

Area	Recommendation	FMA response	Timing
Performance management and strategic alignment	1. Better linkages between individuals' performance goals and the strategic objectives of the FMA.	<ul style="list-style-type: none"> Develop annual plan for 2016/17 and show clear linkages between Strategic Risk Outlook, (SRO) Statement of Intent (SOI), functional business plans and individual staff performance plans Individual objectives will be clearly linked to business plans and strategic objectives – business plans will be tested at Executive level to ensure alignment with annual plan. Greater levels of communication internally to educate and inform staff of linkages and their role to play Review of staff activity at individual level to assess where activities could be stopped or reprioritised. 	<p>Annual plan by 31 August 2016</p> <p>All related initiatives by end 2016 (individual goals completed by end September 2016).</p>
	2. Options for additional performance measures which are focussed more on results (and demonstrate impact of the mitigation of risks to consumers and New Zealand's financial markets)	<ul style="list-style-type: none"> Identify results-based performance measures (e.g. the number of enforcement actions required, number of complaints, feedback from market participants, investor confidence) Develop results-based performance measures for the Annual strategic plan and ensure alignment with new SOI to be prepared during 2017 	By 31 December 2016 (to allow time for result of funding review to be known). SOI to be developed Q3 onwards 2016/17
	3. Develop and implement a performance management framework. Enable a more robust culture of tracking and managing to performance targets and results at the functional and individual levels.	<ul style="list-style-type: none"> Incorporation within annual corporate plan and testing of business plans against this Development of performance measures Develop Key Performance Indicators and dashboard reporting 	<p>This partly overlaps with response to item 1: Annual plan by 31 August 2016</p> <p>Performance measures and reporting under development – first report to ExCo October 2016</p>
Market engagement	4. Increase the level of communication to the market about key areas of FMA activity, and where and why the FMA is focussing its efforts.	<ul style="list-style-type: none"> Improved levels of communication around the rationale behind enforcement actions taken Seek support and input from strategic partners/other regulators (e.g. Commission for Financial Capability, INFINZ, Serious Fraud Office) to better educate the market on the FMA's role 	<p>Refresh and publish Enforcement Governance Framework to help market understanding of enforcement rationale, in August 2016.</p> <p>Strategic alliances to be explored and refreshed H1 2017.</p>
	5. Greater levels of connections/time in the market will facilitate better intelligence and understanding of how the risk profile is changing in the market.	<ul style="list-style-type: none"> Embed into individual activity plans and objectives time spent in the market engaging with market participants, directly and through forums and conferences Focus discretionary effort where risks are greater – for example focus on entities where there is greater risk of consumer harm from misconduct Secondments and/or recruitment of experienced individuals from other jurisdictions. Continue with structured and regular engagement with offshore market participants and regulators to capture insights and intelligence (e.g. Trans-Tasman Emerging Risk Committee and other informal dialogue with other regulators on emerging trends and risks) 	<p>Relationship model currently under review – complete by December 2016. Will include a broader selection of staff participating in market engagement and relationship management, depending on the relationship and their abilities.</p> <p>Consider offshore candidates for appropriate roles (e.g. recent hire into strategy and risk team from the United Kingdom's Financial Conducts Authority; and General Counsel hired from UK financial services firm).</p> <p>On-going engagement with off-shore (and domestic – NZX and Council of Financial Regulators) regulators on emerging risks and trends.</p>
Efficiency	6. Ensure a balance between effective regulation and administrative burden on market participants	<ul style="list-style-type: none"> Undertake business process review of key activity areas to ensure regulatory burden and effort is appropriate (e.g. complaints and inquiries, licensing, supervision and enforcement) Investment into systems and tools that digitises the process reducing paperwork and improving workflows (e.g. the e-Services portal). As part of regulatory policy work, provide feedback to Government where certain aspects of legislation are creating excessive administrative burden. 	<p>Documenting core business processes are within annual plan as focus activities for 2016/17.</p> <p>e-Services portal in operation for AFA Returns (August 2016) and will be extended to other activities and processes over time.</p>
	7. Review the structure and operations of corporate support functions which are benchmarking higher than comparators	In 2016-17, as the FMA's remit comes into full effect, the FMA's corporate support functions will be reviewed to ensure they appropriately reflect the move from 'build' mode to a steadier, operational state.	Review undertaken in mid-late 2017 once the transition to the FMC Act is complete.
	8. Use time sheets to be able to analyse and assess productivity to identify areas for improvement.	<ul style="list-style-type: none"> Improved time sheet system to increase ease of use and data accuracy Greater line manager focus to review, analyse and validate timesheets 	Review of time sheets to be scoped early in 2017 once result of funding review is known.
	9. Improved accounting and financial reporting systems could increase efficiencies through enabling improved business intelligence, resulting in better analysis and reporting	<ul style="list-style-type: none"> Creation of dashboards and better reporting to provide greater visibility of current status and of the long-term outlook. Investment in improved accounting system and/or deployment of a business intelligence/reporting tool. 	<p>Dashboard reporting implemented for financial reporting. Linkages to business performance reporting to be developed.</p> <p>Accounting system to be explored in early 2017, subject to result of funding review</p>

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Organisation and capability	10. Training and development requirements to move to more of a risk based mind-set, with more judgement	<ul style="list-style-type: none"> As part of our attraction strategy, consider a more diverse mix of backgrounds and skill sets Assess and address capability gaps 	The FMA is currently assessing capability gaps and is reviewing its internal learning and development programme during the course of 2016.
	11. Look at more innovative ways to find people in the market with the right mix of capability and experience	<ul style="list-style-type: none"> Consider how FMA could grow talent internally by hiring graduates, more like a professional services firm Promote FMA as a career step or opportunity for those roles and people where competing on salary is not an option Consider whether the location (i.e. Auckland vs. Wellington) of a team is presenting a barrier to sourcing applicants 	By July 2017, complete review of options noted in E&E review and implement if appropriate.
	12. Contractors with long tenures (i.e. > 1 year) could be replaced by fixed-term or permanent staff to reduce personnel expenses	<ul style="list-style-type: none"> Review long-term contractors and offer permanent or fixed-term contracts Consider which contractors are filling roles which are specialist vs. non-specialist and execute recruitment strategies to suit. 	Underway currently.
Knowledge management and intelligence	13. Better knowledge management systems and intelligence tools to increase level of organisational knowledge and sharing of information across teams	<ul style="list-style-type: none"> Investment in an organisation-wide document management system (integrated to case management and CRM system) Investment in data analytics 	Business cases completed for knowledge management and data analytics. Dependent on result of funding review.