



Dr John Small
Chair
Commerce Commission
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Dear John

ANNUAL LETTER OF EXPECTATIONS 2025/26

I write to convey my expectations for the Commerce Commission (**the Commission**) for the 2025/26 financial year. I have consulted with other Ministers with an interest in the Commission, being the Ministers for Media and Communications, and Energy, and of Agriculture, Local Government and Transport. I also consulted with the Acting Minister of Commerce and Consumer Affairs, Hon Nicola Willis. This letter supplements the enduring letter of expectations for statutory Crown entity boards from the Minister of Finance/Minister for the Public Service¹.

Contributing to the Government's economic priorities

The National/ACT/New Zealand First Coalition Government (**the Government**) agreed a policy programme of work for this term which will contribute to the Government's overarching aim to improve outcomes for all New Zealanders.

This year, the Government's top priority is going for growth. We need to lift incomes, strengthen local businesses and create opportunity. We are focused both on changes we can make now to grow the economy, while also driving through the fundamental changes that are needed to address some of New Zealand's long-standing productivity challenges. In particular, we are focused on the policy, regulatory, tax and investment conditions that support growth.

In 2025, we will work towards a better deal for New Zealand consumers by making financial services more accessible, fairer, and affordable, while enhancing competition to provide greater choice and bring down costs. This year we intend to simplify financial services laws to improve access to credit, streamline the Conduct of Financial Institutions regime, and enhance dispute resolution services. We will also modernise governance and competition laws, remove barriers to company

¹ <https://www.publicservice.govt.nz/assets/ELOE24-FINAL-signed-Enduring-Letter-of-Expectation-to-Crown-Entity-Chairs-Apr24-2.pdf>

listings, and strengthen protections against financial scams. The Government will also pass legislation to enable data sharing in sectors like banking and energy, fostering competition and delivering better options for consumers.

Of particular relevance to the Commission, the Government intends to:

- Pass legislation to transfer regulatory responsibility for the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**) to the Financial Markets Authority.
- Pass legislation to establish enduring economic regulation of local government water services by the Commission.
- Complete a review of the Commerce Act 1986 to refresh competition settings and ensure the Commission has the tools to promote competition.
- Support improved competition in the banking sector, including by promoting open banking following the designation of the banking sector under the the Customer and Product Data Act 2025.
- Commence a review of subparts 5 and 5A of the Dairy Industry Restructuring Act 2001, as required by statute, to ascertain whether the regulation of Fonterra should be retained, repealed or amended.
- Initiate a review of the Fair Trading Act 1986 to ensure the Commission has the tools to effectively address the full range of unfair practices.
- Undertake a review of telecommunications sector regulation, led by the Ministry for Regulation.

Additional policies may be added from time to time.

I expect the Commission will contribute to achieving results for these policies and the Government's overall economic priorities.

My specific expectations for the Commission

I look forward to the Commission continuing with a focus on being a courageous and impactful regulator through clear prioritisation and utilisation of the Commission's full regulatory and enforcement toolkit to achieve real impacts for consumers, consistent with the Commission's strategy and vision.

In 2025/26, I (and, if relevant, the associated sector portfolio minister) have the following specific expectations of the Commission:

- Promote competition and long-term consumer welfare across the economy, including:
 - Vigorously pursuing harmful conduct under Competition and Fair Trading laws, using the litigation fund to its full effect.

- Overseeing retail payment charges to promote a dynamic retail payment system that benefits merchants and consumers and puts downward pressure on surcharges.
- Building on the findings from the final report on the market study into the personal banking sector to achieve better outcomes for consumers of banking services, including assisting the government in any competition interventions it may take in that sector.
- Continuing to keep a close eye on competition in land transport fuel markets so that New Zealanders can have confidence they are getting a fair deal at the pump.
- Effectively using tools in the telecommunications regulatory framework to promote competition, improve retail service quality and empower consumer choice.
- Working to implement any recommendations to lift the Commission's performance that arise from the Governance and Effectiveness Review of the Commission.
- Continuing to work collaboratively across the public sector and engaging with external stakeholders to promote competition and market outcomes that benefit consumers in the long-term and support the Government's economic priorities.
- While respecting the Commission's independence, ensure improvement in the timeliness of outputs and responsiveness to Ministerial and cross-agency requests. I expect the Commission to meet deadlines consistently and to act with urgency, particularly where Government priorities and legislative timeframes are concerned.
- Support efficient, resilient and sustainable infrastructure services, including:
 - Completing the assessment of recent pricing events by the major international airports to promote outcomes consistent with workable competition.
 - Working with local government water service providers to set the enduring economic regulation regime up for success through effective information disclosure.
 - Reviewing the fibre input methodologies (including the Commission's approach to Weighted Average Cost of Capital (WACC)) to ensure it supports appropriate investment over time.
 - Continuing to work closely with the Electricity Authority to coordinate your priorities and direction and ensure aligned investment signals.

Hon Nicola Willis, in her capacity as Acting Minister of Commerce and Consumer Affairs, also expects the Commission to continue to drive competition and fair trading in the grocery sector using the Commission's full regulatory toolkit and to advise

where that toolkit may need strengthening in order to better support increased competition.

Hon Nicola Willis expects the Commission to advise on any practical or legislative impediments to promoting grocery sector competition, including through informing on trends, data or commercial practices that could indicate wider competition issues in the grocery sector or that threaten advancement of competition in the sector. Hon Nicola Willis also expects the Commission to demonstrate it is acting effectively to engage with consumers and firms impacted by competition issues in the grocery sector.

Good governance and reporting expectations

Effective Board

Ensuring the Commission is, and remains, effective and high performing is essential. I acknowledge the work the Board is undertaking to strengthen its governance and lift the Commission's performance, and I thank you for informing me of the outcomes of the Board's recent self-review.

However, I have some concerns about the pace at which some initiatives and reporting obligations have been progressed. The Board must take a more active role in ensuring timeliness is prioritised across all levels of the organisation.

As you know, MBIE has commissioned an independent review of the governance and effectiveness of the Commission. This allows a fresh look at the progress made and what more can be done. I thank the Commission for your cooperation and for working constructively with the review, and I look forward to discussing the outcomes with you and the implementation of any recommendations.

Preparation of accountability documents and KPIs

The Crown Entities Act 2004 mandates the requirements for the accountability documents of Crown entities. Please ensure the Commission prepares a draft Statement of Performance Expectations for my consideration by 1 May 2025.

In line with the Government's expectation of demonstrating accountability for public money, I expect that you will include sufficient performance measures and KPIs in your statutory accountability documents to demonstrate, and enable measurement of, the outcomes that will be achieved across all the Commission's functions with the funding the Commission receives. These measures and KPIs should be ambitious and include indicators that measure the impact of the Commission's activities on markets to reflect my expectation of the Commission as a courageous and impactful regulator. They should also include clear expectations around delivery timelines. I will take particular interest in how the Commission improves its speed of delivery and responsiveness.

General governance and reporting expectations

MBIE's publication *Monitoring arrangements for MBIE-monitored Crown entities*, published in October 2020 sets out general monitoring and governance arrangements for Crown entities.² This is supplemented by the *Funding Agreement between MBIE and the Commission*, effective from 1 November 2021.

Generally, I expect the Commission to:

- Maintain a strong organisational capability with a focus on delivery.
- Demonstrate a strict fiscal management and value for money.

I expect to meet regularly with you and the Commission Chief Executive to discuss the Commission's progress in achieving its performance expectations and KPIs. Please provide me with an organisational update on the Commission's operations and performance prior to these meetings.

Under the 'no surprises' principle, I also expect you to inform me promptly of matters of significance within my or other interested Ministers' portfolio responsibilities, particularly where these matters may be controversial or may become the subject of public debate. In the case of grocery industry matters, please advise the Acting Minister of Commerce and Consumer Affairs, Hon Nicola Willis.

Other matters

The Government expects all Crown entity boards to operate with a high standard of integrity and to have procedures in place to appropriately manage conflicts of interest, should any arise. I expect the Commission to have systems in place to ensure appropriate management of information, consistent with statutory obligations, and remain alert to cybersecurity risks. I also expect you to have a collaborative and constructive working relationship with your departmental monitor at MBIE.

Thank you for your contribution to the successful operation of the Commission and for its contribution to the Government's wider objectives. Should you have any questions about any of the above, please do not hesitate to contact my officials at MBIE.

Response

Your advice on how you propose to respond to the expectations set out in this letter would be appreciated. I would be grateful if you could please provide your response by 1 June 2025.

² MBIE, *Monitoring arrangements for MBIE-monitored Crown entities*, dated October 2020, available here: <https://www.mbie.govt.nz/dmsdocument/12638-monitoring-arrangements-for-mbie-monitored-crown-entities>.

I look forward to having a good working relationship with you and the Commission over the coming year.

Yours sincerely,



Hon Scott Simpson
Minister of Commerce and Consumer Affairs

Copy to: Adrienne Meikle
Chief Executive, Commerce Commission



Andrew Hume
General Manager, Small Business, Commerce and Consumer Policy
Branch, MBIE

