

# Pūrongo ā-tau Annual Report 2023/24



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# **Tē tōia, tē haumatia**

Nothing can be  
achieved without a  
plan, workforce and a  
way of doing things.

# Ngā kiko o roto

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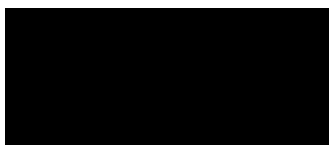
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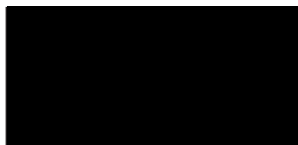
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# Ā te Heamana me te Kaihautū wāhinga kōrero

## Our Chair and Chief Executive's foreword



**Dr John Small**  
Heamana  
Chair



**Adrienne Meikle**  
Kaiwhakahere Mātāmua  
Chief Executive Officer

**Māpua ai te māketē, tōnui ai hoki te ōhanga ina ka taea e ngā pakihi mahi tika ngā taumata o te angitū, ka huri haere hoki ngā kaiwhakapeto ki te hoko taonga aha rānei ki te utu tōtika. Ka whai painga anō ngā tāngata o Aotearoa i te rāngai arumoni whakataetae mā te whiwhi kaupapa haumi me te hāpai i ngā tūranga mahi, te oranga tangata me ngā hapori puta noa i te motu.**

I tā mātou Pūrongo ā-tau o tērā tau i whārikitia ko te whakataukī Me mahi tahi tātou mō te oranga o te katoa – ā, kua whaitake tonu ki tēnei wā me ngā hua mō te tau 2023/24.

Arā ngā āhuatanga ohaoha me ōna wero nui kua pā mai tonu hei whakaū i te hiranga o tā mātou mahi me tō mātou whakakitenga kia pai ake te oranga o ngā tāngata o Aotearoa.

I te tau kua taha ake i mau tonu te aronga ki te whakatairanga i te whakataetae tōtika, me ngā huanga e rite ana mō te whakataetae tōtika, ka wetekina ai te kaha o ngā māketē. Mā te whakataetae tōtika ka hihiko ngā pakihi ki te para huarahi hou mā reira e pai ake ai ngā hua mō ngā kaiwhakapeto – ko te mutunga iho ka pai ake ngā utu, haere ake nei, ā, ka pai ake anō hoki te kounga, te haratau me te kōwhiringa.

**Markets thrive and the economy prospers when businesses doing the right thing have a fair crack at success and consumers shop around to get a fair deal. A competitive commercial sector also makes New Zealanders better off by creating investment opportunities, and supporting jobs, livelihoods, and communities across the motu.**

We signed off last year's Annual Report with the whakataukī Me mahi tahi tātou mō te oranga o te katoa – we work as one for the benefit of all – and this is more relevant than ever as we share our results for 2023/24.

Challenging economic conditions have continued to reinforce the importance of our mahi and our vision of making New Zealanders better off.

Over the past year we have remained firmly focused on promoting fair competition, and outcomes consistent with fair competition, to unlock the power of markets. Fair competition means businesses are motivated to challenge the status quo and make consumers better off – leading to better prices over the long-term, along with improvements in quality, convenience, and choice.

Ka whai painga tātou katoa mēnā e pai ana te whakataetae, e mahi tika ana te pūnaha arumoni kia ratoa paitia ngā kaiwhakapeto. Waihoki, kia āta kōwhiri tātou ki hea whakapau moni ai ka tautoko tātou i ngā pakihī e whiwhi ai tātou te wāriu nui.

I tēnei Pūrongo ā-tau mō te tau i oti i te 30 Hune 2024, ka pūrongohia ā mātou huanga me ngā awenga i whakatakotohia i tā mātou Tauākī Whakamaunga Atu 2023 – 2027.

Whai muri i ngā panoni ture o nā tata nei ka whakahoungia tā mātou rautaki, nā tērā i kaha ake ai i tā te Kōmihana mahi hei tautoko i ngā mākete kia whakatinana i te pitomata. Nā te whakahoutanga rautaki anō i aro pū mātou ki ngā wāhi e puta ai he hua nui mō ngā kaiwhakapeto me ngā pakihī o Aotearoa.

Nō Oketopa 2023 i whakarewahia He Kawa Tauhokohoko | Our Values Framework hei whakamārama ake i te huarahi e tutuki ai i a mātou ngā whakamaunga atu. Ko tētahi mea i kitea i tēnei anga he mea whaitake kia hautoa tonu mātou ki te whai i te angitū me te whakaaweawe.

Ko tētahi tikanga o te hautoa ko te tūwhiti i te hopo ka whakaū ai i te ture me te kawea i ngā kēhi nui ki mua i aroaro o te kōti ahakoa te kore mōhio ka puta te ihu, kāore rānei. He mea tino whai tikanga te whakauruhi i te whakataetae me ngā ture kaiwhakapeto nā te mea kia whakahaua ngā pakihī kia mau ki te ara tika ka mōhio tātou kei te whai te katoa i ngā ture. Kitea ai te hautoa i tō mātou whakangungu i a mātou anō ki ngā tūraru ka heipū mai.

Kua takoto ki tēnei Pūrongo ā-Tau he kōrero e pā ana ki ngā kēhi i kawea e te Kōmihana i 2023/24 me te aha he whiunga nui te whakatau – ko ētahi kei tawhiti kē atu nā te nui o ngā whaina i whakaekea i raro i ngā ture ka whakaūngia e mātou, hei mea whakapāhunu hoki. Kua whakahaere whakaakoranga hoki mātou hei āwhina i ngā pakihī kia mārama ai ki ā rātou haepapa.

Ko tētahi mahi nui mā te Kōmihana i 2023/24 ko tā mātou Tirohanga Mākete hou ki ngā ratonga pēke whaiaro. I whakaputangia te Pūrongo Whakamutunga i Akuhata 2024, me āna tutohunga ake hei whakaoreore i te whakataetae i roto i te rāngai, hei whakahou kōwhiringa hoki mā ngā tāngata o Aotearoa.

I te tīmatanga o te tau pūtea, i rāhiritia a Pierre van Heerden ko tō mātou Kaikōmihana Hokohoko hou, ko tāna he arotahi ki te whakarite panonitanga mauroa, toitū hoki i te rāngai hokonga \$25 piriona. I raro i ngā whakahau a te Grocery Industry Competition Act, ko tā mātou whāinga ko te tautoko i te maha atu o ngā kaihoko kia uru ki te mākete me te whakatairanga i te whakataetae kaha ake me ngā kaihoko tūroa hei painga mō te hunga hoko kai me te hunga tuku kai anō hoki.

Kei te whakaatu mai te Annual Grocery Review

Every one of us benefits in some way when competition is healthy, and the commercial system is working to serve consumers. And in making well informed choices about where to spend our money we support the businesses that give us the greatest value.

In this Annual Report, for the year ended 30 June 2024, our results are reported against the outcomes and impacts that we set out in our new Statement of Intent for 2023 – 2027.

We chose to refresh our strategy following recent law changes, which have strengthened the Commission's role in supporting markets to perform to their potential. The adjustments we have made keep our actions tightly focused on the areas that make the greatest difference for New Zealand consumers and businesses.

In October 2023, we launched He Kawa Tauhokohoko | Our Values Framework to give greater clarity about how we go about achieving our strategic intent. One of the things we recognise in the framework is that being courageous is crucial in driving our continued success and impact.

Being courageous includes enforcing the law without fear or favour, and taking important cases to court even where we are not certain of success. Active enforcement of competition and consumer laws is vital because when businesses are held to account there is a higher level of confidence that everyone is playing by the rules. Courage is also reflected in our refreshed appetite for risk.

As outlined in this Annual Report, court action brought by the Commission in 2023/24 has resulted in significant penalties – with some setting new records for the size of fines imposed under the laws that we enforce, which serves as a deterrent. We have also had an active education programme to help businesses get clear about their obligations.

A significant piece of work for the Commission in 2023/24 was our latest Market Study into personal banking services. The Final Report was published in August 2024, with a series of targeted recommendations designed to shake up competition in the sector and revolutionise choice for New Zealanders.

At the start of the financial year, we welcomed our new Grocery Commissioner, Pierre van Heerden, who has been focused on delivering long-term, sustainable change in the \$25 billion grocery sector. Under the new Grocery Industry Competition Act, our aim is to support more retailers to enter the market and promote stronger competition with the established players for the benefit of food shoppers and food suppliers.

The first Annual Grocery Review released in September 2024 shows a concerning picture – with increasing margins, continued high levels of profitability, and dominance of the industry by the

tuatahi i puta i Hepetema 2024 i tētahi āhuatanga e āwangawanga ai mātou – me te aha kua nui atu ngā pikinga atu, ngā huamoni, me te whakatuanui o ngā hokomaha nunui. Ko te mahere mahi kua oti i a mātou he wāhanga nō te aronga nui ki ngā panoni kia whai painga kē atu ngā kaiwhakapeto, kia poipoi hoki i te kōwhiringa hokohoko.

Kua whai tonu mātou ki te tuku painga mā ngā kaiwhakapeto i ētahi atu wāhanga matua o te ōhanga he ture whakarite utu ā rātou, pērā i te kora, ngā utu hokohoko, te whitimamao, ngā kōtuinga hiko me ngā tauranga wakarererangi.

Ko te nuinga o ngā tūraru me ngā huarahi e whaia ana e mātou hei whakarite mā tā mātou mahi kāore e pā mai ana ki Aotearoa anake. Ki tā ngā kitenga o te OECD, ko tō mātou whenua tētahi o ngā whenua iti rawa, whenua tūhāhā hoki o te ao – nā reira ka tau mai ētahi wero ake i runga i te whai kia haere pai te mahi a te mākete.

Arā hoki te aronui mai a te marea ki tā mātou mahi o te tau kua hipa, me te aha, he mea pai tērā ki a mātou nei kia matawaia, kia matanuitia hoki tā mātou mahi kua aua atu tōna whaitake ki ngā kaiwhakapeto.

E tipu haere nei te mahi a te Kōmihana me tā mātou urupare ki ngā panoni tere rawa ā-ahumoni, ā-māketete hoki, ko te mea nui kia ngākau pono mātou, kia ū tonu ki tō mātou whakakitenga me tā mātou anga uara hoki – ka tū tonu ai hei kaitaunaki hautoa i te panoni pai.

major supermarkets. The action plan we now have in place is part of a concerted focus on changes to make a positive difference for consumers and to nurture retail choice.

We have also continued to be active and deliver benefits for consumers in other key areas of the economy with sector-specific regulatory regimes, including fuel, retail payments, telecommunications, as well as electricity networks and airports.

Many of the risks and opportunities that we seek to address through our work are not unique to New Zealand, but some are. As recognised recently by the OECD, our nation is one of the world's smallest and most geographically-remote developed countries – and this creates particular challenges when trying to make markets work well.

There has been a high level of public interest in our work over the past year, and we have welcomed the scrutiny and prominence of a work programme that is more relevant to consumers than ever before.

As the Commission's role continues to evolve and we respond to rapid changes in commerce and markets, it's more important than ever that we stay true to our vision, and our values framework – including being courageous advocates for positive change.

“As the Commission's role continues to evolve and we respond to rapid changes in commerce and markets, it's more important than ever that we stay true to our vision, and our values framework – including being courageous advocates for positive change.”







# Kōmihana Tauhokohoko – Ngā pāpātanga mō 2023/24

## Commerce Commission impacts for 2023/24

Key actions and impacts since 1 July 2023

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

#### Enforcing the law

Record fine under section 28  
of the Commerce Act of

# \$3.25m

against Foodstuffs  
North Island

for lodging land covenants that  
blocked rivals from building or  
developing supermarkets in  
specific locations

**\$500,000 penalty  
imposed in building  
supplies sector**

in response to anti-competitive  
land covenant. Court action  
initiated over anti-competitive  
pricing conduct in respect of  
Gib Board

**Kookmin Bank to  
refund \$11m to  
borrowers after  
we proactively  
identified that key  
information was  
missing**

from standard disclosure  
documents for borrowers

Record fine under the  
Fair Trading Act of

# \$3.7m against OneNZ

(formerly Vodafone) for misleading  
consumers and distorting  
broadband competition

## Landmark criminal cartel case

that is before the courts, involving  
bid rigging on contracts involving  
public money and infrastructure  
construction in Auckland

Successful action to  
**more than double  
the penalty imposed  
on NZME Advisory  
Limited**

and better reflect the harm  
from unsafe magnetic puzzle  
toys for children

Record criminal  
fine under the  
Fair Trading  
Act against a  
pyramid scheme  
promoter also  
ordered to pay

# \$5.3m

to reflect commercial gain

**Kiwibank  
progressively  
refunding about  
\$7m in overcharges,  
to over 36,000  
customers,**

and facing criminal proceedings  
to emphasise the need to invest in  
systems to ensure compliance

Hard-fought legal victory  
under the Fair Trading Act to

**hold global ticket  
reseller Viagogo  
to account**

after the company repeatedly  
misled customers

## Unlocking competition in the personal banking sector

14-month market study makes recommendations to

**shake up competition and revolutionise choice** through open banking

Further support towards **open banking** by:

Approving Payments NZ's application for authorisation to jointly negotiate an

**industry-led solution to support partnering between banks and fintechs**

Recommending designation of the interbank payment network under the Retail Payments System Act, **to provide regulatory backing to accelerate progress towards open banking including convening an industry steering group**

## Promoting long-term, sustainable change in \$25 billion grocery sector

**First Annual Grocery Review shows a concerning picture** - with increasing margins, continued high levels of profitability and dominance by the major supermarkets

## Action plan for sector to support more retailers to enter the market and promote stronger competition

for the benefit of food shoppers and food suppliers

Challenging the major supermarkets to improve and publicise their refund policies to create the

**commercial incentive for supermarkets to improve pricing accuracy**

Commission calls out fuel companies to drop prices as quickly as they raise them when costs change, estimating potential savings for motorists of

**\$15m** a year

**Set draft revenue paths for Transpower and local lines companies to help pay for necessary investment in electricity networks.**

## Sectors that are essential to everyday life and the economy

Consultation on **potential savings of more than \$250m a year for using the Mastercard and Visa payment networks**

Scrutiny of Fibre investment results in savings of **\$173m** over the next four years for broadband customers

Commission publishes mobile and broadband customer service rankings **revealing how New Zealand's major telecommunications providers rank across a range of key customer service indicators**

Draft conclusions on

**Auckland Airport's pricing indicates potential savings of \$200m if landing charges were reduced to reflect a reasonable return**









# 01

## Mō mātou About us

Key topics:

[Who we are and what we do](#)

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[Looking ahead](#)

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[How we are funded and  
how we are accountable](#)

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# Ko mātou nei

## Who we are

We are an independent competition, fair trading, consumer credit and economic regulator. We have a diverse range of enforcement, rule-making and monitoring roles relating to promoting the long-term interests of all New Zealand consumers.

Our core functions include:

1



protecting consumers from misleading and deceptive practices

2



preventing the misuse of market power and anti-competitive arrangements

3



addressing cartel behaviour

4



preventing mergers and acquisitions that substantially lessen competition

5



addressing poor, misleading or unbalanced information affecting competition

6



monitoring and promoting competition in telecommunications, fuel and grocery markets

7



achieving the best possible outcomes in regulated markets for the long-term benefits of both consumers and businesses.



**We operated under the following legislative framework in the 2023/24 year:**

**Credit Contracts and Consumer Finance Act 2003**

Protects the interests of consumers in relation to consumer credit contracts, consumer leases and buy-back transactions of land.

It includes provisions relating to disclosure and unforeseen hardship and sets out rules about interest, payments, credit fees, responsible lending and lender certification.

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

Prohibits anti-competitive behaviour and acquisitions that substantially lessen competition.

It also provides for a clearance and authorisation regime for mergers and restrictive trade practices and enables the Commission 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 specified airport services.

**Fuel Industry Act 2020**

Promotes competition in engine fuel markets for the long-term benefit of fuel users.

It 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.

**Tele-communications Act 2001**

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

**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.

**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.

**Retail Payment System Act 2022**

Promotes competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers.

It 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.

**Water Services Entities Act 2021 and Water Services Economic Efficiency and Consumer Protection Act 2023 (subsequently repealed February 2024)**

Establishes water services entities and provides the Commission functions to scrutinise entity initial asset management and funding and pricing plans.

**Fair Trading Act 1986**

Prohibits false and misleading behaviour by traders and a range of other unfair business practices.

It also requires that consumers are given specified information about certain products and promotes product safety.

# **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 Statement of Intent 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.**

# Kōmihana Tauhokohoko – Ngā pāpātoanga mō 2023/24

## | Outcomes

### Kaitiaki Stewardship

New Zealanders, including Māori, have trust and confidence in the regulatory systems that we implement and enforce.

### Ā matou pānga Impacts

New Zealanders understand and value the Commission's role as regulator because we are:

- viewed as a modern and responsive regulator
- visible and engaging proactively with stakeholders
- supporting Māori to achieve their aspirations through our work and engagement
- ensuring our processes are open and transparent.

### Māketē whakataetae Competitive markets

New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice.



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.

### Tauhokohoko tōkeke Fair trade

Consumers, including businesses, are informed, empowered and their interests are protected.



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.

### Ngā tino ratonga Essential services

Consumers get quality and value from reliable essential services.



Essential services providers are delivering services of appropriate quality at reasonable cost.  
The performance of essential infrastructure is monitored and reported on to enable effective public scrutiny.  
The ability to extract excessive profits for essential services is limited.

# Ngā uara

## Our values

He Kawa Tauhokohoko | Our values framework, depicted below, was rolled out in the last quarter of 2023. The framework is designed with each part supporting the other. Our kaupapa, values and te ao Māori concepts work together to guide our actions and help us in our approach to our work delivering for New Zealanders.

### He Kawa Tauhokohoko | Our values framework

#### Our Kaupapa

##### Manaakitanga

We enhance the mana of others through expressions of generosity, hospitality, respect and care

##### Kotahitanga

We work together to achieve common goals

##### Whanaungatanga

We have a sense of belonging through our shared experience of working together

##### Kaitiakitanga

We are aware of responsibilities as stewards of commerce

#### Our Values

##### He toa takitini

Strength in the collective



##### Rukuhia te wāhi ngaro

Curious, future-focused and courageous



##### Ma te huruhuru ka rere

Protect, empower and inform



##### Mauria te pono

Belief in ourselves, our kaupapa, our impact



#### Te Ao Māori concepts

##### Tika

To be right or correct to our practice and the way we work

##### Pono

True or genuine to our tikanga

##### Aroha

Respect, friendship, concern. Every person respects the rights of others

# Ā mātou tahua moni

## Our funding

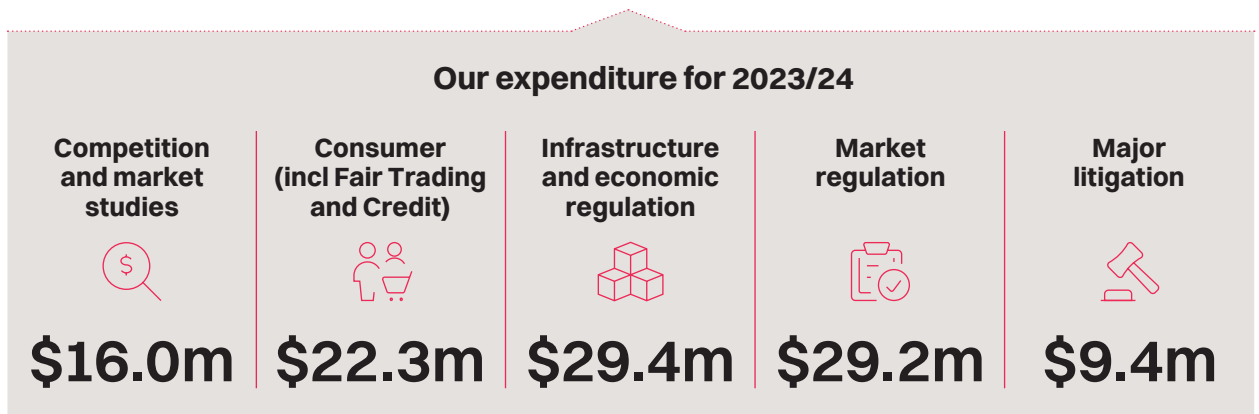
Our funding comes from the Crown<sup>1</sup> through funding from general taxes (such as PAYE and GST) and from industry levies.<sup>2</sup>

### Where our money comes from

In 2023/24, we received a total of **\$106.6 million** in funding and other revenue. We spent \$106.4 million on making New Zealanders better off by improving business and consumer confidence in our markets.



We spent \$106.4 million during the financial year. Below is a summary of how we spent our funding.



<sup>1</sup> We receive funding through the Vote Business, Science and Innovation Estimates of Appropriations and Supplementary Estimates of Appropriations 2023/24.

<sup>2</sup> Industry levies are charged directly to businesses in regulated industries such as dairy, electricity and gas suppliers and the telecommunications industry.



Table A below shows what we are funded to deliver by output class area.

This section, the section 'Our outcomes - case studies' and the output class information provided in section 4 of this report represent the Commission's service performance prepared according to Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48).

**Table A: Our output class areas**

What we are funded to deliver by output class	Appropriation
Competition - regulating markets and preventing anti-competitive behaviour	Enforcement of competition regulation and merger control
Competition - examining market factors affecting competition and identifying how markets can work better	Market (competition) studies
Consumer (including fair trading and credit) - protecting consumers from harmful market behaviour	Enforcement of consumer regulation
Economic regulation - promoting competition in the telecommunications industry for the long-term benefit of end users	Regulation of telecommunications services (including fibre)
Economic regulation - promoting competition in fuel markets	Liquid fuels monitoring and enforcement
Economic regulation - ensuring regulated suppliers of electricity lines deliver reliable and resilient services at the lower cost	Regulation of electricity lines services
Economic regulation - ensuring regulated suppliers of gas pipeline services deliver reliable and resilient services at the lower cost	Regulation of gas pipeline services
Economic regulation - ensuring regulated airport services (price and quality) are delivered for the benefits of consumers	Regulation of specified airport services
Economic regulation - promoting efficiency in the retail payment system of consumers and businesses	Retail payment systems administration and enforcement
Economic regulation - reviewing the rules (input methodologies) to ensure monopolies deliver reliable and resilient services to consumers at the best cost	Review the Commerce Act input methodologies for economic regulation
Economic regulation - milk price monitoring and ensuring efficient operation and contestability in the milk purchasing market	Enforcement of dairy sector regulation and auditing milk price setting Enforcement of competition regulation under the Dairy Industry Restructuring Act
Economic regulation - promoting competition, fair trading and transparency in the grocery industry for the long-term benefit of consumers	Regulation of the grocery industry and establishment of the grocery regulatory function
Economic regulation - preparing for economic regulation and consumer protection for water	Transition and implementation of economic regulation and consumer protection regime of water services
Major litigation - undertaking complex or major litigation where needed for market regulation or specific activities to achieve the best possible outcome	Litigation funds (internally and externally sourced)

<sup>3</sup> From our Statement of Intent 2023-2027.



# Whakahoutanga ture moni taurewa me te whakawhiti nama kaiwhakapeto

## Credit law reform and transfer of consumer credit

**In January 2024, the Minister of Commerce and Consumer Affairs signalled an intention for regulatory responsibility for the Credit Contracts and Consumer Finance Act (CCCF Act) to be transferred from the Commission to the Financial Markets Authority (FMA). Cabinet subsequently approved the transfer in March 2024. The transfer is part of a series of reforms intended to streamline and bring together the regulation of financial services in New Zealand.**

The Commission engaged closely with the Ministry of Business, Innovation and Employment (MBIE) and the FMA on law changes to enable the FMA to carry out its role as CCCF Act regulator effectively. The transfer is expected to take place after July 2025 following legislative amendment. The Commission continues to deliver its regulatory responsibilities under the CCCF Act until the time of transfer.











# 02

## Ā mātou mahi Our work

Key topics:

[Evolving to address regulatory outcomes](#)

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[Strengthening enforcement](#)

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[What we delivered to make  
New Zealanders better off](#)

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# Ā mātou putanga - ngā miramira whakauruhi

## Our outcomes - enforcement highlights

One of the tools we use to protect consumers and businesses is litigation. Here are some of our highlights from this area of focus on 2023/24.

### HIGHLIGHT

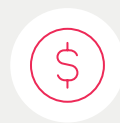


## Higher penalties in product safety cases

In May 2023, NZME Advisory Limited (NZME) was fined \$87,750 for supplying prohibited magnetic puzzle sets. A child swallowed two of these magnets and needed emergency life-saving surgery to remove them. We thought this penalty was too low and successfully appealed the District Court's decision. The High Court agreed that the original fine was manifestly inadequate and imposed a fine of \$195,000, more than double the original fine.

In May 2024, Crackerjack Limited was fined \$174,250 for supplying non-compliant children's nightwear. This is a significant uplift in previous fines imposed in product safety cases and shows the positive impact of the NZME appeal.

### HIGHLIGHT



## Pyramid scheme prosecution: Shelley Cullen

Our case against Shelly Cullen saw Ms Cullen ordered to pay a record \$5.9 million for her promotion of the crypto-currency pyramid scheme Lion's Share. This was a \$600,000 fine - the largest ever criminal fine issued to an individual under the Fair Trading Act - and an additional penalty of over \$5.3 million to reflect the value of her commercial gain.

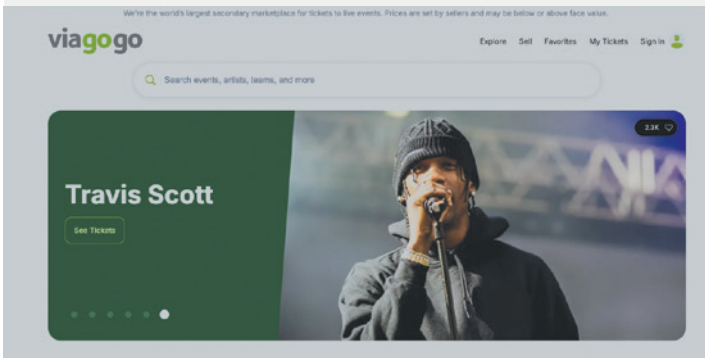
Ms Cullen showed a blatant disregard for the consequences of her actions. We argued that Ms Cullen should pay the value of the commercial gain she made from Lion's Share under section 40(A) of the Fair Trading Act as well as the fine imposed. The penalty needed to outweigh what Ms Cullen made through her offending to ensure that the consequences of breaching the Fair Trading Act are enough to discourage her and others from reoffending.



## HIGHLIGHT



### Global platform prosecution: Viagogo



Our legal victory over global ticket reseller Viagogo reduced the risk of future harm for consumers and resulted in a fairer resolution system for Kiwi consumers settling disputes against Viagogo in the future.

Viagogo was one of our most complained about traders. Many Kiwi consumers unknowingly bought tickets through the website that were not valid and were denied admission when getting to events. We took this case on behalf of those Kiwi consumers and pursued Viagogo for more than eight years.

The High Court ordered Viagogo to correct the misleading information on its website and update its terms and conditions - Viagogo required disputes to go through the Swiss courts, which the High Court has deemed to be an unfair contract term under the Fair Trading Act. The Viagogo case is under appeal. Refer Note 16 on page 140 for more detail.

Viagogo is now required by the court to prominently inform customers on its website:

**“This is a ticket resale platform. Tickets are not sold by Viagogo but by others. Viagogo is not an authorised seller for events in New Zealand. Viagogo cannot guarantee that tickets you purchase on this website will let you enter the event.”**

This case shows that all businesses, including large global players, need to be clear about their obligations under New Zealand law if they are operating here.

## HIGHLIGHT



### Misleading consumers: One NZ

The record \$3.675 million fine imposed on One NZ (formerly Vodafone NZ) for misleading consumers in the marketing of its FibreX broadband service was a significant win for Kiwi consumers. The penalty is the highest ever handed down under the Fair Trading Act - reflecting the seriousness of the company's conduct and will serve as a strong deterrent to other businesses.

We had appealed the initial \$2.25 million fine awarded in the District Court as manifestly inadequate, given the offending and the size and scale of the business.

## HIGHLIGHT



### Two legal proceedings against TSB Bank Limited and Kiwibank

We continue to see banks not meet their obligations under the CCCF Act and the Fair Trading Act, and this is reflected in multiple self-reported breaches that come to us, including breaches that are sufficiently serious for us to take legal action.

We took civil proceedings against TSB Bank Limited (TSB) alleging that the bank charged consumer credit and default fees between 2015 and 2021 that were unreasonable in terms of the CCCF Act. TSB self-reported errors to the Commission in 2022 and has since remediated about 48,000 affected customers and made total payments of approximately \$6 million. TSB admitted the claims and was ordered to pay a pecuniary penalty of \$2.47 million by the Court.

We took criminal proceedings against Kiwibank Limited (Kiwibank) under the Fair Trading Act arising from misleading representations made by Kiwibank to its customers. Kiwibank self-reported to the Commission that it had overcharged more than \$7 million to customers who were eligible for discounted fees and interest rates for home loans, credit cards and overdrafts. The bank failed to ensure eligible customers' regular loan repayments were correct, and discounted overdrafts and fees were correctly applied. Kiwibank is now contacting and remediating over 36,000 affected customers. Kiwibank has pleaded guilty to the charges filed and the appropriate fine will be determined at a sentencing hearing in the Auckland District Court.

## HIGHLIGHT



### Irresponsible lending on motor vehicles

Car loans are among the biggest loans for many New Zealand consumers and it is important that motor vehicle lenders have robust practices in place to meet their obligations under the CCCF Act.

In 2023/24, we focused on whether motor vehicle lenders were meeting their obligations to conduct responsible lending assessments, particularly where the borrowers concerned were vulnerable members of the community.

We took legal proceedings against Go Car Finance Limited and Second Chance Finance Limited (Second Chance), claiming that these lenders failed to make appropriate checks that the borrowers could afford the loan payments without hardship.

We also acted against the director of Second Chance, claiming he breached his personal duty of due diligence by failing to ensure the company had appropriate systems and processes to comply with its CCCF Act obligations. These are the first proceedings where breach of the director duty of due diligence has been tested.

We filed criminal charges against El Cheapo Cars Limited trading as Ezybid Finance (El Cheapo). The charges allege failures by El Cheapo to comply with variation disclosure obligations in the CCCF Act. El Cheapo's failure to provide the required information meant that borrowers were unable to make fully informed decisions.

# Ā mātou putanga – ngā miramira ā-ture

## Our outcomes – regulatory highlights

This section provides a snapshot of some of the work we have delivered during 2023/24 in promoting competition in markets throughout the economy, and tackling harm to consumers, including from unfair trading practices and lending practices that breach consumer credit laws.

### HIGHLIGHT



## Collaboration and sustainability guidance

We identified that businesses were concerned about whether collaboration with each other to achieve sustainability goals might be illegal under the Commerce Act. In December 2023, we published the Collaboration and Sustainability Guidelines<sup>4</sup> (the Guidelines). The Guidelines help businesses to distinguish between illegal collusion and legitimate collaboration to realise shared sustainability goals and provide practical examples to help organisations understand whether their sustainability initiatives are compatible with competition law. They also explain how, through the clearance and authorisation processes, New Zealand's competition laws can accommodate collaboration between businesses even when it may harm competition.

<sup>4</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0033/335985/Collaboration-and-Sustainability-Guidelines-30-November-2023.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0033/335985/Collaboration-and-Sustainability-Guidelines-30-November-2023.pdf)

### HIGHLIGHT



## Merger activities in 2023/24

One of our core functions under the Commerce Act is to assess whether business mergers and acquisitions might substantially lessen competition in relevant markets and should not proceed. We approve transactions that are unlikely to materially harm competition while preventing those that can harm competition.

In 2023/24, we assessed mergers in a wide range of sectors of the economy (supply of day-old chicks, home ventilation systems, hospitality equipment, video gaming, commercial inshore and offshore fishing, Queenstown tourism, construction, medical alarms, courier services, telecommunications, animal nutrition, grocery, and DJ hardware and software).

### HIGHLIGHT



## Working with the consumer advisory sector

We work with the consumer advisory sector so we can better understand the issues affecting borrowers, especially vulnerable borrowers. We provide education to consumer advocates to help them to protect their clients' rights.

Our education programme aimed at financial mentors is called Kōrero with the Commerce Commission. These bi-monthly, one-hour online sessions complement our pānui e-newsletter and are a way to deliver topical credit-related information nationwide. Our consumer advisory sector is an invaluable source of complaints about potential breaches of credit laws.



## HIGHLIGHT



### Non-notified mergers – animal bedding

We rely on relevant mergers being brought to our attention through New Zealand's voluntary notification regime so we prioritise investigations into non-notified mergers that may cause harm to markets. This work resulted in proceedings against Alderson Logistics Limited, which acquired the assets of rival businesses, Supa Shavings and Mooreys. The Commission alleges that the merger of the businesses substantially lessened competition for the supply of chicken and goat bedding in the Waikato region. The parties have entered into a settlement agreement, and at the time of writing, this matter is now before the High Court.

## HIGHLIGHT



### Engagement for regulatory compliance

We're dedicated to fostering a fair marketplace where businesses thrive and consumers are protected. Our Fair Trading and Credit teams work to ensure businesses understand their obligations under the Fair Trading Act and the CCCF Act. As well, we routinely provide information to consumers to assist them in understanding their rights and to provide them with the tools to make informed choices. For example, we used social media to warn consumers of the risks of joining a pyramid scheme, to be aware of public holiday surcharges, to read the fine print before booking a holiday and how to assess whether a hot water bottle is compliant.

“ Legal matters are not exactly our strong point, and receiving helpful guidance around these matters makes such a difference.”

**Stakeholder**, funeral sector

“ I also like that these newsletters have made me feel more supported by the NZ Government and more valued by the Commerce Commission.”

**Stakeholder**, funeral sector

**2,749**

**individual products examined during 58 product safety and consumer information standard inspections.**

We inspected businesses across Aotearoa, with around half (48%) relating to products relevant to children, including toys, nightwear and cots. These inspections are an important part of our compliance monitoring work to prevent harm to New Zealanders.



In addition, **targeted newsletters reached more than**

**10,760**

**businesses** via our partnership with MBIE's business.govt.nz team.

Following an investigation into the sector, we wrote to

**12**

**retirement village operators** to remind them of their obligations under the Fair Trading Act about unfair contract terms and misleading advertising. Our intervention led to operators updating their websites not to mislead people about the availability of their further care services and some operators making changes to their occupation right agreements to remove contract terms that were likely to be unfair. The outcomes of our investigation were shared with the Ministry of Housing and Urban Development to support its legislative review.

**334,435**

**consumers reached on social media.** This is an important channel to raise awareness of relevant fair trading topics.



Protecting vulnerable consumers, particularly during a difficult time, is a core priority for us, which is why the Commission educated

**235**

**stakeholders in the funeral services sector** through a series of targeted educational newsletters. The newsletters were designed to lift understanding and compliance with the Fair Trading Act and were focused on unfair contract terms, pricing, environmental claims and unconscionable conduct. Our engagement resulted in changes to the standard form contracts and websites of several funeral service operators, and our newsletters are now available as a resource for the Funeral Directors Association of New Zealand.

**Outcome:**

Education on a range of topics, including product safety, misleading environmental claims, long weekend surcharging and pricing, and promotional activity.



## HIGHLIGHT



### Working with lenders

During the year, we took action to help lenders to better understand and comply with their obligations under the CCCF Act.

We published quarterly pānui for creditors to update them on our latest enforcement outcomes, complaint trends and changes to laws as well as providing reminders about legal obligations and responding to frequently asked questions. We also commenced quarterly online webinars for lenders, including how to comply with the new annual reporting requirements through the web portal we established.

To help businesses that have identified they have likely breached the law, we published a Consumer Remediation Guidance for Businesses.<sup>5</sup> This explains how they can take remedial steps, including offering compensation, to affected consumers. The guidance applies to all entities regulated by the Commission, but we expect it will be of particular interest to consumer lenders looking to proactively remediate potential breaches of the CCCF Act.

Buy Now Pay Later lenders will be regulated under the CCCF Act from September 2024, so we developed guidelines<sup>6</sup> to explain to them how to meet their new obligations.

<sup>5</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0031/324976/Consumer-Remediation-Guidance-for-Businesses-August-2023.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0031/324976/Consumer-Remediation-Guidance-for-Businesses-August-2023.pdf)

<sup>6</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0025/354580/Buy-Now-Pay-Later-Guidelines-June-2024.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0025/354580/Buy-Now-Pay-Later-Guidelines-June-2024.pdf)

## HIGHLIGHT



### Getting a Kiwi favourite back on the shelves and breakfast tables

Our aim in the grocery sector is to deliver benefits for New Zealanders by creating the conditions for existing retailers and new businesses to compete with the big supermarkets on price, location, and quality and range of products.

In 2023, we received a complaint from a significant rival to the two major grocery retailers because it had allegedly been refused supply of a New Zealand pantry staple, Weet-Bix. The complainant considered that the alleged conduct was hampering its ability to compete with the two main established players.

Following the complaint, we acted quickly to publicly voice our concerns with what we were hearing and reached out to the company that supplies Weet-Bix to seek an explanation for what was happening. In the media, we specifically questioned why, in the face of an apparent supply shortage, supplies weren't being rationed across all retailers instead of just choosing one while continuing to supply the major players.

After we raised our voice, supply was rapidly re-instated – within two working days of supply ceasing – which was a real win for Kiwi consumers and competition in the grocery sector in New Zealand. The Grocery Commissioner will continue to call out things where we see it hurting competition with the aim of promoting competition and efficiency in the grocery industry to make consumers better off.

We see this as a once-in-a-generation opportunity to make long-term, sustainable change that will benefit food shoppers and food suppliers in New Zealand – and we are acting wherever we can to effect change.

# Ā mātou huanga - ngā miramira ā-ture

## Our outcomes - case studies

We strive to ensure that the work we do helps to make New Zealanders better off because markets work well. The seven case studies in this section provide highlights of the work we have done over the 2023/24 year.

### CASE STUDY 1



## Using insights and influence to drive competition and better value for consumers in the fuel market

Fuel is a significant expense for many, with New Zealanders collectively spending more than \$10 billion annually on petrol and diesel. We work hard to maintain downward pressure on fuel prices through a combination of monitoring and enforcement under the Fuel Industry Act.

During 2023/24, we delivered targeted analysis to help lift the lid on what is driving fuel prices in New Zealand. The examples below illustrate how this work has helped overcome information asymmetry and support market entry as well as address imbalances in market power.

### ***Example: Publishing actionable insights for buyers of fuel and maintaining scrutiny of fuel companies***

Our analysis identified significant variations in fuel prices within and between cities and regions. We publicly challenged fuel companies to explain these differences, ultimately concluding that differences in fuel prices were driven more by differences in the intensity of competition than by differences in the cost of supplying fuel in different locations. We used these insights to:

- help more aggressive fuel retailers to identify where opportunities exist to enter the market and undercut incumbent retail sites, which lowers prices for consumers
- encourage local government authority planning processes to consider the benefits that new fuel sites can bring
- provide consumers with practical tips on how to find these savings - for example, we advised consumers that unstaffed sites are often significantly cheaper than sites operated by the majors (BP, Z and Mobil) even after the discounts often offered by the majors are taken into account
- put pressure on fuel companies not to exercise their market power in setting prices by putting them on notice that we are monitoring them closely and are prepared to publicly call out their behaviour.

### ***Example: Using public pressure to ensure cost savings are passed through to consumers***

Our analysis this year revealed that fuel companies put petrol prices up more quickly than they put them down in response to a change in their costs. We estimate that, if fuel companies drop prices as quickly as they increase them when costs change, consumers would save in the order of \$15 million a year.

We published this analysis ahead of the removal of the Auckland Regional Fuel Tax, highlighting that, if fuel companies did not reflect this drop promptly in retail prices, Aucklanders could overpay for fuel by nearly \$1 million in the first week alone.

## CASE STUDY 2



### Anti-competitive covenants: Foodstuffs North Island

In 2023/24, we continued to focus on anti-competitive land covenants - where a party places a legal restriction on how land can be used. These restrictions can limit access to suitable sites for establishing competing businesses, making it harder for rivals to compete effectively and gain scale - something we observed in our fuel, grocery sector and building supplies market studies.

In June 2024, we filed proceedings against Foodstuffs North Island, alleging that anti-competitive land covenants were lodged by the supermarket operator with the purpose of blocking competitors from opening rival supermarkets at particular sites or developing existing ones at three locations across the lower North Island - Newtown and Petone in Wellington and Tamatea in South Napier.

The grocery sector is a vital, \$25 billion sector that impacts every New Zealander. The proceedings followed an investigation into the conduct, which came to light during our market study into the grocery sector. We considered the conduct, while historical, to be serious enough to warrant proceedings. The covenants were of very long duration - up to 99 years - and lodged with the purpose of hindering competitors in local towns and suburbs where Kiwi consumers buy their groceries. By blocking other supermarkets from opening new stores or expanding existing ones, the covenants hindered competition for Kiwi shoppers.

In August 2024, the Wellington High Court imposed the recommended penalty on Foodstuffs North Island of \$3.25 million for lodging anti-competitive land covenants with the purpose of blocking competitors. While the Judge did note some mitigating factors in this case, this penalty, the largest to date under section 28 of the Commerce Act, reflects the seriousness of the conduct and the reason we pursued court action even though land covenants are now illegal.

## CASE STUDY 3



### Criminal cartel prosecution: bid rigging in public procurement

In December 2023, we filed criminal charges against two construction companies and two directors for alleged bid rigging of publicly funded construction contracts in the country's first ever criminal prosecution for cartel conduct. The charges follow our investigation into allegations that the companies and their directors colluded to rig bids for infrastructure projects in Auckland. At the time of writing, this matter has been transferred from the District Court to the High Court in Auckland and is scheduled for trial in September 2025.

Cartel conduct is prohibited under the Commerce Act. It harms consumers through higher prices or reduced quality, and it harms other businesses that are trying to compete fairly. Businesses and individuals can be liable for criminal conviction and individuals can face imprisonment for up to seven years.

The proceedings send a strong message to businesses that we will not tolerate cartel conduct and will not hesitate to bring criminal proceedings to ensure New Zealanders are getting the benefits of fair prices, quality services and more choice.



## Addressing the imbalance of power facing grocery suppliers in their dealings with supermarkets

The grocery retail market in New Zealand is dominated by Foodstuffs North Island, Foodstuffs South Island and Woolworths NZ (the regulated grocery retailers). This means many suppliers of grocery products are reliant on supplying to the regulated grocery retailers to get their products to market. Because of the imbalance in power, suppliers can bear more cost and uncertainty and face the risk of products being removed from stores if they don't agree to the retailer's terms. The environment reduces the ability and incentive for suppliers to invest and innovate, reducing choice for consumers.

To help address the imbalance in power, the Grocery Industry Competition Act put in place a Grocery Supply Code (Code) that sets requirements on the regulated grocery retailers to deal fairly with suppliers. The Code came into force on 28 September 2023. We are empowered to monitor, enforce and update the Code.

Our success factors for the Code are that:

- regulated grocery retailers take their obligations under the Code seriously
- suppliers have a good understanding of their rights, and the obligations on the regulated grocery retailers under the Code.

We took a number of actions to support these objectives, including:

- putting pressure on the regulated grocery retailers to give effect to the Code in their dealings with suppliers by:
  - setting clear expectations with the regulated grocery retailers, including by publishing open letters and providing direct feedback
  - pushing back on areas where we considered the regulated grocery retailers needed to do more, including by publicly calling them out
- informing and empowering suppliers by:
  - publishing a fact sheet to help suppliers understand the Code and presenting at meetings and conferences about the objectives of the Code
  - publishing a checklist to support suppliers to assess contracts being offered to them by the regulated grocery retailers
  - launching an anonymous reporting tool to provide a confidential channel for suppliers to raise issues with us to combat the fear of retaliation.

These actions have helped address the imbalance in power and signal that the Code is being actively monitored. All three regulated grocery retailers took steps to address our feedback and reissued amended contracts to suppliers with clearer terms. Ultimately, this contributes to the product choices available to consumers.

Despite the introduction of the Code and our work to support its success, we have identified that issues remain with the way regulated grocery retailers are dealing with suppliers. We have taken quick action and launched a review of the Code to make any improvements that might be needed to better support suppliers in their dealings with the regulated grocery retailers and, ultimately, better choice for consumers.



## Rural Connectivity Study

With 87% of Kiwis now able to connect to fibre following completion of the Government's Ultra-Fast Broadband initiative, we are looking to improve connectivity for the remaining 13% of Kiwis outside fibre areas. Our Rural Connectivity Study – a 12-month granular deep dive with industry – enabled us to build a detailed picture of connectivity options and performance for rural consumers outside the fibre footprint. This gives us a view, at an individual address level, of what technologies are available in different areas, who is providing them and what pricing and performance looks like for consumers.

The results of this work are contained in an interactive geospatial connectivity map that can be used to view and compare coverage and connection information for different technologies in different parts of New Zealand. This powerful tool has already enabled us to:

- chart the disruption following Starlink's entry into the rural broadband market – Starlink's satellite service delivers average download speeds of 186 Mbps, which is four times faster than the next-best rural alternative, leading to its rapid growth into the third-largest rural broadband provider with 14% market share
- see existing rural providers responding to this competition by deploying pockets of fibre, expanding and enhancing their wireless broadband networks, partnering with satellite providers and reducing data caps and pricing
- identify choices that many rural consumers may not realise they have even before satellite options are considered – 37% of rural consumers still pay for a copper broadband connection (the most expensive of any rural technology) when they could be on a cheaper or better-performing wireless broadband.

The Rural Connectivity Study has significantly advanced our understanding of rural connectivity. It enables us to monitor developments in the industry and competitive landscape at a more granular level than ever before and provides a strong foundation for the development of policy initiatives to close the rural connectivity gap.

We are applying this information in our current review of copper regulation to ensure that it keeps pace with changes in the market and remains fit for purpose in rural areas.



## CASE STUDY 6



### Finalising the rules behind the Commerce Act Part 4 regulatory regime

Periodically, we review the rules, requirements and processes (input methodologies) that underpin price-quality and information disclosure regulation under Part 4 of the Commerce Act. They are important building blocks for how prices are set for electricity lines, gas pipelines and certain airport services. We assess pricing and investment methodologies to help manage uncertainties about new investments and how to pay for them in critical airport and energy infrastructure. In December 2023, we released our decisions on the input methodologies review, updating the key regulatory rules for electricity lines, gas pipelines and airports. The rules ensure our airports and energy infrastructure sector can make a fair return on investments, while consumers are not overcharged for these services. They guide how assets are valued, costs are allocated and risks are shared between businesses and consumers and how businesses are compensated for their investments.

A small number of key changes were made to strengthen the foundations of our regulatory approach. The review, which involved a two-year process of analysis and consultation, found that the input methodologies are generally robust and will provide an appropriate and stable platform to support investment and innovation.

The rules are generally technical in nature but the purpose of the changes we made is to promote the long-term benefit of consumers. The changes ensure the regulations provide the right degree of flexibility to address uncertainty about the timing and scale of investments that need to be made to ensure that critical energy and airport infrastructure provides consumers with the services they demand, including preparing for electrification of our economy and maintaining resilience to major weather events.

## CASE STUDY 7



### Improving information disclosure requirements for suppliers of critical electricity infrastructure

Our performance monitoring and reporting on regulated businesses is a key way of improving transparency about performance, which can affect the reputation of the business and its relationships with stakeholders. Public transparency helps to keep electricity services functioning well. Through information disclosure regulation, we require all 29 lines companies that distribute electricity in New Zealand to publish information each year on aspects of their performance.

New Zealand's commitment to a low-carbon future together with resilience expectations prompted us to review current disclosure requirements, in particular as they relate to decarbonisation, asset management and quality of service.

The new information local lines companies will disclose will improve transparency in several key performance areas. For example, lines companies will provide more detail on how they are managing vegetation near electricity lines to reduce potential storm damage and disclose more meaningful information on network constraints to enable development of solutions such as demand-side management and storage as well as helping reveal where there is spare capacity available for new connections, including for more renewable generation. We publish annual trends for electricity lines businesses based on these disclosures.





# 03

## Tō mātou rōpū whakahaere Our organisation

### Key topics:

**Our Board, Commissioners  
and our governance structures**

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**Our Senior Leadership Team**

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**Our people, our capability  
and our wellbeing**

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**Our environmental sustainability**

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# Tūtaki mai ki ō mātou Kaikōmihana

## Meet our Commissioners

### The Board

**The Commission is governed by a Board of Commissioners. Our Board is responsible for the overall performance of the Commission and its divisions and committees.**

The Governor-General, on the recommendation of the Minister of Commerce and Consumer Affairs, appoints Commission members for their knowledge of and experience in areas relevant to the Commission. The Telecommunications Commissioner is appointed on the recommendation of the Minister for Media and Communications.



#### **Dr John Small** Chair

Dr John Small was appointed as Chair in December 2022 and first joined the Commission in December 2018. John has started and run businesses in the professional services and agriculture sectors and was formerly head of the University of Auckland's Economics Department. He has experience undertaking complex commercial analysis in a wide range of sectors, including energy, transport, agriculture, telecommunications, payment systems and construction. John was previously a lay member of the High Court of New Zealand and has provided expert witness testimony before courts, tribunals and commissions in several jurisdictions.



#### **Sue Begg** Deputy Chair (until 10 July 2023)

Sue Begg was appointed as a Commissioner in June 2009 and served as Deputy Chair from July 2010 to July 2023. She was also appointed as an Associate Member of the Australian Competition and Consumer Commission from April 2016 to June 2019. Sue is an economist whose previous roles include director of the consultancy company Impetus Group Limited, Vice-President and head of the economic advisory unit of the investment banking division of Credit Suisse First Boston NZ Limited (and its predecessor companies) and manager of the Macroeconomic Policy section at the Treasury. From July 2023, Sue took on a role as Associate Commissioner until the end of 2023.



#### **Anne Callinan** Deputy Chair

Anne Callinan was appointed as Deputy Chair in 2023. Anne is a commercial litigation lawyer with deep experience of competition, consumer and financial services law across a wide range of sectors. Prior to joining the Commission, she worked for Simpson Grierson and was the firm's Chair from 2018. She has a BA/LLB from the University of Auckland.





**Tristan Gilbertson** Telecommunications Commissioner

Tristan Gilbertson was appointed Telecommunications Commissioner in June 2020. He is a commercial lawyer with extensive international experience in the telecommunications, media and technology sector. Prior to joining the Commission, he held senior executive positions at Vodafone Group Plc, Telecom New Zealand Ltd and Digicel Group Ltd, where he was responsible for leading large multidisciplinary teams during periods of significant transformation and change. Tristan holds a BA/LLB(Hons) from the University of Auckland and has completed the Executive Leadership Development Programme at the Wharton School of the University of Pennsylvania.

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**Pierre van Heerden** Grocery Commissioner (from 13 July 2023)

Pierre van Heerden was appointed as Grocery Commissioner in July 2023. He is an experienced chief executive and board member with sound knowledge of the grocery industry spanning several countries. Pierre has previously held senior roles in the grocery industry, including as Chair and Deputy Chair of the New Zealand Food and Grocery Council. He has also held several executive positions in companies in the FMCG industry. He holds a BBA, Hons BCom, Hons BCompt, MBL, is a qualified Chartered Accountant, FCPA, MInstD and GAICD. He recently completed studies at both London Business School and INSEAD on a Prime Minister's Business Scholarship.

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**Dr Derek Johnston** Commissioner

Dr Derek Johnston joined the Commission in 2019. A commercial lawyer, Derek has extensive experience and knowledge of competition law coupled with significant mergers and transactional experience and familiarity with many of the regulated sectors. His past roles include being the independent Chair of NZX's Regulatory Governance Committee and the Chair of the NZ Markets Disciplinary Tribunal. For many years, Derek was a corporate partner with Russell McVeagh and most recently has been practising as a barrister and arbitrator at Thorndon Chambers. Derek holds undergraduate and postgraduate degrees in law from the University of Auckland and a doctorate in law from the University of Toronto. In 2022, Derek was appointed as an Associate Member of the Australian Competition and Consumer Commission until 31 October 2024.

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**Bryan Chapple** Commissioner

Bryan Chapple joined the Commission in 2022. Bryan is an experienced economist and senior public sector leader with a deep understanding of the Aotearoa New Zealand economy and the role of regulation. He was Deputy Secretary (Growth and Macroeconomics) at the New Zealand Treasury from 2017 until joining the Commission in 2022. In that role, Bryan led the Treasury's work on micro- and macro-economic policy, including regulatory strategy.

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**Vhari McWha** Commissioner

Vhari McWha joined the Commission in 2020. Vhari's career includes advising on economics and public policy and regulation as well as on competition analysis and market design. She has a strong background in quantitative analysis, including cost benefit, modelling and forecasting work. Vhari has specific expertise in the energy sector. Prior to joining the Commission, Vhari was a Director at Sapere. Her earlier roles include Deputy Director at the economic consultancy NZIER and Regulatory Affairs Manager at Meridian Energy. Vhari holds an MCom (Hons) in economics from the University of Canterbury.

## Associate Commissioners

Alongside Commissioners, the Minister of Commerce and Consumer Affairs may also appoint Associate Commissioners to the Commission. Associate Commissioners are appointed for specific classes of matters and are deemed to be members of the Commission only for the matters they are appointed for. Associate Commissioners are not members of the Commission's Board.



**Joseph Liava'a**  
Associate  
Commissioner

Joseph Liava'a was appointed as an Associate Commissioner in 2019. Joseph has a strong background in working with the community and consumers. Prior to joining the Commission, Joseph worked as the Community Liaison Manager for Nirvana Health Group. Joseph has also given consumer law training to budget advice services and community law centres. He has been involved with a variety of boards and panels, including Pacific Health and Welfare Inc, Vaiola Pacific Island Budgeting Service Trust (Māngere) and Otago Health Charitable Trust, as well as the board of Consumer NZ.



**Nathan Strong**  
Associate  
Commissioner

Nathan Strong joined the Commission in 2022. He is a qualified economist with over 20 years' experience focusing on applied competition and regulatory economics, including at senior management levels in regulated companies. He was General Manager (Commercial) at Unison Networks having first been appointed to the executive team at Unison in 2010. Nathan was also Chair of the Electricity Networks Association's Regulatory Working Group, a Member of the Electricity Authority's Security and Reliability Council and has previously been a member of several Electricity Authority advisory groups.



**Loretta Lovell**  
Associate  
Commissioner

Loretta Lovell joined the Commission in 2023. Loretta is a lawyer, independent environmental commissioner and professional director. For over 20 years, Loretta has specialised in public, commercial, energy and resource management law. As an independent environmental commissioner, she has considered multiple complex plan and consent applications involving large-scale infrastructure, including housing, telecommunications, electricity lines and generation, and three water developments. Loretta is currently a board member of the Crown water quality regulator Taumata Arowai. She is also a member of Te Rātā Atawhai | Charities Registration Board.



**Rakihia Tau**  
Associate  
Commissioner

Rakihia Tau (Ngāi Tūāhuriri, Ngāi Tahu) joined the Commission in 2023. He brings knowledge of industry, commerce and economics and extensive experience working with Māori rights and commercial interests. His experience with Māori-Crown relationships dates back to the original Ngāi Tahu Treaty settlement negotiations, and he has an ongoing involvement in various Māori businesses and organisations at both executive and board level. Rakihia's experience includes managing Ngāi Tahu Holdings strategic policy, litigation and external relations as well as providing business advisory services and having a range of governance roles.

## **Cross-appointments with the Australian Competition and Consumer Commission (ACCC)**

**Under the Single Economic Market Outcomes Framework agreed between the New Zealand and Australian Governments in 2009, it was agreed that certain members of each country's competition agency could be cross-appointed to the other country's competition agency. This would support convergence in the way the two regulators approach similar issues under competition and consumer laws.**

Cross-appointees to the Commission are appointed as Associate Commissioners and are most often allocated to areas that will involve Australian enterprises such as merger determinations. There are two members of the ACCC cross-appointed to the Commission.

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### **Anna Brakey**

Anna Brakey was appointed a Commissioner of the ACCC in 2020. She is also an Associate Member of the Australian Communications and Media Authority.

Anna has extensive experience in regulatory economics and public policy with over 25 years' experience working with regulators, government and the private sector. She has had broad exposure to a wide range of infrastructure industries, including energy, water and transport. She has also worked on economic reform to social policy.

Anna chairs the ACCC's Infrastructure Committee, Communications Committee, Electricity Markets Inquiry Board and East Coast Gas Market Board and is a member of the ACCC's Competition Exemptions Committee and Agriculture Board.

Anna holds a Bachelor of Economics from the Australian National University and a graduate Diploma of Applied Finance and Investment from Securities Institute of Australia. She is also a graduate of the Australian Institute of Company Directors.

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### **Stephen Ridgeway**

Stephen Ridgeway was appointed a Commissioner of the ACCC in June 2019. Stephen brings a wealth of experience from his previous roles as a lawyer in the private and public sectors. He is widely recognised as one of Australia's leading competition and consumer lawyers and an expert in the field. In 2018, Stephen retired as a senior partner at King & Wood Mallesons.

Stephen chairs the ACCC's Mergers Review and Competition Exemptions Committees and is a member of the ACCC's Enforcement Committee, Communications Committee and Agriculture Board.

Stephen holds a Bachelor of Science (Honours) from the University of New South Wales and a Bachelor of Laws from the Australian National University.

# Te mahi whakahaere a te Poari

## Governance of our organisation

**Our governance framework is established under the Commerce Act and the Crown Entities Act 2004.**

### **Board functions and operations**

The Commission's Board governance arrangements and responsibilities include:

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**people and culture**

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**strategy and performance**

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**managing and mitigating risks**

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**financial oversight**

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**health and safety, including due diligence to ensure the Commission complies with workplace health and safety requirements and actively engages in matters affecting the health, safety, and wellness of our people**

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**government and ministerial relationships, including giving effect to or complying with any special directives such as undertaking a personal banking services market study**

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**oversight of the Commission's divisions and committees, including exercising any significant decisions in line with our functions and duties**

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**legislative compliance to ensure operations comply with the Commission's legal obligations<sup>7</sup> and legal and internal policy requirements.**

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<sup>7</sup> The Commission's legislative compliance survey is underway and will be completed after publication of the Annual Report.



## **Disclosures of interests**

All Commissioners must disclose existing and potential interests to the Minister of Commerce and Consumer Affairs (or in the case of the Telecommunications Commissioner, to the Minister of Broadcasting and Media). The Board has a conflicts of interest process to ensure our independence is maintained and our decisions are free of bias. We maintain a register of interests for all Commissioners, which is reviewed and updated regularly and provided to the Board at each scheduled Board meeting.

During the 2023/24 year, where any potential conflicts of interest were identified, these were subject to legal review to determine whether any Commissioner should be excluded from consideration on the matter.

## **Committees and divisions**

The Board discharges the functions and requirements of the Commission in several ways, including:

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**monitoring the Commission's performance and planning its strategic direction**

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**using delegations to make the Commission's work more efficient**

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**using advisory committees to the Board such as the Audit and Risk Committee**

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**overseeing a broad variety of strategies, policies, processes, systems, frameworks and analytical approaches to help ensure effective decision making.**

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The Board ensures that Ministers and our monitoring agency MBIE are informed of our performance, progress, issues, risks and any matters affecting the Commission regularly throughout the year. This is communicated through regular meetings, organisation performance reports, response to the Minister's Annual Letter of Expectations, Annual Reports, Statements of Performance Expectations and Statements of Intent.

Our Chair establishes separate divisions to exercise the powers of the Commission under the laws we enforce. Divisions can include Board members or Associate Commissioners. Divisions meet as required. As at 30 June 2024, the Commission had the following committees and divisions:

<b>Committee</b>	<b>Purpose</b>
Audit and Risk Committee	Assists the Board in achieving the Commission's vision and strategy by providing assurance that good-practice audit, risk management and finance is implemented in the organisation.
<b>Division</b>	<b>Purpose</b>
Commerce Act Division	Exercises the Commission's functions and powers under the Commerce Act, including making decisions to commence proceedings under the legislation, undertaking investigations and inquiries, taking evidence and requiring information.
Consumer Division	Exercises the Commission's functions and powers under the Fair Trading Act and CCCF Act, including undertaking investigations and inquiries, taking evidence and requiring information, making decisions to commence proceedings under the legislation and undertaking studies on matters affecting the interests of consumers under the Fair Trading Act.
Dairy Division	Exercises the Commission's powers and functions under the Dairy Industry Restructuring Act related to the domestic dairy sector and Fonterra.
Fibre Division	Exercises the Commission's powers and functions under the Telecommunications Act, including to determine, review and amend telecommunications input methodologies and determinations in relation to information disclosure and price-quality regulation and respond to proceedings that challenge the Commission's decisions in relation to these areas.
Fuel Division	Exercises all the functions and powers of the Commission relating to the Fuel Industry Act and any regulations made under the Act.
Grocery Division	Exercises the Commission's powers and functions under the Grocery Industry Competition Act.
Merger clearance or authorisation divisions	For each merger clearance or authorisation filed with the Commission, a division is formed to exercise the functions and powers of the Commission under the Commerce Act in relation to that matter. This includes any application for clearance or authorisation or any appeal resulting from a Commission decision to grant or decline clearance or authorisation.
Part 4 Division	Exercises the Commission's powers and responsibilities under Part 4 of the Commerce Act to regulate electricity suppliers, gas pipeline and specified airport services.
Personal Banking Market Study Division	Exercises the powers of the Commission in relation to any reference from the Minister of Commerce and Consumer Affairs of a competition study under the Commerce Act into personal banking services, including any matters arising from or relating to the personal banking market study, with the exception of enforcement action such as investigations and proceedings.
Retail Payment System Division	Exercises the Commission's powers and functions under the Retail Payment System Act.
Telecommunications Division	Exercises the Commission's functions and powers under the Telecommunications Act, including determinations in respect of designated multi-network services, pricing review determinations, liability allocation determinations, telecommunications service obligations cost calculation determinations and investigations about any proposed alterations to the legislation.



## New Zealand member and committee member remuneration disclosures

The information below relates to the remuneration and disclosures of New Zealand members and associate members of the Commission.

	2023/24 Actual \$000			2022/23 Actual \$000		
	Remuneration	Leave Accrued	Total	Remuneration	Leave Accrued	Total
J Small	658	48	706	517	37	554
A Rawlings <sup>8</sup>	-	-	-	392	(64)	328
S Begg <sup>9</sup>	173	-	173	340	-	340
A Callinan	481	27	508	-	-	-
T Gilbertson	454	37	491	438	42	480
P van Heerden	443	5	448	-	-	-
E Welson <sup>10</sup>	24	-	24	289	-	289
D Johnston	353	-	353	328	-	328
J Liava'a	219	-	219	221	-	221
V McWha	358	-	358	360	-	360
N Strong	351	-	351	277	-	277
B Chapple	349	-	349	280	-	280
L Lovell	263	-	263	19	-	19
R Tau <sup>11</sup>	204	-	204	-	-	-
<b>Total members' remuneration</b>			<b>4,447</b>			<b>3,476</b>

The Chair (Dr John Small), Deputy Chair (Anne Callinan), Grocery Commissioner (Pierre van Heerden) and Telecommunications Commissioner (Tristan Gilbertson) are in full-time positions and receive leave entitlements. The dollar value of the movement in any accrued leave entitlement is included in the remuneration total above.

<sup>8</sup> Anna Rawlings finished her term as Chair on 2 December 2022. Note that the 2022/23 amount of \$328,000 was reported as \$327,000 due to rounding has been restated. This error does not impact the audited financial statements. The rounding issue is immaterial to the overall financial disclosures, but it is corrected here for accuracy and transparency purposes.

<sup>9</sup> Sue Begg finished her term as an associate member on 31 March 2024.

<sup>10</sup> Elisabeth Welson finished her term as Commissioner on 17 September 2023

<sup>11</sup> Rakihiia Tau commenced his term as an associate member on 26 June 2023.



All other Commissioners are paid for service on a daily rate set by the Remuneration Authority as follows:

### **Commissioners' and Associate Commissioners' daily rates**

	<b>2023/24 Actual \$</b>	<b>2022/23 Actual \$</b>
Deputy Chair <sup>12</sup>	-	1,950
Commissioners and Associate Commissioners	1,630	1,630

### **Commissioners' and Associate Commissioners' additional remuneration**

Most Commissioners and Associate Commissioners are entitled to additional remuneration above the daily rate if the number of hours worked on any day exceeds eight hours. The daily rate includes any annual and sick leave entitlement, and no additional payments are made on account of annual leave or sick leave. For 2023/24, the remuneration for Commissioners and Associate Commissioners is capped at \$367,500 a year. The Chair, Deputy Chair, Grocery Commissioner and Telecommunications Commissioner are salaried appointments and receive annual leave and sick leave entitlements in addition to their salary. These roles are not entitled to additional pay for additional hours worked.

### **Other payments in respect of Commissioners and Associate Commissioners**

The Commission engages someone external to the organisation to Chair the Audit and Risk Committee. This role was filled by Fred Hutchings until October 2023, who was paid \$11,063.81 – \$5,000 of this figure relates to work undertaken in 2022/23 but paid in 2023/24 (and not reported on in 2022/23). The role was then filled by Warren Allen from November 2023 who was paid \$13,200 in 2023/24.

In accordance with the protections set out in the Commerce Act and Crown Entities Act, the Commission indemnifies Members and Associate Members for certain acts or inactions when carrying out their Commission duties in good faith.

No Commissioners or Associate Commissioners received compensation in relation to cessation.

<sup>12</sup> While previously the Deputy Chair role was on a daily rate, it is now remunerated as a full-time position.

# Tō mātou Rōpū Kaiarataki

## Meet our Leadership Team



### **Adrienne Meikle is the Chief Executive of the Commerce Commission.**

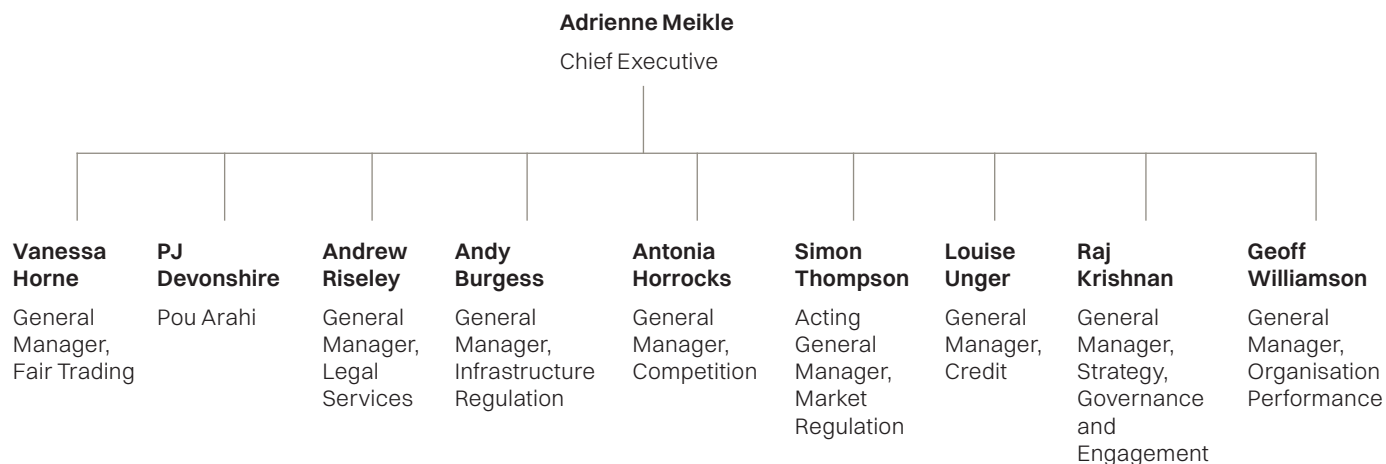
**Adrienne joined the Commerce Commission as Chief Executive in May 2018. In 2023, Adrienne was seconded to the role of Chief Executive of Land Information New Zealand, where she led the public service agency through a time of change and opportunity building. In 2024, Adrienne returned to lead the Commission in delivering and having impact in mahi in competition, fair trading and credit as well as market and infrastructure regulation.**

Adrienne is an experienced senior leader with extensive experience in law, policy and operations, often turning ideas into action and operating at the interface of government with economic development and business. Before joining the Commission, Adrienne held the positions of Deputy Chief Executive, Corporate, Governance and Information, Acting Deputy Chief Executive, Market Services and General Manager, Resolution Services at MBIE.

Adrienne has held the roles of Deputy Secretary, Tourism, Events and Consumer Affairs, Director of Legal in the former Ministry of Economic Development, Chief Legal Advisor in the former New Zealand Food Safety Authority and Parliamentary Counsel and Private Secretary in the office of the Attorney-General. Adrienne has also worked as a lawyer for the Department of Corrections and Ministry of Education and has a BA LLB and an LLM (Hons) focused on law and economics.

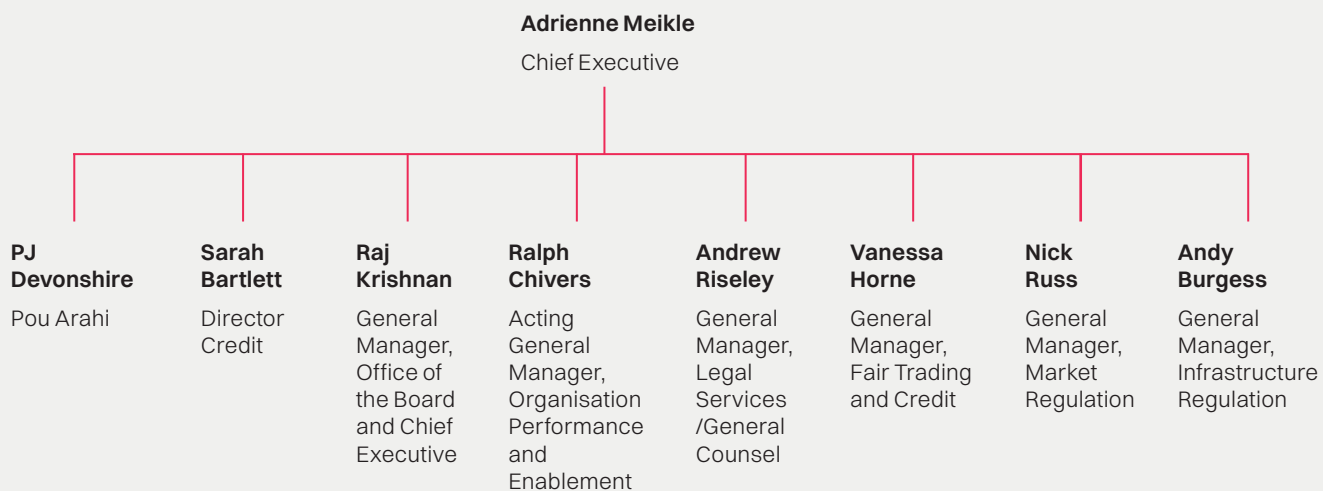
The Commission comprises eight branches as at 30 June 2024: Competition, Credit, Fair Trading, Infrastructure Regulation, Legal Services, Market Regulation, Organisation Performance, and Strategy, Governance and Engagement. Each branch is led by a General Manager, and as a team, they contribute to making New Zealanders better off by leading a culture of cohesion and focus.

## Organisational structure as at 30 June 2024



The Commission has been through a change process that started in May 2024 in response to the government request for budget savings. The new structure was announced on 26 June 2024. The new structure started on 2 September 2024.

## Organisational structure as at 2 September 2024



# Tō Mātou Rautaki Tāngata

## Our People Strategy

**Our People Strategy guides our approach to all aspects of our employee experience. We regularly update our focus areas and identify initiatives that will support us to achieve the goals.**

# 1

### **Connected and collaborative**

We nurture a connected and collaborative environment that boosts knowledge sharing and innovative thinking, leading to engaged teams and better business outcomes.

# 2

### **Inclusive, diverse, safe and healthy**

We build and maintain an inclusive, diverse and healthy environment where our people are safe, feel valued, supported, respected and can flourish.

# 3

### **Excellent people leadership and management**

We have excellent people leadership and management capability to encourage high performance and foster a great workplace and culture, enabling our people to excel.

# 4

### **Develop**

We develop our people to be the best they can and to deliver outstanding performance.

# 5

### **Attract**

We attract and recruit excellent and diverse people with the right skills and capability, for now and in the future, who are committed to our vision and values.





# 6

### **Retain**

We retain our people by valuing and rewarding their contribution and maintaining a great workplace where they can thrive.



## Our Values

<b>He toa takitini</b> Strength in the collective	<b>Rukuhia te wāhi ngaro</b> Curious, future-focused and courageous	<b>Ma te huruhuru ka rere</b> Protect, empower and inform	<b>Mauria te pono</b> Belief in ourselves, our kaupapa, our impact
			

The refresh of our organisational values was a significant exercise. Employee workshops were held to gain input from across the organisation. He Kawa Tauhokohoko | Our values framework was launched in December 2023. Our new values framework reflects our evolving organisational culture, which includes embedding te ao Māori into our mahi and embracing the development of Māori cultural capability within the Commission. This ensures we are well aligned with the vision of our Rautaki Māori (Māori Strategy). Work is now under way to weave the values framework through our organisational policies and processes.



# Kia tū hei kaitukumahi pai

## Being a good employer

**Our People Strategy incorporates the elements of being a good employer as set out under section 118 of the Crown Entities Act 2004 and arranged under the seven elements established by the New Zealand Human Rights Commission. The table below provides examples of our initiatives during the 2023/24 year. Further examples are referenced under relevant organisation capability and health sections in this report.**

### Initiatives

<p><b>Leadership, accountability and culture</b></p>	<p>Excellent management and leadership is one of our people goals, and we have continued to build our management capability. Our leaders have access to programmes (including through the Leadership Development Centre) that encourage them to broaden and expand their management and leadership toolkit. Accountability is strengthened through the goal-setting performance cycle and development planning along with coaching and feedback.</p> <p>Inclusive leadership elements are incorporated within leadership development programmes and our diversity, equity and inclusion plan.</p>
<p><b>Recruitment, selection and induction</b></p>	<p>We have enhanced our online recruitment system with integration of a new pre-employment check system that includes automated reference checking. This automated reference system has many safety, efficiency and inclusion benefits. It supports communication in te reo Māori and Pasifika languages and supports government procurement outcomes as it is supplied by a Māori-owned enterprise.</p> <p>We have also implemented a candidate survey to monitor the candidate experience for those progressed to interview and a hiring manager survey to ensure we are continuously monitoring and improving our processes. We now include salary ranges in all our recruitment advertisements and our salary bands are available to all of our employees for transparency.</p> <p>To support and encourage neurodiverse candidates, we share interview questions with all candidates prior to the interview. This also helps to reduce candidate stress and create a fair and level playing field. This has resulted in more thoughtful answers and a better-quality interview experience for the panel.</p> <p>We are guided by Kia Toipoto and work closely with Te Ohu Māori to ensure we have a robust process that focuses on embracing diversity and employment equity. Our Māori and Pasifika internship partnerships have grown. We engaged six Tupu Toa and Tupu Tai interns over the 2023/24 summer period, along with interns from the Government Legal Network and our own economic intern programme.</p> <p>We renewed our Accredited Employer status with Immigration New Zealand, which allows us to fill critical roles through international recruitment. We are signed on to the new AoG contract for talent acquisition services to support permanent, fixed-term, temporary and contract assignments.</p>
<p><b>Employee development, promotion and exit</b></p>	<p>Our learning and development offering is continually being reviewed and refined, with a range of options available to employees. This is supported by our growth and development framework. The framework provides a structured approach to building key capabilities, behavioural competencies and supporting career development and progression.</p> <p>The new Public Service induction module was integrated into our induction offerings.</p> <p>A framework for performance development is in place.</p> <p>We continuously identify focus areas to further enhance our overall employee experience by reporting on and analysing data about employee turnover and feedback from exit interviews.</p>

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**Flexibility and work design**

We promote balancing work-life responsibilities through flexible working. Our flexible working guidelines help create a more diverse, equitable and inclusive workplace and enable our people and their leaders to discuss and agree on the best working arrangement for the individual, team and organisation.

Our ComPulse engagement result for flexible working in the February 2024 survey was 8.8, which places us in the top 25% of the government sector.

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**Remuneration, recognition and conditions**

We continue to have regard to the Government Workforce Policy Statement on the Government's expectations for employment relations in the public sector. We actively implemented the Kia Toipoto framework and action planning for 2021-24. This includes initiatives to improve ethnic and gender representation in our workforce and leadership; to achieve equitable pay outcomes, career pathways and opportunities to develop; and to protect against bias and discrimination in our policies and practices.

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**Harassment and bullying prevention**

We have zero tolerance of harassment, bullying and discrimination. Our refreshed organisational values framework; code of conduct; anti-harassment, bullying and discrimination policy; equality, diversity and inclusion policy; and protected disclosures policy all detail expected behaviours and joint responsibilities. This includes details on how employees can safely raise matters of concern. Reminders about the content of our key policies are reinforced through required annual declarations by staff acknowledging their compliance with these Commission policies.

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**Safe and healthy work environment**

Our health, safety and wellness policy, manual and framework ensure that we maintain a healthy and safe work environment. We comply with workplace health and safety laws<sup>13</sup> and have safe operating procedures for several potential risks specific to our business. Our annual health and safety plan and regular reporting schedule support a focus on continuous improvement.

To support the wellbeing and inclusivity of diverse groups, we sponsor several employee-led networks, including for Māori, Pasifika, neurodiverse and rainbow whānau (and allies). We support events and activities promoting awareness-raising and anti-bullying initiatives.

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13 The Commission's legislative compliance survey is underway and will be completed after publication of the Annual Report.



# Ō mātou tāngata i te 30 o Hune 2024

Snapshot of our people on 30 June 2024

## Total FTE Organisation-wide 2023-24

447.2

Number of employees (FTE)

42%

Male

56%

Female

3%

Other gender/  
gender not stated

## Total staff (headcount) by geographical location

31%

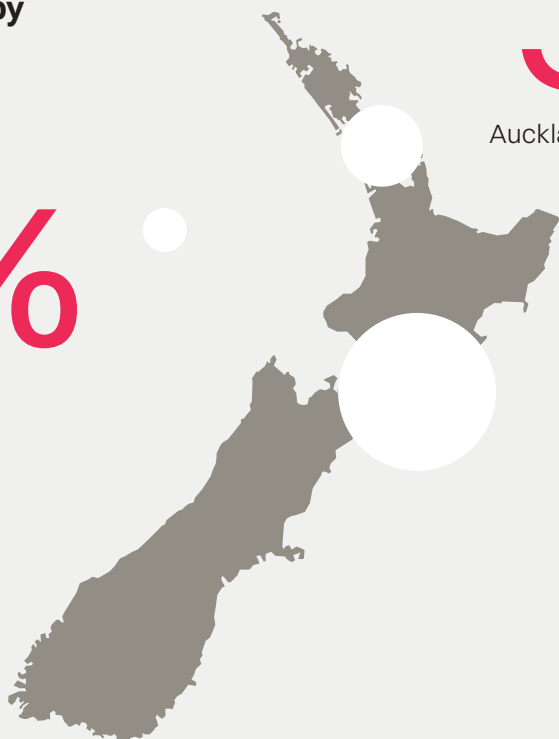
Auckland

4%

Remote workers

65%

Wellington





# 4

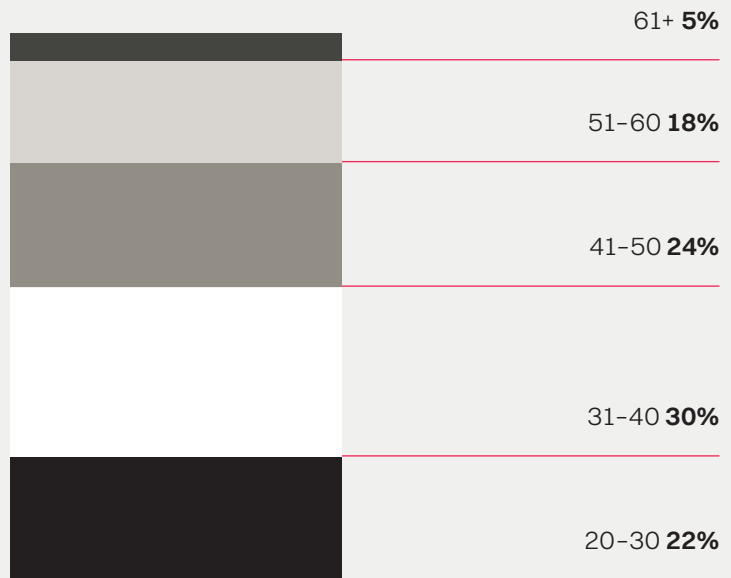
## Average tenure

The average number of years of experience of our employees (with the Commission)

# 13.5%

## Employee turnover

## The Commission maintains a good spread across various age groups.



120%

100%

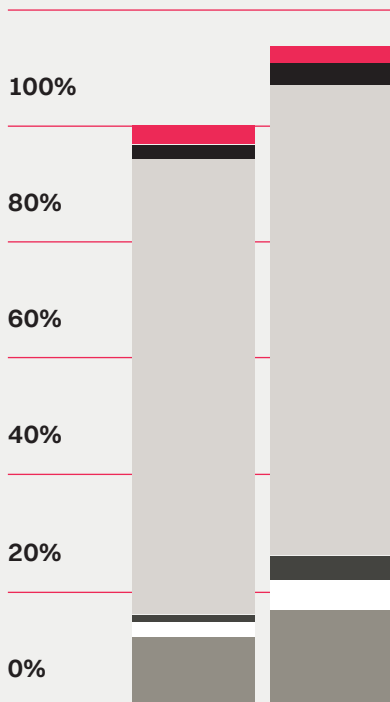
80%

60%

40%

20%

0%



## Ethnicity profile of employees

Ethnicity	2023	2024
Asian	12.00%	16.67%
Māori	2.70%	5.21%
Middle Eastern, Latin American and African	1.30%	4.17%
NZ European/Pākehā	78.20%	80.63%
Pacific Peoples	2.50%	3.75%
Other/Not stated	3.30%	2.92%

Note: Employees can identify with up to three ethnicities and so the totals for ethnic distribution will add up to more than 100%, aligned with the Public Service Commission's guidance on this metric.

# Te arotake i kaha me te hauora

## Evaluating our capability and health

**We constantly monitor our organisation's performance and evaluate our capability and capacity through specific initiatives as set out in our Statement of Intent.**

### Employee engagement

We regularly seek feedback through our quarterly workplace survey using Peakon. Our survey measures our employee experience by consistently gathering input on a range of topics, including leadership, strategy, culture, wellbeing, diversity and inclusion. Our overall engagement score lifted from 8.1 to 8.2 out of a possible 10 in February 2024. We have a high participation rate of 80%. Our overall engagement score is in the top 25% of government organisations globally who use the same survey platform.

The elements that measure autonomy, freedom of opinions, growth, management support, equality and reward continue to track above the global benchmark.

### Health, safety and wellbeing of our people

We prioritise the health, safety and wellbeing of our people across our Wellington and Auckland offices and for our small number of remote employees. This includes having a Health and Safety Committee of members who represent both of our offices, trained first aiders and fire wardens. We record incidents and provide health and safety reporting information to the Chief Executive and the Board.

As part of our annual health and safety plan, we adopt recommendations from the health and safety audit, with a focus on continuous improvement. Regular reporting by the Health and Safety Committee enables us to track progress and deliver effective and timely responses to identified risks.

Our wellbeing workplan has been reviewed and refreshed, resulting in a two-year workplan based on Te Whare Tapa Whā. Health and wellbeing services we provide for our people include online resources, e-learning modules and education workshops, on-site health checks and annual flu vaccinations. Employee assistance programme (EAP) services, including the habithealth+ wellbeing app, are available for staff and their immediate whānau.

The Commission's GoodYarn peer-to-peer mental health support programme was launched in 2023. We have 12 trained Wellbeing Champions who regularly run workshops that help our people to recognise the signs and symptoms of mental health illnesses and access appropriate help when needed.

## Driving protective security improvements

Keeping our people, information and assets safe is crucial in enabling us to meet our strategic and operational objectives. Over the last year, we continued to embed good security practices, including strengthening our security across several areas.

Our regular reporting to the Senior Leadership Team and Board on security, cyber and information security and privacy developments provides visibility and oversight of security matters.

We use the New Zealand Government's Protective Security Requirements (PSR) as a framework to guide our security activities. We continue to enhance our capability across the four areas of the PSR framework – personnel security, physical security, information security and security governance.

We ensure that security measures are relevant and actively managed through well-established risk assessment and management processes.

We continue to review and develop our policies and procedures to ensure we have the right protections, processes and systems in place and that these are easy to understand and use. We developed educational resources to further enhance the Commission's security culture and increase staff security awareness and capability.

## Diversity, equity and inclusion in our organisation

Delivery of our 2023/24 diversity and inclusion programme goals saw a significant increase in employee participation in employee-led networks, greater sharing of lived experiences and involvement in inclusion initiatives. We currently have wellbeing, Pasifika, Māori, COMunity Pride, neurodiversity and women's networks. Our networks regularly lead organisation-wide celebrations and awareness-raising events. Our calendar of events includes Pacific Language Weeks, Te Wiki o te reo Māori, Matariki, IDAHOBIT, Pink Shirt Day, Pride Month, International Women's Day, World Autism Awareness Day and Neurodiversity Celebration Week. Recruitment processes have been reviewed and work is under way to ensure our recruitment process is equitable, accessible and inclusive. An updated 2024–2026 diversity, equity and inclusion programme has been developed that incorporates actions to further progress our maturity across seven focus areas identified in the Diversity Works Aotearoa Inclusivity Matrix – inclusive collaboration, diversity infrastructure, diverse recruitment, inclusive career development, biculturalism and social impact.

Diversity and inclusion information, resources and learning modules are available to our people on our intranet. Information about inclusion initiatives and events is regularly shared via our Chief Executive and General Manager pānui and intranet articles.

In April 2024, we published *Kia Toipoto: Gender and ethnic pay gap action plan 2021–24 April 2024 progress update*.<sup>14</sup> We are making progress against *Kia Toipoto* milestones towards enhancing equality and opportunities, including improving our gender and ethnic representation within our workforce.

A comprehensive workforce diversity plan has been developed by Te Ohu Māori and Talent Acquisition teams, which aims to increase pathways into the Commission for Māori and Pacific Peoples. We also continue our partnership with Tupu Tai and Tupu Toa internship programmes.

<sup>14</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0024/350637/Commerce-Commission-Kia-Toipoto-Action-Plan-2021-2024-April-2024.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0024/350637/Commerce-Commission-Kia-Toipoto-Action-Plan-2021-2024-April-2024.pdf)

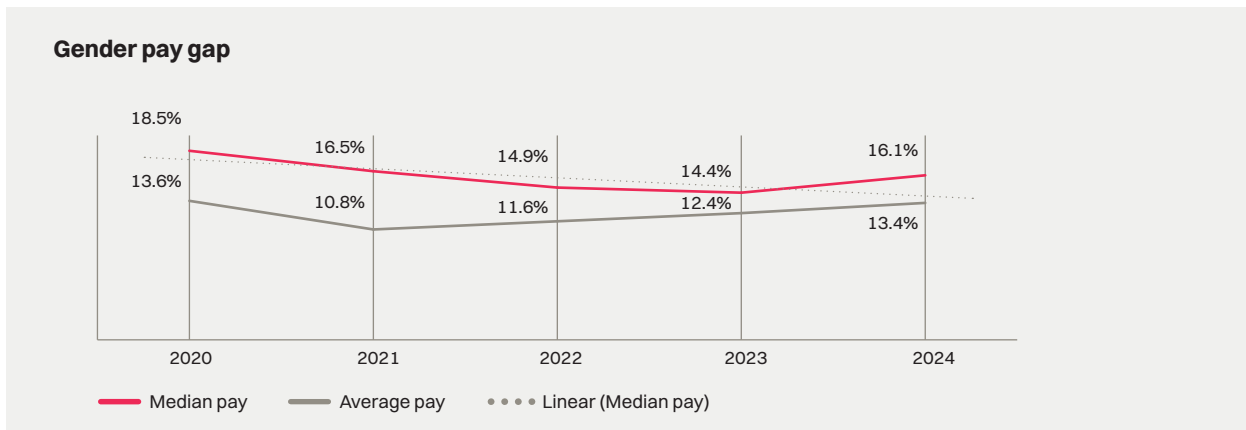
## Gender pay gap

We are working on closing the gender pay gap and actively growing diversity. Including our Chief Executive, 57% of our Senior Leadership Team are female.

### Proportion of female and male categorised by seniority (at 30 June 2024)

Senior managers	Tier 1	Tier 2	Tier 3
Female	100%	40%	59%
Male	0%	50%	41%
Other gender/gender not stated	0%	10%	0%

Gap	2020	2021	2022	2023	2024
Median pay difference between male and female employees	18.5%	16.5%	14.9%	14.4%	16.1%
Average pay difference between male and female employees	13.6%	10.8%	11.6%	12.4%	13.4%



Our gender pay gap is primarily caused by having a higher number of male staff in higher-paid roles, such as managers and technical specialists, and more women in lower-paid administrative roles. To overcome this occupational segregation, we focus on the pipeline for recruitment of women into higher-banded roles, supported by our approach to flexible working. We are closely monitoring horizontal pay gaps for like-for-like roles, to ensure equity amongst our workforce.

## Disclosure of cessation payments

During the year ended 30 June 2024, compensation or other benefits paid to nine employees (2023: two employees) in relation to cessation totalled \$454,342.71 (2023: \$20,413.37).

## Disclosure of employee remuneration paid

Employee remuneration paid over \$100,000 during the year ended 30 June 2024, grouped into \$10,000 bands. Total remuneration includes higher duties allowances, cessation payments and any other payments received during the year.

<b>Total Remuneration</b>	<b>2023/24 Actual</b>	<b>2022/23 Actual</b>
\$100,000 - \$110,000	31	39
\$110,001 - \$120,000	42	58
\$120,001 - \$130,000	41	37
\$130,001 - \$140,000	26	28
\$140,001 - \$150,000	22	47
\$150,001 - \$160,000	32	43
\$160,001 - \$170,000	30	20
\$170,001 - \$180,000	21	21
\$180,001 - \$190,000	17	18
\$190,001 - \$200,000	17	14
\$200,001 - \$210,000	10	8
\$210,001 - \$220,000	11	10
\$220,001 - \$230,000	7	2
\$230,001 - \$240,000	5	0
\$250,001 - \$260,000	3	1
\$280,001 - \$290,000	2	2
\$290,001 - \$300,000	1	4
\$320,001 - \$330,000	1	0
\$360,001 - \$370,000	1	0
\$410,001 - \$420,000	1	0
\$480,001 - \$490,000	1	0



# Tō mātou oranga taiao, mauroa hoki

## Our environmental sustainability progress

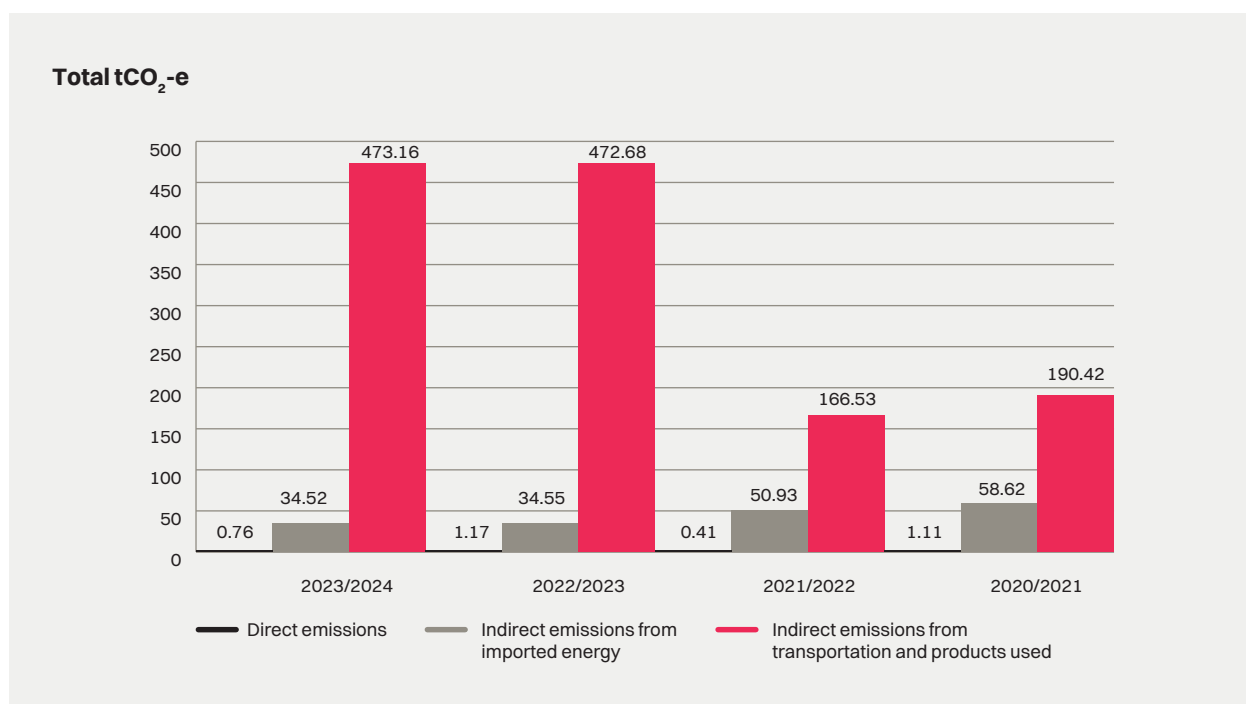
**We recognise the impact our organisation has on the environment, and we are committed to improving our environmental sustainability. We know every little bit counts, and we are intent on reducing our carbon footprint. Our main emission sources are domestic and international air travel, fuel for our vehicles, and energy use at our offices.**

Our reported emissions are derived from available data from our suppliers, or calculated estimates using the Ministry for the Environment’s guidance on emission factors<sup>15</sup>.

In 2023/24, air travel accounted for 87% of our total emissions, accommodation accounted for 3%, and fuel and energy usage generating 7%. Despite an increase in staff numbers reflecting the Commission’s additional regulatory functions, our travel costs and kilometres travelled have remained stable, demonstrating our commitment to reducing carbon emissions. While there is an expectation that we continue to build and maintain high quality international engagement, and international travel is part of our presence with our counterparts, our revised travel policy establishes a threshold for guiding all decisions on the need to travel versus utilising technology solutions. Any travel undertaken must be demonstrated to be ‘necessary and have a justifiable purpose’. We anticipate the use of technology across the organisation will have a positive impact on our emissions from international and domestic flights in 2024/25.

In 2023/24, our total emissions were 508.44 tCO<sub>2</sub>-e which is a 103% increase in CO<sub>2</sub> emissions compared to the emissions of the 2020/21 base year. This increase can be primarily attributed to an increase in air travel as we continue to provide services to support New Zealand’s economic regulatory system. Emissions from air travel have increased significantly as business has returned to normal conditions in the post Covid-19 period. This increase may reflect a more typical pattern for the Commission.

### The Commissions’ reported emissions by category from 2020/21 to 2023/24



<sup>15</sup> Ministry for the Environment’s Measuring Emissions Guidance [https://environment.govt.nz/assets/publications/Measuring-Emissions-Guidance-DetailedGuide\\_2023\\_ME1764.pdf](https://environment.govt.nz/assets/publications/Measuring-Emissions-Guidance-DetailedGuide_2023_ME1764.pdf)

### The Commission's reported emissions sources by category

Category		Emission source
1	Direct emissions	Petrol
2	Indirect emissions from imported energy	Electricity
3	Indirect emissions from transportation and products used	International and domestic air travel, freight, accommodation, taxis, mileage reimbursement and car rentals and paper use

### The Commission's emission intensity by full time equivalent (FTE) staff by financial year

	2023/24	2022/23 <sup>16</sup>	2021/22	2020/21
FTE staff <sup>17</sup>	447	428	316	273
Total gross emissions per FTE (tCO <sub>2</sub> -e)	1.14	1.19	0.69	0.91

The Commission will be continuing to refine its data collection process, specifically in relation to third-party provided data. The purpose is to improve our data quality for reporting purposes.

<sup>16</sup> Revised figure due to incomplete data for Air Travel and Electricity usage.

<sup>17</sup> FTE staff excludes staff on leave without pay, contractors and casual employees.





# 04

## Ā mātou tutukitanga a te taha pūtea Our performance and finances

### Key topics:

Presentation of our  
performance information

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Summary of output class  
measures results

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Strategic objectives and  
impact indicator results

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Performance disclosures,  
results and financial information  
relating to our output classes

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# Ā mātou tutukitanga

## Our performance

### Public Benefit Entity Financial Reporting Standard (PBE FRS) 48 Service Performance Reporting Standard

**This section reports on our performance against the output measures and financial information found in our Statement of Performance Expectations 2023/24 and the Estimates of Appropriations and Supplementary Estimates of Appropriations 2023/24.<sup>18</sup> This service performance information provided has been prepared according to the standards and requirements set out in PBE FRS 48, which requires us to provide relevant information (disclosures) about how we selected, measured, grouped and presented our performance information, including any significant changes from the prior year.**

In selecting, measuring, grouping and presenting our performance information, we considered the relevance, faithful representation, understandability, timeliness, comparability and verifiability of the information. We consider the information provided and the related disclosures we have presented are the most appropriate and meaningful to users.

#### Presentation of information

Our service performance information is presented by output class area (Table B). For each output class area, we note how the output measure results contribute (directly or indirectly) to the strategic performance indicators outlined in our Statement of Intent 2023–2027 (SOI). The information covers what the output class intends to achieve, the purpose of the measures, relevant disclosures about any changes to the measures, financial information related to each appropriation and results for each strategic performance indicator.

**Table B: Contribution of each output class area to Statement of Intent 2023–2027 impact indicators**

Output class area	Appropriation	Contributes to the SOI indicator	SOI outcome
Competition - regulating markets and preventing anti-competitive behaviour	Enforcement of competition regulation and merger control	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>Business understanding of anti-competitive conduct</li> <li>Deterrence case study</li> <li>Ex-post review of mergers</li> </ul>	Māketē whakataetae   Competitive markets
Competition - examining market factors affecting competition and identifying how markets can work better	Market (competition) studies	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>Market case studies</li> </ul>	Māketē whakataetae   Competitive markets

<sup>18</sup> These are included in Vote Business, Science and Innovation, which is administered by MBIE, our monitoring agency.



Output class area	Appropriation	Contributes to the SOI indicator	SOI outcome
Consumer (including fair trading and credit) – protecting consumers from harmful market behaviour	Enforcement of consumer regulation	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>Consumer understanding of their rights</li> <li>Business understanding of obligations and consequences</li> <li>Lender seminar attendance</li> <li>Consumer confidence</li> <li>Business understanding of consequences of non-compliance</li> </ul>	Tauhokohoko tūkeke   Fair trade
Economic regulation – promoting competition in the tele-communications industry for the long-term benefit of end users	Regulation of telecommunications services (including fibre)	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>A suite of measures for each sector</li> </ul>	Māketē whakataetae   Competitive markets
		<ul style="list-style-type: none"> <li>Reliability of essential services (electricity distribution, electricity transmission, gas distribution, gas transmission, fibre and airports)</li> <li>Total unique views on key dashboards/reports produced</li> <li>The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: <ul style="list-style-type: none"> <li>– electricity</li> <li>– gas</li> <li>– fibre</li> <li>– airports</li> </ul> </li> </ul>	Ngā tino ratenga   Essential services
Economic regulation – promoting competition in fuel markets	Liquid fuels monitoring and enforcement	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>A suite of measures for each sector</li> </ul>	Māketē whakataetae   Competitive markets
		<ul style="list-style-type: none"> <li>Total unique views on key dashboards/reports produced</li> </ul>	Ngā tino ratenga   Essential services

Output class area	Appropriation	Contributes to the SOI indicator	SOI outcome
Economic regulation - ensuring regulated suppliers of electricity lines deliver reliable and resilient services at the lower cost	Regulation of electricity lines services	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> <li>Reliability of essential services (electricity distribution, electricity transmission, gas distribution, gas transmission, fibre and airports)</li> <li>Total unique views on key dashboards/reports produced</li> <li>The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: <ul style="list-style-type: none"> <li>electricity</li> <li>gas</li> <li>fibre</li> <li>airports</li> </ul> </li> </ul>	Ngā tino ratenga   Essential services
Economic regulation - ensuring regulated suppliers of gas pipeline services deliver reliable and resilient services at the lower cost	Regulation of gas pipeline services	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>Reliability of essential services (electricity distribution, electricity transmission, gas distribution, gas transmission, fibre and airports)</li> <li>Total unique views on key dashboards/reports produced</li> <li>The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: <ul style="list-style-type: none"> <li>electricity</li> <li>gas</li> <li>fibre</li> <li>airports</li> </ul> </li> </ul>	Ngā tino ratenga   Essential services
Economic regulation - ensuring regulated airport services (price and quality) are delivered for the benefits of consumers	Regulation of specified airport services	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>Reliability of essential services (electricity distribution, electricity transmission, gas distribution, gas transmission, fibre and airports)</li> <li>Total unique views on key dashboards/reports produced</li> <li>The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: <ul style="list-style-type: none"> <li>electricity</li> <li>gas</li> <li>fibre</li> <li>airports</li> </ul> </li> </ul>	Ngā tino ratenga   Essential services

Output class area	Appropriation	Contributes to the SOI indicator	SOI outcome
Economic regulation – promoting efficiency in the retail payment system of consumers and businesses	Retail payment systems administration and enforcement	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>A suite of measures for each sector</li> </ul>	Māketē whakataetae   Competitive markets
		<ul style="list-style-type: none"> <li>Consumer understanding of their rights</li> <li>Business understanding of obligations and consequences</li> <li>Lender seminar attendance</li> <li>Consumer confidence</li> <li>Business understanding of consequences of non-compliance</li> </ul>	Tauhokohoko tūkeke   Fair trade
Economic regulation – reviewing the rules (input methodologies) to ensure monopolies deliver reliable and resilient services to consumers at the best cost	Review the Commerce Act input methodologies for economic regulation	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
Economic regulation – milk price monitoring and ensuring efficient operation and contestability in the milk purchasing market	Enforcement of dairy sector regulation and auditing milk price setting	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
	Enforcement of competition regulation under the Dairy Industry Restructuring Act 2001	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
Economic regulation – promoting competition, fair trading and transparency in the grocery industry for the long-term benefit of consumers	Regulation of the grocery industry and establishment of the grocery regulatory function	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>Deterrence case study</li> <li>A suite of measures for each sector</li> </ul>	Māketē whakataetae   Competitive markets
		<ul style="list-style-type: none"> <li>Consumer understanding of their rights</li> <li>Business understanding of obligations and consequences</li> <li>Lender seminar attendance</li> <li>Consumer confidence</li> <li>Business understanding of consequences of non-compliance</li> </ul>	Tauhokohoko tūkeke   Fair trade
Economic regulation – preparing for economic regulation and consumer protection for water	Transition and implementation of economic regulation and consumer protection regime of water services	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship

Output class area	Appropriation	Contributes to the SOI indicator	SOI outcome
Major litigation – undertaking complex or major litigation where needed for market regulation or specific activities to achieve the best possible outcome	Litigation funds (internally and externally sourced)	<ul style="list-style-type: none"> <li>Public sector reputation index</li> <li>Perception of openness</li> <li>Māori perceptions of the Commission</li> <li>Perception of engagement</li> </ul>	Kaitiaki   Stewardship
		<ul style="list-style-type: none"> <li>Business understanding of anti-competitive conduct</li> <li>Deterrence case study</li> <li>Ex-post review of mergers</li> <li>Market case studies</li> </ul>	Māketē whakataetae   Competitive markets
		<ul style="list-style-type: none"> <li>Consumer understanding of their rights</li> <li>Business understanding of obligations and consequences</li> <li>Lender seminar attendance</li> <li>Consumer confidence</li> <li>Business understanding of consequences of non-compliance</li> </ul>	Tauhokohoko tūkeke   Fair trade
		<ul style="list-style-type: none"> <li>Reliability of essential services (electricity distribution, electricity transmission, gas distribution, gas transmission, fibre and airports)</li> <li>Total unique views on key dashboards/reports produced</li> <li>The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: <ul style="list-style-type: none"> <li>electricity</li> <li>gas</li> <li>fibre</li> <li>airports</li> </ul> </li> </ul>	Ngā tino ratenga   Essential services





# Ā mātou pānga

## Our impacts

### Kaitiaki / Stewardship

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**‘New Zealanders, including Māori, have trust and confidence in the regulatory systems that we administer and enforce’**

In order to deliver on our strategic direction, we have identified ten short to mid-term impacts that will directly contribute to a particular outcome. The link from output to impact and outcome is demonstrated in the table here, as are the indicators we are using to demonstrate whether we are achieving our intent. Progress against these indicators is reported in our Annual Report.

### Māketē Whakataetae / Competitive Markets

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**‘New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice’**

### Tauhokohoko Tūkeke / Fair Trade

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**‘Consumers, including businesses, are informed, empowered and their interests are protected’**

### Ngā Tino Ratenga / Essential Services

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**‘Consumers can rely on essential services and get value for money’**

Our impacts	Impact indicators	Supporting output classes
<p>New Zealanders understand and value the Commerce Commission's role as regulator because we:</p> <ul style="list-style-type: none"> <li>are viewed as a modern and responsive regulator</li> <li>ensure our processes are open and transparent</li> <li>are visible and engage proactively with stakeholders</li> <li>support Māori to achieve their aspirations.</li> </ul>	<p>Upward trend in reputation and perception of the Commissions role by public sector entities, the public, Māori and stakeholders demonstrated via surveys.</p>	<p>Competition</p> <p>Market / Competition Studies</p> <p>Consumer - Fair Trading &amp; Credit</p> <p>Telecommunications (incl. Fibre)</p> <p>Grocery Sector Regulation</p> <p>Fuel</p> <p>Electricity Lines Services</p> <p>Gas Pipeline Services</p> <p>Specified Airport Services</p> <p>Dairy</p> <p>Part 4 - Input Methodologies (exc. 24/25)</p> <p>Part 4 - Economic Regulation Inquiries</p> <p>Major Litigation</p> <p>Retail Payment System</p>
<ul style="list-style-type: none"> <li>Anti-competitive conduct is deterred.</li> <li>Harmful concentration of market power is prevented.</li> <li>Barriers to entry, harm caused by imbalances in market power and information asymmetries are identified and reduced.</li> <li>For sectors we regulate, competition improves resulting in benefits to New Zealanders.</li> </ul>	<ul style="list-style-type: none"> <li>Business understanding of anti-competitive conduct increases measured by survey.</li> <li>Case studies on two of our interventions annually (a deterrence and a specific focus) demonstrate the effectiveness of the intervention.</li> <li>Ex post merger reviews conducted every two years demonstrate lessons learned are adopted by the Commission.</li> <li>Annual market case studies demonstrate a reduction in barriers to market entry, harm caused by imbalances in market power and information asymmetry.</li> </ul>	<p>Competition</p> <p>Market / Competition Studies</p> <p>Major Litigation</p> <p>Grocery sector regulation*</p> <p>Retail Payment System*</p> <p>Telecommunications (incl. Fibre) *</p> <p>Fuel *</p> <p><i>* indicates the inclusion in the output class of an annualised measure and target to indicate how well competition is delivering for consumers based on an assessment of structure, performance and conduct. Refer output class 'how we measure our performance' for detail.</i></p>
<ul style="list-style-type: none"> <li>Consumers have the information they need to know their rights and make informed choices.</li> <li>Businesses have the information they need to know their obligations.</li> <li>Consumer interests are protected.</li> </ul>	<ul style="list-style-type: none"> <li>Consumer understanding increasing over time demonstrated via annual survey.</li> <li>Annual survey of businesses demonstrates an understanding of obligations gained by information provided by the Commission.</li> <li>(CCCF Act only) - Percentage of certified lenders attending seminars conducted by the Commission into CCCFA compliance increases.</li> <li>Consumer confidence in our enforcement approach and business understanding of the consequences of non-compliance increases as measured via annual survey.</li> </ul>	<p>Consumer - Fair Trading &amp; Credit</p> <p>Major Litigation</p> <p>Grocery sector regulation</p> <p>Retail Payment System</p>
<ul style="list-style-type: none"> <li>Essential service providers are delivering services of appropriate quality at reasonable cost.</li> <li>The performance of essential services is monitored and reported on to enable effective public scrutiny.</li> <li>The ability to extract excessive profits for essential infrastructure is limited.</li> </ul>	<ul style="list-style-type: none"> <li>Reliability measures (refer detail descriptions in SOI 2023-27) are maintained.</li> <li>Number of unique users accessing increases as reported through Commission dashboards and monitoring reports related to essential services.</li> <li>Publicly disclosed information analysed by the Commission shows weighted average industry return ratios are within reasonable bounds.</li> </ul>	<p>Telecommunications (incl. Fibre)</p> <p>Fuel</p> <p>Electricity Lines Services</p> <p>Gas Pipeline Services</p> <p>Specified Airport Services</p> <p>Part 4 - Input Methodologies (exc. 24/25)</p> <p>Part 4 - Economic Regulation Inquiries</p> <p>Major Litigation</p>



# Statement of Intent 2023–2027 impact indicators

2023/24 is the first year we report against impact indicators from the outcomes framework set out in our Statement of Intent 2023–2027. Below, we provide the baseline assessment for the indicators that apply to each of the outcomes by output class including contextual information and the methodology involved.

## Outcome: Kaitiaki | Stewardship

### Contextual information

Jointly with MBIE, we conduct an annual national survey (MBIE previously conducted it every two years) to find out what New Zealanders know about their consumer protection rights and whether they understand the Consumer Guarantees Act and Fair Trading Act compared to the CCCF Act. The survey findings are influenced by our stakeholder engagement work and help inform our regulatory work programmes. The most recent survey covers a calendar year rather than a financial year and was published in August 2024.

We conduct a national survey annually to understand whether our advocacy, education and enforcement work helps businesses understand their obligations under the legislation they must operate under. The results measure the understanding New Zealand businesses have of the Consumer Guarantees Act, Fair Trading Act, Commerce Act, CCCF Act, Retail Payment System Act and Grocery Industry Competition Act, including their confidence that other businesses are complying. This is the first year that the Grocery Industry Competition Act was included in the business survey.

Each year, we conduct a stakeholder survey to understand how we are viewed by our key stakeholders, what their engagement experiences and expectations are and how effective our stakeholders think we are at regulating their respective markets.

### Outcome

Impact	Indicator	Indicator measure	Target/ direction of travel	2023/24 Actual	2022/23	Baseline
<b>Kaitiaki   Stewardship</b> New Zealanders understand and value the Commission's role as regulator because we are: <ul style="list-style-type: none"> <li>viewed as a modern and responsive regulator</li> <li>visible and engaging proactively with stakeholders</li> <li>supporting Māori to achieve their aspirations through our work and engagement</li> <li>ensuring our processes are open and transparent</li> </ul>	Public sector reputation index	Verian carries out an annual survey measuring perceptions of public sector entities.	Public sector reputation rating trending up	98 <sup>19</sup>	104	98
	Perception of openness	This is a new measure that will use the consumer and business annual surveys to determine public perception.	Consumer and business perception of openness trending up	44% <sup>20</sup> consumers 47% <sup>21</sup> businesses	New measure	N/A
	Māori perceptions of the Commission	This is a new measure that will use the stakeholders survey to measure perceptions from Māori.	Māori perceptions of the Commission trending up	Not reported because of small sample size	Not reported because of small sample size	N/A
	Perception of engagement	The Commission will undertake an annual stakeholder survey to determine stakeholder perception about engagement.	Stakeholder perception of engagement trending up	62% <sup>22</sup>	57%	N/A

19 The index is based on survey responses across 6 reputation attributes, which each sit under one of four pillars: trust, social responsibility, leadership and fairness. The fieldwork for this annual survey of 3,541 New Zealanders (nationally representative sample by age, gender, region, ethnicity and education level) was conducted between 14 March and 29 March 2023.

20 The 2023/24 consumer survey asked consumers if they agreed or disagreed that the "Commerce Commission perceived as transparent and open in its processes".

21 The 2023/24 business survey asked businesses "How strongly do you agree or disagree that the Commerce Commission is transparent and open".

22 The stakeholder survey asks stakeholders "How well do you believe the Commerce Commission performs in how they communicate and engage?"

## Commentary

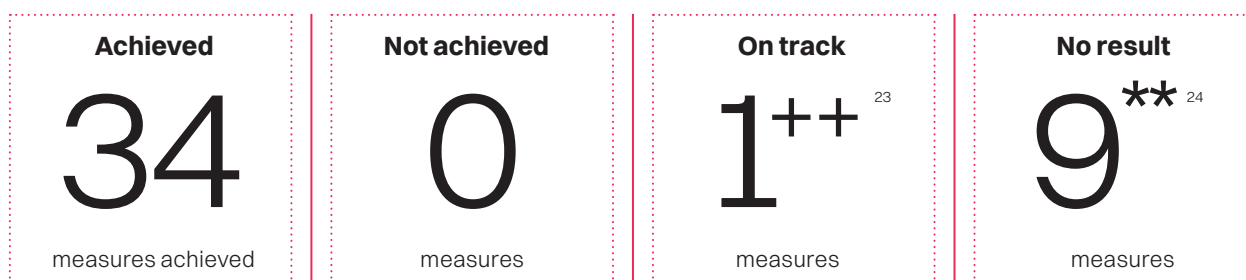
The Commission continues to focus on being visible and engaging proactively with stakeholders, and results indicate a modest increase in the percentage of stakeholders agreeing that the Commerce Commission communicates and engages well.

This is the first year that we have measured whether consumers and businesses agree that the Commerce Commission is transparent and open in its processes.

The number of Māori participating in the stakeholder survey is too small to be able to report on whether Māori value the way the Commission engages with Māori or agree that the Commission engages genuinely to understand Māori needs and aspirations.

## 2023/24 summary output class measure results

We achieved 34 of our 44 output measures (77%).



\*\* This relates to one competition and one consumer output measure.

++ This relates to one input methodologies and one water regulation output measure.

\*\*\* This relates to one competition, one gas pipeline services and one specified airport services output measure.

## 2023/24 Strategic impact indicators

The 2023/24 strategic outcome indicators results are reported and discussed in the following section on pages 66 to 113.

<sup>23</sup> The one 'On track' result relates to one market studies output measure.

<sup>24</sup> The nine 'No result' total relates to one competition, one electricity lines services, one gas pipeline services, one specified airport services, four grocery sector regulation and one Part 4 inquiries output measures.





# Tirohanga whakataetae, māketē hoki, kiritaki

## Competition, market studies and consumer

### Contextual information

**This output class area relates to the output measures and financial budgeting information relating to our role under the:**

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

### Appropriation funding

The table below shows the funding made available by the Crown through the Estimates of Appropriations and Supplementary Estimates of Appropriations compared to that recognised by the Commission in the year for our competition, consumer and competition studies appropriations.

2023/24 funding	Estimates \$000	Supplementary Estimates \$000	Actual \$000	Actual vs Supplementary Estimates \$000
<b>Vote Business, Science and Innovation: Enforcement of General Market Regulation MCA</b>				
<b>Enforcement of Competition Regulation</b>				
Revenue - Crown	12,075	12,075	12,075	-
<b>Enforcement of Consumer Regulation</b>				
Revenue - Crown	20,892	20,892	20,892	-
<b>Total</b>	<b>32,967</b>	<b>32,967</b>	<b>32,967</b>	-
<b>Vote Business, Science and Innovation: Competition Studies</b>				
Revenue - Crown	2,965	3,515	3,399	(116)

# Whakataetae Competition

## Contextual information

**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.**

The purpose of these measures is to capture the regulatory decisions completed during the year relating to mergers, cartel work and competition investigations under the Commerce Act. These measures are the tools we use to ensure appropriate review and sign-off for our investigations where decisions to take enforcement action are recommended. They are also to drive timeliness.

A key part of quality assurance (incorporating both quality and timeliness measures) includes meeting prioritisation criteria for case selection (in accordance with our Enforcement Response Guidelines, which are publicly available). Cases are subject to ongoing oversight and a robust review process against criteria before a decision is made to take enforcement action.

Competition output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Percentage of merger clearance decisions made within 40 working days when no statement of issues is published	100%	75%	50%	75%	86%	75%
<b>Commentary:</b> We decided 13 clearance applications in 2023/24 featuring local and international transactions covering a broad range of industries. Of these, six were decided with no statement of issues and all six were decided within 40 working days.						
Average number of working days from date of decision to date of publication of reasons for declined merger clearance applications	There were no declined clearances	10 days	There were no declined clearances	10 days	There were no declined clearances	There were no declined clearances
<b>Commentary:</b> There were no declined merger clearances in 2023/24.						
<b>Methodology:</b> This measure only applies to merger clearance applications that are made directly to the Commission and excludes those where an application was not made to us and where we made the decision to investigate.						
Number of Commerce Act 1986 matters completed	14	5-20	20	5-20	17	8
<b>Commentary:</b> This included nine cartel matters and five competition matters (involving other types of anticompetitive conduct).						



Competition output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Percentage of competition investigations decided within 18 months of the investigation being opened	93.75%	75%	95%	75%	83%	78%

**Commentary:** During the year, 16 investigations were decided. This included nine cartel matters, six competition matters (involving other types of anti-competitive conduct) and one merger matter.

**Methodology:** An investigation may be initiated from information we receive from a variety of sources such as complaints, leniency applications relating to cartels, intelligence, media, information received from other agencies or through other the work the Commission is undertaking.

Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response meeting our internal process quality standards	100%	100%	100%	100%	100%	100%
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**Commentary:** This measure was met for the 2023/24 financial year. All decisions to take high-level enforcement action were made by the Commerce Act Division and followed our internal processes.

**Methodology:** Decisions to take high-level enforcement action are made by the Commerce Act Division

We have met all our competition timeliness and performance measures for the 2023/24 financial year. Our competition work is funded through the multi-category appropriation Vote Business, Science and Innovation: Enforcement of General Market Regulation - Enforcement of Competition Regulation.

Competition	2023/24 Actual	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	12,075	12,507	11,879	11,879	13,289
Other revenue	480	296	351	213	295
Total operating revenue	12,555	12,803	12,230	12,092	13,584
Total operating expense	12,541	12,803	12,265	12,092	12,316
SURPLUS/(DEFICIT)	14	-	(35)	-	1,268

Expenditure in the competition output class was lower than budget due to finding efficiencies on cartel investigations and competition engagement activities in 2023/24.

# Statement of Intent 2023–2027 impact indicator

## Outcome: Māketē whakataetae | Competitive markets

<b>Māketē whakataetae   Competitive markets</b>					
<b>New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice</b>					
Outcome					
Impact	Indicator	Indicator measure	Target/direction of travel	2023/24	2022/23
Anti-competitive conduct is deterred	Business understanding of anti-competitive conduct	The Commission will use the annual survey of businesses to ascertain if they know their obligations under competition laws and the consequences of non-compliance. The annual survey will ascertain if businesses know their obligations and risks and consequences under Parts 2 and 3 of the Commerce Act.	Business understanding increasing	55% <sup>25</sup>	60%
				42% <sup>26</sup>	New measure

**Contextual information:** The results of the business survey measure the understanding New Zealand businesses have of the Consumer Guarantees Act, Fair Trading Act, Commerce Act, CCCF Act and Retail Payment System Act, including their confidence that other businesses are complying. The results from a business survey in 2023 reported in the 2022/23 Annual Report were analysed and reported against the Statement of Intent 2020–2024 and the strategic indicators. This is the first time for reporting to the new outcomes framework and impact indicators.

Deterrence case study	The Commission will undertake two case studies per year that will outline the activities the Commission undertakes. One case study will focus on general deterrence and the second one will have a specific focus on either: <ul style="list-style-type: none"> <li>• anti-competitive agreement or</li> <li>• misuse of market power.</li> </ul>	Two case studies undertaken that demonstrate the Commission's interventions	Achieved. Refer to case study 2 on page 23 and case study 3 on page 23.
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**Contextual information:** The way that markets function affects the affordability of goods and services. Businesses should have incentives 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.

**Methodology:** Case studies on two of our interventions annually (a deterrence and a specific focus) demonstrate the effectiveness of the intervention:

- Case study 2: Anti-competitive covenants: Foodstuffs North Island (see page 23)
- Case study 3: Criminal cartel prosecution: bid rigging in public procurements (see page 23)

<sup>25</sup> Result from NZ Business Survey (% of businesses that have moderate or good understanding of Commerce Act).

<sup>26</sup> Result from NZ Business Survey assessment of businesses' understanding of the consequences of non-compliance for Commerce Act.



**Māketē whakataetae | Competitive markets**

**New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice**

**Outcome**

Impact	Indicator	Indicator measure	Target/direction of travel	2023/24	2022/23
Harmful concentration of market power is prevented	Ex-post review of mergers.	The Commission will, every two years, undertake an ex-post review of its merger decisions to improve the operation of the mergers regime.	Lessons learned from ex-post reviews are adopted by Commission.	Achieved.	N/A

**Contextual information:** 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.

**Methodology:** On 29 February 2024, we released a report<sup>27</sup> of our findings following a review of 13 merger applications assessed between 2014 and 2019. Merger clearance decisions require a forward-looking assessment of the risk that competition will be substantially lessened. This review sought to determine whether specific aspects of a decision – such as the likelihood of new entry – had played out as expected rather than whether specific decisions were correct or not. Reviews of past merger decisions are undertaken by competition authorities around the world to identify meaningful lessons and insights, which can help to improve merger investigation efficiency and decisions.

We have met the requirements of our competition indicators for the 2023/24 financial year.

<sup>27</sup> [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0022/344830/Ex-post-merger-review-report-29-February-2024.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0022/344830/Ex-post-merger-review-report-29-February-2024.pdf)

# Tirohanga māketē

## Market studies

### Contextual information

**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 suboptimally.**

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.

Market studies output measure	2023/24 Actual	Target	2022/23 Actual	Target	2021/22
All competition studies undertaken are completed within agreed timeframes	On track	Achieved	Achieved	Achieved	Achieved

**Commentary:** On 20 June 2023, the Government asked us to carry out a 14-month long study into personal banking services in New Zealand. Our final report was published on 20 August 2024. Our residential building supplies market study was completed in the 2022/23 financial year, meaning no market study was due to be completed in the 2023/24 financial year. Therefore, we have recorded this measure as on track rather than achieved.

Our market studies work is funded through Vote Business, Science and Innovation: Competition Studies.

Market studies	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	3,399	3,465	2,569	3,022	2,686
Other revenue	89	62	70	14	31
Total operating revenue	3,488	3,527	2,639	3,036	2,717
Total operating expense	3,488	3,527	2,639	3,036	2,717
SURPLUS/(DEFICIT)	-	-	-	-	-

Market studies output class expenditure was materially on budget.

## Statement of Intent 2023–2027 impact indicator

### Outcome: Māketē whakataetae | Competitive markets

<b>Māketē whakataetae   Competitive markets</b>					
<b>Outcome: New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice</b>					
<b>Impact</b>	<b>Indicator</b>	<b>Indicator measure</b>	<b>Target/direction of travel</b>	<b>2023/24</b>	<b>2022/23</b>
Barriers to entry, harm caused by imbalances in market power and information asymmetries are identified and reduced.	Market case studies	The Commission will undertake case studies, on an annual basis, to review activity that demonstrates a reduction in: <ul style="list-style-type: none"> <li>• barriers to market entry</li> <li>• harm caused by imbalances in market power</li> <li>• information asymmetry.</li> </ul>	Market case studies identify changes (in markets, government policy etc.) that are likely to lower barriers to entry, harm from imbalances, information asymmetry over time	N/A	N/A
<b>Contextual information:</b> In a financial year where we complete a market study, this study would be used in the corresponding Annual Report for the SOI indicator as the case study.					

# Kiritaki

## Consumer (including fair trading and credit)

### Contextual information

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

We seek to ensure that consumers are not misled when buying products and services and are protected when entering consumer loans. We also enforce the rules relating to product safety, consumer information standards and other unfair trading practices that disadvantage both consumers and other businesses.

To assess our performance, we measure the number of regulatory matters brought through formal internal processes for assessment and their timeliness. Our quality assurance and sign-off processes are to ensure the appropriateness, prioritisation and proportionality of our regulatory actions.

The targets for each of the four Fair Trading Act-related output performance measures were either met or exceeded. We have increased our performance when comparing this year's results to the 2022/23 financial year, increasing both the product safety and consumer information standards and Fair Trading Act matters completed and increasing the percentage of Fair Trading Act investigations decided within 12 months of the investigations being opened from 97% to 98%.

The completion of 125 matters under the CCCF Act significantly exceeds both the target, and the prior year average and reflects the completion of:

- 61 routine matters (comparable with the target of 50)
- two proactive monitoring projects and 46 individual outcomes
- 16 matters relating to non-notification of prescribed changes (following a change in our enforcement approach for certification breaches).

Two separate quality assurance processes are used to assess the internal process quality measure that applies to investigations under the Fair Trading Act and the CCCF Act.

Because two different internal assessments are used, we have recorded the result for each measure. A key part of the quality assurance (incorporating both quality and timeliness) includes prioritisation criteria for case selection, ongoing oversight and a robust review process before a decision is made to take enforcement action by the Consumer Division under delegated authority.

Consumer output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of product safety and information standards matters completed	139	At least 75	126	At least 75	54	109
<b>Methodology:</b> The many matters principally concerning product safety standards or consumer information standards are decided within the relevant financial year. Each matter indicates an intervention with a trader about conduct that may breach the provisions of the Act that relate to product safety standards or consumer information standards.						
Number of Fair Trading Act 1986 matters completed	211	At least 175	195	At least 175	192	316
<b>Methodology:</b> Each matter completed indicates an intervention with a trader about conduct that may breach the provisions of the Act (excluding those that principally relate to product safety standards or consumer information standards).						
Percentage of Fair Trading Act 1986 investigations decided within 12 months of the investigation being opened	98%	95%	97%	95%	95%	97%
<b>Methodology:</b> This is a timeliness measure that recognises the need for timely interventions in investigations while taking account of natural justice considerations for those being investigated.						
Number of Credit Contracts and Consumer Finance Act 2003 matters	125	At least 50	55	At least 50	64	54
<b>Methodology:</b> 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.						
Percentage of Credit Contracts and Consumer Finance Act 2003 investigations decided within 18 months of the investigation being opened	96%	95%	95%	95%	97%	98%
<b>Methodology:</b> 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 check-ins on the investigation life cycle) to assess whether these investigations are moving at the right pace (based on complexity and other factors).						
Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response meeting our internal process quality standards	100%	100%	100%	100%	100%	100%
<b>Methodology (credit):</b> This measure assesses whether matters that result in court action, statutory undertaking or a negotiated settlement response have been through appropriate quality assurance processes.						
Percentage of investigations involving a court action, statutory undertaking or negotiated settlement response meeting our internal process quality standards	100%	100%	100%	100%	100%	100%
<b>Methodology (fair trading):</b> This measure assesses whether there has been appropriate review and sign-off for those Fair Trading Act investigations where our more intrusive powers are recommended.						



Consumer output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
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 <sup>28</sup>	100%	95%	58%	75%	77%	New measure

**Methodology:** 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.

Our consumer work is funded through the multi-category appropriation Vote Business, Science and Innovation: Enforcement of General Market Regulation – Enforcement of Consumer Regulation.

Consumer (including fair trading and credit)	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue – Crown	20,892	21,145	19,123	19,123	19,084
Other revenue	962	873	865	509	1,430
Total operating revenue	21,854	22,018	19,988	19,632	20,514
Total operating expense	22,313	21,955	20,153	19,720	19,167
SURPLUS/(DEFICIT)	(459)	63	(165)	(88)	1,347

Expenditure in the consumer output class was higher than budget because of greater resourcing dedicated to meeting higher than expected demand in consumer (fair trading and credit).

<sup>28</sup> In previous years, this measure was applications processed within 30 working days.

# Statement of Intent 2023–2027 impact indicator

## Outcome: Tauhokohoko tōkeke | Fair trade

### Contextual information

In 2023, we refreshed our Statement of Intent and included new impact indicators for fair trade – consumers, including businesses, are informed, empowered and their interests are protected.

We have measured our performance against these new indicators by reference to our annual survey of consumers, an annual survey of businesses and the attendance of lenders at the Commission’s quarterly online seminars.

For some indicators, the 2023/24 survey results provide the baseline data. Where available, we have included a comparison to 2022/23 survey data.

### Survey data

In 2024, MBIE and the Commission jointly commissioned a national consumer survey.<sup>29</sup> The survey asked New Zealanders about their consumer protection rights and what they understood about the Consumer Guarantees Act, Fair Trading Act and CCCF Act.

Consumers were surveyed between 15 March and 2 April 2024. The survey was published in August 2024.<sup>30</sup> Survey findings contribute to work prioritisation and MBIE’s ongoing assessment of the consumer regulatory system and the policy that they develop.

We also survey businesses about their understanding of the consequences of non-compliance with the Consumer Guarantees Act, Fair Trading Act, Commerce Act and CCCF Act. Businesses were also asked about their confidence that other businesses are complying.<sup>31</sup> Businesses were surveyed between 23 July and 5 August 2024. The business survey results help us understand whether our advocacy, education and enforcement work helps businesses understand their obligations.

Tauhokohoko tōkeke   Fair trade					
Consumers, including businesses, are informed, empowered and their interests are protected					
Outcome					
Impact	Indicator	Indicator measure	Target/direction of travel	2023/24	2022/23
Consumers have the information they need to know their rights and make informed choices.	Consumer understanding of their rights	The Commission will use the annual survey of consumers to ascertain if they have the right information to understand their rights under the appropriate legislation and to make informed choices.	Consumer understanding increasing over time	56% <sup>32</sup>	55%

29 Previous surveys were commissioned by MBIE Consumer Protection biennially in 2018, 2020 and 2022.

30 NZ Consumer Survey 2024.

31 Business Survey 2023.

32 The 2023/24 consumer survey featured new questions. The question for this indicator is “Confident that I have enough information about my rights as a consumer when purchasing products or services”. The 55% result uses the closest question from the previous survey that aligns with the new Statement of Intent impact indicators: “If confident that they have enough information about their rights relating to the purchase of products and services”.

**Tauhokohoko tōkeke | Fair trade**  
**Consumers, including businesses, are informed, empowered and their interests are protected**

**Outcome**

Impact	Indicator	Indicator measure	Target/direction of travel	2023/24	2022/23
<p><b>Commentary:</b> Survey respondents were asked if they are confident that they have enough information about their rights as a consumer when purchasing products or services. While the 2023/24 result is in line with the 2022/23 result, the most recent survey also found that consumers' awareness of us and usage of services has increased. For those consumers who experienced a problem, 54% reported that the problem was resolved, a significant improvement since 2022/23 (47%). Awareness of consumer rights and laws in New Zealand in general has remained consistently high over the years. 89% of respondents report awareness of the Consumer Guarantees Act, 90% are aware of the Fair Trading Act and 62% are aware of the CCCF Act. We have observed a significant increase in 2024 of respondents saying that they know a moderate amount about their rights and consumer laws (43%) or a lot about their rights and laws (12%). This compares to 40% and 5% respectively in 2022. In 2023/24, we provided guidance and advice to consumers and information to communicate significant enforcement outcomes likely to be of general interest. Social media was used extensively to engage with and educate New Zealand consumers about their rights.</p>					
Businesses have the information they need to know their obligations.	Business understanding of obligations and consequences	The Commission will use the annual survey of businesses to ascertain if they know their obligations.	Understanding of obligations	84% Fair Trading Act <sup>33</sup>	85% Fair Trading Act
<p><b>Commentary:</b> Awareness of the legislation above is not required by all survey respondents (only lenders are obliged to have CCCF Act awareness). We note that, through this reporting period, the CCCF Act has been undergoing significant reform, which may have impacted business understanding of the obligations and consequences. Throughout 2023/24, we posted key information on our website such as new and refreshed guidance for businesses and consumers. Staff have attended and spoken at a range of business and industry events providing information and guidance on compliance. We have produced newsletters and social media campaigns designed to raise awareness of legal obligations and the consequences of non-compliance. Enforcement outcomes have been publicised.</p>					
	Lender seminar attendance	Lender seminar attendance - the Commission undertakes regular lender seminars to provide information about how to comply with Credit Contracts and Consumer Finance Act obligations.	Percentage of certified lenders attending seminars increasing	34% <sup>34</sup>	N/A <sup>35</sup>
<p><b>Commentary:</b> This is a new indicator and measure introduced in our Statement of Intent 2023–2027. Quarterly online seminars were run during 2023/24 for lenders and various industry stakeholders. Seminars provided in-depth information of specific areas of CCCF Act compliance. The online seminar delivered in March 2024 was attended by over 300 individuals representing 155 lenders. This equates to 34% of the 460 lenders certified as of 3 April 2024. Real-time feedback indicated that lenders found the session useful for understanding how to comply with their CCCF Act obligations. We will continue to deliver these sessions quarterly and will look to increase awareness and attendance through our stakeholder engagement channels.</p>					
Consumer interests are protected.	Consumer confidence	The Commission, through the annual consumer survey, will measure consumer confidence in our enforcement approach.	Consumer confidence increasing over time	41% <sup>36</sup>	34%

33 The survey question was "Please rate your understanding of the Fair Trading Act/Credit Contracts and Consumer Finance Act that apply to businesses in New Zealand".

34 The result for this impact indicator is not informed by either the consumer or business survey. It is based on records of the lender webinar attendance.

35 We did not have this indicator in 2022/23. The 2023/24 result is the baseline for this new measure.

36 Consumers were asked how much they agreed or disagreed with the statement "laws that prohibit businesses from misleading or deceiving consumers are adequately enforced".

**Tauhokohoko tōkeke | Fair trade**  
**Consumers, including businesses, are informed, empowered and their interests are protected**

**Outcome**

Impact	Indicator	Indicator measure	Target/direction of travel	2023/24	2022/23
<p><b>Commentary:</b> Consumers are also more likely to state that there is adequate enforcement of the laws that prohibit businesses from misleading or deceiving consumers. The proportion of consumers who answer “don’t know” to this survey question has significantly declined in 2024 (11% compared to 21% in 2022 and 2020 and 25% in 2018), indicating a stronger opinion on the adequacy of enforcement. There has also been an increase in consumers complaining to an enforcement agency or government organisation - 14% compared to 8% in 2022. The results suggest that consumers are more proactive than previously as 27% left a review or comment about a problem they experienced (compared to 17% in 2022), 24% sought information or advice (compared to 19%) and 17% contacted a dispute resolution service (compared to 11%).</p>					
Consumer interests are protected.	Business understanding of consequences of non-compliance	The Commission, through the annual business survey, will determine businesses’ understanding of the consequences of non-compliance.	Business understanding increasing over time	58% Fair Trading Act <sup>37</sup>	New measure

**Commentary:** In 2023/24, we continued to communicate enforcement outcomes via general media. We have also produced newsletters for businesses covering obligations and drawing attention to the consequences for those businesses that have not complied. New and updated guidance for businesses and consumers has been published and our staff have attended and spoken at a range of business events providing information and guidance. We have an active social media presence using various channels to reach both consumers and businesses.

37 Businesses were asked to rate their understanding of their obligations and of potential fines under the Fair Trading Act.



# Ngā ture ohaoha

## Economic regulation

This section describes output measures and financial information relating to our role under the:

### **Telecommunications Act 2001**

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### **Commerce Act 1986 (Part 4):<sup>38</sup>**

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- Electricity lines services
  - Gas pipeline services
  - Specified airport services
  - Input methodologies
  - Part 4 inquiries
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### **Fuel Industry Act 2020**

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### **Retail Payment System Act 2022**

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### **Dairy Industry Restructuring Act 2001**

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### **Grocery Industry Competition Act 2023**

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### **Water Services Entities Act 2021 and Water Services Economic Efficiency and Consumer Protection Act 2023 (subsequently repealed February 2024).**

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<sup>38</sup> The output class and financial material under Part 4 of the Commerce Act is structured around our work involving electricity lines services, gas pipeline services, specified airport services, input methodologies and Part 4 inquiries.



## Appropriation funding changes

The table below shows the funding made available by the Crown through the Estimates of Appropriations and Supplementary Estimates of Appropriations compared to that recognised by the Commission in the year for each of our economic regulation appropriations.

Economic regulation 2023/24 funding	Estimates \$000	Supplementary Estimates \$000	Actual \$000	Actual vs Supplementary Estimates \$000
<b>Vote Business, Science and Innovation: Regulation of Telecommunications Services 2022-2025 (MYA)</b>				
Cumulative funding to 1 July 2023	14,500	12,043	12,043	-
Revenue - Crown	15,787	18,244	16,841	(1,403)
Cumulative funding to 30 June 2024	30,287	30,287	28,884	(1,403)
Remaining appropriation	15,787	15,787	17,190	1,403
Total appropriation	46,074	46,074	46,074	-
<b>Vote Business, Science and Innovation: Enforcement of General Market Regulation MCA - Liquid Fuels Monitoring and Enforcement</b>				
Revenue - Crown	5,775	5,775	5,775	-
<b>Vote Business, Science and Innovation: Regulation of Electricity Lines Services 2019-2024 (MYA)</b>				
Cumulative funding to 1 July 2023	27,320	25,473	25,473	-
Revenue - Crown	11,245	13,092	12,224	(868)
Cumulative funding to 30 June 2024	38,565	38,565	37,697	(868)
Remaining appropriation	-	-	868	868
Total appropriation	38,565	38,565	38,565	-
<b>Vote Business, Science and Innovation: Regulation of Gas Pipeline Services 2019-2024 (MYA)</b>				
Cumulative funding to 1 July 2023	9,853	8,994	8,994	-
Revenue - Crown	3,168	4,027	2,927	(1,100)
Cumulative funding to 30 June 2024	13,021	13,021	11,921	(1,100)
Remaining appropriation	-	-	1,100	1,100
Total appropriation	13,021	13,021	13,021	-

<b>Economic regulation 2023/24 funding</b>	<b>Estimates \$000</b>	<b>Supplementary Estimates \$000</b>	<b>Actual \$000</b>	<b>Actual vs Supplementary Estimates \$000</b>
<b>Vote Business, Science and Innovation: Regulation of Specified Airport Services 2019–2024 (MYA)</b>				
Cumulative funding to 1 July 2023	1,495	1,673	1,673	-
Revenue - Crown	1,268	1,090	812	(278)
Cumulative funding to 30 June 2024	2,763	2,763	2,485	(278)
Remaining appropriation	-	-	278	278
Total appropriation	2,763	2,763	2,763	-
<b>Vote Business, Science and Innovation: Enforcement of General Market Regulation MCA – Retail Payment Systems Administration and Enforcement</b>				
Revenue - Crown	5,111	5,111	5,111	-
<b>Vote Business, Science and Innovation: Review of Commerce Act Input Methodologies for Economic Regulation for the Period 2021–2024 (MYA)</b>				
Cumulative funding to 1 July 2023	6,017	5,472	5,472	-
Revenue - Crown	1,983	2,528	2,528	-
Cumulative funding to 30 June 2024	8,000	8,000	8,000	-
Remaining appropriation	-	-	-	-
Total appropriation	8,000	8,000	8,000	-
<b>Vote Business, Science and Innovation: Enforcement of Dairy Sector Regulation and Monitoring of Milk Price Setting</b>				
Revenue - Crown	2,348	2,348	1,570	(778)
<b>Vote Business, Science and Innovation: Grocery Sector Regulation</b>				
Revenue - Crown	6,979	7,286	7,286	-
<b>Vote Business, Science and Innovation: Enforcement of General Market Regulation MCA – Transition and Implementation of Economic Regulation and Consumer Protection Regime of Three Waters</b>				
Revenue - Crown	2,387	2,687	2,687	-
<b>Vote Business, Science and Innovation: Economic Regulation Inquiries</b>				
Revenue - Crown	-	1,000	-	(1,000)

# Statement of Intent 2023–2027 impact indicator

## Outcome: Ngā tino ratonga | Essential services

Below we provide the baseline assessment for impact indicators relating to our essential services outcome that consumers get quality and value from reliable essential services. We have grouped the performance information by impact as the impact indicators and underlying context and methodology are similar across the essential service sectors we regulate (electricity, gas, airports and telecommunications).

<b>Ngā tino ratonga   Essential services Consumers get quality and value from reliable essential services</b>			
<b>Outcome</b>	<b>Essential service providers are delivering services of appropriate quality and at reasonable cost.</b>		
<b>Impact</b>	<b>Reliability of essential services</b>		
<b>Indicator</b>	<b>Target/direction of travel</b>	<b>2023/24 Actual (Baseline)</b>	<b>2022/23</b>
Electricity distribution - unplanned SAIDI (System Average Interruption Duration Index).	Reliability measures are maintained	410.60	New measure 2023/24
Electricity distribution - unplanned SAIFI (System Average Interruption Frequency Index).		1.98	New measure 2023/24
Electricity transmission - unplanned HVAC (High-Voltage Alternating Current) circuit unavailability (%).		0.49%	New measure 2023/24
Electricity transmission - unplanned HVDC (High-Voltage Direct Current) bi-pole unavailability (%).		0.05%	New measure 2023/24
Gas distribution - unplanned SAIDI.		263.27	New measure 2023/24
Gas transmission - number of unplanned interruptions.		9	New measure 2023/24
Fibre - average unplanned downtime for customers.		1.46	New measure 2023/24
Airport - average Airport Service Quality Survey (ASQ) Score.		3.97	New measure 2023/24

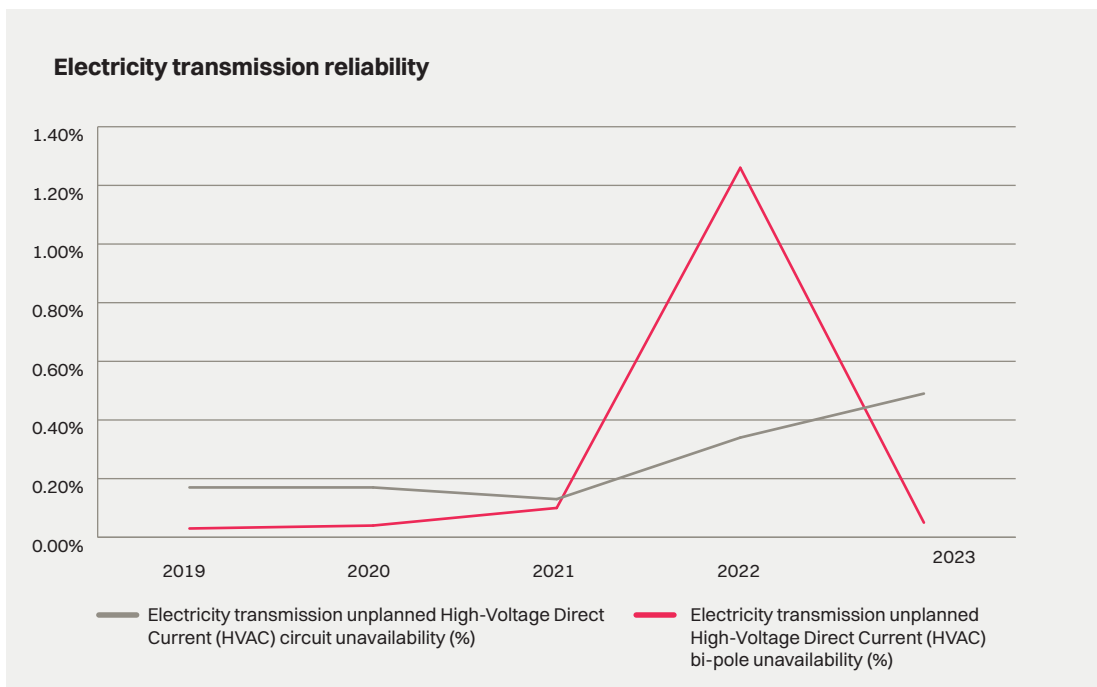
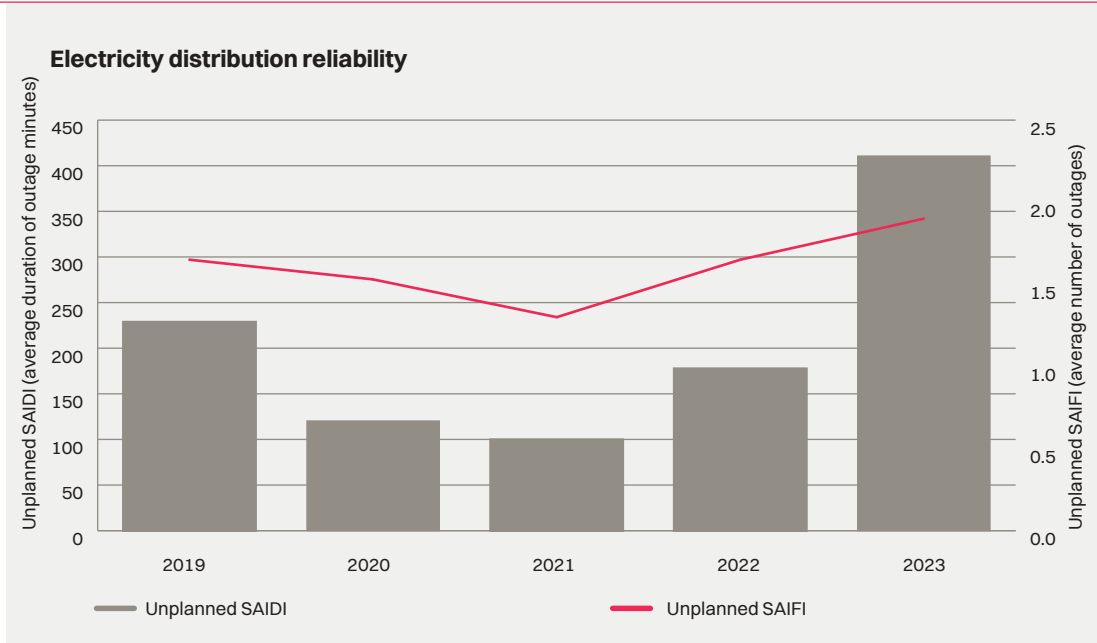
**Contextual information:** This impact indicator focuses on the quality aspect of regulated entity performance by assessing a range of reliability indicators across different regulated sectors. All regulated suppliers are required to provide a range of performance information as part of annual requirements under information disclosure regulation, including on quality performance. We use this information to make an assessment about the relevant network performance and reliability impact indicator.

**Methodology:** For the electricity, gas and fibre essential infrastructure sectors, we have selected reliability measures that focus on unplanned outages on the different networks. Unplanned outages provide a better indicator of overall network reliability and resilience. The reliability indicators for electricity are unplanned SAIDI and unplanned SAIFI for electricity distribution businesses (EDBs) and unplanned HVAC circuit unavailability and unplanned HVDC bi-pole unavailability for Transpower. SAIDI is the total duration of outages over the year per customer on average, and SAIFI is the number of outages over the year per customer on average. The reliability indicators for gas are unplanned SAIDI for gas distribution businesses and the number of unplanned interruptions for gas transmission. The reliability indicator for fibre is the average unplanned downtime for customers in minutes. Unplanned downtime means the length of time a connection has a fault such as an unplanned outage or a reduction in the performance of the network below specified levels. For airport reliability, we use the average Airport Service Quality survey score for each airport (across both domestic and international terminals) using a scale of 1–5.

Below we provide the 2023/24 result and accompanying commentary for each essential service sector. Where possible, we also provide graphical presentation of the relevant data from prior years to give context to the 2023/24 result and commentary.

## Commentary

Electricity<sup>39</sup>



There has been a small increase in the number of outages experienced on average by electricity consumers and a material increase in their average length in 2023/24.

There are three main reasons outages are lasting longer:

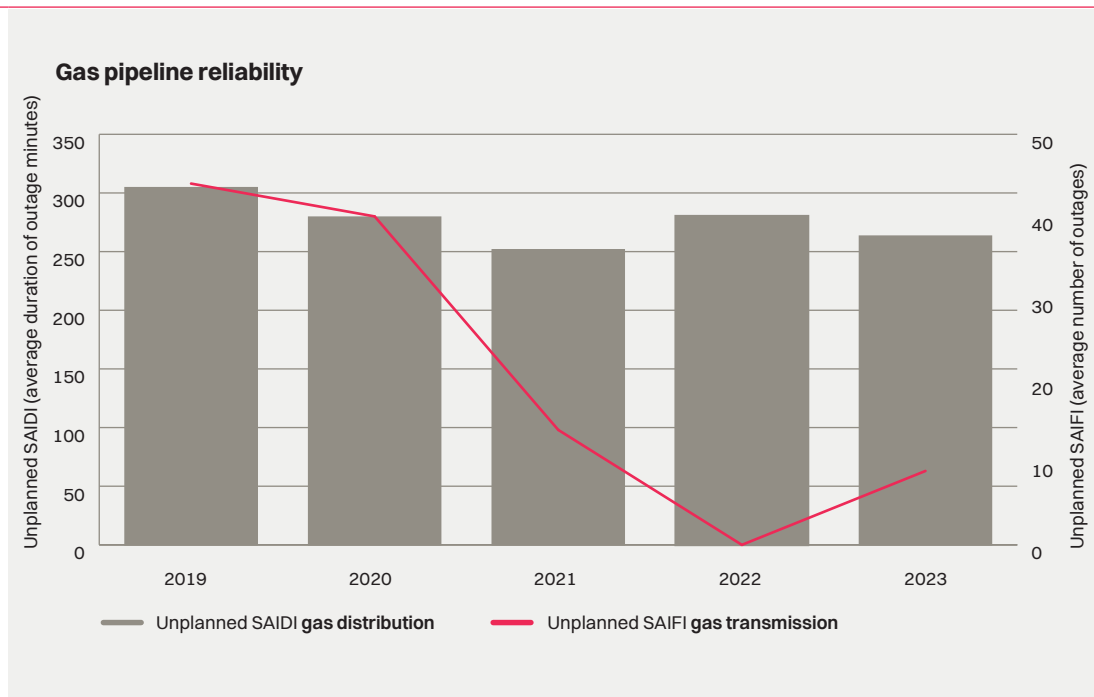
- Increased adverse weather and vegetation-related events especially due to Cyclone Gabrielle and the Auckland weather event.
- Powerco and Aurora Energy moved to a customised price path for 2018–2023 and 2021–2026 (respectively), which permitted a higher level of planned and unplanned SAIDI to allow for major network upgrades.
- Some local lines companies implemented operational changes to reduce health and safety risks such as reducing the extent to which they work on power lines when they are still live.<sup>40</sup>

We continue to monitor this area of performance and address non-compliance with quality standards when it occurs.

For electricity transmission, the network continues to provide a high level of reliability with unavailability below 0.5% across the national grid in 2023/24.

<sup>39</sup> The information we use for electricity lines services relates to the 2023 disclosure year, with the 2023/24 actual for these measures based on the aggregate disclosures for the year ended 31 March 2023 for all EDBs and the year ending 30 June 2023 for Transpower.

<sup>40</sup> Further information and analysis of EDB performance can be accessed in our [Trends in local lines company performance](#) published in June 2024.



We consider that the reliability measures for gas pipelines businesses are being maintained and that regulated suppliers are continuing to provide reliable essential infrastructure for the benefit of New Zealanders.

Looking at the 2023/24 results, the average length of outage figure of 263.27 minutes is lower than three of the previous years other than 2021. The number of unplanned interruptions for gas transmission follows a similar pattern, with the 2023/24 result (of nine interruptions) higher than the previous year (2022/23) but lower than prior years - the number of interruptions varied between 14 and 44 in 2019-2021.

Fibre<sup>42</sup>

Noting the data limitations discussed below, we consider that the reliability measures for fibre service providers are being maintained and that regulated suppliers are providing reliable essential infrastructure for the benefit of New Zealanders.

The 2023/24 result (1.46 minutes) is lower than the previous year (2.08 minutes) when we first received data on network performance in accordance with information disclosure requirements established under the new fibre regime. Due to the fibre regime only being in place from 2022 onwards, we do not have data for prior years to provide a long-term trend.

The low unplanned downtime results can be attributed to fibre infrastructure being more modern (compared to electricity and gas infrastructure, which has been in place for some time) and the high level of investment involved in building fibre networks as part of the Ultra-Fast Broadband initiative. Fibre networks are new high-technology-based assets where the main fibre elements are predominantly underground and therefore not subjected to age-based failure or external factors such as storm events, vegetation and third-party interference.

Airports<sup>43</sup>

We are unable to assess whether the reliability measure for airports is being maintained because we only have reliable data for the 2023 disclosure year. ASQ passenger surveys were temporarily suspended due to COVID-19, with the Commission providing an exemption effective through to the quarter ended 30 June 2022 in light of the reduction in passenger numbers. The 2023/24 result of 3.97 is towards the upper end of the 1-5 scale, indicating a good level of service.

41 The information we use for gas pipeline services relates to the 2023 disclosure year, with the 2023/24 actual for these measures based on the aggregate disclosures for the year ended 30 June 2023 for Vector and GasNet and the year ending 30 September 2023 for First Gas and Powerco.

42 The information we use for fibre network services relates to the 2023 disclosure year, with the 2023/24 actual for these measures based on the aggregate disclosures for the year ended 31 March 2023 for Tuatahi First Fibre and Northpower Fibre, the year ending 30 June 2023 for Enable Networks and the year ending 31 December 2023 for Chorus Limited. In addition, 2022 values only include Chorus as ID-only providers were not required to disclose that information for that disclosure year.

43 The information we use for specified airport services relates to the 2023 disclosure year, with the 2023/24 actual for these measures based on the aggregate disclosures for the year ended 31 March 2023 for Wellington Airport and 30 June 2023 for Auckland and Christchurch Airports.



**Ngā tino ratonga | Essential services**  
**Consumers get quality and value from reliable essential services**

**Outcome**

**Impact** The performance of essential services is monitored and reported on to enable effective public scrutiny.

**Indicator** Reliability of essential services

Indicator measure	Target/direction of travel	2023/24 Actual (Baseline)	2022/23
Total unique views on key dashboards/reports produced for regulated electricity suppliers	Number of unique users accessing increases	19,747 views	- New measure 2023/24
Total unique views on key dashboards/reports produced for regulated gas suppliers		1,102 views	- New measure 2023/24
Total unique views on key dashboards/reports produced for regulated fibre suppliers		155 views	- New measure 2023/24
Total unique views on key dashboards/reports produced for regulated airport services		7,922 views	- New measure 2023/24

**Contextual information:** This impact indicator provides insight on how monitoring and analysing performance information and reporting on what we observe allows us to highlight the performance of regulated suppliers and ensure that consumers have access to the information they need. We publish databases on our website of information disclosures for all regulated suppliers that can be used for independent analysis. We also publish our own dashboards and reports that provide a summary and analysis of regulated suppliers' performance, including regulated airports' pricing decisions and revenue and reliability trends for local lines companies.

**Methodology:** We use Google Analytics to track external pageviews (or unique views) on all our webpages that provide information disclosure data and performance and analysis material. We are treating the total number of external pageviews accessing performance information for different regulated sectors (and how this changes over time) as a proxy for enabling effective public scrutiny. The 2023/24 results include both internal and external pageviews. A filter is being developed to exclude staff views in future reporting rounds. However, we will be unable to apply this filter retrospectively.

**Commentary:**<sup>44</sup> We consider that our total pageviews for 2023/24 demonstrate that our performance and analysis information is enabling effective public scrutiny and provides a strong baseline for continuous improvement.

<sup>44</sup> The 2023/24 actual is calculated based on the time period commencing 1 July 2023 and ending 30 June 2024.

## Ngā tino ratonga | Essential services

### Consumers get quality and value from reliable essential services

#### Outcome

**Impact** The ability to extract excessive profits for essential infrastructure is limited.

**Indicator** The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to electricity, gas, fibre and airports

Indicator measure	Target/direction of travel	2023/24 Actual (Baseline)	2022/23
Electricity distribution - weighted average industry returns compared to weighted average cost of capital (non-exempt EDBs), five-year average.	Ratio within reasonable bounds	6.69% < 6.99%	- New measure 2023/24
Electricity distribution - weighted average industry returns compared to weighted average cost of capital (exempt EDBs), five-year average.		6.35% < 6.99%	- New measure 2023/24
Electricity transmission - weighted average industry returns compared to weighted average cost of capital, five-year average.		5.37% < 7.11%	- New measure 2023/24
Gas distribution and transmission - weighted average industry returns compared to weighted average cost of capital, five-year average.		7.48% < 7.87%	- New measure 2023/24
Chorus - returns compared to weighted average cost of capital, two-year average.		7.06% < 8.59%	- New measure 2023/24
ID-only fibre network services - weighted average industry returns compared to weighted average cost of capital, two-year average.		9.25% > 8.59%	- New measure 2023/24
Specified airport services - weighted average industry returns compared to weighted average cost of capital.		3.85% < 8.18%	- New measure 2023/24

**Contextual information:** This impact indicator focuses on whether regulated suppliers are limited in their ability to extract excessive profits by comparing the weighted average industry return on investment to the estimated weighted average cost of capital (WACC). WACC is a key input in regulation of essential service infrastructure under both Part 4 of the Commerce Act and Part 6 of the Telecommunications Act. We determine a WACC estimate for each regulated business across different regulated sectors (electricity distribution and transmission, gas distribution and transmission and fibre networks) and suppliers of specific airport services. We use the information regulated suppliers are required to provide as part of annual information disclosure requirements - including on financial performance - to make an assessment about whether excessive profits have been limited across different regulated sectors against this impact indicator. Returns for regulated suppliers can be volatile from year to year (due to factors such as the timing of cash flows, expenditure and inflation), and it is normal for them to fluctuate relative to the chosen benchmark.

**Methodology:** To provide a sector-wide view on profitability, we calculate a weighted average return on investment for each regulated business based on the size of their asset base. We compare this figure to the WACC used to set the price-quality path, adjusted for the difference between expected and actual inflation. The adjustment is based on the inflation forecasts from Reserve Bank of New Zealand's most recent Monetary Policy Statement. For the electricity, gas and fibre sectors, we use the benchmark WACC referenced in our price-quality determinations, and for airports, the WACC referenced in the relevant price-setting event information for each airport. The methodology is similar for Transpower and Chorus. However, there is no need for calculating a weighted average as they are reported on separately.<sup>45</sup> The results in the table above show the five-year average comparison between the return on investment and WACC for electricity lines services, gas pipeline services and specified airport services, and the two-year average for fibre service providers.

<sup>45</sup> We have separated EDBs between those subject to price-quality regulation and information disclosure regulation (referred to as non-exempt EDBs) and those subject to information disclosure only (consumer-owned businesses referred to as exempt EDBs) and for fibre providers between Chorus (subject to price-quality and information disclosure regulation) and local fibre companies (who are subject to information disclosure only). We have grouped gas distribution and gas transmission businesses together as all gas pipeline businesses are subject to price-quality regulation and information disclosure regulation.

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**Commentary:** The 2023/24 results show that the five-year average comparison between the return on investment and WACC for electricity lines services, gas pipeline services and specified airport services are below the benchmark. As such, we do not consider the regulated suppliers involved to be making excessive profits, and based on the five-year average comparison, performance is within reasonable bounds.

For electricity lines services and gas pipelines businesses, the return on investment has increased in recent years due to revaluations of their asset bases in line with inflation. Transpower's actual return is lower than EDBs because it does not receive compensation for unexpected inflation, whereas the actual return for EDBs is inflation adjusted. By comparison, the lower than benchmark level of return for airports is largely due to the impact of the COVID-19 pandemic, which saw significant restrictions placed on domestic and international travel. As such, the return for airports was below the benchmark WACC for most of this period as passenger numbers and revenue declined.

The 2023/24 results for fibre service providers show that the two-year average comparison between the return on investment and WACC is below the benchmark for Chorus and above the benchmark for ID-only fibre providers - local fibre companies (LFCs). Given the result for LFCs, we will continue to monitor their performance closely to see whether this trend continues. MBIE is currently consulting on legislative change that would allow us to introduce price-quality regulation for smaller LFCs if justified. The 2023/24 results show that we may need to consider this type of regulation if we continue to see returns significantly above the benchmark. Due to the fibre regime only being in place from 2022 onwards, we do not have data for prior years to provide longer-term commentary.

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# Torotoro waea

## Telecommunications

### Contextual information

**Our role is to promote competition in fixed-line and mobile markets for the long-term benefit of end users. Under the Telecommunications Act, we have functions at both the wholesale and retail levels.**

At the wholesale level, we set and administer the price-quality regulation of Chorus's fibre network, the information disclosure of Chorus and local fibre companies and the access terms of certain mobile and legacy copper services. At the retail level, our focus is on improving the quality of services provided to consumers by retail service providers (RSPs). We publish the results of our monitoring to help people understand the performance of RSPs and to support end-user choice. We also have code-making powers relating to copper withdrawal, 111 access and aspects of retail service quality that fall below end-user expectations.

This output class is intended to achieve the promotion of competition in broadband and mobile markets for the benefit of consumers through regulation of wholesale telecommunications services and monitoring of how the retail market is performing.

The purpose of the output measures is to capture the number of regulatory decisions and performance and monitoring reports completed during the financial year relating to telecommunications (including fibre) along with supporting measures covering statutory timeframes and quality assurance processes. The measures demonstrate how our work promotes competition in the telecommunications market by monitoring the performance and development of the market and regulating the supply, price and quality of key services.

The purpose of the determinations measure is to capture the number of regulatory decisions (including determinations, clarifications, reviews, codes and amendments) completed during the financial year relating to telecommunications services. Determinations are the main rule-setting tool we use to regulate telecommunications services. These measures provide line of sight to the overall outcome that consumers get quality and value from reliable essential services because of the limits and requirements our determinations and decisions put in place.

The measure relating to the number of telecommunications reports completed as part of our telecommunications monitoring regime increases transparency about performance for industry and consumers. These measures also support achieving our broader outcomes about stewardship of the regulatory systems that we implement and enforce, ensuring that our processes are open and transparent.

Telecommunications output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of determinations (includes determinations, clarifications, reviews, codes and amendments)	13	At least 7	12 (Telco: 2; Fibre: 10)	At least 10	4	5
<b>Commentary:</b> The target for the number of telecommunications determinations was exceeded due to additional decisions made during the year relating to discretionary and demand-driven work, including retail service quality code reviews and amendments and fibre amendment determinations ahead of the reset of the price-quality path applying to Chorus.						
Percentage of Telecommunications Act 2001 determinations completed by statutory deadlines	100%	100%	Telco: 100%  Fibre: There were no determinations with statutory deadlines	100%	-	-
Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports)	9	At least 7	5	At least 3	9	9
<b>Commentary:</b> The target for the number of telecommunications reports was exceeded due to additional monitoring and performance information published during the year, including retail service quality research into billing clarity and our first information disclosure database for fibre network providers.						
Quality assurance processes for determinations and code amendments are in place and applied	100%	100%	100%	100%	100%	100%
<b>Commentary:</b> This is a companion measure to the number of determinations. Every determination and code amendment must follow a quality assurance process.						

Our telecommunications work is funded through Vote Business, Science and Innovation: Regulation of Telecommunications Services 2022–2025.

Telecommunications	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue – Crown	16,841	15,811	12,043	14,500	13,152
Other revenue	409	292	285	63	205
Total operating revenue	17,250	16,103	12,328	14,563	13,357
Total operating expense	17,250	16,103	12,328	14,563	13,357
SURPLUS/(DEFICIT)	-	-	-	-	-

Expenditure in the telecommunications output class was higher than budget primarily due to additional monitoring and performance information published during the year. This included retail service quality research into billing clarity and our first information disclosure database for fibre network providers.



# Statement of Intent 2023–2027 impact indicator

## Outcome: Ngā tino ratonga | Essential services

<b>Ngā tino ratonga   Essential services</b>					
<b>Consumers get quality and value from reliable essential services</b>					
<b>Outcome</b>					
<b>Impact</b>	<b>Indicator</b>	<b>Indicator measure</b>	<b>Target/direction of travel</b>	<b>2023/24 Actual (Baseline)</b>	<b>2022/23</b>
For sectors we regulate, competition improves resulting in benefits to New Zealanders.	A suite of measures for each sector	From July 2024, the Commission will set out in its Statement of Performance Expectations (SPE) a suite of key measures and targets that indicate how well competition is delivering for consumers based on an assessment of structure, performance and conduct.	SPE measures indicate competition and consumer outcomes improving in regulated sectors: Telecommunications	New measure has been set out in the 2024/25 SPE. It will be reported in the 2024/25 Annual Report.	N/A
Essential services providers are delivering services of appropriate quality at reasonable cost.	Reliability of essential services: Fibre	Fibre - average unplanned downtime for customers.	Reliability measures are maintained	Refer to essential services outcome on page 115	
The ability to extract excessive profits for essential infrastructure is limited.	The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: Fibre	Weighted average industry returns compared to weighted average cost of capital by sector: Fibre	Ratio within reasonable bounds	Refer to essential services outcome on page 115	

# Ratonga waea hiko

## Electricity lines services

### Contextual information

**Our role is to regulate the monopoly providers of electricity lines and national electricity grid services under Part 4 of the Commerce Act to ensure monopolies have incentives to invest efficiently and deliver reliable and resilient essential services to consumers at an efficient cost. We use a range of regulatory tools to achieve this such as price-quality and information disclosure regulation, and we can take enforcement action when monopolies break the rules.**

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

The purpose of the output measures is to capture the number of regulatory decisions and performance reports completed during the financial year relating to electricity lines services along with supporting measures covering statutory timeframes and quality assurance processes.

Determinations are the main rule-setting tool we use to regulate electricity lines services. The quantity measure for determinations provides line of sight to the overall outcome that consumers get quality and value from reliable essential services because of the limits and requirements our determinations and decisions put in place. The measure relating to the number of reports completed is a meaningful measure because it captures how we provide information to promote greater understanding of the performance of regulated electricity network businesses, their relative performance and the changes in performance over time. Regulated electricity lines businesses provide information to us as part of their disclosure requirements (set by determinations), and we then publish a summary and analysis of this information.

Electricity lines services output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of determinations (includes determinations, clarifications, reviews, codes and amendments)	8	At least 4	7	At least 4	6	8
<b>Commentary:</b> The target for the number of electricity determinations was exceeded due to additional decisions made during the year relating to discretionary and demand-driven work and phasing of our work programme. This included amendments to Transpower's individual price-quality path to recover specific expenditure (enhancement and development base capex projects and costs associated with implementing a new transmission pricing methodology), an amendment to the current default price-quality path applying to EDBs to change innovation project allowance criteria and a decision on the treatment of Transpower's interruptions and outages caused by Cyclone Gabrielle.						
Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	There were no determinations with statutory deadlines	100%	100%	100%	There were no determinations with statutory deadlines	100%
Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports)	10	At least 4	6	At least 4	4	6

**Commentary:** The target for the number of electricity reports was exceeded due to additional industry performance information published during the year related to the phasing of our work programme and internal process improvements. These included additional monitoring and performance information published during the year, including separate reports on different aspects of our Asset Management Plan review, a report on EDB productivity, additional information disclosure database updates and an additional performance factsheet on Aurora Energy.

Quality assurance processes for determinations and code amendments are in place and applied	100%	100%	100%	100%	100%	100%
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**Commentary:** This is a companion measure to the number of determinations. Every determination and code amendment must follow a quality assurance process.

Our electricity lines services work is funded through the multi-year appropriation Vote Business, Science and Innovation: Regulation of Electricity Lines Services 2019–2024.

Electricity lines services	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	12,224	11,872	6,663	8,510	6,135
Other revenue	443	215	177	39	91
Total operating revenue	12,667	12,087	6,840	8,549	6,226
Total operating expense	12,667	12,087	6,840	8,549	6,226
SURPLUS/(DEFICIT)	-	-	-	-	-

Expenditure in the electricity lines services output class was higher than budget due to higher than anticipated internal resourcing cost as a result of the focus on the price-quality path resets for electricity and Transpower. We also produced additional monitoring and performance information, which was published during the year. Underspends in the prior years were carried forward to 2023/24 to fund the higher costs.

## Statement of Intent 2023–2027 impact indicator

### Outcome: Ngā tino ratonga | Essential services

Ngā tino ratonga   Essential services Consumers get quality and value from reliable essential services					
Outcome					
Impact	Indicator	Indicator measure	Target/direction of travel	2023/24 Actual (Baseline)	2022/23
Essential services providers are delivering services of appropriate quality at reasonable cost.	Reliability of essential services (electricity distribution, electricity transmission)	Electricity distribution - unplanned SAIDI (System Average Interruption Duration Index) - unplanned SAIFI (System Average Interruption Frequency Index). Electricity transmission (Transpower) - unplanned HVAC (High-Voltage Alternating Current) circuit unavailability (%). Electricity transmission (Transpower) - unplanned HVDC (High-Voltage Direct Current) bi-pole unavailability (%).	Reliability measures are maintained	Refer to essential services outcome on page 115	
The ability to extract excessive profits for essential infrastructure is limited.	The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: Electricity	Weighted average industry returns compared to weighted average cost of capital by sector: Electricity	Ratio within reasonable bounds	Refer to essential services outcome on page 115	

# Ratonga kapuni

## Gas pipeline services

### Contextual information

**Our role is to regulate the transmission and distribution businesses that own and operate New Zealand’s gas pipeline infrastructure under Part 4 of the Commerce Act to ensure they have incentives to deliver reliable and resilient services to consumers at an efficient cost. We use a range of regulatory tools to achieve this such as price-quality and information disclosure regulation, and we can take enforcement action when monopolies break the rules.**

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

The purpose of the output measures is to capture the number of regulatory decisions and performance reports completed during the financial year relating to gas pipelines services along with supporting measures covering statutory timeframes and quality assurance processes.

Determinations are the main rule-setting tool we use to regulate gas pipeline services. The quantity measure for determinations provides line of sight to the overall outcome that consumers get quality and value from reliable essential services because of the limits and requirements our determinations and decisions put in place. The measure relating to the number of reports completed captures how we provide information to promote greater understanding of the performance of regulated gas network businesses, their relative performance and the changes in performance over time. Regulated gas pipeline businesses provide information to us as part of their disclosure requirements (set by determinations), and we then publish a summary and analysis of this information.

Taken together, the measures also support achieving our broader outcomes about stewardship of the regulatory systems that we implement and enforce, ensuring that our processes are open and transparent.



Gas pipeline services output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of determinations (includes determinations, clarifications, reviews, codes and amendments)	2	At least 2	2	At least 2	11	2
Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	There were no determinations with statutory deadlines	100%	There were no determinations with statutory deadlines	100%	100%	There were no determinations with statutory deadlines
Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports)	3	At least 3	6	At least 3	3	3
Quality assurance processes for determinations and code amendments are in place and applied	100%	100%	100%	100%	100%	100%

**Commentary:** This is a companion measure to the number of determinations. Every determination and code amendment must follow a quality assurance process.

Our gas pipeline services work is funded through the multi-year appropriation Vote Business, Science and Innovation: Regulation of Gas Pipeline Services 2019–2024.

Gas pipeline services	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue – Crown	2,927	3,638	2,953	3,812	3,660
Other revenue	82	60	85	18	39
Total operating revenue	3,009	3,698	3,038	3,830	3,699
Total operating expense	3,009	3,698	3,038	3,830	3,699
SURPLUS/(DEFICIT)	-	-	-	-	-

Expenditure in the gas pipeline services output class was lower than budget primarily due to a subsequent rephasing of the number of determinations and reports completed between regulatory years to manage workload impacts across the regulatory cycle and planning decisions around the related work programme.

## Statement of Intent 2023–2027 impact indicator

### Outcome: Ngā tino ratonga | Essential services

Ngā tino ratonga   Essential services					
Consumers get quality and value from reliable essential services					
Outcome					
Impact	Indicator	Indicator measure	Target/direction of travel	2023/24 Actual (Baseline)	2022/23
Essential services providers are delivering services of appropriate quality at reasonable cost.	Reliability of essential services (gas distribution, gas transmission)	Gas distribution - unplanned SAIDI. Gas transmission - number of unplanned interruptions.	Reliability measures are maintained	Refer to essential services outcome on page 115	
The ability to extract excessive profits for essential infrastructure is limited.	The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: Gas	Weighted average industry returns compared to weighted average cost of capital by sector: Gas	Ratio within reasonable bounds	Refer to essential services outcome on page 115	

# Ratonga tauranga rererangi

## Specified airport services

### Contextual information

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

Our role is to regulate specific airport services at New Zealand's three international airports (Auckland, Wellington and Christchurch) under Part 4 of the Commerce Act, which regulates markets with little or no competition. This includes our work monitoring airport pricing and investment decisions to improve transparency about the airports' performance. The three airports are subject to information disclosure regulation relating to certain key airport facilities and services.

In 2023/24, we completed our review of Christchurch International Airport's fourth price-setting event. We are currently reviewing Auckland International Airport's reset of prices and will begin reviewing Wellington International Airport's pricing decisions later this year.

Specified airport services output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of determinations (includes determinations, clarifications, reviews, codes and amendments)	3	At least 2	2	At least 2	2	2
<b>Commentary:</b> We exceeded the target for the number of airport services determinations due to publishing an additional cost of capital determination for Wellington International airport ahead of receiving information on its next price-setting event.						
Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	There were no determinations with statutory deadlines	100%	There were no determinations with statutory deadlines	100%	There were no determinations with statutory deadlines	There were no determinations with statutory deadlines
Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports)	2	At least 1	2	At least 1	1	0
Quality assurance processes for determinations and code amendments are in place and applied	100%	100%	100%	100%	100%	100%
<b>Commentary:</b> This is a companion measure to the number of determinations. Every determination and code amendment must follow a quality assurance process.						

Our specified airport services work is funded through the multi-year appropriation Vote Business, Science and Innovation: Regulation of Airport Services 2019-2024.

Specified airport services	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	812	974	648	896	366
Other revenue	23	16	17	4	6
Total operating revenue	835	990	665	900	372
Total operating expense	835	990	665	900	372
SURPLUS/(DEFICIT)	-	-	-	-	-

Expenditure in the specified airport services output class was lower than budget primarily driven by phasing of the regulatory cycle and planning decisions around the related work programme.

## Statement of Intent 2023-2027 impact indicator

### Outcome: Ngā tino ratonga | Essential services

Outcome	Ngā tino ratonga   Essential services Consumers get quality and value from reliable essential services				
	Impact	Indicator	Indicator measure	Target/direction of travel	2023/24 Actual (Baseline) 2022/23
Essential services providers are delivering services of appropriate quality at reasonable cost.	Reliability of essential services (airports)	Airport - average Airport Service Quality Survey (ASQ) Score.	Reliability measures are maintained	Refer to essential services outcome on page 115	
The ability to extract excessive profits for essential infrastructure is limited.	The Commission will select specific markets and will analyse publicly disclosed information, take action as necessary and report on what we observe in relation to: Airports	Weighted average industry returns compared to weighted average cost of capital by sector: Airports	Ratio within reasonable bounds	Refer to essential services outcome on page 115	

# Huarahi kōkūhanga

## Input methodologies

### Contextual information

**Input methodologies are the rules, requirements and processes we must determine for services that are regulated under Part 4 of the Commerce Act. They are important building blocks in how prices are set for electricity lines, gas pipelines and certain airport services. Our focus in setting and reviewing the input methodologies is to increase certainty by maintaining regulations that are stable, provide suppliers with incentives to invest in long-lived infrastructure and deliver long-term benefits to New Zealanders.**

This output class is intended to achieve the review of input methodologies by the statutory deadline in order to promote certainty for suppliers and consumers in relation to the rules, requirements and processes applying to the regulation or proposed regulation of goods and services under Part 4 of the Commerce Act.

Given the statutory deadline for completing the review was December 2023 (in 2023/24), in reporting years prior to the final decision, we report the actual measure as progress ('On track') towards completing the review by the statutory timeframe and as 'Achieved' in the year of completion.

Input methodologies output measures	2023/24 Actual	Target	2022/23 Actual	Target	2021/22 Actual	Target
Input methodologies under Part 4 of the Commerce Act 1986 are reviewed by December 2023	Achieved	Achieved	On track	Achieved	On track	Achieved
<b>Commentary:</b> We completed our review of input methodologies by the statutory timeframe of December 2023. Details of the final decisions and process steps can be found on our website and in case study 6 on page 26.						
Quality assurance processes for determinations and code amendments are in place and applied.	100%	100%	N/A	New measure	N/A	N/A
<b>Commentary:</b> This is a companion measure to the number of determinations. Every determination and code amendment must follow a quality assurance process.						

Our input methodologies work is funded through the multi-year appropriation Vote Business, Science and Innovation: Review of Commerce Act Input Methodologies for Economic Regulation for the Period 2021–2024.

Input methodologies	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue – Crown	2,528	1,911	5,055	5,600	417
Other revenue	55	31	110	25	6
Total operating revenue	2,583	1,942	5,165	5,625	423
Total operating expense	2,583	1,942	5,165	5,625	423
SURPLUS/(DEFICIT)	-	-	-	-	-

Expenditure in the input methodologies output class was higher than budget due a greater than originally expected proportion of work in finalising the input methodologies reviews occurring in the 2023/24 financial year rather than in 2022/23. Underspends in the prior years were carried forward to 2023/24 to match the change in work profile.



# Uiuinga Wāhanga 4

## Part 4 inquiries (economic regulation inquiries)

### Contextual information

**This output class is intended to achieve better long-term outcomes for consumers by undertaking economic regulation inquiries (if required) under Part 4 of the Commerce Act in markets where there is little or no competition and little or no likelihood of a substantial increase in competition.**

The purpose of this measure is to capture the number of inquiries the Commission has completed under Part 4 of the Commerce Act for the financial year.

Part 4 of the Commerce Act sets out the goods and services that are currently subject to regulation as well as the process for us to undertake inquiries into whether regulation of other goods or services may be needed. A Part 4 inquiry is an investigation into whether certain goods or services should be regulated under Part 4. Such an inquiry can be undertaken on our own initiative or at the direction of the Minister of Commerce and Consumer Affairs. Following an inquiry into particular goods or services, we must make a recommendation to the Minister of Commerce and Consumer Affairs on whether those goods or services should be subject to regulation.

Part 4 inquiries output measure	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Part 4 inquiries will be completed as required	There were no Part 4 inquiries	Achieved	There were no Part 4 inquiries	Achieved	There were no Part 4 inquiries	There were no Part 4 inquiries

**Commentary:** The Commission has not completed a Part 4 inquiry since the function was introduced in 2008 (when Part 4 was introduced to the Commerce Act). While we have undertaken several preliminary assessments into regulating domestic milk markets, Eastland Port and gas metering services, these did not lead to a formal inquiry.

Our Part 4 inquiries work is funded through Vote Business, Science and Innovation: Economic Regulation Inquiries, where Part 4 inquiries have been budgeted.

## Contextual information

**This output class is intended to achieve the promotion of competition in engine fuel markets for the long-term benefit of end users of engine fuel products. Our regulatory reports are central to giving effect to our monitoring and analysis powers under the Fuel Industry Act and increasing transparency for New Zealanders.**

We have been publishing Fuel Quarterly Monitoring Reports since November 2022 based on analysis of the information disclosures (ID) fuel companies are required to provide each quarter. These reports provide snapshots of the competitive performance of wholesale and retail engine fuel markets in New Zealand and are providing a more robust picture of performance over time as the ID database grows.

Our analysis activities also include the delivery of focus reports that supplement the quarterly reports to shine a light on how the market is performing and encourage industry participants to act in a way that supports competition and consumer outcomes.

The 2023/24 target for the number of Fuel Industry Act reports completed has increased from previous years to reflect the increased maturity of the regime.

Fuel output measure	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of Fuel Industry Act 2020 reports completed	8	At least 4	3	At least 2	1	New measure

**Commentary:** In 2023/24, we published five quarterly monitoring reports on the fuel market and three focus reports.

Our fuel work is funded through the multi-category appropriation Vote Business, Science and Innovation: Enforcement of General Market Regulation – Liquid Fuels Monitoring and Enforcement.

Fuel	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue – Crown	5,775	5,090	5,319	4,819	3,330
Other revenue	134	82	92	20	34
Total operating revenue	5,909	5,172	5,411	4,839	3,364
Total operating expense	4,922	5,172	3,778	4,839	2,908
SURPLUS/(DEFICIT)	987	-	1,633	-	456

Expenditure in the fuel output class was lower than budget primarily due to more efficient resourcing utilised in the compliance and enforcement workstream.

## Statement of Intent 2023–2027 impact indicator

### Outcome: Māketē whakataetae | Competitive markets

<b>Māketē whakataetae   Competitive markets</b>					
<b>New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice</b>					
<b>Outcome</b>					
<b>Impact</b>	<b>Indicator</b>	<b>Indicator measure</b>	<b>Target/direction of travel</b>	<b>2023/24 Actual (Baseline)</b>	<b>2022/23</b>
For sectors we regulate, competition improves resulting in benefits to New Zealanders	A suite of measures for each sector	From July 2024, the Commission will set out in its Statement of Performance Expectations (SPE) a suite of key measures and targets that indicate how well competition is delivering for consumers based on an assessment of structure, performance and conduct.	SPE measures indicate competition and consumer outcomes improving in regulated sectors: Fuel	New measure has been set out in the 2024/25 SPE. It will be reported in the 2024/25 Annual Report.	N/A

# Pūnaha utu hokohoko

## Retail payment systems

### Contextual information

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

The measure reflects that our regulatory reports are the key to giving effect to many of our powers and functions. Under the Retail Payment System Act, we do the following:

- Monitor and report on competition and efficiency in the retail payment system.
- Monitor and enforce the constraints on interchange fees in the Visa and Mastercard networks.
- Promote transparent pricing across the system, including that any surcharges are transparent and 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.
- Liaise with counterpart agencies internationally and complementary agencies in New Zealand.

In 2023/24, our work has focused on understanding the impact of domestic interchange fee regulation, monitoring whether merchant surcharging practices are transparent and fair and considering designation of the interbank payment network to support new ways to pay between bank accounts.

Retail payment systems output measure	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of retail payment systems reports completed	4	At least 2	3	At least 1	New measure	N/A

**Commentary:** Our reporting outputs this year have included two reports focusing on our payments between bank accounts work and two reports focusing on the impact of interchange fee regulation and merchant surcharging practices.

Our retail payment systems work is funded through Vote Business, Science and Innovation: Enforcement of General Market Regulation – Retail Payment Systems Administration and Enforcement.

Retail payment systems	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue – Crown	5,111	5,111	4,577	4,577	-
Other revenue	136	97	93	19	-
Total operating revenue	5,247	5,208	4,670	4,596	-
Total operating expense	5,083	5,208	4,257	4,596	-
SURPLUS/(DEFICIT)	164	-	413	-	-

Expenditure in the retail payment systems output class was lower than budget primarily due to completing work in the retail payment systems compliance workstream with less resource than expected.

## Statement of Intent 2023–2027 impact indicator

### Outcome: Māketē whakataetae | Competitive markets

Māketē whakataetae   Competitive markets New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice					
Outcome					
Impact	Indicator	Indicator measure	Target/direction of travel	2023/24 Actual (Baseline)	2022/23
For sectors we regulate, competition improves resulting in benefits to New Zealanders	A suite of measures for each sector	From July 2024, the Commission will set out in its Statement of Performance Expectations (SPE) a suite of key measures and targets that indicate how well competition is delivering for consumers based on an assessment of structure, performance and conduct.	SPE measures indicate competition and consumer outcomes improving in regulated sectors: Retail payment systems	New measure has been set out in the 2024/25 SPE. It will be reported in the 2024/25 Annual Report.	N/A



# Mahi miraka kau

## Dairy

### Contextual information

**This output class is intended to achieve incentives for Fonterra to operate efficiently while providing for contestability in the market for the purchase of milk from farmers. We have powers to issue binding directions on Fonterra, including requiring Fonterra to publicly disclose certain base milk price-setting process information and in determining disputes in relation to Fonterra's obligations to supply raw milk to independent processors.**

We administer the milk price monitoring regime that applies to Fonterra under the Dairy Industry Restructuring Act. This involves reporting on the extent to which Fonterra's milk price-setting processes and calculations provide incentives for Fonterra to operate efficiently and are consistent with contestability in the market for purchasing farmers' milk.

At the start of each season, we review Fonterra's methodology for calculating its base milk price, as set out in Fonterra's Farmgate Milk Price Manual. At the end of each season, we review Fonterra's base milk price calculation. This review assesses whether the costs, revenue and other assumptions used in the base milk price calculation provide an incentive for Fonterra to operate efficiently and are practically feasible for an efficient milk processor.

Our scrutiny of these processes provides confidence for stakeholders (including farmers and independent processors) of the milk price-setting process and ensures that other processors have the opportunity to compete in the market for milk from farms. The 2023/24 targets for the number of reports completed are based on the final outputs of these reviews.

Dairy output measure	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of reports completed (monitoring reports, summary and analysis reports and information disclosure reports)	2	At least 2	2	At least 2	2	2

**Commentary:** The first report we published in September 2023 on Fonterra's calculation of the base milk price for the 2022/23 dairy season concluded that Fonterra's calculation is consistent with the contestability dimension and is likely to be consistent with the efficiency dimension of the Dairy Industry Restructuring Act. Our second report, published in December 2023 on Fonterra's Milk Price Manual for the 2023/24 dairy season, concluded that the 2023/24 Milk Price Manual was consistent with the statutory purpose set out in the Dairy Industry Restructuring Act.

Our dairy work is funded through Vote Business, Science and Innovation: Enforcement of Dairy Sector Regulation and Monitoring of Milk Price Setting.

Dairy	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	1,570	1,690	824	757	602
Other revenue	44	32	14	3	7
Total operating revenue	1,614	1,722	838	760	609
Total operating expense	1,614	1,722	838	760	609
SURPLUS/(DEFICIT)	-	-	-	-	-

Expenditure in the dairy output class was lower than budget primarily due to finding efficiencies in the public reports and advice to officials work stream.



# Ture rāngai hoko kai

## Grocery sector regulation

### **The Commission's role under the Grocery Industry Competition Act is to promote competition, fair trading and transparency in the grocery industry for the long-term benefit of consumers in New Zealand.**

Our main regulatory functions include monitoring, analysing and reporting on competition and efficiency in the grocery sector, enforcing a grocery supply code of conduct, taking measures to facilitate the wholesale supply of groceries (including having the ability to recommend or impose further regulation of wholesale access if required) and supporting the industry to understand and comply with relevant legislation and regulations.

This output class is intended to promote competition and efficiency in the grocery industry with the long-term goal of ensuring that New Zealanders experience the benefits of competition when they do their grocery shopping, including factors like price, quality, range and convenience.

The Grocery Industry Competition Act came into force in July and this is the first year of reporting for the regime. In the short term, we are developing and monitoring the implementation of a wide range of interventions to improve the conditions for stronger competition in the grocery sector. This includes ensuring the following:

- There is a reliable and cost-effective supply of groceries at wholesale so rival retailers can better compete to sell groceries to retail customers.
- Supermarkets provide accurate information on their business to make the state of competition in the sector more transparent and enable new players to confidently enter the market.
- Supermarkets publish unit prices so consumers can more effectively compare prices and that prices at the checkout reflect advertised prices.
- Large supermarkets comply with the new Grocery Supply Code and the new prohibitions on unfair contracts so there is fair conduct, transparency and certainty in their dealings with suppliers
- Land is freed up for possible development by competing grocery retailers.

The purpose of these measures is to reflect this focus and the Commission's use of determinations to impose further regulation for wholesale access if required. In the initial year of the regime, the measure relating to reporting has primarily focused on providing guidance to support industry to understand and comply with relevant legislation and regulations. The initial Annual Grocery Report on the state of competition is not statutorily required to be delivered in the 2023/24 year.



Grocery sector output measure	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Number of determinations (includes determinations, clarifications, reviews, codes and amendments)	There were no determinations made	0	New measure	New measure	N/A	N/A
Percentage of determinations completed by the Commission by statutory deadlines	There were no determinations made	100%	New measure	New measure	N/A	N/A
Percentage of determinations and code amendments that the Commission's quality assurance processes have been applied to	There were no determinations made	100%	New measure	New measure	N/A	N/A

**Commentary/methodology:** The Commission is not obligated to use determinations but may choose to as a means of exercising specific powers or functions as defined in the Grocery Industry Competition Act (for example, imposing additional regulation). There were no determinations made in 2023/24 while the Commission focused on providing guidance to industry to comply with relevant legislation.

Number of reports completed as part of the Commission's obligations under the Grocery Industry Competition Act 2023 (includes guidance, monitoring reports, summary and analysis reports and information disclosure reports)	3	At least 1	New measure	New measure	N/A	N/A
Percentage of grocery reports completed by statutory deadlines	No statutory reporting required in 2023/24	100%	New measure	New measure	N/A	N/A

**Commentary:** In the initial year of the regime, our reporting focused on the Grocery Supply Code tools, including a factsheet and checklist and a guide for grocery retailers on the Consumer Information Standards (Unit Pricing for Grocery Products) Regulations 2023.

Number of compliance assessments completed	6	6	New measure	New measure	N/A	N/A
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**Commentary:** Two assessments completed for each regulated grocery retailer under section 65(2) of the Grocery Industry Competition Act.

Our grocery sector regulation work is funded through Vote Business, Science and Innovation: Grocery Sector Regulation.

Grocery sector regulation	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	7,286	7,286	3,575	-	-
Other revenue	208	145	71	-	-
Total operating revenue	7,494	7,431	3,646	-	-
Total operating expense	7,201	7,431	3,646	-	-
SURPLUS/(DEFICIT)	293	-	-	-	-

Expenditure in the grocery sector regulation output class was slightly lower than budget primarily due to less external support required to complete the grocery regulation workstream.

## Statement of Intent 2023–2027 impact indicator

### Outcome: Māketē whakataetae | Competitive markets

<b>Māketē whakataetae   Competitive markets</b>					
<b>New Zealanders receive the benefits of competition: greater value, innovation, productivity and choice</b>					
<b>Outcome</b>					
<b>Impact</b>	<b>Indicator</b>	<b>Indicator measure</b>	<b>Target/direction of travel</b>	<b>2023/24 Actual (Baseline)</b>	<b>2022/23</b>
Anti-competitive conduct is deterred	Deterrence case study	The Commission will undertake two case studies per year that will outline the activities the Commission undertakes.  One case study will focus on general deterrence and the second one will have a specific focus on either:  - anti-competitive agreement or  - misuse of market power.	Two case studies undertaken that demonstrate the Commission's interventions	Refer to case study 4 on page 24.	N/A
For sectors we regulate, competition improves resulting in benefits to New Zealanders	A suite of measures for each sector	From July 2024, the Commission will set out in its Statement of Performance Expectations (SPE) a suite of key measures and targets that indicate how well competition is delivering for consumers based on an assessment of structure, performance and conduct.	SPE measures indicate competition and consumer outcomes improving in regulated sectors: Grocery	New measure has been set out in the 2024/25 SPE.  It will be reported in the 2024/25 Annual Report.	N/A



# Ngā wai

## Water services

### Contextual information

**Under the previous Government's water services reforms, we were proposed to be the independent economic and consumer protection regulator of new water services entities. During 2023/24, we started to build our capability and understanding of the water sector and the sector's understanding of economic regulation.**

With the change of Government in October 2023 and following the Coalition Government's decision to repeal the three waters legislation in December 2023, this work ceased. Following the repeal of the legislation in February 2024, we began a new phase of water reform based on the Coalition Government's 'Local water done well' policy.

This output class is intended to achieve the preparation for and implementation of the previous Labour Government's economic regulation and consumer protection regime for water services. The measure below tracks our progress to prepare for implementing the regulatory function up until we stopped work on implementation in line with the Coalition Government's decision to repeal the three waters legislation in December 2023. In this instance, we view the 2023/24 result as 'Achieved' given the measure relates to our work on the previous water services reform regime.

In preparation for enacting the previous legislation relating to water services infrastructure (the Water Services Entities Act and Water Services Economic Efficiency and Consumer Protection Act, the Commission received additional funding part way through 2022/23 to begin preparation for its proposed role. This funding continued into 2023/24 as set out in our 2023/24 Statement of Expectations.

Water services output measure	2023/24 Actual	Target	2022/23 Actual	Target	2021/22	2020/21
Progress preparatory work to meet relevant timelines	Achieved	Achieved	On track	N/A	New measure	N/A

**Commentary:** Up until December 2023, we continued to build the capability of our water regulatory team and increase our understanding of the water sector. We also supported development of relevant legislation, provided early scrutiny of one of the water services entities and engaged with key stakeholders. With the passage of the Water Services Economic Efficiency and Consumer Protection Act in August 2023, we moved into developing the core components of the previous regime before stopping work on implementation in line with the Coalition Government's decision to repeal the three waters legislation in December 2023.

Our work was funded through the multi-category appropriation Vote Business, Science and Innovation: Enforcement of General Market Regulation – Transition and Implementation of Economic Regulation and Consumer Protection Regime of Water Services.

Water services	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
<b>Operating revenue</b>					
Revenue – Crown	2,687	2,687	1,313	-	-
Other revenue	106	76	16	-	-
Total operating revenue	2,793	2,763	1,329	-	-
Total operating expense	3,481	4,542	1,217	-	-
SURPLUS/(DEFICIT)	(688)	(1,779)	112	-	-

Expenditure in the water services output class was lower than budget as the Commission paused work in response to the Government's decision to replace the previous water services regulation regime.

# Ngā take ture

## Major litigation

### Contextual information

**This output class is intended to achieve the best possible outcomes for New Zealanders in competitive and regulated markets by undertaking major or complex litigation where appropriate.**

We may undertake or be party to major litigation under the full range of legislation we have responsibility for enforcing. This includes defending challenges to our decision-making and powers.

Our litigation workload varies considerably each year, based on the:

- number and types of cases we choose to litigate or that are brought against us
- appeals we defend
- complexity of the cases we have before us
- court timetables
- approach taken by parties to the litigation.

### Methodology

This litigation is unpredictable in terms of timing and size and may extend beyond the litigation activity we are able to manage routinely within our current functions and resourcing. We apply specific criteria to be able to use this funding. There have been no changes to the criteria.

Major litigation Output measure	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Litigation funds are used in accordance with the Litigation Fund Criteria	Achieved	Achieved	Achieved	Achieved	Achieved

Commentary: During 2023/24, 13 new cases commenced to litigation using the major litigation fund. Of the total number of cases, 9 focused on consumer protection and the others on ensuring markets work well.

Our major litigation work is funded through the multi-category appropriation Vote Business, Science and Innovation: Commerce Commission Litigation Funds consisting of Internally-Sourced Litigation and Externally-Sourced Litigation.

Major litigation is funded by the Crown out of the Vote Business, Science and Innovation: Commerce Commission Litigation Funds multi-category appropriation (MCA). The internally sourced litigation category is used to meet the costs of resourcing litigation from our internal capability, while the externally sourced litigation category is used to meet the direct costs of resourcing major litigation activity externally. For our internally sourced litigation, we also receive a share of the revenue from shared services cost recoveries.

## Appropriation funding

2023/24 funding	Estimates \$000	Supplementary Estimates \$000	Actual \$000	Actual vs Supplementary Estimates \$000
<b>Commerce Commission Internally-sourced litigation</b>				
Revenue Crown	6,112	6,112	6,112	-
<b>Commerce Commission Externally-sourced litigation</b>				
Revenue Crown	6,500	6,500	2,916	(3,584)
<b>Total</b>	<b>12,612</b>	<b>12,612</b>	<b>9,028</b>	<b>(3,584)</b>

Internally-sourced litigation	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	6,112	6,087	5,421	5,585	4,817
Other revenue	229	138	218	32	134
Total operating revenue	6,341	6,225	5,639	5,616	4,951
Total operating expense	6,511	6,225	5,639	5,616	4,951
SURPLUS/(DEFICIT)	(170)	-	-	-	-

Externally-sourced litigation	2023/24 Actual \$000	Budget \$000	2022/23 Actual \$000	Budget \$000	2021/22 Actual \$000
Operating revenue					
Revenue - Crown	2,916	6,500	2,623	8,500	2,594
Other revenue	-	-	-	-	-
Total operating revenue	2,916	6,500	2,623	8,500	2,594
Total operating expense	2,916	6,500	2,623	8,500	2,594
SURPLUS/(DEFICIT)	-	-	-	-	-

Externally sourced litigation expenditure was lower than budgeted due a combination of factors including that the Commission successfully reached settlements and resolved matters more quickly than expected and slower progress through the courts than anticipated. The budget for externally sourced litigation is based on known matters and potential cases at the start of the year.

## Reconciliation of output class result to the Statement of comprehensive revenue and expense

This table reconciles the output class results recorded on pages 66 to 112 to the results recorded in our financial statements on pages 123 to 126.

	2023/24 Revenue \$000	2023/24 Expenditure \$000	Surplus / (deficit) \$000	2022/23 Revenue \$000	2022/23 Expenditure \$000	Surplus / (deficit) \$000
Competition	12,555	12,541	14	12,230	12,265	(35)
Market studies (also known as competition studies)	3,488	3,488	-	2,639	2,639	-
Consumer (including fair trading and credit)	21,854	22,313	(459)	19,988	20,153	(165)
Telecommunications (including fibre)	17,250	17,250	-	12,328	12,328	-
Electricity line services	12,667	12,667	-	6,840	6,840	-
Gas pipeline services	3,009	3,009	-	3,038	3,038	-
Specified airport services	835	835	-	665	665	-
Input methodologies	2,583	2,583	-	5,165	5,165	-
Fuel	5,909	4,922	987	5,411	3,778	1,633
Retail payment systems	5,247	5,083	164	4,670	4,257	413
Dairy	1,614	1,614	-	838	838	-
Grocery sector regulation	7,494	7,201	293	3,646	3,646	-
Water services	2,793	3,481	(688)	1,329	1,217	112
Internally-sourced litigation	6,341	6,511	(170)	5,639	5,639	-
Externally-sourced litigation	2,916	2,916	-	2,623	2,623	-
	<b>106,555</b>	<b>106,414</b>	<b>141</b>	<b>87,049</b>	<b>85,091</b>	<b>1,958</b>
Net operating surplus from Statement of comprehensive revenue and expense			141			1,958

# Tirohanga whānui ki ngā tauākī pūtea

## Financial statements overview

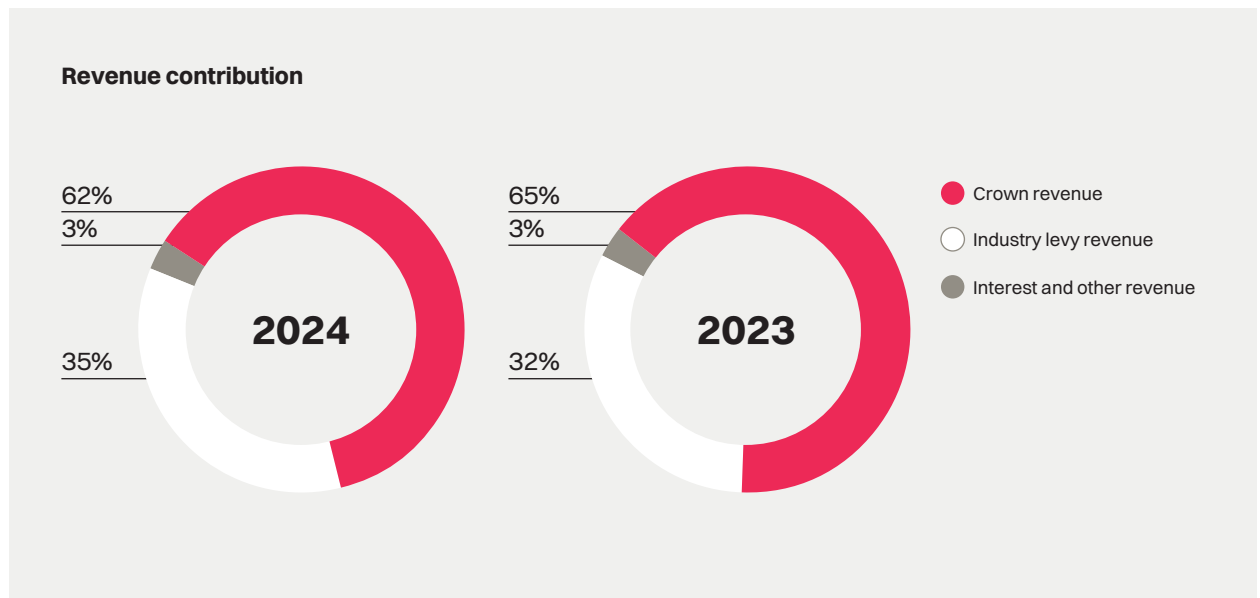
**The Commission's financial results and our financial position show we are well placed to play our part in ensuring our market works well and consumers and businesses are confident market participants as we navigate ongoing economic pressures and challenges.**

This section provides an overview of our financial statements for the year ended 30 June 2024.

### Revenue

The Commission recorded revenue of \$106.6 million for 2023/24 compared to \$87.0 million for 2022/23. Much of our Crown-sourced revenue has restrictions limiting the revenue recognised to the extent that expenditure has been incurred. The Commission may not retain surpluses in relation to any appropriations paid to it with the exception of funding received through the Enforcement of General Market Regulation appropriation. If the Commission has received more funding from the Crown for levy-recoverable activities than it has incurred in expenditure over the duration of that appropriation (either annual or multi-year), the additional amount will be returned to the Crown.

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



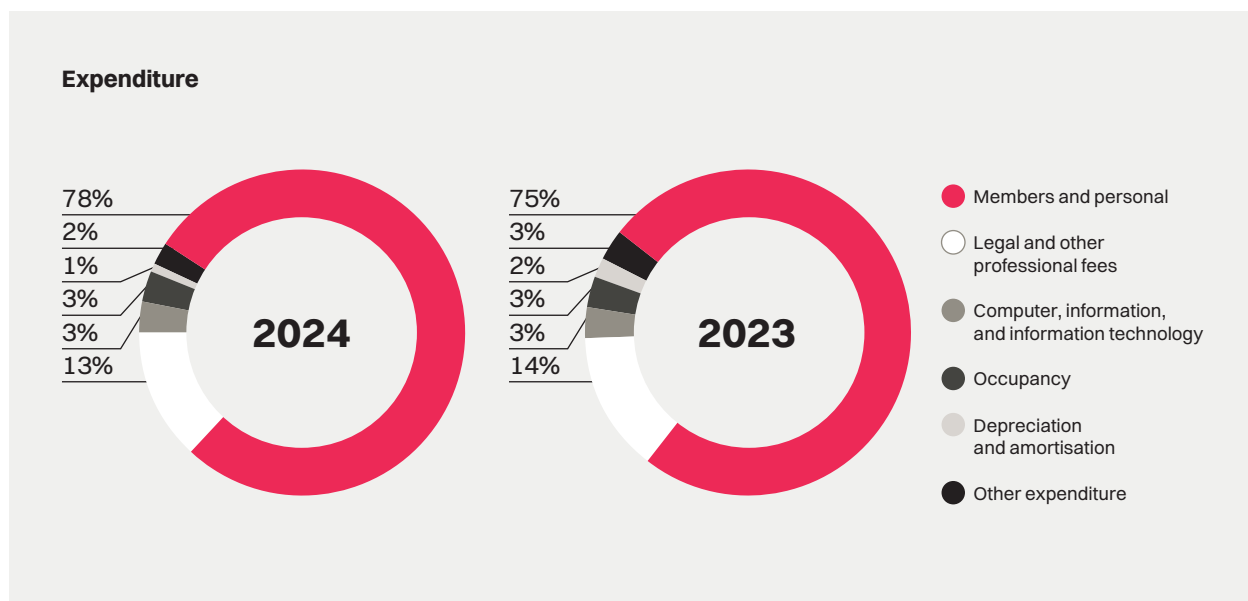


Crown funding through appropriations provides the Commission with the resources to complete its many functions. The funding is a maximum amount that may be spent (excluding revenue from other sources) for each function. Budgets are used to produce our work within this funding.

Crown appropriations for funding the Commission are sourced from both general taxes and levies charged directly to the regulated industries. In 2024, Crown funding sourced from industry levies comprised 35% of Commission revenue compared to 32% in 2023. This increase in percentage was primarily due to a peak year of work in our regulation of electricity, gas and airports businesses. Overall Crown funding from general taxation and funding sourced from industry levies increased by \$18.6 million.

## Expenditure

This year, the Commission spent \$106.4 million compared to a budgeted spend of \$109.9 million and a prior year spend of \$85.1 million. Expenditure on personnel was higher than last year as our increased work programme and new functions required recruitment of additional staff, both permanent and temporary.



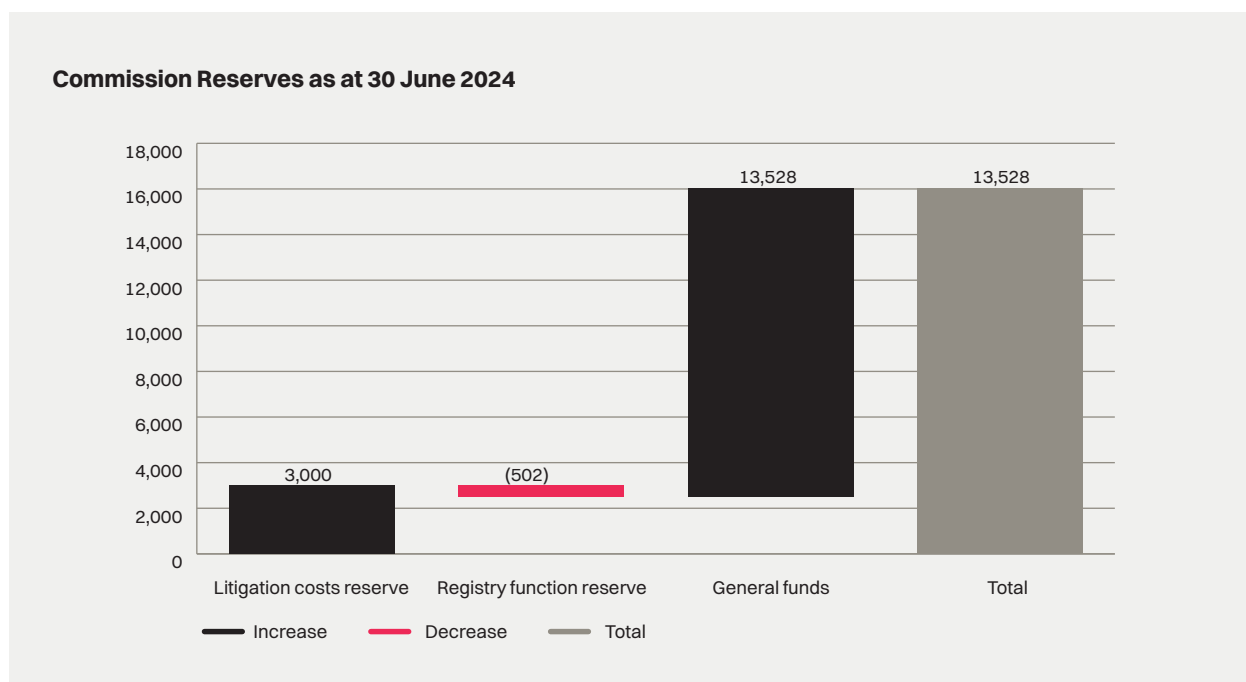
The investigative and analytical nature of much of the Commission’s work meant that wages and salaries made up 78% of our 2023/24 expenditure. This percentage increased slightly from 2022/23 and prior years, reflecting the increasing workforce size to manage additional functions, expectations and activity.

Expenditure on occupancy costs, computer costs and infrastructure remained consistent despite an increase in staff number reflecting our utilisation of existing resources. External legal and other professional support made up a lower percentage this year due to greater expenditure on personnel to complete our work programme compared to the prior year.

## Financial position

The Commission maintains reserves at a level that allows the management of litigation risks and other financial risks. These risks are diverse but can involve significant, unanticipated expenditures in a relatively short timeframe. For instance, if the Commission loses a large multi-party litigation case, it may have to pay sizeable adverse cost awards to the winning parties. Alternatively, the Commission may have to incur unplanned expenditure on a Part 4 inquiry or a large merger clearance or authorisation (including legal costs) while delivering business-as-usual activities.

The Commission's equity (or reserves) as at 30 June 2024 was \$16.0 million, a \$2.9 million decrease in reserves from 30 June 2023. This was due to the Commission recognising \$3.0 million in equity repayable to the Crown as part of Budget 2024 initiatives. This is detailed in Note 12 of the financial statements (page 136).



The Commission's reserves are made up of three components.

- Litigation costs reserve - a separate, ring-fenced reserve to help the Commission meet the costs payable in losing a significant litigation case (a contribution towards the costs of the successful party).
- General funds - manages the other broader risks described above (including where the litigation costs reserve is insufficient) and also allows the Commission to invest in fixed and intangible assets.
- Registry function reserve - established to collect the accumulated surpluses and deficits of processing fit and proper person applications under the CCCF Act.

We expect equity to remain largely unchanged in 2024/25 apart from any movement in the registry function reserve.

# Tauākī haepapatanga

## Statement of responsibility

**Under the Crown Entities Act 2004, the Board of the Commerce Commission is responsible for the preparation of the Commission's financial statements and statement of performance, and for the judgements made in them.**

We are also responsible for any end-of-year performance information provided by the Commission under section 19A of the Public Finance Act 1989, whether or not that information is included in the Commission's Annual Report.

The Commission's Board is also responsible for establishing, and has established, a system of internal controls designed to provide reasonable assurance of the integrity and reliability of our financial reporting.

In the Board's opinion, these financial statements and the statement of performance reflect a true and fair view of the financial position, and results of the operations, of the Commission for the year ended 30 June 2024.

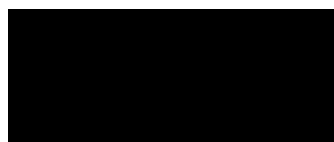
Signed on behalf of the Board:



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**John Small**

Chair - Commerce Commission  
31 October 2024



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**Anne Callinan**

Deputy Chair - Commerce Commission  
31 October 2024

# Te pūrongo a te kaitātari kaute Motuhake

## Independent auditor's report

To the readers of the Commerce Commission's financial statements and performance information for the year ended 30 June 2024

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

### Independent Auditor's Report

#### To the readers of Commerce Commission's financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of the Commerce Commission (the Commission). The Auditor-General has appointed me, Ingrid Harris, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the Commission on his behalf.

#### Opinion

We have audited:

- the financial statements of the Commerce Commission on pages 123 to 147, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows and statement of accounting policies for the year ended on that date and the notes to the financial statements including other explanatory information; and
- the performance information which reports against the Commission's statement of performance expectations and appropriations for the year ended 30 June 2024 on pages 55 to 113.

In our opinion:

- the financial statements of the Commission:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the Commission's performance information for the year ended 30 June 2024:
  - presents fairly, in all material respects, for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

- - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
- presents fairly, in all material respects, for the appropriations:
  - what has been achieved with the appropriations; and
  - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure appropriated or forecast to be incurred; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of the Board for the financial statements and the performance information**

The Board is responsible on behalf of the Commission for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commission, or there is no realistic alternative but to do so.



The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Commission's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the performance information which reports against the Commission's statement of performance expectations and appropriations.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## **Other information**

The Board is responsible for the other information. The other information comprises all information included in the annual report other than the information we audited and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independence**

We are independent of the Commission in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

For the year ended 30 June 2024 and subsequently, the Convenor of the Commission's Audit and Risk Committee is also the independent Chair of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it provides independent advice to the Auditor-General and does not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as a member of the

Auditor-General's Audit and Risk Committee (when acting in this capacity) has no involvement in, or influence over, the audit of the Commission.

Other than the audit, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with or interests in the Commission.

A handwritten signature in black ink, appearing to read 'Ingrid Harris', with a stylized initial 'I'.

Ingrid Harris  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# Ngā tauākī pūtea

## Financial statements

### Statement of comprehensive revenue and expense

for the year ended 30 June 2024

	Notes	2023/24 Actual \$000	2023/24 Budget (restated) \$000	2022/23 Actual \$000
<b>Operating revenue</b>				
<i>Revenue from non-exchange transactions</i>				
Revenue – Crown		103,155	105,774	84,585
Court cost awards		0	50	9
<b>Total revenue from non-exchange transactions</b>		<b>103,155</b>	<b>105,824</b>	<b>84,594</b>
<i>Revenue from exchange transactions</i>				
Fees and recoveries		511	413	443
Interest		2,635	1,965	1,596
Other revenue		254	0	416
<b>Total revenue from exchange transactions</b>		<b>3,400</b>	<b>2,378</b>	<b>2,455</b>
<b>Total operating revenue</b>		<b>106,555</b>	<b>108,202</b>	<b>87,049</b>
<b>Operating expenses</b>				
Commissioners, Associates, and personnel	1	82,968	76,444	63,548
Legal and other professional fees	2	13,539	22,533	11,778
Computer, information, and information technology		3,630	3,711	2,823
Occupancy	3	2,881	2,852	2,831
Depreciation and amortisation		1,266	1,817	1,247
Other expenditure	4	2,130	2,561	2,864
<b>Total operating expenses</b>		<b>106,414</b>	<b>109,918</b>	<b>85,091</b>
<b>Net operating surplus/(deficit) for the year</b>		<b>141</b>	<b>(1,716)</b>	<b>1,958</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>141</b>	<b>(1,716)</b>	<b>1,958</b>

The accompanying statement of accounting policies and notes to the financial statements on pages 127 to 145 form part of the financial statements.

## Statement of changes in equity

for the year ended 30 June 2024

	Notes	2023/24 Actual \$000	2023/24 Budget (restated) \$000	2022/23 Actual \$000
<b>Balance at 1 July</b>		<b>18,885</b>	<b>18,232</b>	<b>16,927</b>
<b>Comprehensive revenue and expense</b>				
Net operating surplus/(deficit)		141	(1,716)	1,958
<b>Total comprehensive revenue and expense</b>		<b>141</b>	<b>(1,716)</b>	<b>1,958</b>
<b>Transactions with owner</b>				
Repayment of reserves to the Crown		(3,000)	0	0
<b>Total transactions with owner</b>		<b>(3,000)</b>	<b>0</b>	<b>0</b>
<b>BALANCE AT 30 JUNE</b>		<b>16,026</b>	<b>16,516</b>	<b>18,885</b>

The accompanying statement of accounting policies and notes to the financial statements on pages 127 to 145 form part of the financial statements.



## Statement of financial position

for the year ended 30 June 2024

	Notes	2023/24 Actual \$000	2023/24 Budget (restated) \$000	2022/23 Actual \$000
<b>Equity</b>				
General funds	5	13,528	13,578	16,209
Registry function reserve	5	(502)	(62)	(324)
Litigation cost reserve	5	3,000	3,000	3,000
<b>Total equity</b>		<b>16,026</b>	<b>16,516</b>	<b>18,885</b>
<b>Current assets</b>				
Cash and cash equivalents	6	15,594	5,504	2,293
Fees and recoveries receivable		499	198	351
Short-term investments		16,000	14,000	34,000
Prepayments		1,926	1,579	2,137
<b>Total current assets</b>		<b>34,019</b>	<b>21,281</b>	<b>38,781</b>
<b>Non-current assets</b>				
Property, plant and equipment	7	2,453	4,431	2,953
Intangibles	8	24	24	63
<b>Total non-current assets</b>		<b>2,477</b>	<b>4,455</b>	<b>3,016</b>
<b>Total assets</b>		<b>36,496</b>	<b>25,736</b>	<b>41,797</b>
<b>Current liabilities</b>				
Creditors and other payables	9	2,552	2,353	1,964
Accrued expenses		1,796	1,011	1,572
Lease incentive		229	229	170
Provisions	10	1,163	0	0
Penalties and cost awards held in trust	11	0	50	0
Crown funding repayable	12	8,321	29	13,651
Employee entitlements	13	6,059	5,198	5,045
<b>Total current liabilities</b>		<b>20,120</b>	<b>8,870</b>	<b>22,402</b>
<b>Non-current liabilities</b>				
Lease incentive		350	350	510
<b>Total non-current liabilities</b>		<b>350</b>	<b>350</b>	<b>510</b>
<b>Total liabilities</b>		<b>20,470</b>	<b>9,220</b>	<b>22,912</b>
<b>NET ASSETS</b>		<b>16,026</b>	<b>16,516</b>	<b>18,885</b>

The accompanying statement of accounting policies and notes to the financial statements on pages 127 to 145 form part of the financial statements.

## Statement of cash flows

for the year ended 30 June 2024

	Notes	2023/24 Actual \$000	2023/24 Budget (restated) \$000	2022/23 Actual \$000
<b>Cash flows from operating activities</b>				
Crown funding received		112,501	105,803	101,686
Fees and recoveries received		599	463	1,039
Receipts and prepayment of penalties (net)		0	0	(183)
Interest received		2,678	1,970	1,438
Commissioners, Associates and personnel payments		(80,688)	(75,320)	(62,387)
Supplier payments		(21,918)	(31,790)	(20,841)
Repayment of Crown funding		(17,676)	(10,859)	(13,255)
Goods and services tax (net)		419	146	123
<b>Net cash inflow/(outflow) from operating activities</b>	<b>14</b>	<b>(4,085)</b>	<b>(9,587)</b>	<b>7,620</b>
<b>Cash flows from investing activities</b>				
Investments (deposits)/receipts		18,000	9,949	(9,000)
Property, plant and equipment purchases		(614)	(3,833)	(764)
Intangible asset purchases		0	0	0
<b>Net cash (outflow)/inflow from investing</b>		<b>17,386</b>	<b>6,116</b>	<b>(9,764)</b>
<b>Cash flows from financing activities</b>				
Repayment of reserves		0	0	0
<b>Net cash (outflow)/inflow from investing</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>13,301</b>	<b>(3,471)</b>	<b>(2,144)</b>
Opening cash and cash equivalents		2,293	8,975	4,437
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>6</b>	<b>15,594</b>	<b>5,504</b>	<b>2,293</b>

Repayment of Crown funding includes \$13.651 million repayable from the 2022/23 financial year. In 2022/23, the funding repayable from the 2021/22 financial year was \$9.805 million.

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

We have presented receipts and payment of penalties and cost awards as a net item because the Commission holds these funds in trust in accordance with agreements.

The accompanying statement of accounting policies and notes to the financial statements on pages 127 to 145 form part of the financial statements.

# Tauākī kaupapa kaute

## Statement of accounting policies

for the year ended 30 June 2024

### Reporting entity

The Commerce Commission is an Independent Crown entity (as 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.

The Commission's main objective is to provide services to the Aotearoa New Zealand public, rather than 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 Systems Act 2022, and the Grocery Industry Competition Act 2023.

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

### Measurement base and statement of compliance

These financial statements comply with the requirements of the Crown Entities Act and are prepared on a historical cost basis for a going concern in accordance with New Zealand generally accepted accounting practice (GAAP) to comply with Tier 1 PBE accounting standards. The Commission authorised the financial statements for issue on 31 October 2024.

### Functional and presentation currency

The Commission's functional and presentation currency is the New Zealand dollars, and all numbers are rounded to the nearest thousand dollars (\$000s).

### New or amended standards adopted

*2022 Omnibus Amendments to PBE Standards, issued June 2022*

The 2022 Omnibus Amendments issued by the External Reporting Board (XRB) include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards, effective for reporting periods starting 1 January 2023. The Commission has adopted the revised PBE standards, and the adoption did not result in any significant impact on the Commission's financial statements.

### Other changes in accounting policies

There have been no other changes in the Commission's accounting policies since the date of the last audited financial statements.

### Changes to applicable reporting standards and interpretations

The XRB issued the following reporting standards/amendments which are applicable to the Commission for the financial year ended 30 June 2024:

An amendment to *PBE IPSAS 1 Presentation of Financial Reports* effective for the year ending 30 June 2024 requires entities to describe services provided by its audit or review firms to disclose the fees incurred by the entity for those services using prescribed categories. The prescribed categories include the audit or review of the entity's financial report and other type of services. We have assessed the impact of applying this amendment to be minor.

## Significant accounting policies

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

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

**Revenue – Crown** – The Commission receives funding via appropriations from the Crown. Revenue – 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 we ultimately provide the services to. Our funding is restricted in its use for the purpose of meeting the Commission’s objectives and the scope of the relevant appropriations. Revenue – Crown we receive but do not spend is refunded to the Crown after year end for all output classes except Vote Business, Science and Innovation – Enforcement of General Market Regulation, which the Commission is 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 which entitle us to the funding.

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

**Foreign currency transactions** – Transactions in foreign currencies are converted into the Commission’s functional currency (New Zealand dollars) at exchange rates on the dates of the transactions. Monetary liabilities in foreign currencies at the reporting date are converted to New Zealand dollars at the exchange rate on that date.

**Leases** – The Commission is party to various operating leases as a lessee. As the lessors retain substantially all of the risk and rewards of ownership of the leased property, plant and equipment, 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. At balance date we recognise any unamortised lease incentive and outstanding obligation for reinstatement as a liability.

**Depreciation and impairment** – Depreciation (and amortisation for intangible assets) is provided on a straight-line basis on all assets to allocate the cost of the asset (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 property, plant and equipment is subject to an annual test of impairment to test the recoverable amount. Any impairment losses are recorded as an expense in the period in which they are first identified. The estimated useful lives of the major asset classes are:

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** – The Commission is exempt from income tax under section CW 38 of the Income Tax Act 2007.

**Budget figures** – The budget figures are derived from the statement of performance expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

**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 the budgeted relative time records of each output.

**Goods and services tax (GST)** – All items in the financial statements are presented exclusive of GST, except for receivables, 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 GST recoverable from, or payable to, the IR 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 Aotearoa New Zealand-registered banks.

**Investments** – Investments are term deposits issued by Aotearoa New Zealand-registered banks with maturities of more than 90 days. Investments are initially recognised and measured at fair value, usually the amount invested. After initial recognition, investments are measured at amortised cost. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

**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 to maintain 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 of property, plant and equipment 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.

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

**Provision** – A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount that reflects the current market assessment of the time value of money and the risks specific to the obligation.

**Contingencies** – As the Commission is a quasi-judicial body, it is engaged in litigation activity which may result 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 complete. Therefore, the possibility of a costs award being incurred or received is disclosed firstly as either a contingent liability or a contingent asset, respectively. An award for costs, whether for or against the Commission, is only recognised in the statement of comprehensive revenue and expense when it is probable that there will be a payment or receipt of agreed costs which can be measured reliably.

**Comparatives** – To ensure consistency with the current year, all comparative information including the budget has been restated or reclassified where appropriate. The budget comparatives are those approved by the Commission at the beginning of the year for inclusion as prospective financial statements in our statement of performance expectations. The budget complies with GAAP and uses accounting policies consistent with those used to prepare these financial statements.

# He kōrero tāpiri ki ngā tauākī pūtea

## Notes to the financial statements

### 1. Commissioners, Associates and personnel

	2023/24 Actual \$000	2022/23 Actual \$000
Salaries and wages (including annual leave and other entitlements) <sup>46</sup>	69,715	53,127
Defined contribution plan employer contributions <sup>47</sup>	1,750	1,404
Redundancy	1,459	0
Recruitment	605	603
Professional development	563	641
Contractors and temporary Staff	8,337	7,235
Other employment-related costs	539	538
<b>TOTAL COMMISSIONERS, ASSOCIATES AND PERSONNEL EXPENDITURE</b>	<b>82,968</b>	<b>63,548</b>

Employer contributions to defined contribution plans includes payments to KiwiSaver.

During the 2023/24 financial year the Commission undertook an organisational change programme which resulted in a reduction in roles and the number of branches at the Commission and recognition of a provision for redundancy payments. The Redundancy expenditure disclosed above comprises a provision for redundancies estimated as payable relating to the change programme of \$1.163 million (see Note 10), redundancies incurred relating to the change programme paid during the financial year of \$0.3 million, and an additional redundancy related to a separate change process of \$0.04 million.

### 2. Legal and other professional fees

	2023/24 Actual \$000	2022/23 Actual \$000
Legal consultants	4,508	4,606
Other consultants and experts	7,159	5,661
Specialist support services	1,850	1,509
Other expenses	22	2
<b>TOTAL LEGAL AND OTHER PROFESSIONAL FEES</b>	<b>13,539</b>	<b>11,778</b>

The Legal consultants expense for 23/24 includes \$0.08 million of legal expenses that were incurred to assist with legal support for the change programme.

<sup>46 & 49</sup> Salaries and wages (including annual leave and other entitlements) was understated and defined contribution plan employer contributions overstated by \$634,000 in 2022/23 due to a classification error. There are no other financial statement impacts and the financial position of the Commission was unaffected.



### 3. Occupancy

	2023/24 Actual \$000	2022/23 Actual \$000
Operating leases - rent	2,382	2,346
Other occupancy expenses	499	485
<b>TOTAL OCCUPANCY</b>	<b>2,881</b>	<b>2,831</b>

### 4. Other expenditure

	2023/24 Actual \$000	2022/23 Actual \$000
Telecommunications	485	527
Travel	1,000	1,205
Postage, photocopying and stationery	119	117
Publications and knowledge sharing	198	199
Loss on disposal of assets	0	4
Fees to Auditors		
Fees to Audit New Zealand for audit of financial statements	88	81
Fees to Audit New Zealand for other services	-	-
Other expenses	240	731
<b>TOTAL OTHER EXPENDITURE</b>	<b>2,130</b>	<b>2,864</b>

## 5. Equity

The Commission's surplus for the year of \$0.1 million (2023: surplus of \$2.0 million) flows to our general funds and registry function reserve which equals the Commission's total comprehensive revenue and expenses for the year. In 2023/24 there were no movements in the litigation costs reserve, which is a separate reserve with a maximum balance of \$3.0 million.

### General Funds

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Balance at 1 July</b>	<b>16,209</b>	<b>14,230</b>
Total comprehensive revenue and expense attributable	319	1,979
Less reserves payable to the Crown	(3,000)	0
<b>BALANCE AT 30 JUNE</b>	<b>13,528</b>	<b>16,209</b>

The Commission's general funds are funds held in reserve as a result of past surpluses in certain output classes, plus an initial capital contribution from the Crown. During the current year, the Commission recognised an obligation to repay \$3.0 million in reserves back to the Crown. The Commission is allowed to retain surpluses from our competition, consumer, fuel, retail payment system, and water output classes.

### Registry function reserve

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Balance at 1 July</b>	<b>(324)</b>	<b>(303)</b>
Total comprehensive revenue and expense attributable	(178)	(21)
<b>BALANCE AT 30 JUNE</b>	<b>(502)</b>	<b>(324)</b>

The registry function reserve was established in the financial year ending 30 June 2022 to collect the accumulated surpluses and deficits of processing Fit and Proper Person applications under the Credit Contracts and Consumer Finance Act. The cost of operating the registry function is intended to break even over the five-year certification horizon.

### Litigation cost reserve

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Balance at 1 July</b>	<b>3,000</b>	<b>3,000</b>
Total comprehensive revenue and expense attributable	0	0
<b>BALANCE AT 30 JUNE</b>	<b>3,000</b>	<b>3,000</b>

The Commission undertakes major litigation for alleged breaches of legislation, and also defends regulations and rulings it sets under the Acts it administers. The litigation costs reserve is a contingency fund established to manage the impact of adverse cost awards from these cases. The Commission receives up to \$0.5 million in funding per year to build a contingency fund of up to \$3.0 million to help meet adverse cost awards. The Commission offsets this funding against any adverse cost awards it must pay to other parties during the year.

## 6. Cash and cash equivalents

	2023/24 Actual \$000	2022/23 Actual \$000
Cash on hand and at bank	15,594	2,293
Cash held in trust	0	0
<b>BALANCE AT 30 JUNE</b>	<b>15,594</b>	<b>2,293</b>

While cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

The Commission holds unspent Crown funding received, which is subject to restrictions on how it may be spent, and when. We also hold cost awards in trust, a portion of which is payable to the Crown or Commission, while a further portion is held in trust for various parties. As part of the Commission's financial management, portions of these funds may be placed on term deposit or held as cash at bank. See notes 11 and 12 for the relevant amounts.

## 7. Property, plant and equipment

Cost and valuation:

	Computer and office equipment \$000	Furniture and fittings \$000	Leasehold improvements \$000	Motor vehicles \$000	Total \$000
<b>Balance at 1 July 2022</b>	<b>4,191</b>	<b>1,294</b>	<b>3,969</b>	<b>51</b>	<b>9,505</b>
Additions	543	222	0	0	765
Disposals	(243)	(17)	0	0	(260)
<b>BALANCE AT 30 JUNE 2023</b>	<b>4,491</b>	<b>1,499</b>	<b>3,969</b>	<b>51</b>	<b>10,010</b>

	Computer and office equipment \$000	Furniture and fittings \$000	Leasehold improvements \$000	Motor vehicles \$000	Total \$000
<b>Balance at 1 July 2023</b>	<b>4,491</b>	<b>1,499</b>	<b>3,969</b>	<b>51</b>	<b>10,010</b>
Additions	724	3	0	0	727
Disposals	(800)	(1)	0	0	(801)
<b>BALANCE AT 30 JUNE 2024</b>	<b>4,415</b>	<b>1,501</b>	<b>3,969</b>	<b>51</b>	<b>9,936</b>

Property, plant and equipment not yet commissioned at 30 June 2024 totaled \$nil (2023: \$nil).

Accumulated depreciation and impairment losses:

	Computer and office equipment \$000	Furniture and fittings \$000	Leasehold improvements \$000	Motor vehicles \$000	Total \$000
<b>Balance at 1 July 2022</b>	<b>2,671</b>	<b>1,006</b>	<b>2,379</b>	<b>51</b>	<b>6,107</b>
Depreciation expense	681	124	401	0	1,206
Elimination on disposal	(240)	(16)	0	0	(256)
<b>BALANCE AT 30 JUNE 2023</b>	<b>3,112</b>	<b>1,114</b>	<b>2,780</b>	<b>51</b>	<b>7,057</b>

	Computer and office equipment \$000	Furniture and fittings \$000	Leasehold improvements \$000	Motor vehicles \$000	Total \$000
<b>Balance at 1 July 2023</b>	<b>3,112</b>	<b>1,114</b>	<b>2,780</b>	<b>51</b>	<b>7,057</b>
Depreciation expense	767	126	334	0	1,227
Elimination on disposal	(800)	(1)	0	0	(801)
<b>BALANCE AT 30 JUNE 2024</b>	<b>3,079</b>	<b>1,239</b>	<b>3,114</b>	<b>51</b>	<b>7,483</b>

Carrying Amounts:

	Computer and office equipment \$000	Furniture and fittings \$000	Leasehold improvements \$000	Motor vehicles \$000	Total \$000
As at 1 July 2022	1,520	288	1,590	0	3,398
As at 30 June and 1 July 2023	1,379	385	1,189	0	2,953
<b>BALANCE AT 30 JUNE 2024</b>	<b>1,336</b>	<b>262</b>	<b>855</b>	<b>0</b>	<b>2,453</b>

There is no restriction over the title of the Commission's assets. No property, plant and equipment assets are pledged as security for liabilities.

## 8. Intangibles

The Commission holds licenses for software, including certain applications which have restrictions on their use. No intangible assets are pledged as security for liabilities

Cost:

	Acquired software \$000	Totals \$000
<b>Balance at 1 July 2022</b>	<b>348</b>	<b>348</b>
Additions	0	0
Disposals	(2)	(2)
<b>BALANCE AT 30 JUNE 2023</b>	<b>346</b>	<b>346</b>

	Acquired software \$000	Totals \$000
<b>Balance at 1 July 2023</b>	<b>346</b>	<b>346</b>
Additions	0	0
Disposals	-	0
<b>BALANCE AT 30 JUNE 2024</b>	<b>346</b>	<b>346</b>

Accumulated amortisation and impairment losses:

	Acquired software \$000	Totals \$000
<b>Balance at 1 July 2022</b>	<b>244</b>	<b>244</b>
Amortisation expense	41	41
Disposals	(2)	(2)
<b>BALANCE AT 30 JUNE 2023</b>	<b>283</b>	<b>283</b>

	Acquired software \$000	Totals \$000
Balance at 1 July 2023	283	283
Amortisation expense	39	39
Disposals	0	0
<b>BALANCE AT 30 JUNE 2024</b>	<b>322</b>	<b>322</b>

Carrying amounts:

	Acquired software \$000	Totals \$000
At 1 July 2022	104	104
At 30 June and 1 July 2023	63	63
<b>BALANCE AT 30 JUNE 2024</b>	<b>24</b>	<b>24</b>

## 9. Creditors and other payables

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Payables under exchange transactions</b>		
Creditors	573	526
<b>Total payables under exchange transactions</b>	<b>573</b>	<b>526</b>
<b>Payables under non-exchange transactions</b>		
PAYE and other taxes withheld for payment to the Crown	930	827
Goods and services tax payable to the Crown	1049	611
<b>Total payables under non-exchange transactions</b>	<b>1979</b>	<b>1,438</b>
<b>TOTAL CREDITORS AND OTHER PAYABLES</b>	<b>2552</b>	<b>1,964</b>

## 10. Provisions

	2023/24 Actual \$000	2022/23 Actual \$000
Restructuring Provision	1,163	0
<b>BALANCE AT THE END OF THE YEAR</b>	<b>1,163</b>	<b>0</b>

Movements for each class of provisions are as follows:

	Restructuring provision \$000
Balance at start of the year	0
Amount used	0
Additional provision made during the year	1,163
<b>BALANCE AT THE END OF THE YEAR</b>	<b>1,163</b>

The final decision for the organisational change programme was made in June 2024. The redundancy payments resulting from the organisational change programme are expected to be made in 2024/25 and the restructuring plan is expected to be completed by November–December 2024. The provision represents the estimated costs for redundancy payments.



## 11. Penalties and cost awards held in trust

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Balance at the beginning of the year</b>	<b>0</b>	<b>183</b>
Court cost awards compensation received (or recognised as receivable), and interest earned	512	2,752
Infringement fees received (or receivable) and paid to the Crown (net)	0	0
Court cost awards, compensation, and interest paid out	(512)	(2,935)
<b>BALANCE AT THE END OF THE YEAR</b>	<b>0</b>	<b>0</b>

Penalties and cost awards held in trust are civil penalties and cost awards received by the Commission but payable to another party. This is generally the Crown, but can also be compensation received for third parties, or civil penalties and cost awards held in trust while a litigation case continues. The Commission may also be entitled to a portion of court cost awards received. The Commission is not entitled to any of the penalties received but acts as an agent for the Crown in collecting and forwarding the penalties received.

Infringement fees are issued to various parties for breaches of legislation we enforce. The Crown receives the proceeds of the infringements issued. Any Fair Trading Act infringements unpaid after a certain length of time are transferred to the Ministry of Justice for collection. Infringements issued under the Telecommunications Act 2001 are collected by the Commission.

The Commission receives cost awards and compensation for third parties through our investigations and litigation activities. Cost awards are split between the Crown and the Commission, in proportion to the funding each contributes to the costs of pursuing the investigation or litigation. This split occurs once the investigation or litigation is complete, and the total cost of the case is known. Interest is earned and paid on all cost awards and settlements received.

Components of penalties and cost awards held in trust:

	2023/24 Actual \$000	2022/23 Actual \$000
Infringement fees due to the Crown (including receivable)	0	0
Court cost awards and compensation due to Crown or other parties	0	0
<b>BALANCE AT THE END OF THE YEAR</b>	<b>0</b>	<b>0</b>

In general, penalties received by the Commission must be paid to the Crown within seven days of receipt, unless the penalties received are subject to an arrangement while litigation continues.

Where there are cases involving several parties, settlements can be received from some parties while others continue to defend. As a result, reliable estimates of total cost awards or settlements due to the Crown are not possible. These estimates can change substantially as the case progresses. In these situations, the Commission records a provision for the cost awards due to the Commission or the Crown which equals any cost awards received for that case. Once a case is finished and the total cost of the case and funds to distribute are known, the amount receivable and the amount due to the Crown are recognised, instead of a provision.

If we receive compensation settlements to pay to several third parties (e.g., customers of a business we investigate), we recognise the whole amount as a payable to third parties when we receive the settlement.

Infringement fees received are paid to the Crown every four months.

## 12. Crown funding repayable

	2023/24 Actual \$000	2022/23 Actual \$000
Net Crown appropriations drawn down	111,282	99,455
Less total Commission recognised Revenue - Crown	(103,155)	(84,585)
Less appropriation repaid during the year	(3,500)	(3,000)
<b>Appropriation repayable to the Crown (excluding GST)</b>	<b>4,627</b>	<b>11,870</b>
GST on appropriation repayable	694	1,781
<b>Total appropriation repayable to the Crown</b>	<b>5,321</b>	<b>13,651</b>
Comprised of:		
<i>Dairy</i>	895	925
<i>Electricity line services</i>	998	2,124
<i>Fuel</i>	0	0
<i>Gas pipeline services</i>	1,265	988
<i>Grocery sector regulation</i>	0	1,396
<i>Input methodologies</i>	0	627
<i>Major litigation</i>	97	3,501
<i>Market Studies (also known as competition studies)</i>	133	633
<i>Part 4 inquiries (Economic regulation inquiries)</i>	0	0
<i>Specified airports services</i>	320	286
<i>Telecommunications (including fibre)</i>	1,613	2,826
<i>Water services</i>	0	345
Add Prior year Crown funding retained in reserves repayable	3,000	0
<b>TOTAL CROWN FUNDING REPAYABLE</b>	<b>8,321</b>	<b>13,651</b>

The Commission receives funding from the Crown via appropriations. The Commission receives its appropriations quarterly according to a funding profile agreed at the start of the financial year. This funding is recognised as revenue only to the extent that expenditure is incurred in the output classes we are funded for. At the end of the year, the difference between funding drawn down and total expenditure by the Commission is recorded as a payable with the Crown.

As part of the Government's Budget 2024 initiatives, the Commission is required to make one-off return of \$3 million of reserve to the Crown

## 13. Employee entitlements

	2023/24 Actual \$000	2022/23 Actual \$000
Accrued salaries and wages	1,792	1,640
Annual leave	4,117	3,255
Accrued performance and at-risk incentives	150	150
<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>6,059</b>	<b>5,045</b>

## 14. Reconciliation of operating surplus for the year to net cash inflows from operating activities

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Operating surplus for the year</b>	<b>141</b>	<b>1,958</b>
<b>Non-cash items:</b>		
Depreciation and amortisation	1,266	1,247
Lease incentives recognised	(101)	(170)
<b>Total non-cash items</b>	<b>1,165</b>	<b>1,077</b>
<b>Items classified as investing or financing activities:</b>		
Loss on sale of property, plant and equipment	0	3
<b>Total items classified as investing or financing activities</b>	<b>0</b>	<b>3</b>
<b>Change in statement of financial position items</b>		
Fees and recoveries receivable	(148)	39
Prepayments	211	(906)
Creditors and other payables	588	451
Accrued expenses	111	405
Provisions	1,163	0
Crown funding repayable	(8,330)	3,846
Penalties and cost awards held in trust	0	(183)
Employee entitlements	1,014	930
<b>Total change in statement of financial position items</b>	<b>(5,391)</b>	<b>4,582</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(4,085)</b>	<b>7,620</b>

## 15. Critical accounting judgements and estimates

In authorising these financial statements for issue the Commission has ensured that:

- all specific accounting policies needed to properly understand these financial statements are disclosed
- all adopted accounting policies are appropriate
- all accounting policies were applied consistently throughout the year.

When applying the accounting policies, the Commission is required to make certain judgements and estimates.

### Contingencies

The Commission is party to several significant litigation cases and appeals as a result of its enforcement and quasi-judicial role. In undertaking significant litigation, the Commission is faced with the risk of losing, and as a result having to pay a significant cost award.

The Commission has assessed the likelihood of the appeals being successful and of costs being awarded against, or in favour of, the Commission.

Cost awards that are likely to result in a future receipt or payment of cost awards have been recognised as at 30 June 2024 in the statement of comprehensive revenue and expense. The Commission has also disclosed its contingent liabilities and assets as a result of cost awards that may possibly result in a future receipt or payment of costs as at 30 June 2024 (see note 16).

## 16. Contingent liabilities and assets

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The Commission regularly has several matters before the court which may lead to future assets or future liabilities. Where no judgment has been issued in a proceeding, our general presumption is that the outcome is rarely sufficiently predictable to register the case as giving rise to either a contingent asset or liability.

Litigation cases in which the Commission is involved are either civil cases (both as prosecutor and as a defendant when other parties appeal our decisions) or criminal prosecutions. Criminal prosecutions under the Fair Trading Act, Credit Contracts and Consumer Finance Act, sections 80E, 82B, 86B, 87B, 100 and 103 of the Commerce Act and the Crimes Act are not disclosed because if the Commission is successful in a criminal prosecution any cost awards are payable to the Crown. Similarly, if the Commission is unsuccessful then very rarely will costs be ordered against the Commission. If costs are ordered against the Commission in a criminal case the costs are paid by the Crown.

We do not treat penalties as contingent assets of the Commission, as any penalties if received will be payable to the Crown.

### **Contingent liabilities as at 30 June 2024:**

There are no contingent liabilities.

### **Contingent liabilities as at 30 June 2023:**

There were no contingent liabilities.

### **Contingent assets as at 30 June 2024:**

#### *Viagogo*

In March 2024, The High Court declared that Viagogo GmbH (t/a Viagogo, formerly viagogo ag), a Swiss-based online ticket reseller breached various sections of the Fair Trading Act in relation to all six causes of action in civil proceedings brought by the Commission. Both parties agreed in September 2024 on the payment of \$562,321.09 to the Commission in respect of the costs of the High Court action.

Viagogo has appealed the judgment, and the Commission intends to defend the appeal. The Court of Appeal hearing is set for October 2025. If the Commission is unsuccessful in the appeal, there is a chance of a cost award against the Commission.

### **Contingent assets as at 30 June 2023:**

There were no contingent assets.

## 17. Financial instruments

The carrying amounts of each class of financial assets and liabilities are:

Monetary assets:

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	15,594	2,293
Fees and recoveries receivable	499	351
Short-term investments	16,000	34,000
<b>TOTAL MONETARY ASSETS</b>	<b>32,093</b>	<b>36,644</b>

Monetary liabilities:

	2023/24 Actual \$000	2022/23 Actual \$000
<b>Financial liabilities measured at amortised cost</b>		
Creditors	2,552	1,964
Penalties and cost awards held in trust	0	0
Crown funding repayable	8,321	13,651
<b>TOTAL MONETARY LIABILITIES</b>	<b>10.873</b>	<b>15,615</b>

Financial instruments include cash and cash equivalents, receivables, investments, and payables resulting from day-to-day operations. There are risks inherent with all financial instruments and risk management policies are used to mitigate the exposure to market risk comprising liquidity risk, credit risk, interest rate risk and currency risk.

### Liquidity risk

Liquidity risk is the risk of not having enough liquid funds (e.g., cash) available, leading to difficulty in making debt payments on their due date. As Crown funding is received quarterly in advance and the Commission actively manages its cash position, the Commission does not have a material risk in meeting its day-to-day obligations as they fall due.

### Credit risk

Credit losses may occur if a third-party defaults on obligations owed to the Commission, resulting in the Commission suffering a financial loss. Financial instruments which potentially subject the Commission to risk consist of cash and bank balances, receivables, and investments (bank deposits). The maximum credit risk exposure is represented by the carrying amount of each monetary asset in the statement of financial position.

The Commission does not have a material credit risk for receivables due from third parties. All other receivables are due from the Crown. Cash not immediately needed to settle obligations as they fall due is invested with Aotearoa New Zealand-registered banks with appropriate credit ratings. Limits are in place restricting deposit terms, individual deposit amounts, currency, and the level of deposits with any one registered bank. The Commission is not exposed to any concentrations of credit risk, other than an exposure to the Aotearoa New Zealand banking sector. No collateral is required to be held as security against amounts owed to the Commission.

## Interest rate risk

As interest rates change, the fair value of interest-bearing bank deposits may change, and future cash inflows will fluctuate. In accordance with the Commission's cash management policy, there are limits on the terms of all interest-bearing deposits, ensuring that deposits mature within 12 months (short-term). There are no other market risks.

The financial instruments carrying amount closely approximates their fair values as at 30 June 2024 and 30 June 2023. The average interest rate on interest-bearing term deposits over the year was 5.60% (2023: 3.34%). A 1% (100 basis points) change in interest rates, with all other factors unchanged, would change interest earnings by \$236,999.12 (2023: \$259,400).

## Currency risk

Currency risk results from fluctuations in the value of future cash outflows because of changes in foreign exchange rates. The Commission engages overseas experts and purchases specialist goods and services from foreign suppliers, requiring payment in a range of foreign currencies. The transactions are not hedged and are translated into New Zealand dollars at the exchange rate (spot) obtained when the invoices are paid. With all other factors unchanged, a 10% increase in exchange rates would decrease expenditure by \$118,303 (2023: \$109,600), while a 10% decrease in exchange rates would increase expenditure by \$144,593 (2023: \$133,900).

## 18. Operating (non-cancellable) leases

Monetary assets:

	2023/24 Actual \$000	2022/23 Actual \$000
Within 1 year	2,534	2,399
Within 1 to 2 years	1,784	2,353
Within 2 to 5 years	1,633	3,344
After 5 years	0	0
<b>TOTAL OPERATING (NON-CANCELLABLE) LEASES DUE</b>	<b>5,951</b>	<b>8,096</b>

The future operating (non-cancellable) lease payments consists of the contractual amounts due for leased premises, car parks, and office equipment, being the monthly rent plus our share of operating expenses.

The Commission leases offices in Auckland and Wellington. The Wellington lease is due for renewal in 2027 with the right to renew for a further term of six years. There are three leases for the Auckland office. One of the Auckland leases is due to expire in 2025. The other two leases are due for renewal in 2025 with the right to renew for a further term of four years. The Commission will not make any decisions on renewal in Wellington and Auckland until closer to the initial term expiry.

## 19. Capital expenditure commitments

The amount of contractual commitments for the acquisition of property, plant, and equipment at the reporting date is:

	2023/24 Actual \$000	2022/23 Actual \$000
Furniture and fittings	0	22
Leasehold improvements	0	0
<b>TOTAL CAPITAL EXPENDITURE COMMITMENTS</b>	<b>0</b>	<b>22</b>



## 20. Related party transactions

The Commission is an independent Crown entity, primarily monitored by the Ministry of Business, Innovation and Employment on behalf of the Minister of Commerce and Consumer Affairs and the Minister for Digital Economy and Communications.

Related party transactions with other government entities (e.g., Crown entities or government departments) that are related parties, where the transactions are within a normal supplier relationship on normal commercial terms, or normal operating arrangements between government agencies made on the same terms have not been disclosed.

There were no other related party transactions during the year (2023: \$nil).

### Key management personnel

	2023/24 Actual \$000	2022/23 Actual \$000
Commissioners and Associates remuneration	4,447	3,476
Senior Leadership Team remuneration	3,255	2,878
<b>TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION</b>	<b>7,702</b>	<b>6,354</b>

	2023/24 Actual No. of FTEs	2022/23 Actual No. of FTEs
Commissioners and Associates	10.4	7.7
Senior Leadership Team	10.1	10
<b>TOTAL KEY MANAGEMENT PERSONNEL FULL-TIME EQUIVALENTS</b>	<b>20.5</b>	<b>17.7</b>

Key management personnel comprise Commissioners and Associate Commissioners, the Chief Executive Officer, and the members of the Senior Leadership Team.

## 21. Capital management

The Commission's capital is its equity, which is made up of general funds and other reserves as disclosed in note 5. Equity is represented by net assets.

The Commission is subject to the financial management and accountability provisions of the Crown Entities Act, which impose restrictions on borrowings, acquisition of securities, issuing of guarantees and indemnities, and the use of derivatives.

The Commission manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Commission effectively achieves its objectives and purpose, while remaining a going concern.

## 22. Significant events after balance date

As an enforcement agency and regulator, the Commission is regularly involved in litigation and often has a large number of matters before the court. Several financially insignificant matters have been progressed or finalised by 31 October 2024. Significant matters are disclosed below.

*TSB Bank Limited.*

On 27 August 2024, TSB Bank Limited (TSB) was ordered to pay a pecuniary penalty of \$2.47 million by the Court. The Commission took civil proceedings against TSB Bank Limited (TSB) alleging that the bank charged consumer credit and default fees between 2015 and 2021 that were unreasonable in terms of the CCCF Act. The Commission received the penalty payment from TSB in September, and has transferred the funds to the Crown via the Ministry of Business, Innovation and Employment. This was a non-adjusting event after the reporting period.

## 23. Explanation of significant variances against budget

Significant variations from the budgeted figures in the Statement of Performance Expectations 2023/24 are set out in the table below. Explanations for each variance are found underneath.

	Note	2023/24 Actual \$000	2022/23 Actual \$000	Variance \$000
<b>Statement of comprehensive revenue and expense</b>				
Revenue - Crown	1	103,155	105,774	(2,619)
Interest	2	2,635	1,965	670
Members and Personnel	3	82,968	76,444	6,524
Legal and other professional fees	4	13,539	22,533	(8,994)
<b>Statement of financial position</b>				
Cash and Cash Equivalents	5	15,594	5,504	10,090
Property Plant and Equipment	6	2,453	4,431	(1,978)
Provisions	7	1,163	0	1,163
Crown funding repayable	8	8,321	29	8,292
<b>Statement of cash flows</b>				
Crown funding received	9	112,501	105,803	6,698
Commissioners, Associates and personnel payments	10	(80,688)	(75,320)	(5,368)
Supplier payments	11	(21,918)	(31,790)	9,872
Repayment of Crown funding	12	(17,676)	(10,859)	(6,817)
Investment (deposits)/receipts	13	18,000	9,949	8,051

## Explanatory notes

- 1) Crown-sourced revenue was \$2.6 million lower than budget mainly due to expenditure on Major Litigation. Major Litigation is unpredictable in terms of timing and amount, and case developments such as parties settling or delays in Court hearing dates affect total expenditure and revenue recognised. Any unspent litigation funding is not recognised as revenue and returned to the Crown. Please refer to pages 111 to 112 for more detail on our Major Litigation activity in 2023/24.
- 2) Interest revenue exceeded budget by \$0.7 million due to higher interest rates on term deposits than assumed when setting the budget.
- 3) Commissioners, Associates, and personnel expenses were \$6.5 million higher than budget mainly due to increased fixed-term staff and higher spends in non-legal related contractors to implement new functions and delivery of the time-limited Input Methodologies work programme, as well as recognising redundancy costs due to the Change programme.
- 4) Legal and other professional fees were \$9.0 million lower than budget due to lower litigation related expenditure because of several factors including but not limited to cases settling and slower progress through the courts than anticipated, along with lower than budgeted expenditure on external support for delivering work in our Part 4 (Electricity, Gas, and Airports) and Telecommunications output classes.
- 5) Cash and Cash Equivalents were \$10.1 million higher than expected primarily due to the underspend on funding received, and a decrease in the amount of short-term deposits held (interest rates on cash were similar to those for short-term deposits).
- 6) Property Plant and Equipment was \$2.0 million less than expected primarily due to Workplace Strategy additions to Leasehold and Furniture and Fittings being delayed to 2024/25.
- 7) Provisions of \$1.2 million have been recognised for redundancy costs arising from an organisational change process to ensure the Commission continues to operate sustainably within its funding.
- 8) Crown funding repayable was \$8.3 million greater than budget primarily due to recording \$3.0 million of equity repayable as part of Budget 2024 and under-spends compared to total funding available in our Part 4 and Telecommunications output classes.
- 9) Crown-sourced revenue was \$6.7 million greater than budget primarily due to more funding received for Telecommunications, Electricity, Gas, and Input Methodologies work than budgeted.
- 10) Commissioners, Associates, and personnel payments were \$5.4 million greater than budget due to increased staff levels associated with overall organisational growth, and a reduction of contractors resulting in more permanent roles filled (see variance explanation 3 above).
- 11) Supplier payments were \$9.9 million less than budget due to general underspends across most of our output classes and a decrease in contractors spend.
- 12) Repayment of Crown funding was \$6.8 million greater than budget due to making a repayment of excess major litigation funding during the year and the greater than estimated Crown Funding Repayable balance in the prior year.
- 13) Investment receipts were \$8.1 million more than budget due to a reduction in short-term investments balances compared to the prior year, choosing to hold more cash on hand (see variance explanation 5 above).

# 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.

<b>Accounts payable</b>	Debts owed to somebody (for example, a company) for goods or services provided to us that we have not yet paid at balance date.
<b>Accounts receivable</b>	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.
<b>Amortisation</b>	Amortisation is basically the same as depreciation (see below), except that it is applied to intangible assets (for example, software).
<b>Asset</b>	An asset is something we own, expect to receive in the future or control.
<b>Balance date</b>	The date at which a set of accounts is prepared. For the Commission, that date is 30 June of each year.
<b>Cash equivalents</b>	Cash equivalents are assets like term deposits which 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.
<b>Comprehensive revenue and expense</b>	Comprehensive revenue and expense is a broader concept of revenue which 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.
<b>Current asset (or liability)</b>	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.
<b>Depreciation</b>	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.
<b>Equity</b>	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.
<b>Exchange transactions</b>	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.
<b>Financial instruments</b>	Financial instruments are assets or liabilities which 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).
<b>Generally accepted accounting practice (GAAP)</b>	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.

<b>Going concern</b>	An assumption made by an entity that it will continue to operate into the foreseeable future. If this is incorrect, then the entity has to prepare its accounts as if it is being wound up.
<b>Intangible assets</b>	Intangible assets are assets that do not have a physical substance and are not cash.
<b>Liability</b>	A liability is something we owe, expect to pay in the future or may have to pay in the future.
<b>Monetary assets</b>	Monetary assets are assets that are cash, or will become cash, in a short timeframe (for example, bank account balances, term deposits, accounts receivable).
<b>Monetary liabilities</b>	Monetary liabilities are debts owed to another party, such as accounts payable, loans or unpaid salaries.
<b>Non-current asset (or liability)</b>	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.
<b>Output class</b>	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.
<b>Provision</b>	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.
<b>Public benefit entity (PBE)</b>	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.
<b>Related party</b>	Another person or entity which is related to us because of, for example, a common owner or person in a position of authority (for example, director, senior management).
<b>Statement of cash flows</b>	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).
<b>Statement of comprehensive revenue and expense</b>	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.
<b>Statement of financial position</b>	A statement showing what assets we own or control, what liabilities we have and the remainder (equity) at the balance date.