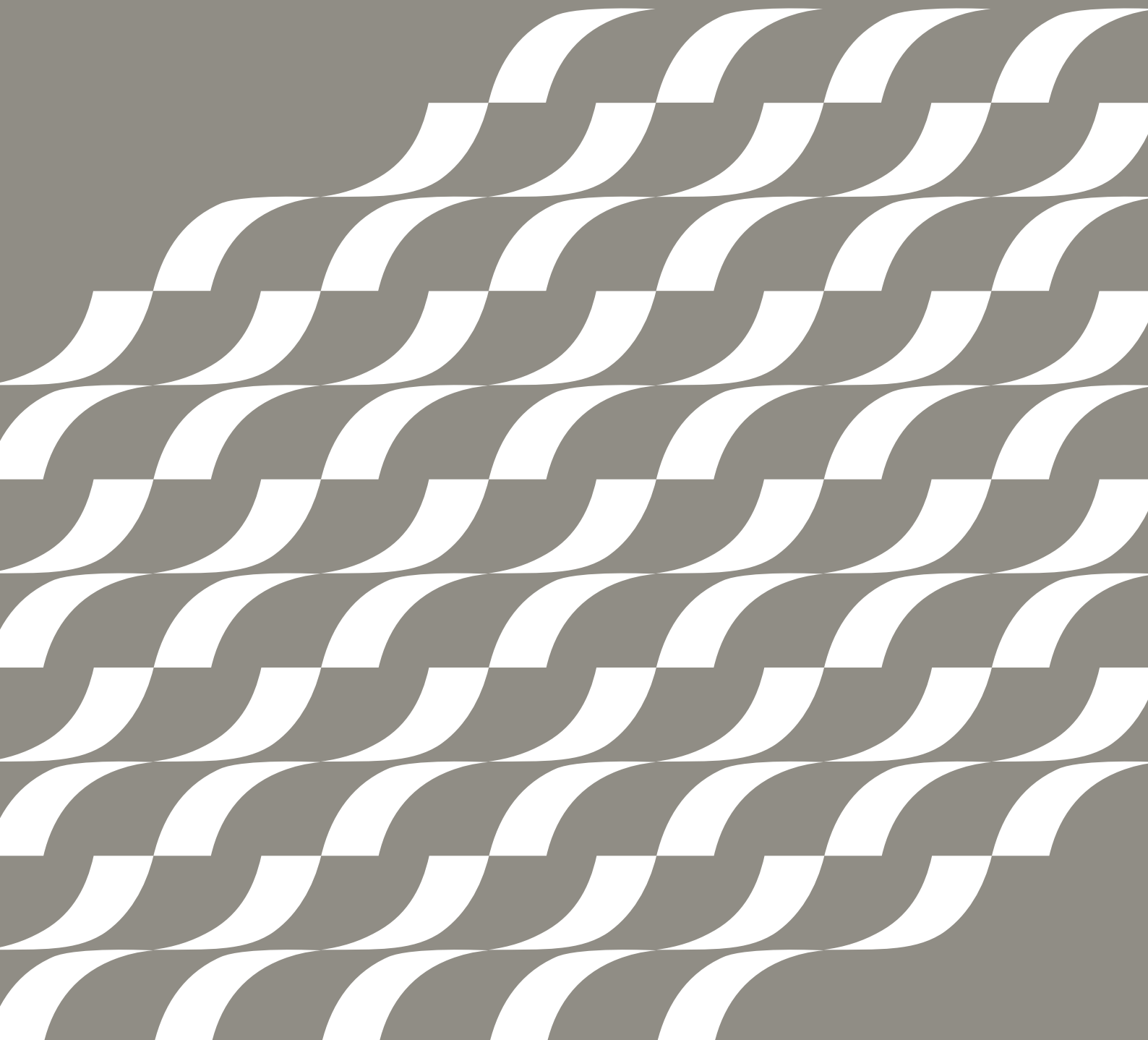


Tauākī Ā-Whāinga Whakatutuki

Statement of Performance Expectations 2025/26



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Presented to the House of Representatives pursuant to section 149L (3) of the Crown Entities Act 2004.

Tauākī haepapatanga

Statement of responsibility

**The Commerce Commission |
Te Komihana Tauhokohoko presents
this Statement of Performance
Expectations to the House of
Representatives under Part 4, section
149L (3) of the Crown Entities Act 2004.**

This Statement of Performance Expectations reflects our proposed performance targets and forecast financial information for the period 1 July 2025 to 30 June 2026. It is prepared in accordance with the requirements of section 149E of the Crown Entities Act 2004.

The prospective financial statements and performance expectations are prepared following generally accepted accounting standards. They were not audited and may not be relied upon for any other purpose.

The Board acknowledges responsibility for the information and prospective financial statements contained in this Statement of Performance Expectations.



Dr John Small

Heamana
Chair



Anne Callinan

Heamana Tuarua
Deputy Chair

Ngā kai o roto

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Kupu whakataki

Introduction

Tēnei Te Komihana Tauhokohoko | Commerce Commission, e tau nei i tō mātou ngākau titikaha ki te tautoko i tā te Kāwanatanga aronga ki te kōkiri i te tipuranga ohaoha mā te ū tonu ki tō mātou tū hei kaiwhakarite marohi, whakaaweawe hoki e whakatairanga ana i te whakataetaetanga puta noa i te ōhanga.

Hei whakatinana i tā mātou whakakitenga, arā, 'Te whai kia pai ake te ora o ngā tāngata o Aotearoa i runga i te mahi pai o te māketē, me te whai wāhi atu a ngā kiritaki me ngā pakihi ki te māketē anō i runga i te ngākau tahi', ka tā mātou, he:

- arotahi ki ngā matea o ngā kiritaki me ngā pakihi,
- whakaneinei, he urupare hoki ngā panoni i ngā māketē,
- urutau tonu ki te taiao ture me ōna anō panonitanga,
- kōkiri kia pai here tonu i ā te Kōmihana mahi katoa, me te
- whakahaere tika i raro i ngā here ā-putea.

Inā kē te nui o tā mātou mahi me te aha kei te whānui haere tonu. Heoi ko te aronga ia he mārāma tonu arā, ko te whakarato hua e rite ana ki te whakapaunga moni mō wai, mō te hunga utu tāke me te hunga tuku utu āwhina mai.

Āpiti atu ki ngā mahi hira e haere tonu nei hei whakauruhi i ngā ture tauhokohoko matatika me te whakataetaetanga puta noa i te ōhanga, me te whakariterite hoki i ngā tino ratonga ka whirinaki atu ai tātou katoa, ko te hiahia o ngā tāngata o Aotearoa, kia kite tonu he kaha ake te whakataetaetanga i ētahi māketē ake pērā i te mahi pēke, ngā hokonga, te whitimamao, te whakaputa hiko, me ngā pūnaha utu kaihoko. E whakamahi ana mātou i ngā āheitunga katoa nā te Pāremata i tuku mai, i ēnei rāngai, ā, e mahitahi ana me ētahi atu kaiwhakarite me ngā ahumahi hei kōkiri i te whakataetaetanga kaha ake.

Ka kite mai koutou i te autāia o tā matou koke haere i tēnei tau, ā, ko te kawataua ia ka tino whaihua tā mātou mahi, kei ngā kōrero me ngā whāinga kua takoto ki tēnei Tauākī Ā-Whāinga Whakatutuki. E manawanui ana Te Kōmihana kia kōkiri ake i te māketē tōtika, māketē whakataetaetae hoki puta noa i Aotearoa e whai wāhi ai ngā kiritaki me ngā pakihi i runga i te ngākau tahi, ka tipu tonu te ōhanga, ka ora pai ake ngā tāngata katoa o Aotearoa.

As the Commerce Commission | Te Komihana Tauhokohoko, we are committed to supporting the Government's focus on driving economic growth by continuing to operate as a courageous and impactful regulator and promoting competition across the economy.

To deliver on our vision of 'making New Zealanders better off because markets work well and consumers and businesses are confident market participants', we are:

- focusing on the needs of consumers and businesses,
- anticipating and responding to changes in markets,
- continuing to adapt to a changing regulatory environment,
- driving continuous improvement across the Commission's activities,
- managing within tight fiscal constraints.

Our workload is extensive and growing, and we have a clear focus on delivering value for money for the taxpayer and our levy funders.

As well as our important and ongoing work to enforce fair trade and competition rules across the economy, and regulate the essential services we all rely on, New Zealanders want to see greater competition in concentrated markets such as banking, groceries, telecommunications, electricity generation and retail payments systems. We're using all the tools Parliament has given us in these sectors and working with other regulators and industry to drive greater competition.

You will see substantial progress from us in the year ahead and we expect to be highly effective, with our work and intentions laid out in this Statement of Performance Expectations. The Commission is dedicated to driving well-functioning and competitive markets across New Zealand so consumers and businesses can participate with confidence, our economy can grow and all New Zealanders can be better off.

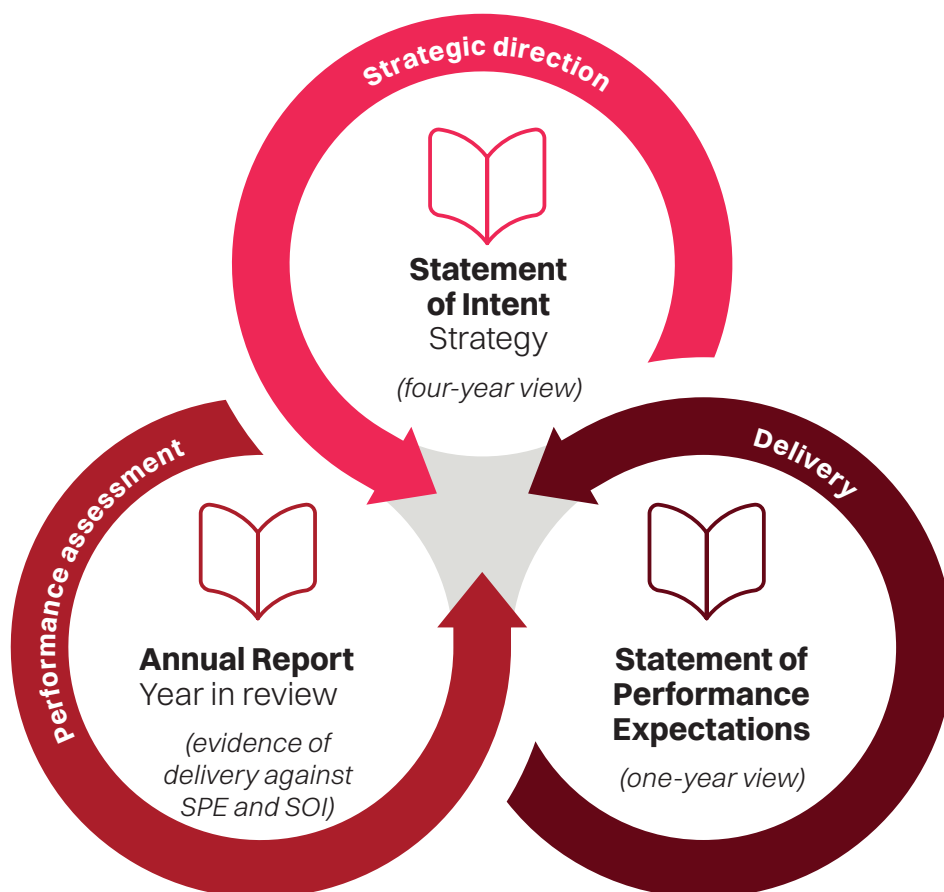
Te pūtake o te Tauākī ā-Whāinga Whakatutuki

The purpose of the Statement of Performance Expectations

The Statement of Performance Expectations (SPE) is one of three accountability documents produced by us as instruments of public accountability:

- **The Statement of Intent** (SOI) 2023–2027 outlines our strategic intentions.
- **The SPE** sets annual expectations for outputs and funding.
- **The Annual Report** measures performance against these statements, reviews key events or issues and is independently audited.

The relationship between the SPE, SOI and Annual Report is as follows.



This SPE sets out our 2025/26 outputs and how financial and non-financial performance will be measured against those outputs. The targets and deliverables in the SPE are informed by:

- **our governing legislation**
- **the Government's priorities and those of our Ministers**
- **our strategic intent described within the 2023–2027 SOI.**

01

**Tirohanga whānui
Te Komihana
Tauhokohoko**

Overview of the
Commerce Commission

Ko mātou nei

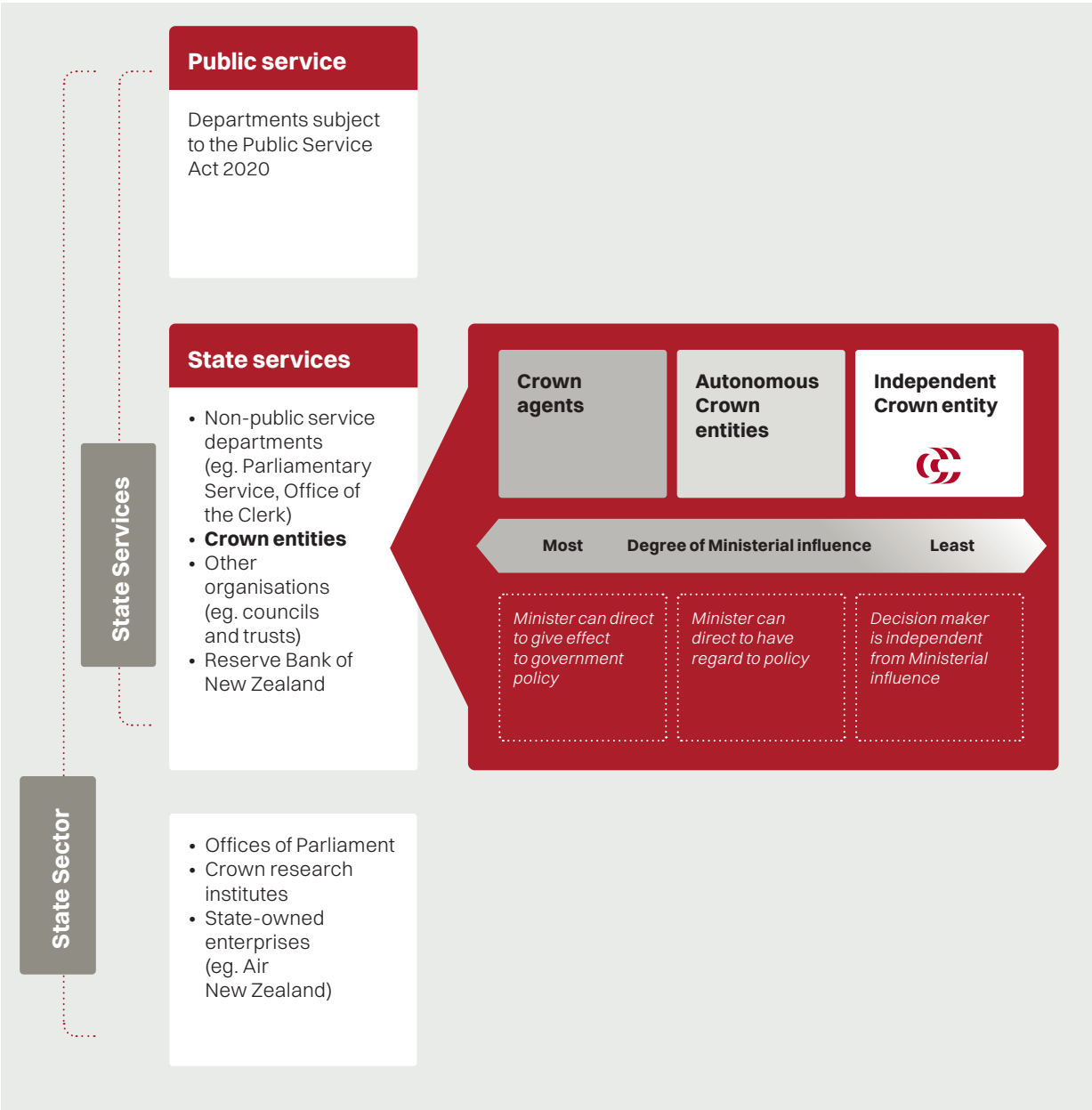
Our place in the public sector

While we are part of the public sector, the independence of our decision making is important in allowing us to carry out our regulatory functions in an impartial and fair manner.

Like our international counterparts, we have a Commission structure, which means our Board members are also Commissioners (alongside our Associate Commissioners) involved in regulatory decision making. We are primarily accountable for our performance to the Minister of Commerce and Consumer Affairs and, in relation to telecommunications services, the Minister for Media and Communications.

The Ministry of Business, Innovation and Employment (MBIE) is our monitoring agency to which we report.

The graphic below depicts how we fit within the wider state sector.



Tā mātou hanga kaitiakitanga

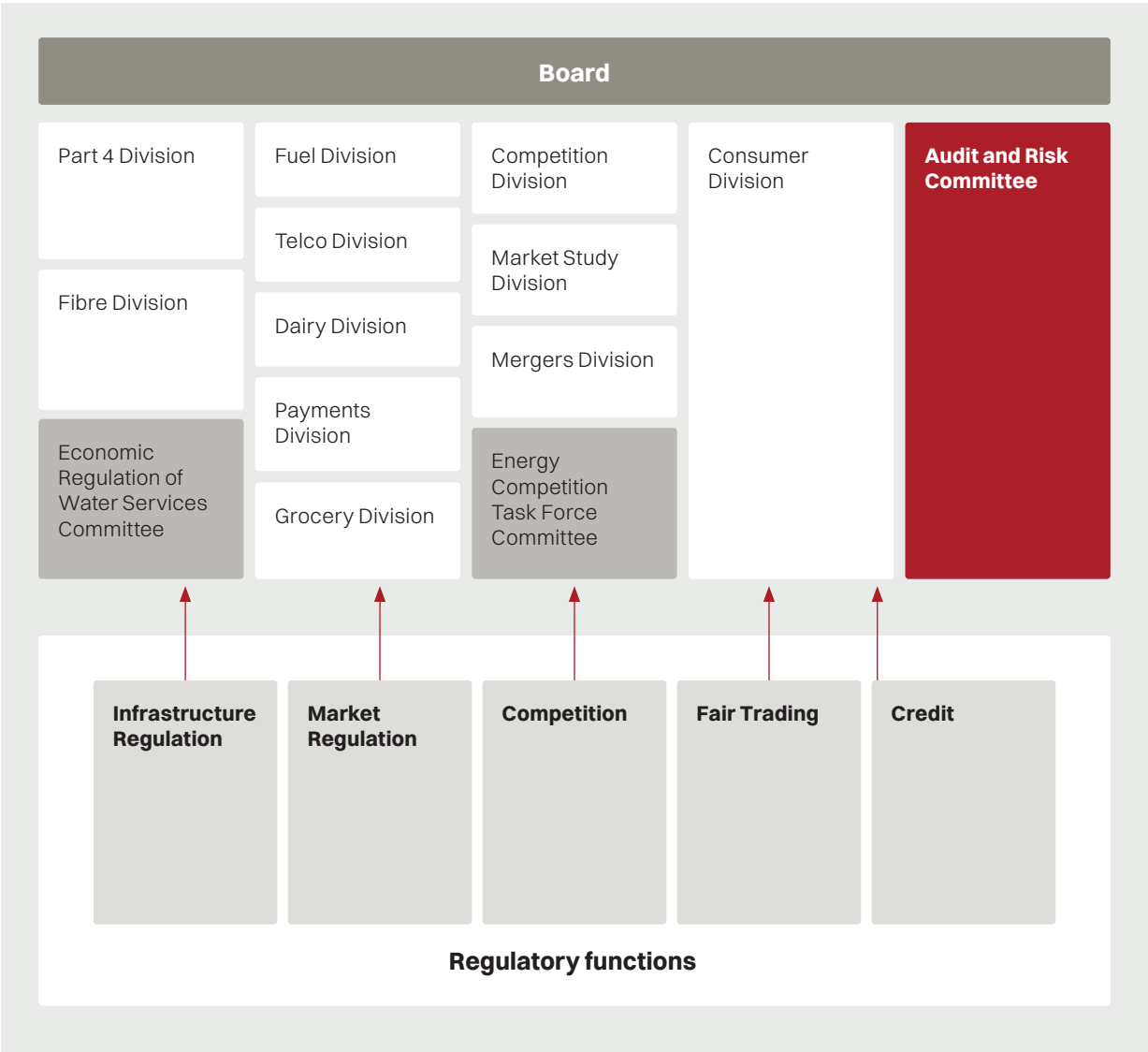
Our governance structure

Our governance structure, depicted in the graphic below, consists of a Board, divisions with specific regulatory roles and an independently chaired Audit and Risk Committee that reports to the Board.

Our Commissioners are the Board for the purposes of the Crown Entities Act 2004, and operationally, together with the Associate Commissioners, they exercise functions, powers and duties under various pieces of legislation.

In late 2024, the Minister of Commerce and Consumer Affairs requested MBIE to commission a review to examine the Commission’s organisational capability and performance to ensure it is meeting the needs of New Zealanders. The review is being led by Dame Paula Rebstock, supported by an independent panel, and is expected to be completed in 2024/25. The aim is to ensure the Commission has the governance arrangements and capabilities it needs to meet future challenges and continues to deliver benefits to New Zealanders.

The graphic below shows our current structure.



Ngā haepapatanga ā-ture me ngā tino mahi

Legislated responsibilities and essential functions

We are a multi-functional regulator of commercial trade with statutory responsibilities under the Acts of Parliament specified below.

Commerce Act 1986 (Parts 2, 3, 3A and 5)

- Prohibits anti-competitive behaviour and acquisitions that substantially lessen competition.
- Provides for a clearance and authorisation regime for mergers and restrictive trade practices and enables us to carry out competition (or market) studies.

Commerce Act 1986 (Part 4)

- Provides for information disclosure and the regulation of price and quality of goods and services in markets where there is little or no competition and little or no likelihood of a substantial increase in competition.
- Sectors that are currently subject to the provisions of Part 4 are electricity distribution and transmission, gas pipelines and selected airport services.

Fair Trading Act 1986

- Prohibits false and misleading behaviour by traders and a range of other unfair business practices.
- Requires that consumers are given specified information about certain products and promotes product safety.

Credit Contracts and Consumer Finance Act 2003¹

- Protects the interests of consumers in relation to consumer credit contracts, consumer leases and buy-back transactions of land.
- Includes provisions relating to disclosure and unforeseen hardship and sets out rules about interest, payments, credit fees, responsible lending and lender certification.

Dairy Industry Restructuring Act 2001

- Promotes the efficient operation of dairy markets in Aotearoa New Zealand by regulating the activities of Fonterra to ensure New Zealand markets for dairy goods and services are contestable.

Fuel Industry Act 2020

- Promotes competition in engine fuel markets for the long-term benefit of fuel users.
- Establishes a wholesale pricing regime, rules governing wholesale contracts, an information disclosure regime and requirements for the display of price information at retail fuel sites.

Retail Payment System Act 2022

- Promotes competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers.
- Establishes a monitoring regime for the sector, puts in place an initial pricing standard to regulate the interchange fees of Visa and Mastercard networks and provides a range of other tools to regulate fees, prices and access to networks.

Grocery Industry Competition Act 2023

- Establishes a monitoring and reporting regime for the grocery sector, provides for the making and enforcement of a Grocery Supply Code to promote fair conduct between grocery retailers and suppliers and includes a range of default and backstop regulatory tools to promote the availability of reliable and cost-effective wholesale supplies of groceries.

Telecommunications Act 2001

- Regulates the supply of certain wholesale telecommunications services (including the price and quality of fibre networks) and the quality of retail services.

Local Government (Water Services Preliminary Arrangements) Act 2024

- Establishes the Local Water Done Well framework and preliminary arrangements for the new water services system.
- Introduces transitional form of economic regulation with foundational information disclosure (that can apply to specified water services providers) and separate provisions for Watercare (including the appointment of a Crown monitor).
- Requires councils to develop Water Service Delivery Plans by September 2025.

¹ In January 2024, the Government announced reforms to the Credit Contracts and Consumer Finance Act 2003 (CCCF Act), including a single conduct regulator. The implications of these reforms will affect our future role under the CCCF Act. The Credit Contracts and Consumer Finance Amendment Bill was introduced to the House on 31 March 2025. Until this legislation is passed, we maintain the function under this SPE.

In addition to carrying out our responsibilities under these Acts (described in section 2 *Outputs and performance*), we contribute to the development and implementation of competition, fair trading, consumer credit and economic regulatory policy settings and laws.

We expect to continue to see further changes to legislation that affect our mandate and responsibilities. It is critical to our effectiveness that we remain able to quickly adapt to deliver on new expectations.

The Government has indicated the Commerce Commission will be the economic regulator for water services under the Government's Local Water Done Well regime. We are currently awaiting the enactment of the Local Government (Water Services) Bill that will implement the full system. The Bill will make changes to Part 4 of the Commerce Act to establish a new economic regulation and customer protection regime for local government water services providers (including Watercare). While information disclosure regulation and revenue threshold regulation are the main tools available to the Commission (with information disclosure regulation the main tool at least initially), the Bill provides for other regulatory approaches that can be applied via Order in Council. Price quality regulation will apply to Watercare once the Charter expires in June 2028. The consumer protection aspects of the regime allow for the collection and analysing of information relating to consumer protection such as service quality and customer engagement.

Tō mātou ahunga rautaki

Our strategic direction

Our vision, consistent with our statutory roles, aims to make New Zealanders better off by helping markets to work better and giving buyers and sellers reasons to be confident market participants.

Our outcomes framework, established in our 2023–2027 SOI and depicted below, describes what we are aiming to achieve and what we expect to deliver.

To matou tirohanga roa | Our vision

Making New Zealanders better off because markets work well and consumers and businesses are confident market participants.



Ā mātou pānga

Our impacts

To deliver on our strategic direction described in the 2023–2027 Statement of Intent (SOI), we have identified a set of short to mid-term impacts that will directly contribute to our outcomes. The link from output to impact and outcome is demonstrated in the table here. Further information on the indicators used to assess the effect of this work is described in Annex 1 of our SOI² and reported in our Annual Report.

Outcome	Impacts	Supporting output class
Kaitiaki / Stewardship	New Zealanders understand and value the Commerce Commission's role as a regulator.	Competition
		Market/Competition Studies
		Consumer – Fair Trading and Credit
		Telecommunications (including Fibre)
		Grocery Sector Regulation
		Fuel
		Electricity Lines Services
		Gas Pipeline Services
		Specified Airport Services
		Water services
		Dairy
		Major Litigation
		Retail Payment System
Māketē Whakataetae / Competitive Markets	<ul style="list-style-type: none"> • Anti-competitive conduct is deterred. • Harmful concentration of market power is prevented. • Barriers to entry, harm caused by imbalances in market power and information asymmetries are identified and reduced. • For sectors we regulate, competition improves resulting in benefits to New Zealanders. 	Competition
		Market/Competition Studies
		Major Litigation
		Grocery sector regulation
		Retail Payment System
		Telecommunications (including Fibre)
Tauhokohoko Tūkeke / Fair Trade	<ul style="list-style-type: none"> • Consumers have the information they need to know their rights and make informed choices. • Businesses have the information they need to know their obligations. • Consumer interests are protected. 	Consumer – Fair Trading and Credit
		Major Litigation
		Grocery sector regulation
		Retail Payment System
Ngā Tino Ratonga / Essential Services	<ul style="list-style-type: none"> • Essential service providers are delivering services of appropriate quality at reasonable cost. • The performance of essential services is monitored and reported on to enable effective public scrutiny. • The ability to extract excessive profits for essential infrastructure is limited. 	Telecommunications (including Fibre)
		Fuel
		Electricity Lines Services
		Gas Pipeline Services
		Specified Airport Services
		Water services
		Major Litigation

² Annex 1 of the Commerce Commission's SOI can be found on page 36 of the following link: https://comcom.govt.nz/_data/assets/pdf_file/0016/321721/Statement-of-Intent-2023-2027.pdf

Ngā mātāpono

Our values

Our strategic direction, the impacts we seek to make and the work we do are about people and making a difference. Our values framework, depicted below, is the anchor that describes the qualities we choose to embody to guide our actions, the sort of organisation we want to be, the way we treat ourselves and others, and our interaction with the world around us. They provide the general guidelines for conduct of our people.

In December 2023, we rolled out our new values framework. This framework is designed with each part supporting the other, based on te ao Māori concepts. Our kaupapa, our values and te ao Māori concepts work together to guide our actions and help us in our approach to our work to deliver for Aotearoa New Zealand.



Tō mātou taiao mahi

Our operating environment

Our operating context is shaped by environmental challenges and opportunities. For the 2025/26 year, we recognise the following material changes.

Government's expectations for the public sector

The Government has set high expectations for integrity and professionalism in the public sector. The Government expects all agencies and Crown entities to demonstrate strong value for money for New Zealanders by continuing to deliver within our resources. The Public Service Commissioner Sir Brian Roche has also laid out a challenge to the public sector to embrace digitalisation and artificial intelligence-enabled services. We welcome this challenge.

A changing regulatory environment

The scope of our work continues to evolve with the following changes:

- In January 2024, the Government announced the transfer of functions relating to the CCCF Act to the Financial Markets Authority. This work is happening in parallel with a review of the CCCF Act. The transition is anticipated in late 2025 depending on the passage of enabling legislation. The timing and impact of this transfer has the potential to affect delivery of our stated performance measures under the related output class.
- On 2 September 2024, the Local Government (Water Services Preliminary Arrangements) Act 2024 was passed. A Bill amending the Commerce Act to establish enduring economic regulation of local government water services by the Commerce Commission is expected to pass this financial year.
- The Government is reviewing the Commerce Act 1986 and intends to also review the Fair Trading Act 1986. These Acts are central to our role as a competition and consumer protection regulator and reviewing them provides a significant opportunity to ensure they adapt to the modern trading environment.

Adapting to a more digital economy

As our economy becomes increasingly digitalised, this creates new external challenges and internal opportunities. As new platforms emerge and advances in artificial intelligence become more widely used by businesses, the risk of harm to businesses and consumers also increases. Internally, by focusing on our data and analytics capability, we can leverage opportunities to gain fresh insights into business and consumer behaviour and prioritise the issues that cause the most harm.

There are pricing pressures across numerous essential services

Concerns continue to be raised with us in relation to several essential services, including energy, groceries, telecommunications and banking. Promoting competition in these markets, or outcomes consistent with competition where there is no or little competition, is more important than ever to ensure long-term benefit for consumers. Responding to the concerns raised with us will require the full use of our regulatory toolkit. We will continue to look for new ways of working across government to better coordinate our efforts to promote competition.

Improving our effectiveness

In June 2025, we will receive the recommendations from the Governance and Effectiveness Review, which focus on ensuring we are, and remain, effective and high performing. Where the learnings from this review are under our direct control, we will be working to apply these in this financial year. Where they are not, we will work closely with our monitoring agency MBIE to support their development.

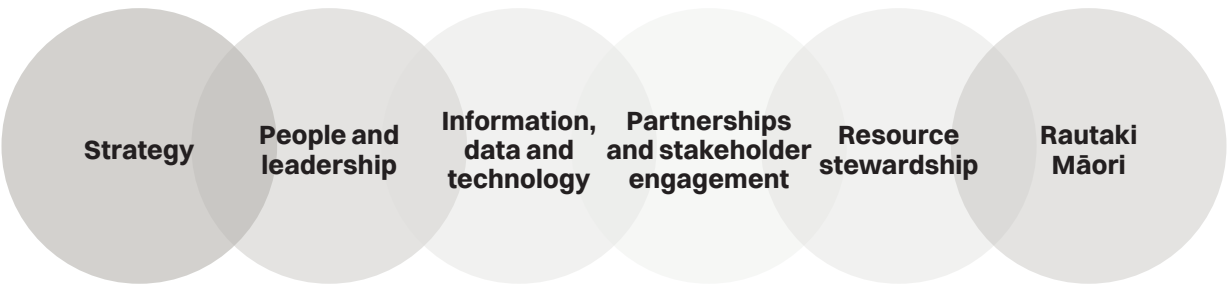
Alongside the review, we are mindful of the ongoing focus on ensuring the public has good information to understand whether the public sector is effective. This is critical to maintaining trust and confidence in our work. This year, we will be reviewing our performance framework, with a focus on making our measures more meaningful and easier to understand.

Tō mātou rautaki tāngata

Our organisational capability and health

The outcomes we seek and the work we deliver are supported by our strategic enablers. These allow us to put in place capabilities, capacities and resources that contribute to the effectiveness of our strategy.

These strategic enablers are:



Strategy

Our strategies provide the frameworks we need as a responsive regulator to support how we determine our priorities and choose the tools that best respond to the issues we see impacting markets and the long-term interest of consumers. They provide the link between our SOI, our strategic enablers and the policies and processes that enable us to deliver our functions effectively and efficiently.

How we will measure progress

We will measure progress through the introduction of an updated set of accountability documents that provide measurable indicators of the value of our work.

People and leadership

Our people are central to achieving our vision and outcomes. We are refreshing our workforce strategy of 'great people, doing the right work, delivered in the best way'. This strategy reflects our focus on utilising our workforce to its greatest effect while delivering effectively and seamlessly on our strategic priorities and staying within our financial envelope.³

Our people leadership is central to embedding our workforce strategy and He Kawa, ensuring we take a disciplined approach to driving high performance, building organisational capability and effective management of our resources.

We offer a compelling employee value proposition with a continued focus on having a highly engaged, adaptive and connected workforce that supports innovation, inclusion, diversity, wellness and safety and recognises and rewards great performance. We know that, in addition to enabling people to do their best work, this helps us attract and retain talent.

How we will measure progress

We will measure progress through responses to our regular workplace surveys on employee engagement, overall employee experience, organisational metrics and performance data to strengthen organisational performance and culture.

Information, data and technology

Technology is part of the fabric that enables us to operate effectively. We want to empower everyone to accomplish their goals by providing them with the right technology, tools and support. We will enhance capabilities in data governance and information management maturity to ensure our data assets are managed securely and streamline the way we work to generate cost savings and efficiencies.

How we will measure progress

We will measure progress against our data and information objectives through the adoption of business processes that align with the data governance policy. We will measure progress against our technology objectives through the successful delivery and operationalisation of our IT products.

Stakeholder engagement

Strengthening our stakeholder engagement through timely and relevant engagement is key to understanding the issues that are important to our stakeholders. Perceptions about the effectiveness of consumer and competition law is an important part of our work. We are committed to improving and maturing our relationships with Māori and key stakeholders so we can deliver meaningful outcomes that maintain trust and confidence in our decision making. Part of our service delivery work is to communicate effectively with businesses and consumers to improve their understanding of the laws that affect them. Delivering services that demonstrate regulatory effectiveness provides opportunities for us to reach more consumers and businesses.

How we will measure progress

We will measure reputational value and our engagement success through three external surveys and our internal engagement survey. We report on these survey results in our Annual Report.

³ As a public sector agency, the Commerce Commission must have regard to the Government Workforce Policy statement: <https://www.publicservice.govt.nz/assets/DirectoryFile/Government-Workforce-Policy-Statement-2024.pdf>

Resource stewardship

The ability to innovate, deliver value and respond rapidly to changes in our regulatory environment, as well as deliver our vision and outcomes while managing funding pressures, depends on how we manage our resources. To ensure that we manage our resources sustainably, we will continue to improve our processes to ensure we are operating cost effectively and prioritising the use of our resources for greatest effect.

How we will measure progress

We will measure our resource stewardship through our achievement of performance measures within our funding limits and responsible fiscal management.

Rautaki Māori | Māori Strategy

Our Rautaki Māori provides a framework that supports us to take intentional steps to ensure Māori benefit from our mahi. The focus of our Rautaki Māori is to ensure Māori benefit from our work, which contributes to our overarching vision of 'making New Zealanders better off because markets work well and consumers and businesses are confident market participants'.

How we will measure progress

We will regularly assess and refine our engagement practices based on evaluation activities such as participation rates, social media analytics and feedback.

Measuring our performance

Performance against the measures in our SPE and SOI are assessed and reported quarterly to our Board, senior leadership team and Crown monitoring agency MBIE.

An assessment of our performance against our outputs and outcomes is reported annually in our Annual Report.

We publish our SPE, SOI, Annual Report and quarterly snapshots on our website.

02

Ngā hua me ngā tutukinga

Outputs and
performance

This section describes the outputs (goods and services) that we are funded to provide, the results we seek for each and how we will assess our performance.

Output measures and financial information

We will achieve our vision of 'making New Zealanders better off because markets work well and consumers and businesses are confident market participants' by implementing our strategy and carrying out our functions across our output classes.

Our work is primarily funded through a variety of annual and multi-year appropriations⁴ under Vote Business, Science and Innovation.⁵

The largest contribution to our revenue is from the Crown, which is sourced through a combination of general taxes and industry levies (for instance, to pay for the regulation of electricity lines services). Other sources of revenue include interest on cash we hold, court cost awards from litigation and application fees paid by businesses seeking clearances and other determinations.

Judgements applied in the selection of performance measures (PBE FRS48)

Our measures represent the activities we will monitor to ensure we stay on track in delivering our short to medium-term goals. In selecting, measuring and grouping the mix of performance measures for the 2025/26 financial year, we have considered Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48). We consider the information provided and the related disclosures we have presented reflect our core business activities and describe the value we deliver and are the most appropriate and meaningful to users.

Presentation of information

We have presented our service performance information by output class. How these output classes contribute (directly or indirectly) to the strategic performance indicators outlined in our Statement of Intent 2023–2027 is reflected in *Our impacts* on page 9.

The information contained in this section covers what the output class intends to achieve, and the purpose of the measures and financial information related to each appropriation.

Disclosures on any changes to the measures are provided in *Appendix 1: Disclosure of judgement regarding changes to output class performance measures*.

⁴ Please refer to Treasury Technical Guide <https://www.treasury.govt.nz/sites/default/files/2025-01/techguide-est-25.pdf> (January 2025) for further information.

⁵ The Commission's appropriations are included in Vote Business, Science and Innovation, which is administered by our monitoring agency MBIE.

Tirohanga whakataetae, māketē hoki, kiritaki

Competition, market studies, consumer

This section outlines our output measures, expected revenue and proposed expenditure relating to our role under the:

- **Commerce Act 1986 (Parts 2, 3, 3A and 5)**
- **Fair Trading Act 1986**
- **Credit Contracts and Consumer Finance Act 2003 (CCCF Act)⁶**

⁶ In January 2024, the Government announced the transfer of functions relating to the CCCF Act to the Financial Markets Authority. The transition is anticipated in late 2025 depending on the passage of enabling legislation. The timing and impact of this transfer has the potential to affect delivery of our stated performance measures under the related output class.

Whakataetae

Competition

This output class is intended to achieve the education, prevention, identification and remediation of trader behaviour that is anti-competitive.

It includes our work with MBIE and other government agencies in policy development and regulatory initiatives, understanding the impact on markets and educating industry about its obligations under competition law.

Why this is important

The way that markets function affects the affordability of goods and services, the incentives that businesses have to innovate and improve efficiency and the speed with which the economy recovers from external shocks. These issues all have a real impact on New Zealanders as business owners and consumers.

Cartel conduct harms consumers by preventing them from getting quality services at fair prices, and it harms businesses that are trying to compete fairly.

Anti-competitive arrangements and misuse of market power can create barriers to entry into a market and harm to our markets and consumers.

The effective control of mergers is a vital tool in preserving competition in our economy. The effects of mergers are permanent, and an acquisition that substantially lessens competition can cost consumers and businesses for many years. The regime helps us to approve transactions that are unlikely to materially harm competition and prevent those that can harm competition.

What we do

Under Parts 2, 3 and 5 of the Commerce Act 1986, we do the following:

- Detect and investigate anti-competitive conduct.
- Authorise or grant clearance to restrictive trade practices or collaborative activities and mergers.
- Take enforcement action in the courts against breaches of the Act.
- Educate businesses and government agencies on the benefits of competition and compliance with the Act.

How we will measure progress

We aim to protect and enhance competition in markets by reducing impediments to competition, deterring anti-competitive conduct and reducing harm caused by misuse of market power.

How we will measure our performance

1.	Competition output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
1.1	Percentage of merger clearance decisions made within 40 working days when no statement of issues is published	75%	60%	75%
1.2	Average number of working days from date of decision to date of publication of reasons for declined merger clearance applications ⁷	10 days	18 days	10 days
1.3	Number of Commerce Act 1986 matters ⁸ completed	5-20	21	5-20
1.4	Percentage of competition investigations decided within 18 months of the investigation being opened	75%	75%	75%
1.5	Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response, meeting the Commission's internal process quality standards ⁹	100%	100%	100%

How much this will cost

We receive funding through the multi-category appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Enforcement of General Market Regulation – Enforcement of Competition Regulation*.

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	11,651	11,651	12,075
Other revenue	280	259	214
Total operating revenue	11,931	11,910	12,289
Total operating expense	11,931	11,853	12,900
Surplus/(deficit)	-	57	(611)

⁷ Applies to merger clearance applications that are made directly to us and excludes mergers where clearance applications were not made to us where we decide to investigate.

⁸ Each matter is a piece of work relating to an alleged compliance issue. Matters may be an investigation or litigation.

⁹ This measure assesses whether matters that result in a court action, a statutory undertaking or a negotiated settlement response have been through appropriate quality assurance processes.

Tirohanga mākeke

Market studies (also known as competition studies)

This output class is intended to achieve improved market performance and outcomes through detailed research into a particular market or markets where there are concerns the market could be functioning sub-optimally.

Why this is important

When markets work well, businesses are motivated to innovate, new businesses can easily enter the marketplace, customers can get the information they need to make informed decisions and they can switch easily between rival businesses.

Sometimes business and customer behaviour limits the effectiveness of competition in a market. Regulatory conditions can also have an effect by deterring new businesses from entering the market or inhibiting the sustainable expansion of existing players.

When competition is not working effectively, it is usually due to some combination of three main groups of factors: structural, regulatory or strategic (conduct). Market studies look closely at the way firms interact, indicators of the strength of competition and whether changes to structural, regulatory or conduct rules could improve competition for the benefit of New Zealanders.

What we do

We carry out market (competition) studies. This work under Part 3A of the Commerce Act 1986 includes the following steps:

- Conduct a market study and prepare a competition report, either self-initiated or at the direction of the Minister of Commerce and Consumer Affairs.
- Prepare draft findings from the study¹⁰ and consult on these with stakeholders.
- Send the final competition report to the Minister.
- Publish the final competition report clearly outlining the Commission's findings and any recommendations.

What we want to achieve

We inquire into markets to deeply understand the competitive dynamics – including regulatory, strategic or behavioural impediments – of the markets or sectors that we examine. We want to communicate this information in our reports.

We aim to identify measures that, if implemented by the government or industry, we would expect to result in meaningful improvements to competition.

We aim to promote awareness of the benefits of competition for consumers and the economy.

¹⁰ Where we consider it appropriate, we make recommendations to improve competition. We are not required to do so.

How we will measure our performance

2.	Market studies (competition studies) output class measure	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
2.1	All competition studies undertaken are completed within agreed timeframes ¹¹	Achieved	Achieved	Achieved

How much this will cost

We receive funding through the annual appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Competition Studies*.

Expected revenue and expenditure	2024/25 Budget	2023/24 Estimated Actual \$000	2024/25 Budget \$000
Operating revenue			
Revenue - Crown	2,587	2,388	1,482
Other revenue	37	39	20
Total operating revenue	2,624	2,427	1,502
Total operating expense	2,624	2,427	1,502
Surplus/(deficit)	-	-	-

11 Terms of reference may be amended to, among other things, change the final report due date (Commerce Act 1986 sections 50(4) and 51(5)).

Kiritaki (tauhokohoko tika)

Consumer (fair trading)

Fair trading is an output under the consumer output class.

This output class is intended to achieve the prevention, identification, investigation and remediation of market behaviour that is harmful for consumers.

Why this is important

Buying and selling goods and services is a critical part of everyday life in New Zealand so it should be safe, fair and competitive. When consumers experience unfair conduct, inaccurate or misleading information or unsafe goods, they can suffer significant financial or physical harm.

Businesses can operate confidently if they know their obligations, they understand the consequences if they do not comply and they have confidence that other businesses are doing the right thing.

What we do

Under the Fair Trading Act 1986, we do the following:

- Protect consumers and the trading environment by regulating products subject to safety and consumer information standards.
- Promote the rights of consumers and obligations of businesses through advice, education, guidance and communication.
- Detect actual and potential harm by monitoring the trading environment and the behaviour of participants.
- Investigate and take enforcement action against unfair, non-compliant and illegal behaviour.

What we want to achieve

We aim to ensure that New Zealand businesses participate confidently, operate fairly and are held to account for unsafe, misleading or unfair business practices. We want consumers to participate confidently, knowing their rights and being able to make informed choices.

How we will measure our performance

3.	Consumer (fair trading) output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
3.1	Number of product safety and consumer information standards matters completed ¹²	At least 75	75	At least 75
3.2	Number of Fair Trading Act 1986 matters completed ¹³	At least 175	175	At least 175
3.3	Percentage of Fair Trading Act 1986 investigations decided within 12 months of the investigation being opened ¹⁴	95%	95%	95%
3.4	Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response, meeting the Commission's internal process quality standards ¹⁵	100%	100%	100%

How much this will cost

Please see the funding table under Kiritaki (*moni taurewa*) / Consumer (credit) for the combined cost of fair trading and credit outputs in the consumer output class.

12 Each matter is a piece of work relating to an alleged compliance issue that relates to product safety standards or consumer information standards. This covers work from providing educative information through to investigating and potential enforcement outcomes (such as compliance advice, a warning, negotiated resolution, civil proceedings or prosecutions). It is also possible that a matter may conclude with no further action.

13 Each matter is a piece of work relating to an alleged compliance issue. This covers work from providing educative information through to investigating and potential enforcement outcomes (such as compliance advice, a warning, negotiated resolution, civil proceedings or prosecutions). It is also possible that a matter may conclude with no further action.

14 This measure assesses whether we efficiently investigate fair trading and product safety standards or consumer information standards-related complaints and reach decisions in respect of those investigations in a timely way. We also conduct three-monthly, six-monthly and nine-monthly reviews (which are essentially an investigation life cycle check-in) to assess whether these investigations are moving at the right pace (based on complexity and other factors).

15 This measure assesses whether matters that result in a court action, a statutory undertaking or a negotiated settlement response have been through appropriate quality assurance processes.

Kiritaki (moni taurewa)

Consumer (credit)

Credit is an output under the consumer output class.

This output class is intended to achieve the education, prevention, identification, investigation and remediation of trader behaviour that is harmful for consumers.

Why this is important

Businesses providing consumer credit such as personal loans, mortgages and credit cards need to be confident that the borrower is making an informed choice about entering into the credit contract and that the credit is suitable and affordable to them. Safe, affordable credit reduces the risk of the economic hardship that can negatively affect a borrower's ability to take part in New Zealand's economy.

What we do

The purpose of the CCCF Act is to protect consumers' interests in relation to consumer credit contracts, consumer leases and buy-back transactions of land.

Under the CCCF Act, we do the following:

- Certify lenders and mobile traders where we are satisfied that their directors and/or senior managers are fit and proper persons to hold their positions.
- Produce guidance to help lenders understand their obligations and consumers know their rights.
- Partner with organisations such as consumer advisory groups and use insights and intelligence to inform our work.
- Monitor and investigate lenders for potential breaches of the Act, for example, failing to assess that a loan is affordable to the borrower or failing to give borrowers key information about their loan.
- Take enforcement action where non-compliance is identified, including criminal or civil proceedings to deter illegal conduct and set legal precedents.

What we want to achieve

We aim to promote fair, efficient and transparent credit markets that allow consumers and businesses to confidently enter into credit agreements. We want credit markets that are safe, transparent and fair.

Note: The transfer of the credit function to the Financial Markets Authority as discussed in *Our operating environment* may affect delivery of the following performance measures.

How we will measure our performance

4.	Consumer (credit) output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
4.1	Number of Credit Contracts and Consumer Finance Act 2003 matters completed ¹⁶	At least 50	125	At least 50
4.2	Percentage of Credit Contracts and Consumer Finance Act 2003 investigations decided within 18 months of the investigation being opened ¹⁷	95%	93%	95%
4.3	Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response, meeting the Commission's internal process quality standards ¹⁸	100%	100%	100%
4.4	Percentage of Fit and Proper Person applications processed under the Credit Contracts and Consumer Finance Act 2003 within 60 working days where all information has been received and no conditions have been imposed ¹⁹	95%	100%	95%

How much this will cost

We receive funding through the multi-category appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Enforcement of General Market Regulation — Enforcement of Consumer Regulation*.

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	20,211	20,211	18,077
Other revenue	715	949	409
Total operating revenue	20,926	21,160	18,486
Total operating expense	20,994	20,667	19,595
Surplus/(deficit)	(68)	493	(1,109)

¹⁶ Each matter is a piece of work relating to an alleged compliance issue. This covers work from providing educative information through to investigating and potential enforcement outcomes (such as compliance advice, a warning, negotiated resolution, civil proceedings or prosecutions). It is also possible that a matter may conclude with no further action.

¹⁷ This measure assesses whether we efficiently investigate credit-related complaints and reach decisions in respect of those investigations in a timely way. We also conduct three-monthly, six-monthly and nine-monthly reviews (which are essentially an investigation life cycle check-in) to assess whether these investigations are moving at the right pace (based on complexity and other factors).

¹⁸ This measure assesses whether matters that result in court action, statutory undertaking or a negotiated settlement response have been through appropriate quality assurance processes.

¹⁹ This measure assesses whether we are efficiently certifying those lenders that ought to be certified on the basis that their directors and senior managers are fit and proper persons to hold their positions.

Ngā ture ohaoha

Economic regulation

This section outlines our output measures, expected revenue and proposed expenditure relating to our role under the:

- **Grocery Industry Competition Act 2023**
- **Telecommunications Act 2001**
- **Fuel Industry Act 2020**
- **Local Government (Water Services Preliminary Arrangements) Act 2024²⁰**
- **Retail Payment System Act 2022**
- **Commerce Act 1986 (Part 4)**
 - Specified Airport Services
 - Electricity Lines Services
 - Gas Pipeline Services
- **Dairy Industry Restructuring Act 2001**

Our targets for economic regulation often fluctuate year to year due to the phasing of the regulatory cycle.

²⁰ In addition to the preliminary legislation for the new water services system, we are currently awaiting the enactment of the Local Government (Water Services) Bill that will implement the full system. The Bill was introduced to Parliament on 10 December 2024 and is likely to be enacted in 2025.

Ture rāngai hoko kai

Grocery sector regulation

This output is intended to promote competition and efficiency in the grocery industry for the long-term benefit of consumers.

Why this is important

Groceries are an essential purchase and a major expense for most households.

In 2022, we completed a market study that found that competition in the grocery sector was not working well. New Zealand grocery prices appeared high by international standards, the large supermarket chains were transferring costs, risks and uncertainty onto suppliers and the scale and pace of innovation in the sector appeared lower than expected.

In response to our market study, Parliament passed the Grocery Industry Competition Act 2023, which introduced a new regulatory regime for the grocery sector that seeks to ensure a greater level of competition so all New Zealanders can benefit from better prices, more choice and more convenient shopping.

What we do

Under the Grocery Industry Competition Act 2023, we do the following:

- Prepare and publish an annual report on the grocery industry by analysing information disclosed by regulated grocery retailers.
- Monitor compliance with the Grocery Supply Code.
- Review the Grocery Supply Code within legislative timeframes.
- Assess how well the big supermarkets are providing other retailers with wholesale products.
- Review and report on grocery wholesaler frameworks and make the case to access further legislative backstop powers if market conditions warrant them.
- Carry out inquiries, reviews and studies and issue guidelines for the grocery industry.
- Take enforcement action when the Act is likely to be breached.
- Build awareness and understanding of the regime across both the grocery sector and the public while cooperating with agencies that have a role in the grocery industry.

What we want to achieve

We aim to promote competition and efficiency in the grocery sector for the benefit of all New Zealanders. With improved competition, we expect to see:

- New Zealand consumers able to buy a good range of groceries from a wider range of outlets and retailers at competitive prices
- the combined market share of the incumbent large supermarket chains falling
- suppliers more confidently participating, negotiating, competing and innovating
- consumers confident that the grocery sector is delivering the benefits of effective competition to them.

How we will measure our performance

5.	Grocery sector regulation output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
5.1	Number of monitoring and insights reports published under the Grocery Industry Competition Act 2023 ²¹	At least 1	1	At least 1
5.2	Number of regulatory products published under the Grocery Industry Competition Act 2023 ²²	N/A	N/A	At least 2

Grocery sector regulation impact measure towards competitive markets		2024/25 Target	2025/26 Target
<i>Our impacts</i> (page 9)			
The national retail grocery market share concentration of regulated grocery retailers reduces over time when measured against the baseline. ²³		Establish baseline	Establish baseline

How much this will cost

We receive funding through the multi-category appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Enforcement of General Market Regulation — Grocery Industry Monitoring and Enforcement*.

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	7,286	7,286	7,286
Other revenue	119	118	112
Total operating revenue	7,405	7,404	7,398
Total operating expense	7,405	7,375	7,899
Surplus/(deficit)	-	29	(501)

²¹ The monitoring and insights report referenced in this measure is the Annual Monitoring Report.

²² Examples of regulatory products that contribute to this measure include the inquiry into the wholesale supply of groceries and the review of the operation and effectiveness of the Grocery Supply Code.

²³ The baseline will be measured against the national Herfindahl-Hirschman Index (HHI) for regulated grocery retailers and will be based on the results obtained from the annual grocery reports for 2023/24 and 2024/25. A market with an HHI of less than 1,500 is considered a competitive marketplace. The first annual grocery report, published on 4 September 2024, estimated that HHI for the grocery industry in 2023 was 3,559, indicating a high level of market concentration.

Torotoro waea

Telecommunications (including fibre)

This output class is intended to promote competition in the telecommunications market by monitoring the performance and development of the market and regulating the supply, price and quality of key services.

Why this is important

Telecommunications businesses provide the connectivity that is part of modern life in New Zealand. As the industry evolves, strong legislation and an efficient regulatory system help to ensure infrastructure resilience and promote fair competition in the industry.

What we do

Under the Telecommunications Act 2001, we do the following:

- Assess the asset management plans and expenditure of Chorus.
- Set price-quality paths for Chorus.
- Set information disclosure requirements for smaller fibre providers.
- Publish an annual monitoring report on the telecommunications market in New Zealand.
- Produce resources to help consumers make the right choices.
- Ensure compliance with our regulations and take enforcement action where necessary.
- Measure broadband performance across New Zealand through our Measuring Broadband New Zealand programme.
- Review regulations periodically to ensure they remain necessary and beneficial.

What we want to achieve

We want to make sure consumers have access to helpful, independent information to support their purchasing and switching decisions and that businesses have the necessary incentives to innovate and invest, improve efficiency and limit excessive profits. A stable regulatory regime is a necessary condition for a telecommunications infrastructure to be reliable, resilient and adaptable and so that new businesses can enter, expand and compete without undue barriers.

How we will measure our performance

6.	Telecommunications output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
6.1	Number of regulatory products published under the Telecommunications Act 2001 ²⁴	At least 11	12	At least 9
6.2	Percentage of Telecommunications Act 2001 determinations completed by statutory deadlines	100%	100%	100%
6.3	Number of monitoring and insights reports published under the Telecommunications Act 2001 ²⁵	At least 18	19	At least 14
6.5	Quality assurance processes for determinations and code amendments are in place and applied ²⁶	100%	100%	100%

Telecommunications impact measure towards competitive markets

Our impacts (page 9)

	2024/25 Target	2025/26 Target
Herfindahl-Hirschman Index (for broadband and mobile sectors of the telecommunications market) reduces over time ²⁷	Broadband – HHI between 1,500 and 2,500 (moderate concentration)	Broadband – HHI between 1,500 and 2,500 (moderate concentration)
	Mobile – HHI between 3,000 and 4,000 (high concentration)	Mobile – HHI between 3,000 and 4,000 (high concentration)

How much this will cost

Our telecommunications work is funded through the multi-year appropriation *Vote Business, Science and Innovation: Communications: Regulation of Telecommunications Services 2026-2029*.

²⁴ Examples of regulatory products that contribute to this measure include determinations for the Telecommunications Development Levy, cost of capital, amendments to information disclosure requirements and input methodologies applying to fibre service providers, and a Specified Fibre Areas Assessment.

²⁵ Examples of monitoring and insights reports that contribute to this measure include the Annual Monitoring Report, Consumer Satisfaction Monitoring Reports, summary and analysis reports on fibre service provider performance, and a fibre information disclosure database update.

²⁶ This measure demonstrates that quality assurance processes are in place and applies to determinations/codes completed during the financial year. These assurance processes and checks underpin our rule setting.

²⁷ Measures of market share and market concentration, and in particular changes in these measures over time, can indicate the extent to which regulated suppliers are subject to competitive constraints.

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	16,271	16,832	14,752
Other revenue	238	233	186
Total operating revenue	16,509	17,065	14,938
Total operating expense	16,509	17,065	14,938
Surplus/(deficit)	-	-	-

This output class is intended to promote competition in engine fuel markets for the long-term benefit of New Zealand consumers.

Why this is important

The retail fuel market plays a large role in the domestic economy, with prices at the pump directly affecting all New Zealanders.

Our monitoring and enforcement activities support active competition in wholesale and retail fuel markets.

What we do

Under the Fuel Industry Act 2020, we do the following:

- Monitor and analyse information disclosed by fuel companies and provide public reports on the results.
- Take enforcement action if fuel companies do not comply with the requirements of the Act for information disclosure, wholesale supply, fixed wholesale contract terms or signage at retail fuel sites.

What we want to achieve

We aim to improve competition in both the wholesale and retail fuel markets for the long-term benefit of consumers. The information we collect, analyse and publish shines a light on how the market is performing and encourages industry participants to act in a way that supports competition and consumer outcomes.

How we will measure our performance

7.	Fuel output class measure	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
7.1	Number of monitoring and insights reports published under the Fuel Industry Act 2020 ²⁸	At least 4	9	At least 4
Fuel impact measure towards competitive markets				
<i>Our impacts</i> (page 9)			2024/25 Target	2025/26 Target²⁹
The percentage of wholesale volume that is multi-sourced ³⁰			At least 70%	At least 45%

How much this will cost

We receive funding through the multi-category appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Enforcement of General Market Regulation — Liquid Fuels Monitoring and Enforcement*.

	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Expected revenue and expenditure			
Operating revenue			
Revenue – Crown	3,064	3,064	3,064
Other revenue	49	49	39
Total operating revenue	3,113	3,113	3,103
Total operating expense	3,113	3,047	2,873
Surplus/(deficit)	-	66	230

²⁸ Examples of monitoring and insights reports that contribute to this measure include regular monitoring reports and focus reports into the competitive performance of fuel markets.

²⁹ The target for this measure has changed because the previous target was based on a misclassification of two distributors as dealers. The measure is intended to apply only to wholesale customers with realistic supply diversification options — specifically distributors and end users, excluding dealers.

³⁰ Competition between suppliers often provides the buyer with more bargaining power. Multi-sourcing (where a wholesale buyer purchases fuel from more than one supplier) is useful to measure because it indicates that resellers are availing themselves of wholesale contract requirements designed to support them to shop around for better wholesale prices.

Ratonga wai

Water services

This output class is intended to achieve the delivery of regulated water services at prices and standards that would have been available if the market were competitive for the long-term benefit of consumers.

Why this is important

Water is an essential service for all consumers and is of fundamental importance to the future of our country and the planet. Economic regulation has an important role to play ensuring benefits to customers and wider society via improvements to services, appropriate investment and better value for money.

What we do

Under the Local Government (Water Services Preliminary Arrangements) Act 2024, we are responsible for establishing a foundational information disclosure regime for Wellington Water following recommendation by ministerial Order in Council. We have also been appointed as the Crown monitor for the interim regulation of Watercare. The role of the Crown monitor is to monitor and report on Watercare's performance against the Watercare Charter, which has been set by the Department of Internal Affairs.

We are currently awaiting the enactment of the Local Government (Water Services) Bill that will make changes to Part 4 of the Commerce Act to establish a new economic regulation and customer protection regime for local government water services providers (including Watercare). The Bill will allow the Commission to apply the following regulatory tools:

- Information disclosure regulation – requiring water services providers to publish robust information on planning, investment and performance.
- Revenue threshold regulation – where minimum and maximum revenue thresholds are set to issue clear expectations to providers regarding what level of revenue needs to be collected for investment in and operation of water infrastructure.

Additional regulation (including quality regulation, performance regulation and price-quality regulation) can be introduced via ministerial Order in Council, following our recommendation to the Minister of Commerce and Consumer Affairs. Consumer protection aspects of the regime allow for the collection and analysing of information relating to consumer protection such as service quality and customer engagement.

In implementing the regulatory regime, we will work closely with our fellow water services regulator the Water Services Authority | Taumata Arowai and with government agencies such as MBIE and the Department of Internal Affairs.

What we want to achieve

We want to make sure consumers have reliable, value-for-money water services that meet consumer demand now and into the future. We aim to provide incentives to invest efficiently while also limiting excessive profits.

How we will measure our performance

8.	Water services output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
8.1	Number of determinations (includes determinations, clarifications, reviews, codes and amendments) ³¹	-	-	At least 1
8.2	Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	-	-	100%
8.3	Quality assurance processes for determinations and code amendments are in place and applied	-	-	100%

How much this will cost

We receive funding through the annual appropriation Vote Business, Science and Innovation: *Commerce and Consumer Affairs: Regulation of Water Services*.³²

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	-	2,232	6,500
Other revenue	-	26	1,530
Total operating revenue	-	2,258	8,030
Total operating expense	-	2,256	8,030
Surplus/(deficit)	-	2	-

³¹ The target determination involves setting the initial information disclosure requirements for water services providers.

³² In 2024/25, we received funding through the multi-category appropriation Vote Business, Science and Innovation: *Commerce and Consumer Affairs: Enforcement of General Market Regulation – Transition and Implementation of Economic Regulation for Water*.

Pūnaha utu hokohoko

Retail payment system

This output is intended to achieve the promotion of competition and efficiency in the retail payment system for the long-term benefit of consumers.

Why this is important

Payments are the most commonly used financial service in New Zealand. When someone buys a product or service or gets paid, they are using the retail payment system.

Every year, more than a trillion dollars of transactions are completed over the payment networks in New Zealand, and higher than necessary costs or charges for processing those transactions impose a burden across the economy.

New technology, business models, participants and even new forms of money have the potential to transform the retail payment system, and the regime needs to support this change.

What we do

Under the Retail Payment System Act 2022, we do the following:

- Monitor and report on competition and efficiency in the retail payment system.
- Enforce and monitor regulated interchange fees in the Visa and Mastercard networks.
- Look for ways to ensure any surcharges are cost-reflective.
- Set rules and standards for any payment networks designated under the Act.

Conduct inquiries, reviews and studies into ways to promote competition and efficiency in the retail payment system.

What we want to achieve

We aim to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers. With improved competition, we expect to see reliable and efficient payment methods that better meet the evolving needs of New Zealanders.

How we will measure our performance

9.	Retail payment system output class measures	2023/24 Target	2023/24 Estimated Actual	2024/25 Target
9.1	Number of monitoring and insights reports published under the Retail Payment System Act 2022 ³³	At least 3	2	At least 3
9.2	Number of regulatory products published under the Retail Payment System Act 2022 ³⁴	N/A	1	At least 1
Retail payment system impact measure towards competitive markets³⁵				
	<i>Our impacts (page 9)</i>	2024/25 Target		2025/26 Target
	Competitiveness of acquiring market improves over time ³⁶	N/A		Establish baseline

How much this will cost

We receive funding through the multi-category appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Enforcement of General Market Regulation — Retail Payment Systems Administration and Enforcement*.

	2024/25 Budget	2024/25 Estimated Actual	2025/26 Budget
Expected revenue and expenditure	\$000	\$000	\$000
Operating revenue			
Revenue – Crown	4,576	4,576	4,576
Other revenue	71	70	61
Total operating revenue	4,647	4,646	4,637
Total operating expense	4,647	4,463	4,637
Surplus/(deficit)	-	183	-

33 Examples of monitoring and insights reports that contribute to this measure include summary and analysis reports to inform or influence market participants or outcomes and the publication of information about the performance of markets or participants.

34 Include footnote as follows: Examples of regulatory products that contribute to this measure include recommendations to designate a network, issuing network standards or directions, merchant surcharging standards and compliance guidance.

35 A new Payments impact measure (*Transparency, comparability and competitiveness of merchant fees improves over time for businesses*: with a target of 'set baseline') was included for the first time in the Commission's 2024/25 Statement of Performance Expectations. This measure has been replaced by *Competitiveness of acquiring market improves over time*, a new measure calculated using two key metrics relating to acquiring margins and average merchant service fees reducing. The new measure gives us a more straightforward, objective way of assessing impact while maintaining the same focus as the original.

36 This measure tracks how competitive the market is for acquiring Visa and Mastercard in-person payment services for merchants. It uses two components: acquirer margin and average MSF (Merchant Service Fee). By assessing these, we can see how competitive the market is. When businesses compare different offerings, it leads to better outcomes like lower costs and more innovation. More competition in the market should result in lower acquirer margins and average MSFs for merchants. The increased competition is also a reflection of greater transparency and comparability as merchants increasingly shop around for services that better meet their needs.

Ratonga tauranga rererangi

Specified airport services

This output class is intended to achieve the delivery of regulated specified airport services at prices and quality that would have been available if the market were competitive for the long-term benefit of consumers.

Why this is important

Millions of passengers and large volumes of cargo move through New Zealand's three major airports every year. By requiring airports to disclose their pricing and spending decisions, we help to provide the certainty and predictability needed to attract infrastructure investment and serve the long-term interests of consumers.

What we do

Under Part 4 of the Commerce Act 1986, we do the following:

- Require the disclosure of information about profits, investment, pricing and service levels.
- Publish reviews of the airports' price-setting information disclosures.
- Take compliance and enforcement action when there are breaches of the information disclosure requirements.
- Monitor the effectiveness of this regulatory regime.

Part 4 of the Act allows additional regulation to be imposed following a formal inquiry, either at our initiative or at the direction of the Minister of Commerce and Consumer Affairs.

What we want to achieve

Airports are subject to a relatively low-cost form of regulation that aims to promote transparency of their aeronautical charges and profitability for interested parties, including the public.

How we will measure our performance

10.	Specified airport services output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
10.1	Number of determinations (includes determinations, clarifications, reviews and amendments) ³⁷	At least 2	2	At least 2
10.2	Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports) including but not limited to: <ul style="list-style-type: none">• Summary and analysis reports for Auckland International Airport's Fourth Price Setting Event• Wellington International Airport's Fifth Price Setting Event	At least 3	2	At least 2
10.3	Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	100%	100%	100%
10.4	Quality assurance processes for determinations and codes amendments are in place and applied	100%	100%	100%

³⁷ A determination is a formal and binding decision under the legislation we administer.

How much this will cost

We receive funding through the multi-year appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Regulation of Specified Airport Services*.

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual	2024/25 Budget \$000
Operating revenue			
Revenue - Crown	1,000	959	427
Other revenue	15	14	6
Total operating revenue	1,015	973	433
Total operating expense	1,015	973	433
Surplus/(deficit)	-	-	-

Ratonga waea hiko

Electricity lines services

This output class is intended to achieve the delivery of regulated electricity lines services at prices and quality that would have been available if the market were competitive for the long-term benefit of consumers.

Why this is important

Electricity networks connect power generators to homes and businesses across New Zealand. Reliability of supply is critical, and as recent climate events have shown, resilience of essential infrastructure is an increasing focus.

Our role is to ensure monopolies have incentives to deliver reliable and resilient essential services to consumers at the lowest cost. We help support electrification and ensure network resilience, support the move to a low-carbon economy, encourage innovation and help provide the certainty and predictability needed to enable efficient investment.

What we do

We work alongside the Electricity Authority³⁸ as the primary regulators of the electricity system. Under Part 4 of the Commerce Act 1986, we do the following:

- Determine the revenue some electricity lines businesses, including Transpower, can earn or the maximum average prices they can charge and set a minimum standard of quality they must meet.
- Require the annual disclosure of prices, measures of quality, financial information and forecasts of future expenditure.
- Assess major capital investment proposals from Transpower.
- Take enforcement action when regulated businesses breach the price-quality regulation or information disclosure requirements.

What we want to achieve

We want to make sure consumers have a reliable, value-for-money electricity network that meets consumer demand now and into the future. We aim to provide incentives to invest efficiently while also limiting excessive profits. We also want electricity lines businesses and Transpower to have incentives to be innovative, including by enabling grid-edge competition.

³⁸ The Electricity Authority is responsible for promoting competition in the electricity industry, including in generation and retail markets.

How we will measure our performance

11. Electricity lines services output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
11.1 Number of determinations (includes determinations, clarifications, reviews, codes and amendments) including but not limited to: <ul style="list-style-type: none"> Electricity Distribution Businesses default price-quality path from 1 April 2025 Transpower individual price quality-path for 2025-2030 Information Disclosure amendment for Electricity Distribution Businesses Electricity Distribution Businesses price-quality path reopener 	At least 7	23	At least 4
11.2 Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports) including but not limited to: <ul style="list-style-type: none"> Performance summaries for Electricity Distribution Businesses Transpower database update Aurora Energy Factsheet for year 3 	At least 5	7	At least 7
11.3 Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	100%	100%	100%
11.4 Quality assurance processes for determinations and code amendments are in place and applied	100%	100%	100%

How much this will cost

We receive funding through the multi-year appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Regulation of Electricity Lines Services*.

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	11,406	10,822	9,527
Other revenue	426	173	137
Total operating revenue	11,832	10,995	9,664
Total operating expense	11,832	10,995	9,664
Surplus/(deficit)	-	-	-

Ratonga kapuni

Gas pipeline services

This output class is intended to achieve the delivery of regulated gas pipeline services at prices and quality that would have been available if the market were competitive for the long-term benefit of consumers.

Why this is important

Gas networks are an important part of the energy sector. There are four regulated gas pipeline businesses in New Zealand. Firstgas has transmission and distribution pipelines, while Powerco, Vector and GasNet are distributors only. Reliable supply is important for New Zealand consumers and businesses.

What we do

We regulate the transmission and distribution businesses that own and operate New Zealand's gas pipeline infrastructure. Our role is to ensure monopolies have incentives to invest efficiently and deliver reliable and resilient essential services to consumers at the lowest cost.

Under Part 4 of the Commerce Act 1986, we do the following:

- Determine the revenue businesses can earn or the maximum average prices they can charge and require them to deliver services at a minimum level of quality.
- Require the disclosure of prices, measures of quality, financial information and forecasts of future expenditure.
- Take enforcement action when regulated businesses breach the price-quality regulation or information disclosure requirements.

What we want to achieve

We want to ensure that consumers have reliable, value-for-money gas networks that meet their demand now and into the future.

How we will measure our performance

12. Gas pipeline services output class measures	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
12.1 Number of determinations (includes determinations, clarifications, reviews, codes and amendments) ³⁹	At least 2	6	At least 5
12.2 Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports) including but not limited to <ul style="list-style-type: none"> performance summaries for gas distributors trends in gas pipeline businesses information disclosure by gas pipeline businesses 	At least 4	4	At least 3
12.3 Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	100%	100%	100%
12.4 Quality assurance processes for determinations and code amendments are in place and applied	100%	100%	100%

How much this will cost

We receive funding through the multi-year appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Regulation of Gas Pipelines Services*.

Expected revenue and expenditure	2024/25 Budget	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	3,617	3,604	3,299
Other revenue	61	61	42
Total operating revenue	3,678	3,665	3,341
Total operating expense	3,678	3,665	3,341
Surplus/(deficit)	-	-	-

³⁹ A determination is a formal and binding decision under the legislation we administer.

Mahi miraka kau

Dairy

This output class is intended to motivate Fonterra to operate efficiently and to ensure contestability in the market for the purchase of milk from farmers.

Why this is important

Fonterra has a large share of the market for milk supplied by New Zealand's farmers. The price Fonterra pays farmers for milk determines the minimum price that other dairy processors pay to farmers and sets the price Fonterra charges for milk in the secondary milk market.

What we do

Under the Dairy Industry Restructuring Act 2001, we do the following:

- Review Fonterra's milk price manual and calculation.
- Give directions on components of the base milk price where appropriate.
- Monitor Fonterra's compliance with requirements under the Act, including by analysing information, complaints, statements or reports supplied to us.
- Ensure Fonterra discloses non-sensitive information as required by the Act, including making directions for disclosures where appropriate.
- Take enforcement action where necessary.
- Determine disputes.

At the start of each season, we review Fonterra's methodology for calculating this price as set out in its milk price manual, and at the end of each season, we review its base milk price calculation. We publish reports following these reviews.

What we want to achieve

We want to ensure that Fonterra sets a base milk price that allows efficient processors to compete in the market for milk from farmers and creates incentives for Fonterra to operate efficiently.

When we do this, we give stakeholders such as farmers and independent processors confidence in the process of setting the milk price.

How we will measure our performance

13. Dairy output class measure		2024/25 Target	2024/25 Estimated Actual	2025/26 Target
13.1	Number of monitoring and insights reports ⁴⁰ published under the Dairy Industry Restructuring Act 2001	At least 2	2	At least 2

How much this will cost

We receive funding through the annual appropriation *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Enforcement of Dairy Sector Regulation and Monitoring of Milk Price Setting*.

Expected revenue and expenditure	2024/25 Budget \$000	2023/24 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
Revenue – Crown	1,360	1,292	1,360
Other revenue	22	21	19
Total operating revenue	1,382	1,313	1,379
Total operating expense	1,382	1,313	1,379
Surplus/(deficit)	-	-	-
Surplus/(deficit)	-	-	-

⁴⁰ The monitoring and insights reports referenced in this measure are the Annual review of Fonterra's milk price manual and the Annual review of Fonterra's base milk price calculation.

Ngā take ture

Major litigation

This output is intended to achieve the best possible outcomes for New Zealanders in competitive and regulated markets by enabling the Commerce Commission to take on major or complex litigation.

Why this is important

Litigation is our most powerful constraint on commercial conduct that breaches the laws we administer. We want our litigation stance to deter firms from acting illegally.

What we do

We will use our major litigation budget to ensure the best possible outcomes for New Zealanders in the competitive and regulated markets where we have responsibilities. This includes:

- bringing court proceedings against individual traders and groups of traders, seeking the imposition of fines or civil penalties or other orders, and the evolution or clarification of the law
- responding to challenges, through appeal or judicial review, of regulatory decisions and secondary legislation that we make.

Our litigation activities are driven by our enforcement priorities and arise from our regulatory and oversight functions. We have a strong track record against major corporates, and we are not afraid of losing cases because we are testing the boundaries of the law.

What we want to achieve

We want to fully utilise our major litigation budget to address the harm caused by, and to deter, anti-competitive conduct or other unfair trading practices and to enforce or defend the rules that we set for regulated entities so that consumers' interests are protected and to remedy harm to affected parties. To be a responsive regulator, we need to take on major legal action when required to set legal precedents for the future.

How we will measure our performance

14.	Major litigation output class measure	2024/25 Target	2024/25 Estimated Actual	2025/26 Target
14.1	Litigation Funds are utilised in accordance with the Litigation Fund criteria ⁴¹	Achieved	Achieved	Achieved

41 The specific criteria used to access funding for major or complex litigation are set out in the Funding Agreement between MBIE and the Commerce Commission.

How much this cost

We receive funding through the multi-category appropriation *Business, Science and Innovation: Commerce Commission Litigation Funds*.

Expected revenue and expenditure	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
<i>Internally-Sourced Litigation</i>			
Operating revenue			
Revenue – Crown	6,105	5,961	5,668
Other revenue	104	105	84
Total operating revenue	6,209	6,066	5,752
Total operating expense	6,209	6,066	5,752
Surplus/(deficit)	-	-	-
<i>Externally-Sourced Litigation</i>			
Operating revenue			
Revenue – Crown	6,500	6,500	6,262
Other revenue	-	-	-
Total operating revenue	6,500	6,500	6,262
Total operating expense	6,500	7,009	6,262
Surplus/(deficit)	-	(509)	-

03

Tauākī pūtea

Financial statements

Ā mātou pūtea āmua

Our prospective finances

Tauākī whakapae matua | Statement of significant underlying financial assumptions

The prospective financial statements are presented on pages 50–56 based on government priorities and in consultation with our monitoring agency, the Ministry of Business, Innovation and Employment. There are several assumptions used in preparing the prospective financial statements. The prospective financial statements should be read with these assumptions in mind.

We have made the following significant underlying assumptions in preparing the prospective financial statements:

- Our functions will remain broadly the same as the 2024/25 year.
- As an independent Crown entity, the Commission maintains a sufficient reserve balance to fund future unknown and unbudgeted financial shocks and risks that the Commission faces such as adverse cost awards that exceed the capacity of the Litigation Cost Reserve and external litigation costs that exceed the limit of the Crown funding.
- The prospective financial statements for 2025/26 assume that the Credit function at the Commission transfers to the Financial Markets Authority on 1 January 2026, with the actual date to be confirmed.
- Application fee revenue for the fit and proper person certification regime is broadly consistent with the forecast developed at the start of the five-year cycle. Surpluses and deficits for this function are held in a separate reserve. This reserve's deficit balance will not be recovered on the date of the transfer and will be written off against the Commission's general funds.
- Revenue from the Crown received by the Commission is similar to the 2025/26 Estimates of Appropriations and the anticipated Supplementary Estimates of Appropriations.
- 2024/25 Estimated Actual is based on a financial forecast completed in November 2024. Our recent projection shows that the full year surplus is likely to exceed \$2 million.
- We have based our expected expenditure on major litigation activities on our estimate of the timing and extent of court hearings for existing and expected litigation cases. If delays, settlements or significant other litigation matters arise from Commission cases, expenditure on major litigation will change, favourably or unfavourably, for the year.
- A significant portion of our work is reactive based on investigations or regulatory enforcement and on complaints we receive. In preparing the prospective financial statements, we have assumed that some activity (particularly in our competition and consumer work) will occur at a level in line with historical activity.
- The Commission has adopted these assumptions as at 27 June 2025.

Tauākī moni puta, utu āmua hoki | Statement of prospective comprehensive revenue and expense
for the year ending 30 June 2026

	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Operating revenue			
<i>Revenue from non-exchange transactions</i>			
Revenue – Crown	95,634	97,378	94,355
Court cost awards	-	345	-
Total revenue from non-exchange transactions	95,634	97,723	94,355
<i>Revenue from exchange transactions</i>			
Fees and recoveries	711	81	1,485
Interest	1,426	1,431	1,244
Other revenue	-	260	130
Total revenue from exchange transactions	2,137	1,772	2,859
Total operating revenue	97,771	99,495	97,214
Operating expenses			
Commissioners, Associates and personnel	70,611	71,951	73,312
Legal and other professional fees	15,809	15,949	14,938
Computer, information and information technology	4,238	3,904	3,876
Occupancy	3,106	3,227	3,212
Depreciation and amortisation	1,714	1,724	1,535
Other expenditure	2,361	2,419	2,332
Total operating expenses	97,839	99,174	99,205
(Deficit)/Surplus	(68)	321	(1,991)
Total comprehensive revenue and expense for the year	(68)	321	(1,991)

Tauākī panoni ōritetanga āmua | Statement of prospective changes in equity
for the year ending 30 June 2026

	2024/25 Budget \$000	2023/24 Estimated Actual \$000	2025/26 Budget \$000
Balance at 1 July	15,163	16,026	16,347
Comprehensive revenue and expense			
(Deficit)/Surplus	(68)	321	(1,991)
Total comprehensive revenue and expense	(68)	321	(1,991)
Less repayment of reserves	-	-	-
Balance at 30 June	15,095	16,347	14,356

Tauākī tūrangā ā-pūtea āmua | Statement of prospective financial position
for the year ending 30 June 2026

	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Equity			
General funds*	12,552	13,347	11,356
Registry function reserve**	(457)	-	-
Litigation costs reserve	3,000	3,000	3,000
Total equity	15,095	16,347	14,356
Current assets			
Cash and cash equivalents	8,653	2,343	6,586
Fees and recoveries	218	262	222
Short-term investments	12,000	22,500	12,000
Prepayments	1,757	1,834	2,108
Total current assets	22,628	26,939	20,916
Non-current assets			
Property, plant and Intangibles	3,080 -	2,925 -	2,253 -
Total non-current assets	3,080	2,925	2,253
Total assets	25,708	29,864	23,169
Current liabilities			
Creditors and other payables	2,244	2,364	2,296
Accrued expenses	1,062	1,062	1,041
Lease incentive	180	180	204
Crown funding repayable	1,144	2,762	-
Provisions	-	43	86
Employee entitlements	5,813	6,458	4,650
Total current liabilities	10,443	12,869	8,277
Non-current liabilities			
Provisions	-	478	392
Lease incentives	170	170	144
Total non-current liabilities	170	648	536
Total liabilities	10,613	13,517	8,813
Net assets	15,095	16,347	14,356

* General funds are held in both cash and non-cash forms. The projected balance of \$11.356 million at 30 June 2026 includes \$2.253 million of fixed assets and \$9.103 million in cash. The cash reserve is for the Commission to manage future unknown and unbudgeted financial shocks and risks that it faces such as adverse cost awards that exceed the capacity of the Litigation Cost Reserve and external litigation costs that exceed the limit of the Crown funding.

** Surpluses and deficits for this function are held in a separate reserve. This reserve's deficit balance will not be recovered on the date of the transfer and will be written off against the Commission's general funds.

Tauākī kapewhiti āmua | Statement of prospective cash flows
for the year ending 30 June 2026

	2024/25 Budget \$000	2024/25 Estimated Actual \$000	2025/26 Budget \$000
Cash flow from operating activities			
Crown funding received	96,778	100,140	94,355
Fees and recoveries received	672	812	1,615
Receipt of payment of penalties (net)	-	-	-
Interest received	1,566	1,523	1,284
Commissioner, Associate and employee payments	(71,709)	(72,605)	(75,459)
Supplier payments	(25,776)	(25,998)	(24,381)
Repayment of Crown funding	(2,398)	(5,321)	(2,762)
Goods and services tax (net)	(39)	(130)	(46)
Net cash (outflow)/inflow from operating activities	(906)	(1,579)	(5,394)
Cash flow from investing activities			
Interest receipts/(deposits)	4,000	(6,500)	10,500
Property, plant and equipment purchases	(2,336)	(2,172)	(863)
Receipts from Sale of Property, Plant and Equipment	1	-	-
Net cash (outflow)/inflow from investing activities	1,665	(8,672)	9,637
Cash flow from financing activities			
Repayment of reserves	(3,000)	(3,000)	-
Net cash outflow from financing activities	(3,000)	(3,000)	-
Net decrease in cash and cash equivalents	(2,241)	(13,251)	4,243
Opening cash and cash equivalents	10,894	15,594	2,343
Closing cash and cash equivalents	8,653	2,343	6,586

The goods and services tax (net) component of operating activities reflects the net GST paid and received from the Inland Revenue Department. We have presented the GST (net) component on a net basis as the gross amounts do not provide meaningful information for financial statement purposes.

Penalty receipts and payment and cost awards are shown net because we hold these funds in trust in accordance with agreements.

Reporting entity

The Commerce Commission is an independent Crown entity (defined by the Crown Entities Act 2004) established under the Commerce Act 1986 and operating solely within New Zealand. The ultimate parent of the Commission is the New Zealand Crown.

Our main objective is to provide services to the New Zealand public instead of making a financial return. We provide public services to meet our responsibilities under the Commerce Act 1986, the Fair Trading Act 1986, the Dairy Industry Restructuring Act 2001, the Telecommunications Act 2001, the Credit Contracts and Consumer Finance Act 2003, the Fuel Industry Act 2020, the Retail Payment System Act 2022, the Grocery Industry Competition Act 2023 and the Local Government (Water Services Preliminary Arrangements) Act 2024.

We are a public sector public benefit entity (PBE) for the Accounting Standards Framework issued by the New Zealand External Reporting Board because we are a public entity defined in the Public Audit Act 2001.

Measurement base and statement of compliance

We have prepared these prospective financial statements to comply with the requirements of the Crown Entities Act 2004. We prepared these financial statements on a historical cost basis for a going concern to comply with New Zealand generally accepted accounting practice (GAAP), which includes the PBE accounting standards that apply to a public sector PBE. We authorised the financial statements for issue on 27 June 2025.

The prospective financial statements comply with PBE FRS 42 *Prospective Financial Statements*. We are required to prepare a Statement of Performance Expectations, including prospective financial statements, at or before the start of each financial year to promote public accountability. The prospective financial statements may not be appropriate for any other purposes.

We have prepared the prospective financial statements based on the best estimates and assumptions about future events that we expect to occur. As the financial statements are prospective, actual results will vary from the information presented. We will disclose and explain all material variations in the subsequent Annual Report.

Functional and presentation currency

Our functional currency is the New Zealand dollar, so we have presented these financial statements in New Zealand dollars (rounded to the nearest thousand).

Significant accounting policies

We have applied the significant accounting policies that significantly affect the measurement of comprehensive revenue and expenditure, financial position and cash flows consistently for all reporting periods covered by these financial statements, including the comparative (prior-year budget and estimated actual) information. The following are the significant accounting policies.

Revenue – Revenue is measured at the fair value of the consideration (for example, money) received or receivable. We earn revenue from providing specific services (known as outputs) for the Crown, services to other third parties, court cost award recoveries and interest income.

Revenue – Crown – We receive funding via appropriations from the Crown. Revenue from the Crown is a form of non-exchange transaction because there is no direct relationship between the services we provide (funded through taxation and levies) and the general public to whom we ultimately provide the services. Our appropriations are restricted in their use to meet our objectives and the scope of the relevant appropriations. Revenue from the Crown we receive but do not spend is refunded to the Crown after year end for all output classes except those funded by *Vote Business, Science and Innovation: Commerce and Consumer Affairs: Enforcement of General Market Regulation*, which we are allowed to retain as reserves. Also, we may retain specific ring-fenced revenue provided to build up our ability to meet the cost of adverse cost awards.

Revenue from the Crown is initially recognised as a liability when received and then as revenue when we have provided services that entitle us to the funding.

Expenditure – All expenditure we incur in providing services for the Crown or to other third parties is recognised in the statement of comprehensive revenue and expense when an obligation to pay arises on an accruals basis.

Foreign currency transactions – Transactions in foreign currencies are converted into our functional currency (New Zealand dollars) at exchange rates on the transaction date. Monetary liabilities in foreign currencies at the reporting date are converted to New Zealand dollars at the exchange rate on that date.

Leases – We are a party to various operating leases as a lessee. As the lessors retain all the risk and rewards of ownership of the leased property, plant and equipment substantially, the operating lease payments are recognised as expenses only in the period in which they arise. Any lease incentives received or obligations to reinstate the condition of leased premises are recognised in the statement of comprehensive revenue and expense over the term of the lease. Any unamortised lease incentive and outstanding obligation for reinstatement are recognised as a liability at the balance date.

Depreciation and impairment – Depreciation and amortisation for intangible assets are provided on a straight-line basis on all assets to allocate the asset's cost (less any estimated residual value) over its useful life. The residual values and remaining useful lives of property, plant and equipment components are reviewed at least annually. All items of property, plant and equipment are subject to an annual test of impairment to test the recoverable amount. Any impairment losses are recorded as an expense in the statement of comprehensive revenue and expense in the period in which they are first identified.

Estimated useful lives of the major asset classes

Computer and office equipment	Up to 5 years
Furniture and fittings	Up to 5 years
Leasehold improvements	For the period of the lease
Motor vehicles	Up to 5 years
Software and other intangible assets	Up to 5 years

Taxation – We are exempt from income tax under section CW 38 of the Income Tax Act 2007.

Cost allocation – Direct costs are charged directly to outputs. Personnel costs are allocated to outputs based on time records. The indirect costs of support groups and corporate overhead costs are charged to outputs based on each output's budgeted relative time records.

Goods and services tax – All items in the financial statements are presented exclusive of GST, except for receivables and payables and unearned revenue – Crown received in advance, which are presented on a GST-inclusive basis. Where we cannot claim a portion of GST, we recognise the GST portion as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or creditors in the statement of financial position and classified as an operating cash flow in the statement of cash flows.

Equity – Equity is the Crown's ownership interest in the Commission and is measured as the difference between total assets and total liabilities. We have classified equity into components and disclosed these separately to allow clearer recognition of the specified uses that we have for our equity.

Cash and cash equivalents – Cash and cash equivalents are our cash on hand, transactional cash balances in bank accounts and some term deposits with maturities of less than 90 days held with New Zealand registered banks.

Investments – Investments are term deposits issued by New Zealand registered banks with maturities of more than 90 days. Term deposits are initially measured at fair value plus any transaction costs. After initial recognition, investments are remeasured at amortised cost using the effective interest rate method.

Property, plant and equipment – All items of property, plant and equipment owned are recorded at historical cost of purchase, less accumulated depreciation and any impairment losses. An item of property, plant and equipment acquired in stages is not depreciated until the item of property, plant and equipment is in its final state and ready for its intended use. Any later expenditure that extends the useful life or enhances the service potential of an existing item of property, plant and equipment is also capitalised and depreciated.

All other costs we incur in maintaining the useful life or service potential of an existing item of property, plant and equipment are recognised as expenditure when incurred. Any gain or loss arising from the sale or disposal of an item of property, plant and equipment is recognised in the period in which the item is sold or disposed of.

Intangible assets – Computer software that is not integral to the operation of the hardware is recorded as an intangible asset, less accumulated amortisation. Configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements are generally expensed unless the criteria for recognising a separate asset are met. This is because, in most cases, it is the SaaS provider who controls the software being configured and/or customised rather than us (due to the software being run on the SaaS provider's cloud infrastructure) and therefore not meeting the criteria for control in order to capitalise these costs.

Employee entitlements – Employee entitlements are unpaid salaries, bonuses and annual leave that we owe to our personnel. At balance date, we recognise any unpaid employee entitlements as a liability and charged as an expense. Entitlements are calculated on an actual entitlement basis using current salary rates.

Contingencies – As we are a quasi-judicial body, we are engaged in litigation activity, resulting in costs being ordered against or in favour of the Commission. The outcome of an order for costs may not be certain until all appeal processes are completed. Therefore, the possibility of a costs award being incurred or received is first disclosed as either a contingent liability or a contingent asset. An award for costs, whether for or against us, is only recognised in the statement of comprehensive revenue and expense when it is probable that there will be a payment or receipt of resources (for example, cash) and we can measure the amount reliably.

Comparatives – To ensure consistency with the current year, all comparative information including the prior year budget has been restated or reclassified where appropriate. The budget comparatives are those approved by the Commission at the beginning of the prior year for inclusion as prospective financial statements in our last Statement of Performance Expectations. The estimated actual is our current expectation of the financial year's outcome prior to the budget presented in this Statement of Performance Expectations. We prepared the budget to comply with GAAP and used accounting policies consistent with what we have used to prepare these financial statements.

Changes in accounting policies

The accounting policies adopted are consistent with the previous year.

Kuputaka mō ngā tauākī pūtea

Financial statements glossary

The following table provides definitions of some terms used in our financial statements. Please note that these definitions are only provided as an aid to readers and are not part of the financial statements or necessarily reflect the way that we interpret and apply accounting standards.

Accounts payable	Debts owed to somebody (for example, a company) for goods or services provided to us that we have not yet paid at balance date.
Accounts receivable	Debts owed to us by somebody (for example, a company) for a service we have provided where we have not been paid at balance date.
Amortisation	Amortisation is basically the same as depreciation (see below) except that it is applied to intangible assets (for example, software).
Asset	An asset is something we own, expect to receive in the future or control.
Balance date	The date at which a set of accounts is prepared. For the Commission, that date is 30 June of each year.
Cash equivalents	Cash equivalents are assets like term deposits that share most of the characteristics of cash. They are cash equivalent because we can quickly turn them into cash, but they are technically not cash in a bank account or in the hand.
Comprehensive revenue and expense	Comprehensive revenue and expense is a broader concept of revenue that includes a surplus (or loss) from an entity's operations and movements in parts of equity that aren't the result of surpluses or owner transactions. An example is a revaluation gain on the value of assets, which increases equity by increasing the value of an asset revaluation reserve.
Current asset (or liability)	A current asset is an asset that can be converted into cash or used to pay a liability within 12 months. A current liability is a liability that we expect to repay within 12 months.
Depreciation	Depreciation is the charge of an asset's cost over a certain time period. Depreciation recognises that assets decline in their value and usefulness over time.
Equity	Equity represents the value of an entity to its owners and is the amount left over after deducting all liabilities from all assets. It is also known as net assets.
Exchange transactions	Exchange transactions are transactions where goods or services are received in exchange for payment of approximately equal value. The vast majority of transactions in everyday life are exchange transactions.
Financial instruments	Financial instruments are assets or liabilities that are tradable in some way such as cash, shares or loans. Other financial instruments include derivatives, which are traded securities that get their value from an underlying asset (for example, a future oil shipment or a future foreign currency purchase).

Generally accepted accounting practice (GAAP)	GAAP is the series of standards, interpretations and concepts that are followed by accountants. NZ GAAP is defined by law to include standards issued by the External Reporting Board and, where that (or a specific law) does not cover a matter, accounting policies considered authoritative by the accounting profession in New Zealand.
Going concern	An assumption made by an entity that it will continue to operate into the foreseeable future. If this is incorrect, the entity has to prepare its accounts as if it is being wound up.
Intangible assets	Intangible assets are assets that do not have a physical substance and are not cash.
Liability	A liability is something we owe, expect to pay in the future or may have to pay in the future.
Monetary assets	Monetary assets are assets that are cash or will become cash in a short timeframe (for example, bank account balances, term deposits and accounts receivable).
Monetary liabilities	Monetary liabilities are debts owed to another party such as accounts payable, loans or unpaid salaries.
Non-current asset (or liability)	A non-current asset is an asset we cannot ordinarily turn into cash within 12 months. A non-current liability is a liability we would not ordinarily have to repay within 12 months.
Output class	An output class is a grouping of similar outputs or activities with similar objectives. The Commission's output classes are primarily funded by appropriations from the Crown via the Ministry of Business, Innovation and Employment.
Provision	An estimate of an amount that an entity may (or will) have to pay as a result of an obligation the entity has to another party.
Public benefit entity (PBE)	An entity that aims to provide goods or services to the general public to meet a specific need rather than to make a profit for its owners.
Related party	Another person or entity that is related to us because of, for example, a common owner or person in a position of authority (for example, a director or senior management).
Statement of cash flows	A statement that shows how much cash we have received from various sources (for example, investments, operating activities and cash injections received from the Crown) and cash payments we have made (for example, expenses, salaries and repayment of money to the Crown).
Statement of comprehensive revenue and expense	A statement that shows our surplus or deficit from our operating activities plus or less any movements in non-owner equity items. This is the public sector equivalent of a statement of comprehensive income, which we used to prepare.
Statement of financial position	A statement that shows what assets we own or control, what liabilities we have and the remainder (equity) at the balance date.

Ngā kupu waiwai

Commonly used terms

Appropriation	A parliamentary authorisation for Ministers of the Crown or an Office of Parliament to incur expenses or capital expenditure.
Authorisation	Under the Commerce Act 1986, certain agreements and mergers are prohibited as they can lead to anti-competitive outcomes such as increased prices or lower-quality goods or services. However, the Commerce Act recognises that, in some circumstances, an anti-competitive transaction may lead to sufficient public benefits that would outweigh the competitive harm. In this case, the Commission can grant an authorisation for the agreement or merger to proceed.
Clearance	Under the Commerce Act 1986, the Commission can grant a clearance for a proposed merger if we are satisfied that it is not likely to substantially lessen competition in a market. We compare the likely state of competition if the merger proceeds with the likely state of competition if the merger does not proceed.
Determination	A formal and binding decision made by the Commission under the legislation it administers.
Information disclosure	Under Part 4 of the Commerce Act 1986 (subpart 4), sufficient information is to be readily available to interested persons so that they can assess whether the purpose of Part 4 is being met. Under the Telecommunications Act 2001, regulated telecommunication services are required to make reliable and timely information prescribed by the Commission publicly available so that a wide range of people are informed about their operation and behaviour.
Merger	An amalgamation of two or more business enterprises into a single enterprise. Colloquially, mergers also include business acquisitions that involve the acquisition of assets or shares of a business.
Output class	A grouping of outputs or activities with similar objectives. A reportable class of outputs is a class of outputs the Crown entity proposes to supply in the financial year that is directly funded (in whole or in part) by the Crown. The Commission's output classes are primarily funded by appropriations from the Crown via the Ministry of Business, Innovation and Employment.
Outputs	Goods or services provided by the Commission.
Part 4	Part 4 of the Commerce Act 1986. Under Part 4 of the Act, the Commission has a role regulating the price and quality of goods or services in markets where there is little or no competition and little prospect of future competition. This includes electricity, gas and airport sectors.
Product safety and consumer information standards cases	Product safety and consumer information standards cases include investigations of products such as bikes, cots, cigarette lighters, baby walkers, children's sleepwear and children's toys to which certain safety standards apply, as well as the incorrect labelling of footwear and clothing and failure to display required information on motor vehicles offered for sale.
Substantially lessen competition	A reduction in competition that is real or of substance, which will be reflected in higher prices or lower-quality goods or services.
Vote	A grouping of one or more appropriations that are the responsibility of one or more Ministers of the Crown and are administered by one department.

04

Ngā tāpiritanga Appendices

Appendix 1: Disclosure of judgement regarding changes to output class performance measures

This table lists the changes to output performance measures since last year's Statement of Performance Expectations, and the reasons for those changes.

Output class	SPE 2024/25 measure	SPE 2025/26 measure	Comment
Grocery Sector Regulation	Output Number of assessments completed as a part of the Commission's obligations under section 65 of the Grocery Industry Competition Act 2023	Output Removed	Measure removed as the Commission's obligations to deliver assessments under this legislation have now been met. (Section 65 of the Grocery Industry Competition Act 2023 specified that assessments be made three, six and 12 months after the Act came into force.)
	Number of reports completed as a part of the Commission's obligations under the Grocery Industry Competition Act 2023 including but not limited to: <ul style="list-style-type: none">Annual report on the state of competition in the grocery industry (section 175)	Number of monitoring and insights reports published under the Grocery Industry Competition Act 2023	Reworded measure better reflects range of monitoring and insights reports produced through market regulation functions. This change expands the scope of outputs counted compared to previous years.
Telecommunications (including Fibre)	Output Number of determinations (includes determinations, clarifications, reviews, codes and amendments) <ul style="list-style-type: none">Seven fibre determinationsAt least four telecommunications determinations including but not limited to:<ul style="list-style-type: none">Specified Fibre Area (SFA) assessmentTelecommunications Development Levy (TDL) determinationTelecommunications Dispute Resolution scheme review (at least once every three years)Mobile Termination Access Services Review (MTAS)	Output Number of regulatory products published under the Telecommunications Act 2001	Reworded measure better reflects range of rulemaking functions the Commission has under market regulation legislation. This change expands the scope of outputs counted compared to previous years.
	Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports) including but not limited to <ul style="list-style-type: none">Fibre reportAt least seven telecommunications reports including but not limited to:<ul style="list-style-type: none">Annual Monitoring Report (AMR)Measuring Broadband NZ (MBNZ) reportsTwo Retail Service Quality (RSQ) reports.	Number of monitoring and insights reports published under the Telecommunications Act 2001	Reworded measure better reflects range of monitoring and insights reports produced through market regulation functions. This change expands the scope of outputs counted compared to previous years.
Fuel	Output Number of monitoring, summary and analysis reports completed as a part of the Commission's obligations under Part 2, Subpart 4 of the Fuel Industry Act 2020	Output Number of monitoring and insights reports published under the Fuel Industry Act 2020	Reworded measure better reflects range of monitoring and insights reports produced through market regulation functions. This change expands the scope of outputs counted compared to previous years.
Retail payment system	Output Number of reports completed as part of the Commission's obligations under the Retail Payment System Act 2022 including but not limited to: <ul style="list-style-type: none">report on competition and efficiency issues in the retail payment systemanalysis report on the performance of designated networks / networks of interest	Output Number of monitoring and insights reports published under the Retail Payment System Act 2022	Reworded measure better reflects range of monitoring and insights reports produced through market regulation functions. This change expands the scope of outputs counted compared to previous years.
	N/A	Number of regulatory products published under the Retail Payment System Act 2022	New measure demonstrates the Commission's delivery of regulatory products, as the Commission has initiated the regulation management function of the retail payment system regime.
Dairy	Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports) including but not limited to: <ul style="list-style-type: none">Annual review of Fonterra's milk price manualAnnual review of Fonterra's base milk price calculation	Number of monitoring and insights reports published under the Dairy Industry Restructuring Act 2001	Reworded measure better reflects range of monitoring and insights reports produced through market regulation functions. This change expands the scope of outputs counted compared to previous years.
Enforcement of Competition Regulation	Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response, meeting our internal process quality standards	Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response, meeting the Commission's internal process quality standards	Minor rewording, removal of first-person language to refer to the Commission.
Enforcement of Consumer Regulation	Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response, meeting our internal process quality standards	Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response, meeting the Commission's internal process quality standards	Minor rewording, removal of first-person language to refer to the Commission.

ISSN: 1179-4941 (Print)

ISSN: 1179-495X (Online)

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