

# Update on establishing a new national entity for the Building Financial Capability (BFC) sector

10 May 2017

## From the BFC Sector Steering Group

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### Introduction

This is a further update on the BFC Sector Steering Group's (the Steering Group) progress to set up a new national entity for the BFC sector. We want to share our thinking with you behind some of the key decisions to date, and to let you know about an upcoming provider survey and ways for the broader sector to input.

We are working together to develop a new national entity that is: inclusive and innovative; underpinned by the existing extensive knowledge and experience in the sector; and which supports providers and the wider sector to improve the lives of people in financial hardship.

This new organisation will start on 1 July 2017 and in the first months will continue to develop its scope and services with the sector.

### Why a Charitable Trust?

One of the key questions we looked at was what would be the best structure for the new entity. We discussed the pros and cons of a charitable trust or an incorporated society. We looked at the differences between the two entity types. These are summarised in the link below from the New Zealand Companies Office.

<http://www.societies.govt.nz/cms/customer-support/faqs/what-are-the-differences-between-incorporated-societies-and-charitable-trusts>

We decided the best option for the new national entity was a charitable trust. Many Non-Government Organisations (NGOs) use a charitable trust structure. Advantages include:

- it provides a vehicle to focus on the charitable purpose to reduce poverty and improve people, family/whānau wellbeing
- there are fewer size restrictions
- decision making can be more agile and flexible.

Within the charitable trust model we are looking at how our key clients and stakeholders can input and have a voice, for example, through Communities of Practice. A Community of Practice can be defined as " a group of people who share a concern, set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis"

(Wenger et al 2002). We are interested in hearing your views and Communities of Practice feature in our forthcoming survey.

### ***Establishing the new National Building Financial Capability Charitable Trust***

To set up a Charitable Trust we need a name, Trust Deed and a Board. In order to progress this work, we have called the new national entity the *National Building Financial Capability Charitable Trust*. We would like to hear your suggestions on what you think the trust should be called. The Steering Group will be running a competition to gauge innovative and inspirational ideas for the name of the Entity. Keep a look out for the competition invite.

We have also had extensive discussion about what should be in the Trust Deed and agreed that the overarching objects of the draft Trust Deed would be to:

- improve community wellbeing
- relieve poverty
- improve knowledge and education.

It also includes secondary purposes around advocacy and co-operation with other bodies or organisations within New Zealand which have objects that are similar to or compatible with the Trust.

There is an object around the commitment of the Trust to Māori as tangata whenua of New Zealand and that the principles of Te Tiriti o Waitangi (Treaty) are embedded in the Trust's operations. Another object recognises the disparities in financial outcomes for Pacific (and other) communities and commits to building representation and participation through the functions of the Trust.

### ***What is the composition of the Charitable Trust board and why?***

The Steering Group agreed that the number of trustees on the Board should be eight, with a quorum of five. We believe this number will allow the trust to have a good balance of agility and the range of skills needed to ensure sound decision making.

The makeup of the Board was the subject of robust discussion. At first look, the Trust could have been made up only of a representative group of BFC providers. While that option had possible strengths, it also ran the risk of becoming too inward facing and limiting the vision. We felt that the Trust would be stronger with a wider foundation of sector representation. There was agreement that the Trust needed to be outwardly focussed to remain relevant to helping 'NZers in hardship' well into the future. We need to create the foundations for a continuously improving and more effective sector. We believe this is better achieved with a wider base of governance than only consisting of providers.

The composition of trustees, outlined in the Trust Deed, includes a broad mix of skills and perspectives. We have agreed that the trustees will be: from MSD-

contracted providers; the wider financial capability sector; the banking and finance sector; Māori and Pacific peoples; plus a view that is completely independent of government or providers.

We feel the combination of provider knowledge, broader sector and independent of sector expertise, will lay the foundations for a dynamic organisation with good connections and a broad perspective.

The Ministry of Social Development will not have a trustee on the board as it will have a contractual funding relationship with the new entity.

### ***Appointment of interim trustees until June 2018***

Because the Steering Group wanted to set up the Trust as soon as possible, it has appointed the people in the table below, **to be interim trustees until June 2018**. The interim trustees have a broad set of skills around governance, strategy, social justice and comprehensive knowledge of financial systems and the sector.

The new national entity will put in place a process to select the trustees who will lead the organisation post 1 July 2018.

#### **Interim Trustees**

<b>Perspective/skill set</b>	<b>Trustee</b>
Financial Capability Provider perspective – South Island	John Exton
Financial Capability Provider perspective – Lower and central North Island (Wellington, Taranaki, Hawkes Bay, Gisborne, Manawatu Regions)	Carmel Thompson
Financial Capability Provider perspective – Auckland/Northland	Darryl Evans
Māori perspective	Linda Ngata
Pacific perspective	Tele’a Andrews
Wider financial capability sector perspective	To be confirmed
Banking and Finance Sector perspective	Nicola Sladden
Independent	To be confirmed

#### **Start-up date for the new national entity and transition activities**

The Trust Deed will be lodged shortly followed by an application for charitable status. The start-up date for the new national entity will be 1 July. It is likely the new entity will use the existing essential processes and resources of the umbrella groups as new operations are phased in.

The Steering Group is looking at the key services and benefits provided by the existing umbrella groups and ensuring that the most critical are continued past 30 June 2017, until final decisions are made. As you will be aware, the New Zealand Federation of Family Budgeting Services is winding up its operations at the end of June 2017. Given this, we are putting processes in place to ensure

the continued support of Client Voices and uninterrupted access to training past 30 June. We are also looking at other services such as accords and insurance arrangements which will need to be negotiated to ensure continuation of benefit coverage.

The Steering Group has advertised for the Chief Executive position for the new national entity and is in the process of appointing this position.

The new national entity will be developing a website. When this website is developed it will be the place for future communications about the new national entity, rather than the MSD website.

### **Survey on what the entity should do and what you think is important**

The Steering Group is keen to find out your views on the role and function of the new national entity and will be conducting a survey.

The Steering Group has formed working groups to look at key functions to provide high level advice to the incoming Chief Executive and to look at the transition arrangements required for the new national entity. These working groups are:

- Training and Communities of Practice
- Cultural responsiveness
- Quality assurance
- Shared data management
- Nationally agreed accords
- Communications and advocacy
- Sector engagement.

Where relevant, the working groups have developed some questions to get your input to help inform their discussions and the arrangements that need to be put in place (both now and in the future). For example, the training working group would like to hear how important a qualifications pathway is to you. And the quality assurance group would like to know what you think are the most important elements that should be in a quality assurance framework.

The BFC Sector Steering Group will shortly be sending out the survey to BFC providers. A link will be available on the MSD website and access to the online survey will be made available through the umbrella group networks. This survey is specifically designed for providers but we are also interested in the views of the broader financial capability sector. It is intended that another survey, designed for the broader BFC sector, will be sent out at a later date. However, if you have any interim comments on developments around the national entity please send these to [sharon@sheapita.co.nz](mailto:sharon@sheapita.co.nz).