

The Treasury

2025/26 Letters of Expectations Information Release

May 2025

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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
- [27] 9(2)(ba)(ii) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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19 FEB 2025

John Williamson
Chair
Guardians of New Zealand Superannuation

[23]

Dear John

RESPONSIBLE MINISTER'S EXPECTATIONS FOR THE GUARDIANS OF NEW ZEALAND SUPERANNUATION

I am writing to outline how your board can support the delivery of the Government's priorities, and my specific and general governance expectations for the Guardians of New Zealand Superannuation Fund (the Guardians). I ask that you and your board identify opportunities and include actions to address these expectations in New Zealand Superannuation Fund's business planning documents.

Government priorities

New Zealand is in a tight fiscal environment: the Crown's operating balance before gains and losses has been in deficit since 2019/20, and last year (2023/24) that deficit reached \$12.9 billion.

Getting the Government's books back in order will require a sustained, collective effort by delivering the Government's fiscal sustainability programme. It is critical that all public sector organisations, including the Guardians, play their part and maintain a culture of fiscal discipline.

I continue to expect boards to consider the Government's priorities, the Treasury's letter to you on *Fiscal Objectives and Budget 2024* in January 2024, and the expectations in the [Enduring Letter of Expectations](#) issued to statutory Crown entities in April 2024. I further confirm the expectations set out in my Letter of Expectations dated in April 2024 remain, including that you and your board will continue to:

- focus resources, minimise and control costs (including contractor and consultant spend), and deliver improved performance to represent a value for money investment for the Crown as owner; and
- set ambitious targets and develop robust performance measures.

I also noted the Guardians should be prepared to demonstrate how its spending is as efficient, effective, and responsive as possible to increase the prosperity of all New Zealanders. In your Strategic Issues Letter due 28 February 2025, I am seeking your assessment of the Guardian's performance against the above expectations to date, including the advice sought, actions taken, and results achieved. There will be enhanced scrutiny of cost management, ability to make distributions to the Crown, and transparent, fair and reasonable executive remuneration in line with the NZX Corporate Governance Code.

I note that actions taken by Agencies as part of their Budget 2024 savings programmes included reviewing corporate costs such as those relating to travel and employees, and the use and cost of contractors and consultants.

I am also seeking your assurance that the Guardian's business planning documents will include specific and measurable actions and targets to further drive performance in 2025/26.

Crown Financial Institutions (CFIs) expectations

I continue to expect boards of CFIs to:

- Operate in a manner that is fit-for-purpose, delivering on their legislated purpose, and balancing risk and return to assure investment performance is meeting long-term policy objectives and obligations;
- Actively consider their role within the Crown, understanding how their operations impact on broader Crown risk;
- Proactively work with Treasury and collaborate with the other CFIs to build resilience in the New Zealand economy, and
- Apply the responsible investment framework and take a sustainable finance approach to operations.

Specific expectations

Government's Strategic Priorities

National infrastructure remains a key priority for this government. In this regard, I wish to thank you for the proactive engagement across government to increase our attractiveness to qualified international parties to help finance and deliver scaled projects at pace. I encourage you to continue to explore commercially attractive opportunities to invest in New Zealand assets, including infrastructure, housing, and climate-oriented investments.

Leadership

With the significant turnover in your Board and Senior Leadership team in 2024, I expect you to champion improved succession preparedness across the Guardians.

Independent Review 2024

It was extremely pleasing to see that the five yearly independent review completed in July 2024 reconfirmed that the Guardians are still operating at global best-practice level. With the new executive leadership team now in place, I expect strong board engagement to ensure the findings and suggestions of the report are considered thoroughly by management, and the agreed improvements are implemented swiftly.

Five-year Reference Portfolio

I note the delay of the five-year Reference Portfolio review to the beginning of financial year 2026 to allow time to embed the new board and executive management team. With this now largely completed, I hope the preparatory work can be accelerated as this review is pivotal to set the Guardian's overall risk appetite for the next five years.

Section 59

With the enactment of the legislation in 2024, I expect that the Guardians are now operationally ready to handle potential transactions following the passing of the New Zealand Superannuation and Retirement Income Act 2001, Section 59, Controlling Interests Amendment bill.

Venture Capital Fund (VCF)

The Guardians should continue to invest the VCF in New Zealand's venture capital markets using best-practice investment management that is appropriate for institutional investment in those markets and maintain a no-surprises approach in its engagement with government.

Global Context

Escalating geo-political tensions highlight the global interconnectedness that New Zealand shares with international markets. It is my expectation that you will reflect on the impact of an uncertain operating environment and evolving stakeholder expectations to manage associated risks on the Fund prudently.

General governance expectations

Strong board governance is critical to the performance and success of the Crown's companies and entities. I expect boards to operate in a politically impartial manner and in accordance with high professional and ethical standards and the board's charter/code of practice, including of directors' independence and interests. A register of board interests should be maintained and shared with the Treasury as it is updated.

I refer you to the Treasury's [Owner's Expectations](#) document which outlines board and governance, performance, and reporting and accountability expectations, as well as process requirements.

Further information

Your relationship managers at the Treasury will contact you to discuss these expectations and engage with the Guardians as it carries out its 2025/26 business planning. I ask to be kept informed on a 'no surprises' basis about how the Guardians is giving effect to its strategic direction, and any significant matters.

I wish you every success with your endeavours.

Yours sincerely



Hon Nicola Willis
Minister of Finance

cc Jo Townsend, Chief Executive Officer, Guardians of New Zealand Superannuation,