
30 JUNE 2020**

Prepared by VGA Chartered
Accountants Ltd



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DIRECTORY

PURPOSE OF THE SOCIETY

The Financial Services Council of New Zealand Incorporated (FSC) continues to represent the interests of life, disability, income, and trauma insurers, superannuation and managed funds, to the Government, including regulators, policy-makers and Ministers. Law firms, audit firms, and other providers to the financial services sector are represented among the broader FSC membership. Throughout the year, the FSC has re-focused its strategy to drive:

1. Strong and sustainable consumer outcomes
2. Sustainability of the financial services sector
3. Increasing professionalism and trust of the industry

To achieve this, the FSC has coordinated responses to regulation and policy consultations relevant to the membership. It has commissioned and published data and research relevant to the industry and consumers, and organised community events to promote best practice.

IRD NUMBER

067-359-763

OFFICERS OF THE SOCIETY

Independent Chair: Rob Flannagan

Chief Executive Officer: Richard Klipin

BOARD MEMBERS

Adam Boyd, Adrian Riminton (joined 22 July 2020), Blair Vernon, Charlie Trotter, David Biegel (term expired 30 June 2020), Craig Mulholland, Cris Knell, Gail Costa, Kristy Redfern, Nadine Tereora (resigned 15 June 2020), Naomi Ballantyne, Nigel Jackson, Reuben Lawrence

CHARTERED ACCOUNTANTS

VGA Chartered Accountants Ltd
Unit G12
23 Edwin Street
Mt Eden
Auckland 1024

Phone: 09-638-8736

BANKERS

BNZ

AUDITORS

PricewaterhouseCoopers

PHYSICAL AND POSTAL ADDRESS

Level 33
ANZ Centre
23-29 Albert Street
Auckland 1010

ENTITY INFORMATION

LEGAL NAME OF ENTITY

Financial Services Council of New Zealand
Incorporated (FSC)

ENTITY TYPE

Incorporated Society

REGISTRATION NUMBER

831771

ENTITY'S PURPOSE OR MISSION

The Council's vision is to be the voice of New Zealand's financial services industry.

This vision is supported by a mission to grow, protect and manage the wealth of New Zealanders.

ENTITY STRUCTURE

The Financial Services Council of New Zealand Incorporated is an incorporated society.

It is governed by the Board which comprises representatives from member organisations.

MAIN SOURCES OF ENTITY'S CASH AND RESOURCES

FSC is funded by subscriptions and fees paid by its members and associate members.

These are set by the Board. Members and Associate Members provide representation and, in some cases, financial resources to committees formed by the Board to work on specific industry issues.

STATEMENT OF SERVICE PERFORMANCE

DESCRIPTION OF SPECIFIC PROJECTS AND RESULTS

AREA OF WORK:

Co-ordination with Government, Regulators and the IRD

SPECIFIC ACTIVITY & OUTCOME

More than 100 meetings with Government, Regulators and the IRD, including:



10 meetings on specific major policy issues (fees and levies, disclosure, KiwiSaver early withdrawals for life-shortening conditions, KiwiSaver default providers, future of KiwiSaver, Insurance Contracts Law Review, Conduct of Financial Institutions, Appointed Actuary, Insurer Data Returns, IFRS17 and IPSA).



Meetings with the Ministry of Business, Innovation and Employment to discuss topics including disclosure, fees, KiwiSaver, policy consultations and financial advice legislation.



Meetings with the Reserve Bank of New Zealand to discuss conduct, culture, IPSA and IFRS17 and policy-related issues such as the appointed actuary thematic review, insurance and data returns.



Meetings with Ministers and the Opposition to discuss areas of interest and ways of working together.



Meetings with the Financial Markets Authority to discuss focus areas and specific topics including conduct, culture and the FSC Code of Conduct.

Meetings with the Inland Revenue on topics including KiwiSaver, GST and zero rating on managed funds, PIR year end square up and investor rates, the Unclaimed Monies Act review and policy issues.

AREA OF WORK:

Policy and Advocacy

SPECIFIC ACTIVITY & OUTCOME



17 submissions on policy consultations.



FSC policy development is led by the FSC Regulation Committee with support from the Tax Advisory Group for technical tax-related issues.



Presented at one Select Committee:

- Financial Markets (Conduct of Institutions) Amendment Bill



Published nine editions of the FSC Regulatory Outlook.

DESCRIPTION OF SPECIFIC PROJECTS AND RESULTS

AREA OF WORK:

Industry Leadership and Insight

SPECIFIC ACTIVITY & OUTCOME

The FSC Code has been in effect since 1 January 2019.

Delivered six discrete pieces of research:

- KiwiSaver 2050: Pathways to the future
- New Zealand Retirement Expenditure Guidelines 2019
- Gambling on Life
- Moments of Truth
- Financial Resilience Index
- Money & You



Four quarterly Life Insurance statistics and four KiwiSaver statistics have been published to provide meaningful industry data to FSC members.



Sixty two 'Member Updates' have provided members with regular information on activity and outcomes.

Delivered seven 'Navigating Regulation' messages to FSC members and created the Navigating Regulation Advice Hub on the FSC website.



Twenty seven media releases on industry issues.

AREA OF WORK:

Industry Best Practice

SPECIFIC ACTIVITY & OUTCOME



'Towards Wellbeing' Annual Conference in September 2019, with over 600 attendees, and a satisfaction rating of more than 85% for quality of content and speakers.



Eight industry awards issued to celebrate and showcase excellence. Winners of these awards were announced at the 2019 Annual Conference.



Events held through the year:

- Thirteen face to face events with more than 2,500 attendees
- Twenty three webinars with more than 3,600 registrations
- These include Breakfast events, Get in Shape Advice Summits, FSC Connect Webinars, Get In Shape Webinar series and CEO/Director round tables
- Eight CEO round tables with more than 400 attendees

DESCRIPTION OF SPECIFIC PROJECTS AND RESULTS

AREA OF WORK:

Community of Professionals

SPECIFIC ACTIVITY & OUTCOME

FSC committees, with regular schedules and robust governance, are delivering great member engagement. Committees provide the opportunity for those involved to broaden their networks and learn from their peers. This year there were 12 standing committees, 10 project-based working groups, and more than 270 FSC member volunteers involved.

Standing Committees:



- Conference, Events and Connect Committee
- Data and Insights Governance Committee
- Distribution Committee
- FSC Code Governance Committee
- Investment and KiwiSaver Committee
- Life Insurance Committee
- Media and Government Relations Committee
- Regulation Committee
- Remuneration Committee
- Strategic Research Committee
- Tax Advisory Group
- Workplace Savings Committee

Project-based Working Groups:



- Adviser Transition Working Group
- Data and Insights Working Group
- FSC Code Working Group
- FSC Code Implementation Team
- IFRS17 Working Group
- KiwiSaver Early Withdrawals Working Group
- KiwiSaver 1st Home Withdrawals Working Group
- KiwiSaver Projections Working Group
- KiwiSaver Transfers Working Group
- Risk Assessment Working Group

STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	2020	2019
REVENUE			
Membership subscriptions		1,567,996	1,315,000
Conference and events income		737,489	483,615
Executive support		-	78,261
Interest income		26,890	31,813
Total Revenue		2,332,375	1,908,689
EXPENSES			
Accounting services		25,913	22,886
Audit	6	12,075	11,550
Bank and finance charges		244	163
Communications, website and marketing		26,659	32,657
Conference and events expenses		514,695	519,656
Depreciation	5	4,510	7,630
Entertainment		10,274	15,318
Employee-related costs		1,266,285	1,005,861
Insurance		5,823	2,550
Office expenses		26,320	26,335
Rent and rates		82,436	49,470
Project-related expenditure		83,404	109,843
Subscription and memberships		16,656	6,854
Total expenses		2,075,294	1,810,773
SURPLUS FOR THE YEAR BEFORE TAXES		257,081	97,915
TAXATION AND ADJUSTMENTS			
Income tax expense	3	73,843	29,409
Total taxation and adjustments		73,843	29,409
SURPLUS FOR THE YEAR		183,238	68,506

This Performance Report should be read in conjunction with the attached Notes to the Performance Report.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

	2020	2019
ACCUMULATED FUNDS		
Opening Balance	570,370	501,864
Current Year Surplus	183,238	68,506
Funds from Workplace Savings New Zealand	216,380	-
TOTAL ACCUMULATED FUNDS	969,988	570,370

This Performance Report should be read in conjunction with the attached Notes to the Performance Report.

STATEMENT OF FINANCIAL POSITION

	NOTES	30 JUN 2020	30 JUN 2019
ASSETS			
Current Assets			
Cash and Bank		196,147	141,977
Trade receivables		2,115	125,345
Accrued Income		935	2,376
GST Receivable		9,341	-
Investments (current)		1,180,544	970,195
Prepayments		34,633	19,203
Total Current Assets		1,423,715	1,259,096
Non-Current Assets			
Bond paid		12,003	12,003
Property, Plant and Equipment	5	5,017	7,790
Total Non-Current Assets		17,020	19,793
TOTAL ASSETS		1,440,735	1,278,889
LIABILITIES			
Current Liabilities			
Trade payables		93,548	66,252
Accruals		26,000	41,144
Conference Income in Advance		77,922	427,011
GST Payable		-	18,661
PAYE		23,580	15,813
Other Employees Liabilities		132,185	118,660
Income Tax Payable	3	62,627	14,728
Subscriptions Received in Advance		54,885	6,250
Total Current Liabilities		470,747	708,519
TOTAL LIABILITIES		470,747	708,519
NET ASSETS		969,988	570,370
ACCUMULATED FUNDS			
Accumulated funds		570,370	501,864
Current Year Surplus		183,238	68,506
Funds from Workplace Savings New Zealand	11	216,380	-
TOTAL ACCUMULATED FUNDS		969,988	570,370

Signed on behalf of the members of the Incorporated Society this 23rd day of September 2020.


 Independent Chair
 
 Chief Executive Officer

This Performance Report should be read in conjunction with the attached Notes to the Performance Report.

STATEMENT OF CASH FLOWS

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members	1,916,372	1,532,749
Cash receipts from project specific pledges	221,583	441,101
Payments to suppliers	(1,312,196)	(993,972)
Payments to employees	(772,031)	(675,928)
GST - net paid and collected	(6,238)	(8,471)
Income tax refunded/(paid)	(20,986)	(27,390)
Total Cash Flows from Operating Activities	26,504	268,090
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Interest received	22,934	29,436
Payment for property, plant and equipment	(1,738)	(1,928)
Term deposits withdrawn/(invested)	(209,910)	(363,286)
Receipts from financing activities	216,380	-
Total Cash Flows from Investing and Financing Activities	27,666	(335,777)
NET INCREASE/(DECREASE) IN CASH	54,170	(67,687)
BANK ACCOUNTS AND CASH		
Opening cash	141,977	209,664
Closing cash	196,147	141,977
Net change in cash for period	54,170	(67,687)

This Performance Report should be read in conjunction with the attached Notes to the Performance Report.

NOTES TO THE PERFORMANCE REPORT

1. REPORTING ENTITY

Financial Services Council of New Zealand Incorporated (FSC) is an Incorporated Society, registered in accordance with the Incorporated Societies Act 1908.

2. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Not-for-Profit) on the basis that the Society does not have public accountability (as defined) and has total annual expenses of more than \$2 million however opt to report under tier 3 as permitted under XRB A1 due to the year ended 30 June 2020 being the first year in which the Society has exceeded the requirements of the tier 3 framework.

All transactions in the Performance Report are reported using the accrual basis of accounting.

The Performance Report is prepared on the assumption that the Society will continue to operate in the foreseeable future.

On 11 March 2020, the World Health Organisation announced Covid 19 as a global pandemic. The board have considered the potential impact of Covid 19 on the ongoing operations of the Society and outside of those potential disclosed impacts within this report, have no reason to believe there will be further material impact on the Society caused by the global pandemic.

Historical Cost

This Performance Report has been prepared on a historical cost basis. The Performance Report is presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on bases consistent with those used in previous years.

Goods and Services Tax

FSC is registered for goods and services tax (GST). All amounts are stated exclusive of GST except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in

respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Pledged Monies are recognised as revenue on receipt where no performance conditions have been specified on receipt of the grant.

Pledged Monies requiring specified future conditions to be met are recognised as a liability on receipt. The grants are recognised as income over the period that the specified conditions are complete and the associated costs are recognised.

Fixed Assets and Depreciation

All fixed assets are recorded at cost less accumulated depreciation. Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax Act 2007.

Accounts Receivable

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Research

Research expenses are brought to account in the Statement of Financial Performance in the period incurred.

3. INCOME TAX RECONCILIATION

	2020	2019
NET PROFIT (LOSS) PER FINANCIAL STATEMENTS		
Current Year Earnings Before Tax	257,081	97,915
Total Net Profit (Loss) per Financial Statements	257,081	97,915
ADDITIONS TO TAXABLE PROFIT		
Other items to add back	6,644	7,118
Total Additions to Taxable Profit	6,644	7,118
DEDUCTIONS FROM TAXABLE PROFIT		
Losses Brought Forward	-	-
Non Assessable Items	-	-
Total Deductions from Taxable Profit	-	-
Taxable Profit (Loss)	263,725	105,034
Tax Expense at 28%	73,843	29,409
DEDUCTIONS FROM TAX PAYABLE		
Dividend Imputation Credits	-	-
Resident Withholding Tax Paid	4,958	5,784
Provisional Tax Paid	20,986	8,896
Outstanding Balances from Prior Years	(14,729)	-
Other Credits Available	-	-
Total Deductions from Tax Payable	11,216	14,680
Income Tax Payable	62,627	14,729

4. RELATED PARTIES

The majority of the Society income has been received from Members through subscriptions to fund general services performed for the Members. Additionally, Members are paid for consultancy and audit services. The following associate members have provided services to the Society in relation to its activities during the year. These services and payments for them were made on normal commercial terms.

Year to 30 June 2020 (Fees paid to members, GST Excl)	Year to 30 June 2019
PricewaterhouseCoopers (\$12,075)	PricewaterhouseCoopers (\$13,000)
Melville Jessup Weaver (\$28,500)	Melville Jessup Weaver (\$19,938)
Chapman Tripp (\$6,503)	Chapman Tripp (\$27,333)
KPMG (\$478)	Melior law & Regulation (\$6,273)
EY (\$1,540)	Strategi Group (\$250)

The Notes form part of the Performance Report.

This Performance Report should be read in conjunction with the attached Notes to the Performance Report.

5. FIXED ASSETS

As at 30 June 2020:

	Cost Price	Accum. Depn.	Current Yr Depn.	Book Value
Office Equipment	23,112	18,095	4,510	5,017
Total Fixed Assets	23,112	18,095	4,510	5,017

As at 30 June 2019:

	Cost Price	Accum. Depn.	Current Yr Depn.	Book Value
Office Equipment	21,375	13,585	7,630	7,790
Total Fixed Assets	21,375	13,585	7,630	7,790

6. AUDIT

This Performance Report has been subject to an audit engagement, please refer to Auditor's Report.

7. CAPITAL EXPENDITURE COMMITMENTS

There are no liabilities in respect of capital expenditure at balance date other than those provided for in the accounts (Last Year: \$nil).

8. CONTINGENT LIABILITIES

There are no contingent liabilities at balance date (Last Year: \$nil).

9. PROFIT SHARING

The revenue received in advance in 2020 financial year (\$77,922) relates to a Generations Conference to be held in September 2020.

The revenue received in advance in 2019 financial year (\$427,011) relates to a Towards Wellbeing Conference to be held in September 2019.

10. SUBSEQUENT EVENT

Due to the global Covid 19 pandemic the FSC Board has approved moving the conference to a digital platform to run in October 2020, rather than the in-person conference originally scheduled for September 2020. The Society received conference income in advance of \$77,922.

There are no other subsequent events which would materially impact the financial statements.

11. WORKPLACE SAVINGS NEW ZEALAND FUNDS RECEIVED

Upon the merger of Workplace Savings New Zealand and Financial Services Council New Zealand on 1 April 2019, residual funds of Workplace Savings New Zealand were transferred to Financial Services Council New Zealand to be invested exclusively within Financial Services Council New Zealand activities, strategies and initiatives consistent with the Workplace Savings New Zealand objectives.

The Notes form part of the Performance Report.

This Performance Report should be read in conjunction with the attached Notes to the Performance Report.

BOARD MEMBERS & MEETING ATTENDANCE

FSC Board Members, as at 30 June 2020.



ROB FLANNAGAN
Independent Chair
FSC



ADAM BOYD
Executive General
Manager, ASB



BLAIR VERNON
Chief Executive,
New Zealand Wealth
Management, AMP



CHARLIE TROTTER
Managing Director,
FNZ



CRAIG MULHOLLAND
Managing Director
Wealth, ANZ



CRISPIAN KNELL
Executive General
Manager, Distribution,
Suncorp



GAIL COSTA
Chief Executive
Officer, Cigna



KRISTY REDFERN
General Manager
Corporate Services &
General Counsel, AIA



NAOMI BALLANTYNE
Chief Executive
Officer, Partners Life



NIGEL JACKSON
Head of Customer
Proposition
Investments &
Insurance, Westpac



REUBEN LAWRENCE
Chief Operating
Officer - Insurances,
Bank of New
Zealand



DAVID BIEGEL
Workplace Savings
Representative

BOARD MEETINGS:	DUE TO ATTEND	ATTENDED
Rob Flannagan	5	5
Adam Boyd - ASB	5	2
Blair Vernon - AMP	4	3
Charlie Trotter - FNZ	5	2
Craig Mulholland - ANZ	5	5
Crispian Knell - Asteron Life	5	4
David Biegel ¹	5	4
Gail Costa - Cigna	5	3
Kristy Redfern - AIA	5	3
Nadine Tereora ² - Fidelity Life	5	4
Naomi Ballantyne - Partners Life	5	2
Nigel Jackson - Westpac	5	5
Reuben Lawrence - BNZ	3	1
Simon Hoole ³ - AMP	2	0
Susan Basile ⁴ - BNZ	2	1

We would like to thank our Board members, Nadine Tereora, Simon Hoole and Susan Basile, who resigned during 2019/2020.

¹ David Biegel - One year Board appointment ended 30 June 2020 as agreed in the Workplace Savings NZ merger agreement.

² Nadine Tereora - resigned from FSC Board on 15 June 2020, replaced by Adrian Riminton on 22 July 2020.

³ Simon Hoole - resigned from FSC Board on 16 November 2019, replaced by Blair Vernon.

⁴ Susan Basile - resigned from FSC Board on 16 November 2019, replaced by Reuben Lawrence.

COMMITTEE STRUCTURE

FSC Committee structure, as at 10 June 2020.



COMMITTEE MEETINGS

During the 12 months to 30 June 2020, the following committees met:

COMMITTEE	MEETINGS HELD	COMMITTEE	MEETINGS HELD
FSC Conference Committee	17	FSC Code of Conduct Governance Committee	10
FSC Life Insurance Committee	10	FSC Code Implementation Team	7
Risk Assessment Group	10	FSC Code Working Group	10
IFRS17 Working Group	1	FSC Regulation Committee	10
FSC Distribution Committee	12	FSC Strategic Research Committee	12
FSC Adviser Transition Working Group	11	FSC Data and Insights Governance Committee	8
FSC Professional Advice Working Group	4	Data and Insights Working Group	8
FSC Investment and KiwiSaver Committee	9	FSC Tax Advisory Group Committee	7
KiwiSaver First Home Withdrawals Working Group	4	FSC Media and Government Relations Committee	8
KiwiSaver Early Withdrawals Working Group	2	FSC Workplace Savings Committee	6
KiwiSaver Transfers Working Group	1	FSC Remuneration Committee	0
KiwiSaver Projections Working Group	3		

Additional Covid-19 Response Special Board and Committee Meetings (March – May 2020):

COVID-19 SPECIAL BOARD AND COMMITTEE MEETINGS	MEETINGS HELD
Covid-19 Response – Board Meetings	7
FSC Investment and KiwiSaver Covid-19	6
FSC Life Insurance Committee Covid-19	7
FSC Distribution Committee Covid-19	3
FSC Regulation Committee Member Covid-19	2
FSC Media and Government Relations Committee Covid-19	8

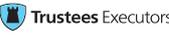
FINANCIAL SERVICES COUNCIL MEMBERS

MEMBERS

AIA Insurance 	AMP New Zealand Holdings Ltd 	ANZ Bank 	AON 	ASB 	Asteron Life Ltd 
BNZ Investments and Insurance 	CIGNA Life Insurance NZ Ltd 	Civic Financial Services 	Consilium 	Craigs Investment Partners 	Fidelity Life Assurance Co Ltd 
FNZ 	Forsyth Barr 	Generate KiwiSaver 	Imperial New Zealand Superannuation Fund 	KiwiWealth 	Mercer (NZ) Ltd 
Milford Asset Management Limited 	Momentum Life 	nib 	New Zealand Post Superannuation Plan 	Partners Life 	Pinnacle Life 
Resolution Life 	SmartsharesNZ 	Southsure Insurance 	Te Rūnanga o Ngāi Tahu 	The New Zealand Anglican Church Board 	Westpac Bank 

3M Superannuation Scheme | BECA Super Scheme | BOC NZ Retirement Plan | BP New Zealand Retirement Plan | Dairy Industry Superannuation Scheme | DXC (New Zealand) Staff Superannuation Fund | Maritime Retirement Scheme | MERBP Trustee Limited | MISS Scheme | mysuper Superannuation Scheme | Nestlé Pensions (New Zealand) Limited | NZAS Retirement Fund | NZ Fire Service Superannuation Scheme | Police Superannuation Scheme | Ports Retirement Plan | Reserve Bank of New Zealand | Sealed Air (New Zealand) Superannuation Fund | The Presbyterian Church of Aotearoa New Zealand Beneficiary Fund

ASSOCIATE MEMBERS

Anthony Harper 	Bell Gully 	BNP Paribas 	Bravura Solutions 	Chapman Tripp 	Chatswood Consulting Ltd 
Davies Financial & Actuarial Ltd 	Deloitte 	Dentons Kensington Swan 	DLA Piper 	Ernst & Young 	Guardian Trust 
GenRe 	Hannover Life Re 	KPMG 	Link Market Services 	Melville Jessup Weaver 	Minter Ellison Rudd Watts 
MMC Limited 	Mosaic 	MunichRE 	New Zealand Automobile Association 	Price Waterhouse Coopers 	Public Trust Corporate Trustee Services 
RGA Reinsurance 	SCOR Global Life 	Strategi Group 	Swiss Re 	Trustees Executors Limited 	

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the members of Financial Services Council of New Zealand Incorporated

We have audited the performance report which comprises:

- the entity information;
- the statement of service performance;
- the statement of financial position as at 30 June 2020;
- the statement of financial performance for the year then ended;
- the statement of changes in accumulated funds for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of accounting policies; and
- the notes to the performance report.

Our opinion

In our opinion:

- a) the accompanying performance report of Financial Services Council of New Zealand Incorporated (the "Council") presents fairly, in all material respects, the entity information and the financial position of the Council as at 30 June 2020, and its service performance, financial performance and cash flows for the year ended on that date in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit); and
- b) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.

Basis for opinion

We conducted our audit of the statement of financial position, the statement of financial performance, the statement of cash flows, the statement of changes in accumulated funds, the statement of accounting policies and the related notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). The audit of the entity information and the statement of service performance was conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) (ISAE (NZ) 3000).

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Council in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners including International Independence Standards* (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and associate member we have no relationship with, or interests in, the Council.

Information other than the performance report and auditor's report

The Board Members are responsible for the annual report. Our opinion on the performance report does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the performance report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers, 15 Customs Street West, Private Bag 92162, Auckland 1142, New Zealand
T: +64 (9) 355 8000, F: +64 (9) 355 8001, www.pwc.co.nz



Responsibilities of the Board Members for the performance report

The Board Members are responsible, on behalf of the Council, for identifying outcomes and outputs, and quantifying outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance.

The Board Members are also responsible, on behalf of the Council, for the preparation and fair presentation of the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit), and for such internal control as the Board Members determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Board Members are responsible for assessing the Council’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the performance report, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) or ISAE (NZ) 3000 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

As part of our audit we perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

A further description of our responsibilities for the audit of the performance report is located at the External Reporting Board’s website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor’s report.

Who we report to

This report is made solely to the Board Members of the Council, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board Members of the Council, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor’s report is Karl Deutsche.

For and on behalf of:

Chartered Accountants
23 September 2020

Auckland

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 Financial Services Council

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 Financial Services Council New Zealand

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Growing and protecting the wealth of New Zealanders