

# The Treasury

## Annual Letters of Expectation 2023/24 Information Release

November 2023

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Key to sections of the Act under which information has been withheld:

[23] 9(2)(a) - to protect the privacy of natural persons, including deceased people

[25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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# Hon Aupito William Sio

MP for Māngere

Minister for Pacific Peoples

Minister for Courts

Associate Minister of Foreign Affairs

Associate Minister of Education (Pacific Peoples)

Associate Minister of Justice

Associate Minister of Health (Pacific Peoples)



**- 7 DEC 2022**

Mr Ian Fitzgerald  
Chair  
Public Trust  
Private bag 5902  
Wellington  
[23]

Dear Ian

## **2023/24 OWNER EXPECTATIONS FOR PUBLIC TRUST**

I am writing to outline the matters that I expect your board to address in the 2023/24 business planning round and work programme.

### **Government priorities**

The Government has three overarching objectives for its term: to keep New Zealanders safe from COVID-19, to accelerate our economic recovery, and to lay the foundations for a better future. The first objective has been achieved through the Government's support to businesses to retain jobs and to the Crown's companies and entities to protect and maintain important services.

With the removal of the COVID-19 Protection Framework, Ministers are looking to the Crown's companies and entities to increase their contribution to the Government's other overarching objectives.

We acknowledge that the current operating environment and the economic outlook is challenging and uncertain. However, this makes your focus on delivering value even more important. We encourage you to be bold and demanding in your expectations that your entity will:

- be financially prudent, increasing resilience and value by making effective use of commercial disciplines, and balance-sheet and cashflow management, and
- strengthen its contribution to delivering value through critical infrastructure and service investment.

To support you and your board to set challenging expectations of your entity, Ministers have asked the Treasury to engage more closely on how your entity is delivering value for money and performance.

This letter contains:

- Ministers' specific expectations for Public Trust
- enduring and general governance expectations (see also **Annex 1**), and
- a timeline for the 2023/24 business planning process and governance information (**Annex2**).

## Entity-specific expectations

### *Public Trust functions and objectives*

The Public Trust Act 2001 (the Act) specifies the functions and objectives of Public Trust. I expect Public Trust to continue to perform the functions and achieve the objectives as outlined in sections 8 and 9 of the Act. In particular, I expect Public Trust to continue to develop, promote, conduct and participate in the business of providing comprehensive estate management and administrative services, as effectively and efficiently as comparable businesses that are not owned by the Crown. In doing so, I expect Public Trust to have regards to the interests of the communities in which it operates and put its customers and staff at the heart of everything it does.

### *Retail and other core business services*

I expect Public Trust to focus on its long-term financial viability and on managing its assets and liabilities in a prudent manner. I appreciate that Public Trust's financial performance in the last two years has been significantly affected by the pandemic, [25] Although COVID-19 will remain a factor in people's lives and business planning going forward, most businesses are now recovering and finding ways to improve and adapt. I expect Public Trust to implement strategies to lift its financial performance, [25] to return the entity to profitability, and ensure its long-term financial sustainability.

I expect Public Trust to work closely with the Treasury and keep me informed of progress towards these objectives.

### *Deliver core services and education to a diverse and ageing population*

In recognising New Zealand's diverse and ageing population, I expect Public Trust to explore how it can educate New Zealanders on the importance of comprehensive estate planning and deliver core retail services with a focus on broadening Public Trust's customer base and increasing the uptake of wills and enduring powers of attorney.

### *Regulatory Effectiveness*

As a statutory supervisor and Crown entity, I expect Public Trust to work effectively to perform its regulatory responsibilities under financial markets and prudential supervision legislation, and to promote, collaborate and coordinate to ensure an effective, integrated and coherent regulatory regime.

### *Digital strategy and cyber security*

I expect Public Trust to continue to develop and leverage its digital strategy to:

- provide the appropriate range of delivery channels so as to increase the accessibility of Public Trust's services to New Zealanders
- improve operational efficiency, and
- enhance customer and staff experiences.

I also expect Public Trust to take any necessary measures to prevent data or cyber security breaches and to mitigate disruption risks that could arise through intrusion attempts.

## *Dividend policy*

With the completion of the capital adequacy review and the appropriate level of capital established, I expect Public Trust to develop a dividend policy, as one of the means through which surpluses can be determined and distributed to the Crown so that it may be used to fund other government priorities. Thereafter, the board should consider Ministers' comments during the annual business planning round when setting its dividend policy, desired capital structure, level of future reinvestment and capital expenditure.

## **Enduring letter of expectations and general governance expectations**

We reiterate the Government's 2019 [Enduring letter of expectations](#) to all statutory Crown entities, which asks that you and your entity:

- Support a unified value-based government for all New Zealanders;
- Support future-focussed Māori Crown relations; and
- Contribute to improving wellbeing.

We ask that you and your Board consider and provide information in your Strategic Issues Letter about how these expectations are given effect in your entity.

We regard strong board governance as critical to the performance and success of the Crown's companies and entities. The [Owner's Expectations](#) sets out Ministers' expectations on matters for board oversight such as information-sharing and engagement with the Treasury, board evaluations, thresholds for consultation or approvals for significant investments, commercial valuations, capital structure and dividends, and timeframes for reporting and business planning documents.

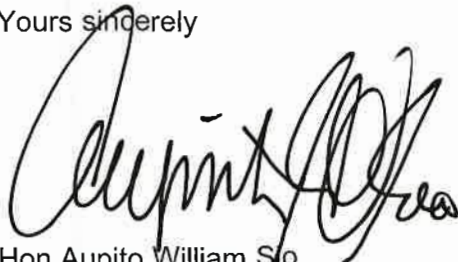
Further enduring and general governance expectations are set out in **Annex 1**.

## **Further information**

Your Treasury relationship managers will be in contact shortly after you receive this letter to discuss Ministers' expectations in more detail. If you have any questions, please contact Alex Ng (on [39]) or David Stanley, Acting Manager, Commercial and Institutional Performance (on [39]). Alternatively, you can contact

We wish you every success with your endeavours in the coming year and thank you for your contribution to laying the foundations for a more sustainable and equitable future.

Yours sincerely



Hon Aupito William Sio  
**Associate Minister of Justice**

cc Ms Glenys Talivai, CEO, Public Trust,[23]

## Annex 1

You should consider and provide information in your Strategic Issues Letter about how these expectations are given effect in your entity.

### Enduring expectations

*Support a unified, value-based government for all New Zealanders*

Crown entities must have regard to the [Government Workforce Policy Statement](#) (GWPS) which sets out the Government's expectations about public sector agencies' management of employment relations and emphasises the importance of continuing pay restraint. Within the overall context of public sector pay restraint, boards are expected to ensure that senior executive remuneration is appropriately linked to performance and set at a level sufficient to attract and retain the necessary skills within the executive to enable the Crown's entities to operate successfully.

Consistent with the Government's support for diversity, gender balance and wider ethnicity on boards, boards are encouraged to support diversity and inclusion in the workplace and in leadership teams and to work to close gender and ethnic pay gaps. The [Pay Gap Action Plan](#) (Kia Toipoto) forms part of the GWPS and Crown entities are encouraged to publish Pay Gap Action Plans and meet other Kia Toipoto milestones. For entities of 50 or less staff, the following guidance is available [Implementing an Action Plan in Small Organisations](#).

*Support future-focussed Māori Crown relations*

The Crown is committed to being a better Treaty Partner. The Crown's entities are expected to embody the Government's good faith and collaborative approach to Māori Crown relationships.

A range of resources are available to support the Crown's entities to work in partnership with Māori. Te Arawhiti has a range of [Tools and resources](#), including to support the Crown's entities to effectively engage with Māori on a range of issues and build true and practical partnerships. The Treasury's resource, [He Ara Waiora](#) may also be useful to help with understanding Māori perspectives on wellbeing, and how to interweave and embed Te Ao Māori perspectives with integrity.

*Contribute to improving wellbeing*

The Government's wellbeing approach is based on the [Treasury's Living Standards Framework](#), which considers a broad range of impacts over 12 domains for our individual and collective wellbeing, our institutions and governance, and the wealth of Aotearoa New Zealand, now and into the future. Boards should consider and reflect the broader impact of their decisions and initiatives in planning and performance reporting.

The Government's Emissions Reduction Plan is intended to contribute to wellbeing by setting the direction for climate action for the next 15 years. The Crown's entities are expected to support the Government by working to reduce emissions and to publicly disclose emissions reduction achievements.

To do so, Ministers support Crown entities adopting an available reporting framework (such as Integrated Reporting or the Carbon Neutral Government Programme), as appropriate to their circumstances.

## **General governance expectations**

### *Board evaluations*

Board evaluations help boards to improve performance and should take place annually (subject to the exceptions in the [Owner's Expectations](#)) and ideally be conducted by an independent evaluator. Along with skills matrices, evaluations contribute to the Treasury's advice on board composition and so should be shared with the Treasury.

### *Director pipeline*

To grow the pipeline of new and diverse director talent, if you have not already done so, where possible, you should engage a 'Future Director' as an observer of the board.

### *Cyber security*

The use and dependence on cyberspace mean that securing networks, systems, programmes, and data is of vital and increasing importance. Resources are available to support the Crown entities to improve their cybersecurity. The [New Zealand Information Security Manual](#) (NZISM) details processes and controls essential for the protection of all New Zealand Government information and systems.

## Annex 2

### Timetable for the 2023/24 business planning process

<i>Due by</i>	<i>Key action</i>
January / February	The Treasury to discuss Ministers' Letter of Expectations with the chair
28 February 2023	Board sends its Strategic Issues letter to Ministers
28 April 2023	Board submits its draft Statement of Intent (SOI), Statement of Performance Expectations (SPE) and Business Plan
31 May 2023	Board provides advice on: <ul style="list-style-type: none"><li>• whether special fees are sought for 2023/24;</li><li>• the professional development spend in 2022/23 and the proposed professional development budget for 2023/24; and</li><li>• whether an evaluation of its performance in the past 12 months has taken place, what process was used and the outcomes of the evaluation.</li></ul>
30 June 2023	Board delivers its final SOI and SPE to Ministers
As soon as practicable after delivery of the final SOI and SPE to Ministers	Entity to publish SOI and SPE on its website

Ministers and the Treasury should be alerted as soon as possible if any of these deadlines cannot be met or if clarification around their expectations is sought.

Further information is available in the [Owner's Expectations](#).