

FINANCIAL SERVICES COUNCIL
ANNUAL REPORT
2022

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STATEMENT OF SERVICE PERFORMANCE

MISSION, VISION AND PURPOSE OF FINANCIAL SERVICES COUNCIL

As the voice of the sector, the Financial Services Council is a non-profit member organisation with a vision to grow the financial confidence and wellbeing of New Zealanders. FSC members commit to delivering strong consumer outcomes from a professional and sustainable financial services sector. Our 106* members manage funds of more than \$95bn and pay out claims of \$2.8bn per year (life and health insurance). Members include the major insurers in life, health, 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.



VISION

Grow the financial confidence and wellbeing of New Zealanders.



PURPOSE

The voice of New Zealand's financial services industry.



STRATEGIC INTENT

STRONG AND SUSTAINABLE CONSUMER OUTCOMES – The financial services industry must continue to deliver great products 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.

*106 members as at October 2022

ABOUT THE FINANCIAL SERVICES COUNCIL



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

POLICY

- Develop a proactive policy voice incorporating data and research
- Agree FSC position on climate change
- Engage with fintech sector to create policy

REGULATION AND ADVOCACY

- Respond to consultations and provide proactive technical recommendations

COMMUNITY OF PROFESSIONALS

- Deepen membership engagement through a membership strategy and plan
- Create and deliver events programme, including annual conference and Get in Shape
- Review committee structure and develop committees
- Continue to engage and educate in the financial advice market

CONSUMER

- Grow and develop the financial wellbeing of NZ consumers
- Educate and engage with consumers

INDUSTRY BEST PRACTICE

- Three-yearly review of FSC Code
- Develop FSC guidelines on specific topics

LEADERSHIP & INSIGHT

- Create and implement three year communication strategy and plan
- Strengthen relationships with media partners and expand media voice
- Embed and expand data programme
- Agree topics and deliver research

MESSAGE FROM THE INDEPENDENT CHAIR



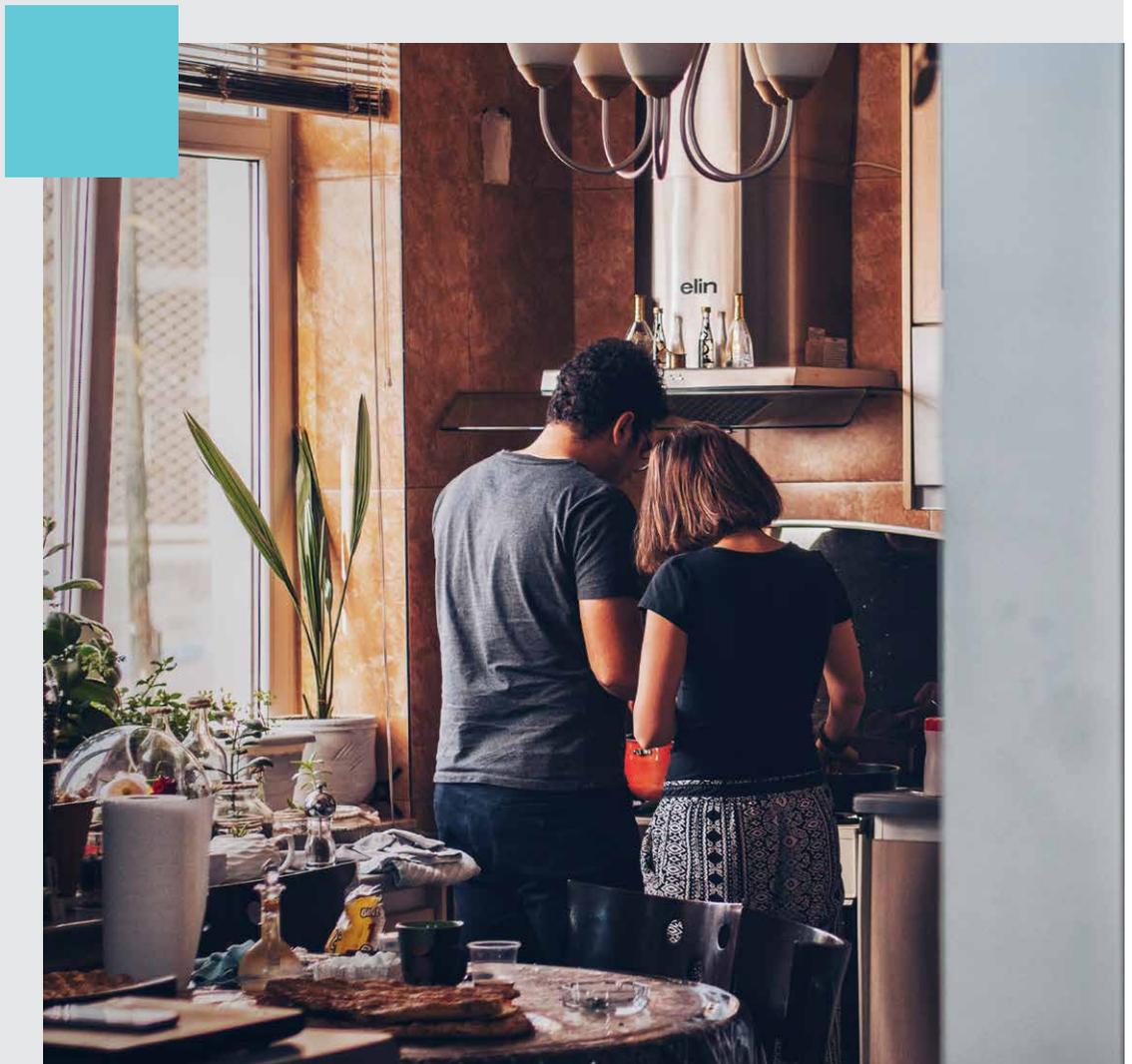
Rob Flannagan
INDEPENDENT
CHAIR

Tēnā koutou members, welcome to the Financial Services Council 2021/2022 Annual Report.

If we thought last year was a challenging one, this year has presented its own challenges for our industry, New Zealanders and people across the globe. With rising inflation and the cost of living, increasing interest rates, war in Ukraine and the ongoing pandemic continue to put pressure on business leaders, their employees, families and individuals around the country, the FSC's strategic vision to grow the financial confidence and wellbeing of New Zealanders has never been more pertinent.

At the time of writing we are looking forward to holding our flagship conference in person for the first time in three years. We are hopeful we won't need to "lift and shift" to a digital format for another year, but if we do, we are prepared to meet the challenge.

Looking back to 2021, the FSC was able to apply the learnings from the pandemic to not only continue to offer great content as the voice of the financial services sector, but to do so to larger and more engaged audiences





than ever before. We continued to engage Government, Regulators, and the financial services industry, both in person and online. Our Regenerations Conference delivered 37 leading-edge digital sessions to 4,324 delegates across New Zealand. The FSC launched its consumer platform, Money and You, a refreshed FSC website and members area, as well as personalised email communications to our audience.

This year was the first year the FSC team operated under the refreshed strategy that had been approved by Board in May 2021. The financial confidence and wellbeing of New Zealanders was at the forefront of our work, reinforcing that our reason for being goes beyond being an inward-focused member-based advocacy body protecting the status quo and instead seeks to deliver long-term change for the wellbeing of all New Zealanders.

The industry has 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 the new challenges that will undoubtedly come our way.

POLICY

In 2022, the FSC has continued its focus on developing a proactive policy voice incorporating data and research. The year saw the FSC Regulation Committee put together 14 submissions on policy consultations and the FSC provided an Oral Submission at the Finance and Expenditure Select Committee on the Taxation (Annual Rates for 2021-22, GST and Remedial Matters) Bill.

REGULATION AND ADVOCACY

In 2021/22 the FSC continued regular and ongoing engagement with Government, Regulators and Inland Revenue through meetings, events and ongoing stakeholder engagement. Notable engagements included a CEO briefing with Deputy Leader of National Nicola Willis, an Outlook 2022 webinar with Christian Hawkesby, and a CEO briefing and Outlook with the FMA's Chief Executive Samantha Barrass in her first speaking engagement to the sector in her new role. We continued ongoing meetings with the FMA and MBIE, and engaged key politicians and regulators including Minister David Clark at our Regenerations Conference.

COMMUNITY OF PROFESSIONALS

We were pleased to again welcome many new members through the year, and to see some of our newer members actively participating in FSC Committees and Working Groups. We now have just under 500 volunteers working across our committees bringing broad expertise from across our membership. The secretariat continues to deliver a wide range of business and committee plans with members in an agile way, using the new "self-service" members area that allows access to Committee documents in a single place.

CONSUMER

Supporting the FSC's vision to grow the financial confidence and wellbeing of New Zealanders, we launched the new Money and You platform, publishing over 40 news articles and blogs and releasing 19 videos with experts from the industry. Our Why Does Money Matter competition attracted schools around the country to submit their videos on why money matters, fostering conversations about money in classrooms, homes and communities. We continue to collaborate with Te Ara Ahunga Ora Retirement Commission, Banger and other stakeholders in the schools education space.

INDUSTRY BEST PRACTICE

The FSC launched a website, members area and CRM that has enabled the automation of Committee documents, streamlining of minutes, agendas and supporting documents for Committee and Working Group members, as well as personalised and segmented email communications tailored to the interests of the individual.

After the establishment of the FSC's Diversity and Inclusion Committee, we partnered with Te Ara Ahunga Ora Retirement Commission to undertake a three-month campaign in support of growing women's financial confidence and wellbeing. The support and engagement from both within and outside the sector is a testament to the leadership and commitment shown by this Committee to shape better financial outcomes for all New Zealanders.

LEADERSHIP AND INSIGHT

With the new Financial Markets Conduct Act (FMCA) Regime coming into effect and further regulatory changes, we adapted our successful Get In Shape Summit and online content into the Future Ready Summit and webinars, to help advisers undertake the necessary action needed to comply with the new Regime.

The Summit in Queenstown was a great success, and we continue to provide valuable insights and support to the professional advice community.

The FSC Code of Conduct, which came into force on 1 January 2019, continues promote good conduct and a strong customer-focused culture the FSC Code Working Group released educational and guidance materials to assist members embed the Code and bring it to life within their organisations.

The FSC data project, designed to improve and increase the data we gather on behalf of the industry, again made enormous progress over the year, with the FSC now reporting not only on Investment and KiwiSaver and life insurance data, but also health insurance data.



FINANCIAL RESULT FOR 2022

The financial results for the year remain strong, and are being well managed by the FSC team, despite the turmoils in the economy.

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.

CONCLUSION

On behalf of the FSC Board, I would like to thank Ministers, Government, Regulators and all our members for working together to continue supporting New Zealanders through the ups and downs of this challenging year. I would also like to thank the FSC secretariat, led by Chief Executive Richard Klipin. The growing FSC team has again adapted, innovated and delivered with professionalism and commitment.

A special thanks also to the FSC Board. In addition to the pressures of running their own businesses, they have continued to come together to provide guidance and counsel during a time of great uncertainty for all. We look forward to continuing to grow and develop the FSC over the coming year as we support our members, better serve consumers, and grow the financial confidence and wellbeing of New Zealanders.

Ngā mihi, Rob.



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Richard Klipin
CEO

Tēnā koutou FSC members,

2021/22 has been yet another year of both opportunity and challenges for the industry and New Zealanders. With borders reopening we saw the hope that normality would eventually return, while at the same time rising costs, inflation and interest rates saw many of us and our customers struggling. We now have a better idea of how to adapt when needed, and how to manage risks, but there have still been plenty of headwinds to navigate.

As the voice of the sector with a vision to grow New Zealanders financial confidence and wellbeing, the FSC is an organisation focused on better outcomes for consumers. Particularly in these challenging times, this is a strategic vision that requires collective effort.

The Māori whakatauki (proverb) “Ehara taku toa i te toa takitahi, engari he toa takitini” continues to be applicable to the FSC community and all the work that we do together. Translated, this proverb refers to the fact that strength and success is not that of an individual, but that of many.



As a member organisation, the FSC is only as strong as its members, and we continue to work together with Government, Regulators and key industry stakeholders to provide support and guidance to our members, customers and the wider community, building resilience through collective strength.

We saw the strength of the collective in the FSC's It Starts With Action campaign. Carried out in partnership with Te Ara Ahunga Ora Retirement Commission, it gained widespread support from individuals, members, non-profits to shift the dial on financial confidence and wellbeing for women in New Zealand.

We have seen this too in our regulatory work and submissions, in the collaboration within the FSC team to shift our communications to the HubSpot platform and produce more personalised communications to our members and industry, and in the improvements and expansion of the FSC's data programme.

With our new strategy now in place and in action, the consumer is at the heart of everything we do, and it's something that requires collaboration and connection.

The FSC membership continues to grow, with 98 members reported in September 2021 to 106 in August 2022. Those new members within the Health Insurance community who joined as at the completion of the HFANZ merger in 2020 are now actively involved in FSC Committees, Working Groups, advocacy and events.

The start to 2022 was filled with political and regulatory engagements designed to give FSC members and the financial services sector insights into market trends. We hosted the FMA's new Chief Executive Samantha Barrass for a market outlook and CEO briefing in her first engagement with the sector since taking up her new role.

Our Future Ready Advice Summit in Queenstown was a welcome face-to-face gathering for the professional advice community, providing relevant and useful content to help advisers navigate changes to legislation and ensure they were prepared for what's to come.



Our digital sessions continued to deliver outstanding content to our audience, and the boosted resources of the FSC's marketing and communications team have been apparent both in the quality of the content produced and the increase in live attendees at these sessions. A record 800 tuned in for our International Women's Day event, while there has been a significant increase in attendees of our regular FSC Connect and Outlook webinars.

Getting together in person is starting to become more comfortable, but we're still operating in a hybrid environment. Several of our Committees have held in-person meetings to connect face-to-face after two years of online meetings. We continue to assess the risks of each situation according to Government guidance, and at the time of writing as mentioned by the Chair, plan to hold the 2022 flagship conference in person for the first time in three years.

I too am confident that no matter what other challenges are thrown our way, we are now equipped with the tools and resources to adapt and continue to produce the best content and opportunities for our members and the sector.

We know that New Zealanders' wellbeing is impacted by their finances, and our leading consumer research continues to show that there are worrying trends we must address as an industry if we are to have a meaningful



impact on the wellbeing of our employees and customers. We will continue to work together to help achieve this objective, as it is so important to all of us.

POLICY

The FSC's CEO Forums have been an excellent addition to the FSC Committee structure, and have been hard at work developing a proactive policy voice in the lead-up to the next election. These Forums are identifying key opportunities for proactive advocacy informed by our data and research, and over the next 12 months members will start to see this apparent in the FSC's PR and media work.

REGULATION AND ADVOCACY

Maintaining strong relationships has been a key priority for the FSC over the past year, with more than 100 meetings with Government, Regulators and Inland Revenue taking place. These included meetings with XRB on Climate Standards, attending the newly created Insurance Forum under CoFR, meetings on specific major policy issues such as a New Zealand Income Insurance Scheme and meetings with the FMA and MBIE to discuss Significant Financial Hardship and Early Withdrawals from KiwiSaver, along with many more.

The FSC Regulation Committee compiled 14 submissions on policy consultations over the

past year and a large number of Focus Groups were also held for Members in the policy and advocacy space on topics including the IPSA review, Draft Interim Solvency Standard consultation and the NZIIS. We continue to publish monthly editions of the FSC Regulatory Outlook to keep our members informed on all things regulation and policy related.

COMMUNITY OF PROFESSIONALS

FSC committees have continued to deliver great member engagement in spite of the challenges of the online environment, with opportunities to expand networks and learn from peers across 14 standing committees and 12 project-based working groups. Just under 500 FSC member volunteers are involved in these forums, which we continue to utilize as a valuable form of information sharing, collaboration and development of exciting projects and initiatives that support our vision to grow the financial confidence and wellbeing of New Zealanders.

CONSUMER

2021/22 was all about testing, learning and growing our reach so that we could have a meaningful impact on growing New Zealanders' financial confidence and wellbeing in support of our new strategic vision.

We continue to work with FSC members to produce relevant and engaging content in the form of blog articles, news updates and videos on the Money and You platform, are growing our Instagram engagement and following, and have invested in more resources to develop the content on this platform.

FSC earned media over 2021/22 has been reaching consumers across various channels, including radio, television and online, with appearances on Seven Sharp, Today FM, the AM Show, and opinion pieces published in the Herald and Stuff.

At the time of writing our It Starts With Action campaign made an impression on 1.6 million New Zealanders. This is a real testament to the power that collective action on behalf of

the industry can have in impacting consumers, and we will use the learnings from this to inform our approach to consumer campaigns into 2022/23 and beyond.

INDUSTRY BEST PRACTICE

We again held our flagship conference, in 2021 themed Regenerations, online due to the uncertain environment in which we were operating. We ran the conference sessions over nine weeks, with two full days of conference sessions in December, providing leading industry content to 4,324 attendees over through 148 speakers over a total of 37 sessions.

Our Future Ready Advice Summit webinars and in person event in Queenstown on 14 June provided a chance for the advice community to come together in person and learn from experts about how to navigate changing times, while 29 online FSC Connect webinars with industry experts, regulators, politicians, academics and leaders continued to receive excellent feedback on the calibre of speakers and content discussed.

LEADERSHIP AND INSIGHT

The FSC released new data dashboards for life insurance, health insurance and KiwiSaver providing trend analysis and the ability for FSC members to download historic data through self-service.

In 2021/22 was an outstanding year for FSC research, with us working with CoreData and research sponsor Trustees Executors to present some highly topical and engaging pieces of consumer research that touched on trends in investing, digital platforms, financial resilience and other issues affecting consumers, which were picked up and amplified by media. Highlights included:

- The 2021 and 2022 editions of our Financial Resilience Index, which continued to track New Zealanders' financial confidence, financial preparedness, job security, financial literacy and overall wellbeing.
- Money and You – The Rise of the Digital Investor: the first major research report done by the sector in New Zealand into the growing trend of micro-investing platforms and retail investor behaviour.
- Money and You – Women and Financial Wellbeing in New Zealand: This research helped inform and guide our It Starts With Action campaign, providing useful insights into how women think and feel about their finances.
- Money and You – Generation Rent: This report looked at the younger generation of New Zealanders and how they were coping with the outrageous property prices and how they are adapting to meet these challenges of home ownership.

CONCLUSION

At the heart of our industry are a talented and committed group of people who have been doing their best to support their whanau, businesses and communities through the ups and downs of Covid-19 and more recent economic turbulence. It is vital that we continue to come together to support one another in our efforts to grow New Zealander's financial confidence and wellbeing, because that of course also is our own.

I would like to conclude by thanking the entire financial services industry for the commitment you have shown in supporting New Zealanders over the last year, and to the FSC team for your collaboration and dedication to our strategic vision in everything they do. As the world reopens and we are able to reconnect with whānau, friends and colleagues, we look forward to supporting and working with you over the next year in what we know will bring plenty of opportunity to learn and grow – together.

Ngā manaakitanga, Richard.



PERFORMANCE REPORT

**FINANCIAL SERVICES
COUNCIL OF NEW
ZEALAND INCORPORATED
FOR THE YEAR ENDED
30 JUNE 2022**

Prepared by VGA Chartered
Accountants Ltd



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REPORT OF THE INDEPENDENT AUDITOR



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Level 1 The Hub, 525 Cameron Road,
Tauranga 3110
PO Box 15660, Tauranga 3144
New Zealand

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCIAL SERVICES COUNCIL OF NEW ZEALAND INCORPORATED

Opinion

We have audited the general purpose financial report of Financial Services Council of New Zealand Incorporated ("the Society"), which comprises the financial statements, the statement of service performance, and the entity information. The complete set of financial statements comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the entity information as at 30 June 2022;
- the financial position of the society as at 30 June 2022, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2022, in accordance with the entity's service performance criteria,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Other Matter

The financial statements of Financial Services Council of New Zealand Incorporated for the year ending 30 June 2021 was audited by another auditor who expressed an unqualified audit opinion on those financial statements on 30 September 2022.

PARTNERS: Fraser Lellman CA
Donna Taylor CA

Janine Hellyer CA
Paul Manning CA

Jenny Lee CA

ASSOCIATE: Michael Lim CA

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Board Member's Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Society for:

(a) the preparation and fair presentation of the entity information, financial statements and statement of service performance in accordance with PBE Standards RDR issued by the New Zealand Accounting Standards Board;

(b) service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and

(c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Society'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 those charged with governance either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the entity information, financial statements as a whole, and the statement of service performance are 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) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at

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

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Tauranga
Tauranga
New Zealand
19 October 2022

DIRECTORY

PURPOSE OF THE FSC

The Financial Services Council of New Zealand Incorporated (FSC) continues to represent the interests of life, health, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers, 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. The vision of the FSC is to grow the financial confidence and wellbeing of New Zealanders and this is supported by the FSC strategic intent for:

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, Fiona Mackenzie (appointed 24 Feb 2022), Gail Costa, Grant Willis, Hugh Stevens, James McDonnell, Melissa Cantell (resigned 27 Oct 2021) Naomi Ballantyne, Nick Astwick, Nick Stanhope, Nigel Jackson, Peter Forster (appointed 3 Nov 2021), Reuben Lawrence (resigned 3 Nov 2021), Stewart Taylor (appointed 8 Sept 2021 and resigned 3 Feb 2022)

CHARTERED ACCOUNTANTS

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

Phone: 09 638 8736

BANKERS

BNZ

AUDITORS

BDO Tauranga

PHYSICAL AND POSTAL ADDRESS

Level 17, Commercial Bay Tower
11-19 Customs Street West, 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 FSC's vision is to grow the financial confidence and wellbeing of New Zealanders.

The vision is supported by its purpose of being the voice of New Zealand's financial services industry.

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

MISSION, VISION AND PURPOSE OF FINANCIAL SERVICES COUNCIL

As the voice of the sector, the Financial Services Council is a non-profit member organisation with a vision to grow the financial confidence and wellbeing of New Zealanders. FSC members commit to delivering strong consumer outcomes from a professional and sustainable financial services sector. Our 106* members manage funds of more than \$95bn and pay out claims of \$2.8bn per year (life and health insurance). Members include the major insurers in life, health, 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.



VISION

Grow the financial confidence and wellbeing of New Zealanders.



PURPOSE

The voice of New Zealand's financial services industry.



STRATEGIC INTENT

STRONG AND SUSTAINABLE CONSUMER OUTCOMES – The financial services industry must continue to deliver great products 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.

*106 members as at October 2022

ABOUT THE FINANCIAL SERVICES COUNCIL



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

POLICY

- Develop a proactive policy voice incorporating data and research
- Agree FSC position on climate change
- Engage with fintech sector to create policy

REGULATION AND ADVOCACY

- Respond to consultations and provide proactive technical recommendations

COMMUNITY OF PROFESSIONALS

- Deepen membership engagement through a membership strategy and plan
- Create and deliver events programme, including annual conference and Get in Shape
- Review committee structure and develop committees
- Continue to engage and educate in the financial advice market

CONSUMER

- Grow and develop the financial wellbeing of NZ consumers
- Educate and engage with consumers

INDUSTRY BEST PRACTICE

- Three-yearly review of FSC Code
- Develop FSC guidelines on specific topics

LEADERSHIP & INSIGHT

- Create and implement three year communication strategy and plan
- Strengthen relationships with media partners and expand media voice
- Embed and expand data programme
- Agree topics and deliver research

DESCRIPTION OF SPECIFIC PROJECTS AND RESULTS

AREA OF WORK:

Co-ordination with Government, Regulators and Inland Revenue

SPECIFIC ACTIVITY & OUTCOME

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



FSC attendance at the newly created Insurance Forum under CoFR



Meetings on specific major policy issues such as a New Zealand Income Insurance Scheme



Guests of the Regulation Committee included RBNZ, MBIE, FMA, and MoJ.



Meetings with the FMA and MBIE to discuss Significant Financial Hardship and Early Withdrawals from KiwiSaver and the confidential CoFI SOP exposure draft



Meetings with XRB on Climate Standards



Meeting with Treasury to discuss building awareness and education initiatives for members



Meetings with the FMA to discuss FMA issued Notices and responses, CoFI and Intermediaries, FMA Funding and Levy Review, KiwiSaver and Financial Advice and Climate Related Disclosures



Workshops and Focus Groups held with MBIE on the New Zealand Income Insurance Scheme consultation and the Insurance Contracts Bill Exposure Draft Consultation.



Attendance at the MoJ Industry Advisory Group meetings on the AML/CFT Review



Regular scheduled meetings with the RBNZ to discuss IFRS17 and Solvency, IPSA and related technical issues.



Meetings and detailed correspondence with the Inland Revenue on topics including FBT Stewardship Review, GST on Managed Funds, FDR FX hedging rules, OCR, Financial Reinsurance and IFRS17.



Regular scheduled meetings between FSC Head of Regulatory Affairs and IR, MBIE and FMA



Regular meetings between FSC Head of Regulatory Affairs and ICNZ and NZBA.

DESCRIPTION OF SPECIFIC PROJECTS AND RESULTS

AREA OF WORK:

Policy and Advocacy

SPECIFIC ACTIVITY & OUTCOME



14 submissions on policy consultations.



Provided an Oral Submission at the Finance and Expenditure Select Committee on the Taxation (Annual Rates for 2021-22, GST and Remedial Matters) Bill



FSC policy development is led by the FSC Regulation Committee with support from the other FSC Committees and Working Groups as applicable, including the Taxation Committee for technical tax related issues.



Large number of Focus Groups held for Members in the policy and advocacy space, including:

- Draft Interim Solvency Standard consultation
- IPSA Review
- FSC and MoJ AML/CFT Review
- GST on Managed Funds
- Insurance Contracts Bill Exposure Draft consultation
- A New Zealand Income Insurance Scheme
- Review Version of the Interim Solvency Standard
- IR targeted consultation on QROPs



Published monthly editions of the FSC Regulatory Outlook (excluding January 2022) and applicable FSC Debrief documents following feedback on consultations.

AREA OF WORK:

Industry Leadership and Insight

SPECIFIC ACTIVITY & OUTCOME



New online data dashboards released for life insurance, health insurance and KiwiSaver providing trend analysis and the ability for FSC members to download historic data through self-service. FSC members provide fresh data each quarter to update the dashboards (as at 31 March, 30 June, 30 September, 31 December).



Quarterly data dashboards and media releases.



Research, webinars and media released:

- June 2021: Financial Resilience Index 2021
- June 2021: Money & You – The Rise of the Digital Investor
- July 2021: Money & You – KiwiSaver at a Crossroads
- August 2021: Money & You – Generation Rent
- December 2021: Money & You – Women & Financial Wellbeing in NZ
- March 2022: Financial Resilience Index 2022
- April 2022: Money & You – The Lost Generation

DESCRIPTION OF SPECIFIC PROJECTS AND RESULTS

AREA OF WORK:

Industry Best Practice

SPECIFIC ACTIVITY & OUTCOME



Events held through the year:

- Flagship Regenerations conference over 9 weeks, with 2-days of conference sessions in December: Key stats: 4,324 attendees over the 9 weeks, 148 speakers, 37 sessions
- Future Ready Adviser Summit: Digital webinar 192 registrations, in person event 14 June + streaming.
- Delivered 29 online connect webinars. These included research launches, FSC Connect webinars with industry experts, Outlook webinars with regulators and politicians and the Future Ready Advice Summit online sessions.
- Three CEO and Senior Leader roundtable events



Launched new FSC website, members area and CRM.

- Automated Committee documents through the My Committees page, streamlining minutes, agendas and supporting documents for Committee and Working Group members.

- New CRM allows for personalised, segmented email communications based on topics of interest.



It Starts With Action campaign to grow the financial confidence and wellbeing of women.

- 100+ supporters
- 70+ activities undertaken by campaign supporters
- Total potential reach of 43.1M
- 1.7K FSC event attendees
- Media appearances on Seven Sharp, Today FM, NZ Herald, Good Returns and Stuff



Member guides

- Genetic Tests and Life Insurance - 23 Feb 2022
- Genetic Tests and Health Insurance - 23 Mar 2022
- Locum Financial Advice Arrangements – guide for financial advice providers – Mar 2022
- Financial Advice Law – guide for financial advisers – Feb 2022 (public)

AREA OF WORK:

Consumer

SPECIFIC ACTIVITY & OUTCOME

Movement into consumer space:



Launch of new consumer brand and platform, Money and You



40+ articles published on consumer topics (including 19 video episodes)



Why Does Money Matter? Schools Competition launched in June



New industry news articles providing objective and jargon-free breakdowns of relevant issues.

DESCRIPTION OF SPECIFIC PROJECTS AND RESULTS

AREA OF WORK:

Community of Professionals

SPECIFIC ACTIVITY & OUTCOME

Total FSC Members: 106 (66 Regular, 40 Associate)

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 14 standing committees, 12 project-based working groups, and just under 500 FSC member volunteers involved.

Board Committees



- FSC Board
- Investment and KiwiSaver CEO Forum
- Life Insurance CEO Forum
- Remuneration Committee

Standing Committees:



- Conference, Events and Connect Committee
- Consumer Engagement Committee
- Data Governance Committee
- Diversity and Inclusion Committee
- FSC Code Governance Committee
- Health Committee
- Investment and KiwiSaver Committee
- Life Insurance Committee
- Media and Government Relations Committee
- Professional Advice Committee
- Regulation Committee
- Strategic Research Committee
- Taxation Committee
- Workplace Savings Committee

Project-based Working Groups:



- BDM Working Group
- Data and Insights Working Group
- Good Customer Outcomes and Product Sustainability Working Group
- FSC Code Working Group
- Health Data and Insights Working Group
- Health Industry Collaboration and Information Sharing Working Group
- Health Media, Marketing and Events Working Group
- IFRS17 Working Group
- KiwiSaver Early Withdrawals Working Group
- Life Insurance Data Review Working Group
- Protection Gap (underinsurance) Working Group (*merged to Good Customer Outcomes Working Group*)
- Risk Assessment Working Group
- Sustainable Investing Working Group (Climate)

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Financial Services Council of New Zealand Incorporated
For the year ended 30 June 2022

| | NOTES | 2022 | 2021 |
|---|-------|------------------|------------------|
| REVENUE | | | |
| Revenue from Exchange Transactions | | 2,732,631 | 2,391,804 |
| Financial Assets at Amortised Cost | | 18,506 | 9,929 |
| Total Revenue | | 2,751,138 | 2,401,733 |
| EXPENSES | | | |
| Conference and Events Expenses | | 247,236 | 414,548 |
| Conference and Events Wages | | 86,062 | - |
| Depreciation and Amortisation | | 18,379 | 2,509 |
| Employee and Contractor Related Costs | | 1,515,004 | 1,441,498 |
| KiwiSaver Employer Contributions | | 29,178 | 28,760 |
| Operating Lease and Rental Expenses | | 71,224 | 51,419 |
| Other Operating Expenses | | 122,938 | 116,528 |
| Professional Services | | 61,466 | 52,898 |
| Project Related Expenditure | | 161,024 | 235,508 |
| Total Expenses | | 2,312,512 | 2,343,669 |
| SURPLUS FOR THE YEAR BEFORE TAXES | | 438,626 | 58,064 |
| TAXATION | | | |
| Income Tax Expense | 8 | 84,118 | 123,174 |
| Total Taxation | | 84,118 | 123,174 |
| SURPLUS FOR THE YEAR AFTER TAXES | | 354,509 | (65,111) |
| OTHER COMPREHENSIVE REVENUE AND EXPENSES | | | |
| Movement in other comprehensive revenue and expenses | | - | - |
| Total Other Comprehensive Revenue and Expenses | | - | - |

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

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

Financial Services Council of New Zealand Incorporated
For the year ended 30 June 2022

| | 2022 | 2021 |
|---|------------------|----------------|
| TOTAL ACCUMULATED FUNDS | | |
| Opening Balance | 904,877 | 969,988 |
| Total comprehensive revenue and expense for the period | | |
| Current Year Surplus | 354,509 | (65,111) |
| Total Total comprehensive revenue and expense for the period | 354,509 | (65,111) |
| CLOSING BALANCE AT 30 JUNE | 1,259,385 | 904,877 |

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

STATEMENT OF FINANCIAL POSITION

Financial Services Council of New Zealand Incorporated
As at 30 June 2022

| | NOTES | 30 JUN 2022 | 30 JUN 2021 |
|---|-------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Bank | 4 | 1,173,867 | 630,686 |
| Term Deposits | 5 | 1,197,900 | 1,189,136 |
| Trade and Other Receivables Exchange Transactions | | 107,291 | 23,438 |
| Prepayments | | 47,726 | 43,172 |
| Total Current Assets | | 2,526,784 | 1,886,432 |
| Non-Current Assets | | | |
| Bond Paid | | 11,318 | 11,318 |
| Property, Plant and Equipment | 6 | 9,851 | 2,509 |
| Intangibles | | 40,763 | - |
| Total Non-Current Assets | | 61,932 | 13,827 |
| TOTAL ASSETS | | 2,588,715 | 1,900,259 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade Payables | | 140,306 | 107,086 |
| Accruals | | 30,528 | 22,705 |
| Conference Income in Advance | | 301,952 | 238,124 |
| GST/PAYE Payable | | 38,719 | 65,354 |
| Other Employees Liabilities | | 252,664 | 155,037 |
| Income Tax Payable | 8 | 27,699 | 6,396 |
| Subscriptions Received in Advance | | 454,540 | 302,329 |
| Other Current Liabilities | | - | 31,677 |
| Total Current Liabilities | | 1,246,407 | 928,707 |
| NON-CURRENT LIABILITIES | | | |
| Deferred Tax | | 82,923 | 66,675 |
| Total Non-Current Liabilities | | 82,923 | 66,675 |
| TOTAL LIABILITIES | | 1,329,330 | 995,382 |
| NET ASSETS | | 1,259,385 | 904,877 |
| ACCUMULATED FUNDS | | | |
| Accumulated funds | | 688,497 | 753,608 |
| Current Year Surplus | | 354,509 | (65,111) |
| Funds from Workplace Savings New Zealand | | 216,380 | 216,380 |
| TOTAL ACCUMULATED FUNDS | | 1,259,385 | 904,877 |

Signed on behalf of the members of the Incorporated Society this 19th day of October 2022.

 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

Financial Services Council of New Zealand Incorporated
For the year ended 30 June 2022

| | 2022 | 2021 |
|---|-----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Exchange Revenue | 2,871,226 | 2,779,861 |
| Payments to suppliers/employees | (2,189,717) | (2,281,227) |
| GST - net paid and collected | (27,666) | 47,298 |
| Income tax paid | (44,614) | (110,830) |
| Movement in other comprehensive revenue and expenses | - | - |
| Total Cash Flows from Operating Activities | 609,228 | 435,102 |
| CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES | | |
| Interest received | 9,201 | 8,028 |
| Payment for property, plant and equipment | (12,134) | - |
| Term deposits invested | (8,764) | (8,592) |
| Website | (54,350) | - |
| Total Cash Flows from Investing and Financing Activities | (66,047) | (564) |
| Net Increase/(Decrease) in Cash | 543,181 | 434,538 |
| CASH AND CASH EQUIVALENTS | | |
| Opening cash and cash equivalents | 630,685 | 196,147 |
| Closing cash and cash equivalents | 1,173,866 | 630,685 |
| Net change in cash and cash equivalents for period | 543,181 | 434,538 |

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

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

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

2. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

FSC has elected to apply Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) Tier 2 on the basis that the Society does not have public accountability (as defined) and has total annual expenses of less than \$30 million.

The Financial Statements are prepared on the assumption that the Society will continue as a going concern for the foreseeable future.

Historical Cost

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

Changes in Accounting Policies

On 1 July 2021 FSC transitioned from Tier 3 Public Benefit Entity Simple Format Reporting Accrual basis for Not for Profits (PBE SFR-A (NFP)) to PBE IFRS RDR Tier 2. The transition was required as the FSC has expenses equal to or more than \$2,000,000 for the two previous financial years.

These are the first financial statements prepared under PBE Standards RDR Tier 2. PBE FRS 47 First-time Adoption of PBE Standards has been compiled with on transition.

At transition there were adjustment made to the reported financial position and retained earnings at transition that included the following:

Deferred Tax

Previously there was no deferred tax calculated as this was not required under PBE SRF-A (NFP). At transition on 1 July 2021 deferred tax of \$66,675 is recognised as a non current liability in the balance sheet in accordance with the relevant accounting standards prescribed under PBE IPSAS RDR.

Retained Earnings

Previously equity was \$971,552 however as a result of the above adjustment on deferred tax upon transition the re-adjusted equity position is \$904,877 as at 30 June 2021.

The Notes form part of the Performance Report.

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

Early adoption

FSC has elected early adoption of PBE FRS 48 Statement of Service Performance and PBE IPSAS 41 Financial Instruments.

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.

Financial Instruments

Financial assets and financial liabilities are initially recognised when FSC becomes a party to the contractual provisions of the financial instrument.

FSC de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by FSC is recognised as a separate asset or liability.

FSC de-recognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, FSC has a legal right of offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

FSC classifies all its financial assets as loans and receivables. FSC classifies all its financial liabilities as at amortised cost.

Financial instruments are initially measured at fair value plus directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less and impairment losses.

Loans and receivables comprise cash and cash equivalents, investments, receivables from non-exchange transactions and receivables from exchange transactions.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of three months or less.

ii) Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise trade payables (excluding Goods and Services Tax (GST) and other payables and accruals.

FSC considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, FSC uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Taxation

Income derived from trading with members is exempt from taxation. Income derived from non-member activities is subject to taxation.

Tax expense recognised in the statement of comprehensive revenue and expense comprises the sum of deferred tax and current tax not recognised in other comprehensive income.

Current income tax assets and/or liabilities comprise those obligations to and claims from Inland Revenue and other taxation authorities relating to the current or prior reporting period that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amount of assets and liabilities and their tax bases without any discounting and using the enacted tax rates. Deferred tax rates are recognised to the extent that it is probable that they will be able to be utilised. Deferred tax liabilities are always provided for in full.

Changes in the deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

Revenue Recognition

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to FSC, and measured at fair value of consideration received or receivable.

The following specific recognition criteria in relation to FSC's revenue streams must also be met before revenue is recognised.

i) Revenue from exchange transactions

Membership fees and subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future period are recognised as a liability until such time that period covering the membership or subscription occurs.

Conferences and events

Revenue is recognised in surplus or deficit when the conference or event is held.

Amounts received in advance for conferences and events to be provided in future periods are recognised as a liability until such time as the conference or event is held.

Research Sponsorship

Revenue is recognised at the point at which cash is received.

Property, Plant and Equipment

i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to FSC. Ongoing repairs and maintenance is expensed when incurred.

iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components or individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment.

The diminishing value depreciation rates are:

Computer equipment 50%

Website 50%

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

Accounts Receivable

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

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. A review is made at least at the end of each financial period.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets. FSC does not hold any intangible assets that have an indefinite life.

Research

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

Leases

Leases that are not finance leases are classified as operating leases.

Operating leases are not recognised in the statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Employee Benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

3. ACCUMULATED FUNDS

Accumulated funds are measured as the difference between total assets and total liabilities. Accumulated funds is made up of the following components:

| | 2022 | 2021 |
|--------------------------------|------------------|----------------|
| ACCUMULATED FUNDS | | |
| Current Year Earnings | 354,509 | (65,111) |
| Funds from WSNZ | 216,380 | 216,380 |
| Accumulated funds(deficits) | 688,497 | 753,608 |
| Total Accumulated Funds | 1,259,385 | 904,877 |

4. CASH AND BANKS

| | 2022 | 2021 |
|----------------------------|------------------|----------------|
| ACCUMULATED FUNDS | | |
| WSNZ Reserves | 440 | 439 |
| Non Profit Org A/C | 1,173,033 | 629,852 |
| Bus First On Call A/C | 394 | 394 |
| Total Cash and Bank | 1,173,867 | 630,686 |

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. INVESTMENTS

| | 2022 | 2021 |
|--------------------------|------------------|------------------|
| Term Deposit 25 | 460,443 | 457,090 |
| Term Deposit 27 | 364,715 | 362,045 |
| Term Deposit 28 | 152,646 | 151,518 |
| Term Deposit 29 | 220,095 | 218,484 |
| Total Investments | 1,197,900 | 1,189,136 |

| | INTEREST RATE | TERM |
|-----------------|---------------|----------|
| Term Deposit 25 | 1.50% | 180 Days |
| Term Deposit 27 | 1.65% | 181 Days |
| Term Deposit 28 | 1.50% | 6 Months |
| Term Deposit 29 | 1.50% | 181 Days |

6. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2022:

| | Opening Cost | Additions | Closing Cost |
|--|---------------|---------------|---------------|
| Office Equipment | 23,112 | 12,132 | 35,244 |
| Total Property, Plant and Equipment | 23,112 | 12,132 | 35,244 |

| | Opening Accum. Depn | Depreciation | Closing Accum. Depn |
|--|------------------------|--------------|------------------------|
| Office Equipment | 20,602 | 4,791 | 25,393 |
| Total Property, Plant and Equipment | 20,602 | 4,791 | 25,393 |

7. INTANGIBLE ASSETS

| | Opening Cost | Additions | Closing Cost |
|--------------------------------|--------------|---------------|---------------|
| Website | 0 | 54,350 | 54,350 |
| Total Intangible Assets | 0 | 54,350 | 54,350 |

| | Opening Amortisation | Amortisation | Closing Amortisation |
|--------------------------------|-------------------------|---------------|-------------------------|
| Website | 0 | 13,587 | 13,587 |
| Total Intangible Assets | 0 | 13,587 | 13,587 |

The Notes form part of the Performance Report.

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

8. INCOME TAX RECONCILIATION

| | 2022 | 2021 |
|---|------------------|------------------|
| NET PROFIT (LOSS) PER FINANCIAL STATEMENTS | | |
| Net Profit (Loss) per Financial Statements | 438,626 | 58,064 |
| ADDITIONS TO TAXABLE PROFIT | | |
| Total Expenses per Statement of Comprehensive Revenue and Expense | 2,312,512 | 2,343,669 |
| Total Additions to Taxable Profit | 2,312,512 | 2,343,669 |
| DEDUCTIONS FROM TAXABLE PROFIT | | |
| Membership Fees | 2,182,385 | 1,799,845 |
| Conference & Events Expenses | 247,236 | 414,548 |
| Conference & Events Wages | 86,062 | - |
| Less Travel (general) | (15,376) | (15,445) |
| Travel relating to Events | 8,681 | - |
| Events Holiday Pay accrual | (1,555) | - |
| Events Holiday Pay paid within 63 days of Balance Date | 314 | - |
| \$1,000 IRD exemption | 1,000 | 1,000 |
| Total Deductions from Taxable Profit | 2,508,748 | 2,199,948 |
| Taxable Profit before Income in Advance/(Accruals) | 242,390 | 201,785 |
| INCOME IN ADVANCE/(ACCRUALS) | | |
| Conference income in Advance Movement | 63,828 | 238,124 |
| Annual Leave (events portion only) | 1,555 | - |
| Accrued Interest | (7,353) | - |
| Total Income in Advance/(Accruals) | 58,030 | 238,124 |
| Taxable Profit | 300,420 | 439,909 |
| Tax Expense at 28% | 84,118 | 123,175 |
| DEDUCTIONS FROM TAX PAYABLE | | |
| Outstanding Balances from Prior Years | - | (16) |
| Deferred tax movement | - | - |
| Provisional Tax Paid | 38,219 | 48,219 |
| Terminal Tax Paid | - | - |
| Resident Withholding Tax Paid | 1,952 | 1,901 |
| Dividend Imputation Credits | - | - |
| Total Deductions from Tax Payable | 40,171 | 50,104 |
| Total Tax Liability | 43,947 | 73,071 |
| Split as follows | | |
| Income Tax Payable per Balance Sheet | 27,699 | 6,396 |
| DEFERRED TAX | | |
| Deferred Tax Opening Balance | (66,675) | - |
| Deferred Tax per Balance Sheet | 82,923 | 66,675 |
| Total Deferred Tax Movement | 16,248 | 66,675 |
| Total Tax Liability | 43,947 | 73,071 |

The Notes form part of the Performance Report.

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

9. RELATED PARTIES

The majority of FSC 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 FSC in relation to its activities during the year. These services and payments for them were made on normal commercial terms.

Board members of FSC are members of organisations who pay membership subscriptions. Transactions are made under normal commercial terms.

| Year to 30 June 2022 (Fees paid to members, GST excl) | Year to 30 June 2021 |
|---|-----------------------------------|
| Chapman Tripp - Legal fee (\$16,300) | PricewaterhouseCoopers (\$13,650) |
| | Melville Jessup Weaver (\$8,050) |
| | Chapman Tripp (\$7,932) |

Key Management Personnel

The key management personnel, as defined by PBE IPAS 20 related party disclosures are the members of the governing body.

Compensation of the entity's key management personnel includes salaries and non-cash benefits. The entity has recognised expenses of \$1,073,242 relating to compensation of key management personnel.

10. OPERATING LEASES

i) Leases as leasee

The future non-cancellable minimum lease payments of operating leasee at reporting date are detailed in the table below:

| | 2022 | 2021 |
|---|---------------|----------------|
| Less than one year | 64,812 | 64,812 |
| Between one and five years | 0 | 64,812 |
| Total non-cancellable operating lease payments | 64,812 | 129,624 |

The Notes form part of the Performance Report.

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

11. FINANCIAL ASSETS AND LIABILITIES

The carrying amount of financial instruments presented in the statement of financial position relate to the following categories of current assets and liabilities.

| | 2022 | 2021 |
|--|------------------|------------------|
| FINANCIAL ASSETS | | |
| Cash and Cash Equivalents | 1,173,427 | 630,246 |
| Investments | 1,197,900 | 1,189,136 |
| Receivables from Exchange Transactions | 99,938 | (98,366) |
| Total Financial Assets | 2,471,264 | 1,721,016 |

| | 2022 | 2021 |
|-------------------------------------|------------------|-----------------|
| FINANCIAL LIABILITIES | | |
| Payables from Exchange Transactions | (140,305) | (97,889) |
| Total Financial Liabilities | (140,305) | (97,889) |

12. 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).

13. CONTINGENT LIABILITIES

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

14. REVENUE RECEIVED IN ADVANCE

The revenue received in advance in 2022 financial year (\$301,952) relates to a Growing Conference to be held in September 2022.

The revenue received in advance in 2021 financial year (\$238,124) relates to a Generations Conference to be held in September 2021.

15. SUBSEQUENT EVENT

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

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 2022.



ROB FLANNAGAN
Independent Chair
FSC



ADAM BOYD
Executive General
Manager, ASB



FIONA MACKENZIE
Managing Director,
Funds Management, ANZ



GAIL COSTA
Chief Executive
Officer, Cigna



GRANT WILLIS
Head of Life,
Asteron Life



HUGH STEVENS
Chief Executive Officer,
Smartshares



JAMES MCDONNELL
CEO, New Zealand,
FNZ



NAOMI BALLANTYNE
Managing Director,
Partners Life



NICK ASTWICK
Chief Executive
Officer, Southern
Cross Health Society



NICK STANHOPE
Chief Executive
Officer, AIA



NIGEL JACKSON
Chief Executive
Officer, BT Funds
Management (NZ)
Limited



PETER FORSTER
General Manager,
Wealth at Bank of
New Zealand

Fiona Mackenzie (appointed 24 February 2022), Peter Forster (appointed 3 November 2021).

We would like to thank our Board members, Melissa Cantell, Reuben Lawrence, and Stewart Taylor who resigned during 2021/2022.

| | BOARD MEETINGS: | DUE TO ATTEND | ATTENDED |
|------------------------------|-----------------|---------------|----------|
| Rob Flannagan | | 5 | 5 |
| Adam Boyd | | 5 | 4 |
| Fiona MacKenzie ³ | | 3 | 2 |
| Gail Costa | | 5 | 3 |
| Grant Willis | | 5 | 5 |
| Hugh Stevens | | 5 | 5 |
| James McDonnell | | 5 | 5 |
| Melissa Cantell ¹ | | 2 | 0 |
| Naomi Ballantyne | | 5 | 4 |
| Nick Astwick | | 5 | 5 |
| Nick Stanhope | | 5 | 3 |
| Nigel Jackson | | 5 | 5 |
| Peter Forster ² | | 2 | 2 |
| Reuben Lawrence ² | | 2 | 2 |
| Stewart Taylor ³ | | 2 | 2 |

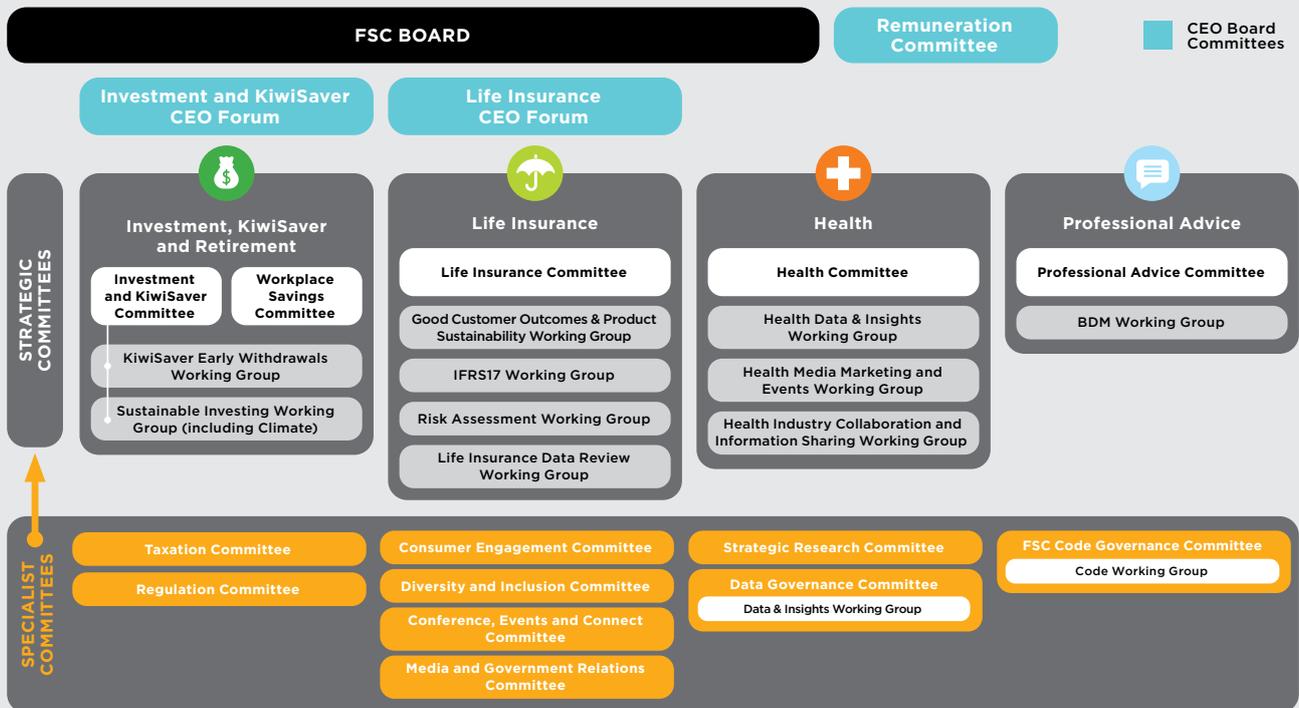
¹Melissa Cantell - resigned from FSC Board on 27 October 2021

²Reuben Lawrence - resigned from FSC Board on 3 November 2021, replaced by Peter Forster on 3 November 2022

³Stewart Taylor - resigned from FSC Board on 3 February 2022, replaced by Fiona MacKenzie on 24 February 2022

COMMITTEE STRUCTURE

FSC Committee structure, as at March 2022.



COMMITTEE MEETINGS

During the 12 months to 30 June 2022, the following committees met:

| BOARD AND CEO FORUMS | MEETINGS HELD | WORKING GROUPS: | MEETINGS HELD |
|--|---------------|---|---------------|
| Board Meetings ¹ | 5 | BDM Working Group | 2 |
| Investment and KiwiSaver CEO Forum | 3 | Good Customer Outcomes and Product Sustainability Working Group | 2 |
| Life Insurance CEO Forum | 4 | Data and Insights Working Group | 5 |
| Remuneration Committee | 1 | FSC Code Working Group | 9 |
| COMMITTEE/WORKING GROUP | MEETINGS HELD | Health Data and Insights Working Group | 9 |
| FSC Conference, Events and Connect Committee | 22 | Health Industry Collaboration and Information Sharing Working Group | 7 |
| Consumer Engagement Committee | 12 | Health Media, Marketing and Events Working Group | 9 |
| Data Governance Committee | 12 | IFRS17 Working Group | 9 |
| Diversity and Inclusion Committee | 10 | KiwiSaver Default Fund Implementation Working Group ² | 4 |
| FSC Code Governance Committee | 10 | Life Insurance Data Review Working Group | 8 |
| Health Committee | 11 | KiwiSaver Early Withdrawals Working Group | 0 |
| Investment and KiwiSaver Committee | 10 | Protection Gap (underinsurance) Working Group ³ | 2 |
| Life Insurance Committee | 11 | Review of disability Income Products ³ | 2 |
| Media and Government Relations Committee | 3 | Risk Assessment Working Group | 10 |
| Professional Advice Committee | 8 | Sustainable Investing Working Group | 8 |
| Regulation Committee | 10 | | |
| Strategic Research Committee | 12 | | |
| Taxation Committee | 7 | | |
| Workplace Savings Committee | 9 | | |

¹Plus 1 additional Covid-19 Response Special Board Meeting (26 Aug 2021)

²Temporary working group

³Incorporated into the Good Customer Outcomes and Product Sustainability Working Group

FINANCIAL SERVICES COUNCIL MEMBERS

MEMBERS

| | | | |
|---|---|---|--|
| Accuro Health Insurance | AIA Insurance | ANZ Bank | AON |
|  |  |  |  |
| ASB | Asteron Life Ltd | BNZ Investments and Insurance | CIGNA Life Insurance NZ Ltd |
|  |  |  |  |
| Civic Financial Services | Clarity Funds Management | Consilium | Craigs Investment Partners |
|  |  |  |  |
| Fidelity Life Assurance Co Ltd | FNZ | Foodstuffs Provident Fund | Forsyth Barr |
|  |  |  |  |
| Generate KiwiSaver | Imperial New Zealand Superannuation Fund | Implemented Investment Solutions | Kernel |
|  |  |  |  |
| KiwiWealth | Medical Assurance Society New Zealand Limited | Mercer (NZ) Ltd | Milford Asset Management Limited |
|  |  |  |  |
| Momentum Life | nib | New Zealand Post Superannuation Plan | Partners Life |
|  |  |  |  |
| Pinnacle Life | Police Association | Resolution Life | SmartsharesNZ |
|  |  |  |  |
| Southern Cross | Southsure Insurance | Te Rūnanga o Ngāi Tahu | The New Zealand Anglican Church Board |
|  |  |  |  |
| UniMed | Unisaver Limited | Westpac Bank | |
|  |  |  | |

3M Superannuation Scheme
 Baptist Union Superannuation Scheme
 BECA Super Scheme
 BOC NZ Retirement Plan
 BP New Zealand Retirement Plan
 Colgate-Palmolive Superannuation Plan
 Dairy Industry Superannuation Scheme
 DXC (New Zealand) Staff Superannuation Fund
 Government Superannuation Fund Authority
 Manchester Unity Friendly Society
 Maritime Retirement Scheme
 MISS Scheme
 MERBP Trustee Limited
 mysuper Superannuation Scheme
 Nestlé Pensions (New Zealand) Limited
 New Zealand Steel Pension Fund
 NZAS Retirement Fund
 NZ Fire Service Superannuation Scheme
 The Presbyterian Church of Aotearoa New Zealand Beneficiary Fund
 Police Superannuation Scheme
 Ports Retirement Plan
 Reserve Bank of New Zealand Staff Superannuation and Provident Fund
 Retirement Income Group Ltd
 Sealed Air (New Zealand) Superannuation Fund
 Shell New Zealand Pensions Limited
 The Trustees of the Church of Jesus Christ of Latter-Day Saints Deseret Benefit Plan for New Zealand

FSC Members as at August 2022

ASSOCIATE MEMBERS

| | | | | |
|---|---|---|---|---|
| New Zealand Automobile Association | Advanced Management Systems Ltd | Anthony Harper | Bell Gully | BNP Paribas |
|  |  |  |  |  |
| Bravura Solutions | Chapman Tripp | Chatswood Consulting Ltd | Compliance Refinery Limited | Cygnus Law |
|  |  |  |  |  |
| Davanti Consulting Ltd | Davies Financial & Actuarial Ltd | Deloitte | Dentons Kensington Swan | DLA Piper |
|  |  |  |  |  |
| Ernst & Young | Farmers' Mutual Group | Guardian Trust | GenRe | Hannover Life Re |
|  |  |  |  |  |
| Healthcare Plus | KPMG | Link Market Services | Lockton | Mahony Horner Lawyers |
|  |  |  |  |  |
| Melville Jessup Weaver | Minter Ellison Rudd Watts | MMC Limited | Mosaic | MunichRE |
|  |  |  |  |  |
| NZX Wealth Technologies Ltd | Price Waterhouse Coopers | Public Trust Corporate Trustee Services | RGA Reinsurance | Russell McVeagh |
|  |  |  |  |  |
| SCOR Global Life | Shift Advisory Limited | Strategi Group | Swiss Re | Trustees Executors Limited |
|  |  |  |  |  |

New Zealand Home Loans Company Ltd

FSC Members as at August 2022

Financial Services Council NZ



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of New Zealanders

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OCTOBER 2022