



STATEMENT OF PERFORMANCE EXPECTATIONS

OUR PLAN FOR 2015/16



Working to protect and promote the interests of New Zealanders

LEGISLATION ENFORCED BY THE COMMERCE COMMISSION

Commerce Act	Commerce Act 1986
CCCF Act	Credit Contracts and Consumer Finance Act 2003
DIR Act	Dairy Industry Restructuring Act 2001
Fair Trading Act	Fair Trading Act 1986
Telecommunications Act	Telecommunications Act 2001

© Crown Copyright

This work is licensed under the Creative Commons Attribution 3.0 New Zealand licence.

In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Commerce Commission and abide by the other licence terms. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/nz/>.



Contents

2 OVERVIEW

3 Non-financial performance overview

5 Financial performance overview

6 SERVICE PERFORMANCE

7 Competition and consumer

7 Accountability framework

8 Overview

8 Outputs

9 What we intend to achieve

9 How performance will be assessed in 2015/16

10 Financial information

11 Regulation

11 Accountability framework

12 Overview

13 Outputs

13 What we intend to achieve

13 How performance will be assessed in 2015/16

15 Financial information

20 Litigation

20 Overview

20 What we intend to achieve

20 How performance will be assessed in 2015/16

21 Financial information

22 PROSPECTIVE FINANCIAL STATEMENTS

22 Statement of significant underlying assumptions

23 Prospective financial statements

26 Statement of accounting policies

31 Financial statements glossary

33 GLOSSARY

Overview

The Commerce Commission is New Zealand's competition, consumer and regulatory agency. Our purpose is to achieve the best possible outcomes in competitive and regulated markets for the benefit of New Zealanders.

We are responsible for enforcing laws relating to competition, fair trading, and consumer credit contracts. We also have regulatory responsibilities in the electricity lines, gas pipelines, airport, telecommunications and dairy sectors.

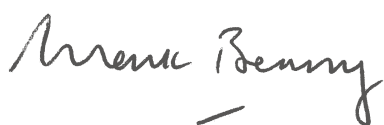
Statement of responsibility

This statement of performance expectations (SPE) is intended to promote our accountability to the public by detailing the Commission's outputs, annual performance measures and prospective financial statements for the 2015/16 year.

This SPE has been prepared in accordance with section 149C of the Crown Entities Act 2004. The prospective financial statements and non-financial performance measures may not be appropriate for any other purpose and are unaudited.

In the Board's opinion the prospective financial statements and non-financial performance measures contained in this SPE, and the assumptions on which they are based, fairly reflect our expected forecast financial position as at 30 June 2016 and the forecast results of our operations in the 2015/16 financial year.

This SPE is complemented by our statement of intent 2014-18 (SOI), which describes our strategic intentions. The SOI outlines the overall direction of the Commission, our outcomes and impacts, and how we seek to achieve them.



Dr Mark Berry
Chairman



Pat Duignan
Member

Non-financial performance overview

Competition and consumer

We work to promote competition and ensure consumers' interests are protected. When businesses compete on their merits and provide accurate information, consumers benefit from improved price, quality and choice.

In order to make markets more competitive and protect consumers' interests, we will continue to:

- make determinations (clearances and authorisations)
- undertake enforcement cases
- educate New Zealanders about the laws we enforce.



Our areas of priority for 2015/16 are:

- protecting consumers, focusing on the areas where we can have the greatest impact
- using the range of enforcement tools provided by recent changes to the Fair Trading Act 1986 and Credit Contracts and Consumer Finance Act 2003 (CCCF Act)
- enforcing product safety laws
- continuing to provide advice, education, and support to businesses and consumers throughout New Zealand to enable them to understand their rights and responsibilities under the Acts we enforce
- maintaining focus on the construction sector including the Christchurch rebuild
- focusing on the efficiency of our processes.

Regulation

When competition in a market is limited, consumers may not receive goods and services at the same price and quality as if the market was competitive.

Regulation can help mimic the outcomes seen in competitive markets so that consumers benefit in the long-term. The Commission's regulatory activities cover electricity lines, gas pipelines, specified airport services, telecommunications and dairy markets.

For economic regulation to be effective, we must put in place appropriate incentives for suppliers to deliver outcomes that are for the long-term benefit of consumers. Long-term benefits for consumers are achieved when there is an appropriate balance between prices, quality services, and investment in infrastructure and services.



In order to ensure the performance of regulated suppliers and markets provides long-term benefits to consumers we can:

- make determinations (set rules which apply to regulated suppliers and markets)
- produce public reports and advice to officials
- undertake compliance and enforcement activities.

Our major focus in telecommunications is setting prices for Chorus' unbundled copper local loop (UCLL) and unbundled bitstream access (UBA) services. We are aiming to complete this work by 31 December 2015.

We will continue to have a strong focus on monitoring of telecommunications markets. This includes broadband monitoring. We will also undertake regular reviews of schedule 1 services for approximately eight regulated services.

Our Part 4 of the Commerce Act 1986 (Part 4) near-term priority areas are:

- reviewing the requirements for requests to amend default price and quality controls to meet the specific needs of a business (customised price-quality path proposals)
- reviewing the performance of electricity distributors for 2010-15
- commencing our review of the upfront rules, requirements and processes (also known as input methodologies) which apply to sectors regulated under Part 4 (the proposed earlier start date of this review, 2015 rather than 2016, has not been confirmed)
- on-going compliance and enforcement activities.

Our Dairy Industry Restructuring Act 2001 (DIR Act) areas of priority are:

- completing the statutory review of Fonterra's 2014/15 base milk price calculation and 2015/16 manual, in relation to the price paid by Fonterra to dairy farmers for raw milk
- reporting on the state of competition in the New Zealand dairy industry, as requested by the Minister for Primary Industries on 19 May 2015.¹

Litigation

Across our competition, consumer and regulation work, we litigate cases in court when appropriate to achieve the best outcomes.



1. Under sections 148 and 148A of the Dairy Industry Restructuring Act 2001, the Minister for Primary Industries had to request a report on the state of competition in the New Zealand dairy industry from the Commerce Commission or any other relevant government agency before 1 June 2015.

Financial performance overview

The Commission expects to receive \$43.742 million in revenue for the 2015/16 financial year, from a variety of sources. Approximately 55% of our revenue comes directly from the Crown, with 42% from industry levies, and the remainder from interest and third-party revenue. The 2015/16 year is the second year of three multi-year appropriations for the Commission in our Part 4 work programme, allowing us to manage costs more flexibly for these regimes over the regulatory cycle, rather than through annual appropriations.

There has been a change in the Vote structure and titles covering the appropriations which fund the Commission's work. All of the appropriations which the Commission receives Crown revenue through will fall under Vote Business, Science and Innovation from 2015/16 onwards.

The Commission is budgeting to spend \$43.907 million in the 2015/16 financial year. This includes budget for a Part 4 inquiry beginning in the 2015/16 financial year, which may need to be funded from our reserves.

Our 2015/16 budget is an increase of \$2.323 million on 2014/15. This increase assumes that we bring forward the start date of the review of input methodologies, which help govern how we approach our regulation responsibilities in the electricity, gas and airports sectors. We have proposed to interested parties that we start this review in 2015 rather than 2016, but this earlier start is yet to be confirmed.

In our competition and consumer space we will continue to focus on enforcement activity, particularly in the credit contracts and consumer finance area.

The Commission's reserves are forecast to reduce slightly over the 2015/16 year. Equity is budgeted to total \$16.519 million as at 30 June 2016.

A significant focus for the Commission over the 2015/16 year is the completion of a telecommunications cost model – Final Pricing Principle (FPP) – which began in 2013/14. This model will enable us to set prices for UBA and UCLL services (though with some other applications to our work). This involves not only significant operating expenditure, but also a significant capital investment of nearly \$2 million.

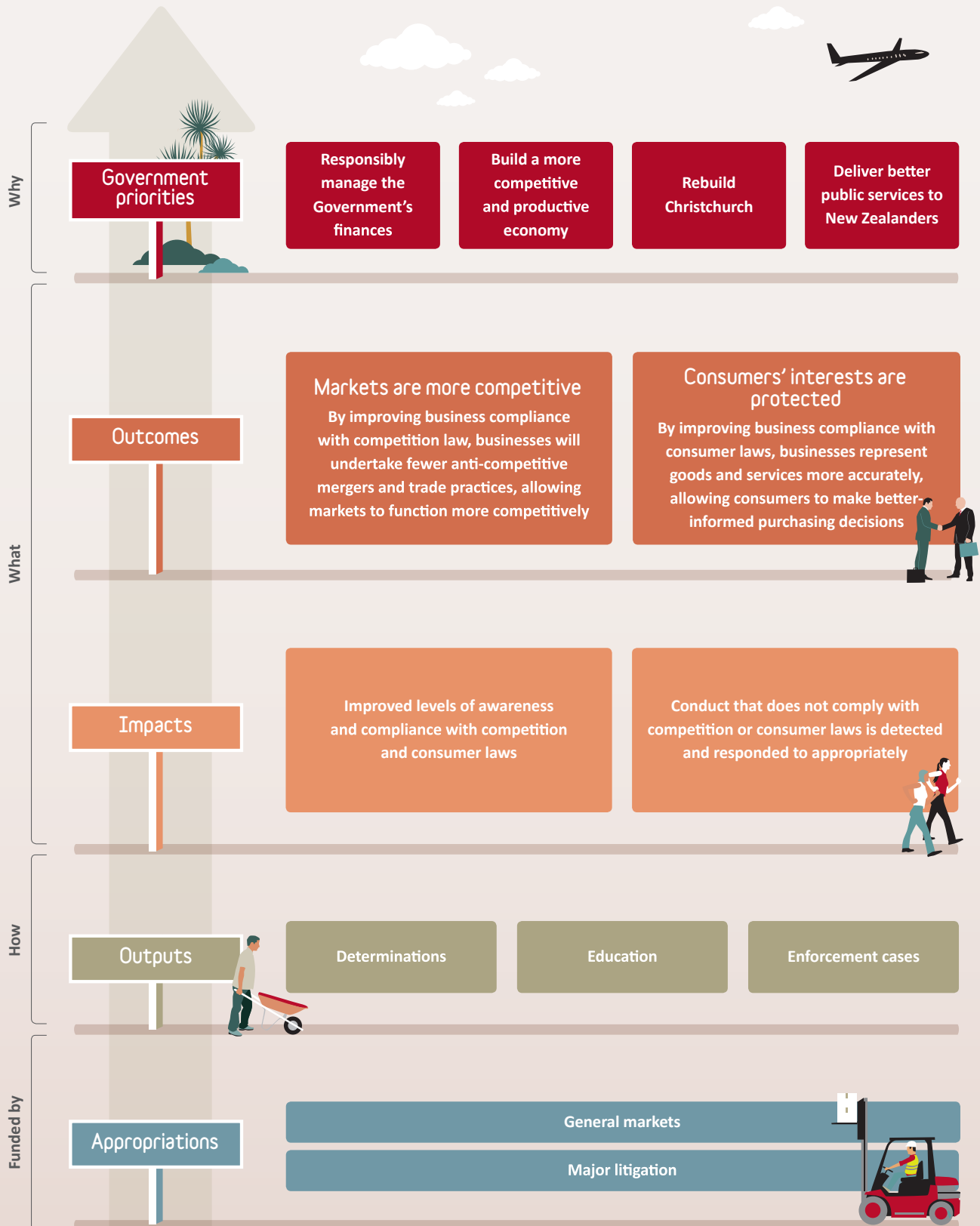
We will be investing in a variety of software projects to further improve the efficiency of our work. The Commission is negotiating a new 12 year lease on our Wellington premises, together with the other state sector agencies in the same building. We are planning to undertake capital expenditure to ensure our premises are fit-for-purpose for the new lease term.



Service performance



Competition and consumer Accountability framework



Overview

Our competition and consumer function is responsible for administering and enforcing the Commerce Act 1986, the Fair Trading Act, and the Credit Contracts and Consumer Finance Act. Through our work we seek to improve compliance with competition and consumer laws so that businesses:

- undertake fewer anti-competitive mergers and trade practices, allowing markets to function more competitively
- represent goods and services more accurately, allowing consumers to make better-informed purchasing decisions
- provide products which meet safety standards and disclose information about certain goods and services so consumers can make informed choices
- manage consumer credit relationships in a responsible way by giving consumers key information throughout the lifetime of a loan, complying with rules relating to payments, fees and interest, and by dealing fairly with situations of hardship or default.

Outputs

Our key outputs in the competition and consumer area are:

Determinations

Under the Commerce Act, businesses can apply to the Commission for a clearance or authorisation. A clearance is granted when a merger does not substantially lessen competition in the market. An authorisation is granted when a merger or restrictive trade practice is anti-competitive but ultimately benefits New Zealand consumers. Clearances and authorisations offer businesses protection from legal action under the Commerce Act.

Enforcement cases

The Commission investigates potential breaches of competition and consumer laws. We focus on detecting issues proactively as well as assessing complaints we receive. We use an enforcement response model to determine the appropriate response to take at the end of an investigation. This includes sending a compliance advice or warning letter, undertaking a settlement, or filing court proceedings.

Education (Advocacy)

As well as undertaking enforcement activities, the Commission aims to proactively inform businesses and consumers of their rights and responsibilities under competition and consumer laws. This includes producing fact sheets and guidelines, engagement with stakeholder groups and contributing to industry publications. Where we see emerging issues or identify areas of concern, we target our efforts in these sectors.

In addition we also use our knowledge and experience to provide advice and expert input to policy makers and parliament on policy development and legislative reviews.

What we intend to achieve

This output class is intended to achieve more competitive markets and ensure consumers' interests are protected.

How performance will be assessed in 2015/16

To determine our progress towards our desired outcomes and impacts (outlined in our SOI 2014-18), we measure the quantity, quality and timeliness of our outputs.

	Actual 2013/14	Estimated actual 2014/15	Target 2015/16
Determinations			
Quantity			
Number of clearance applications processed (demand driven)	13	17	10-22
Number of authorisation applications processed (demand driven)	0	2	0-4
Quality and timeliness			
Percentage of successfully defended determinations appeals	100% ²	100% ²	100%
Average number of working days from date of registration to date of decision for merger clearance applications	59.58 days	64 days	40 days
Average number of working days from date of decision to date of publication of reasons for declined clearance applications	N/A No declines	34 days	10 days
Enforcement cases			
Quantity			
Number of market structure investigations completed	1	2	0-5
Number of coordinated behaviour investigations completed	11	6	5-14
Number of unilateral conduct investigations completed	3	3	2-6
Number of Fair Trading Act investigations completed	259	220	200-300
Number of product safety and information standards investigations completed	68	100	80-120
Number of CCCF Act investigations completed	40	40	40-60
Quality and timeliness			
Percentage of investigations decided within 18 months of the investigation being opened	97%	98%	100%
Percentage of investigations decided within 12 months of the investigation being opened	91%	96%	95%
The percentage of surveyed businesses that have received a compliance advice or warning letter from the Commission in the last 12 months that report that the Commission's communications and guidance are clear and/or useful	70%	Surveys to be completed by June 2015	95%

2. This measure previously reported the percentage over a five year time period.

	Actual 2013/14	Estimated actual 2014/15	Target 2015/16
Education (Advocacy)			
Quantity			
Number of Commission guidelines or fact sheets provided	25	20	2-10
Number of substantial pieces of advice provided to government (demand driven)	8	6	2-10
Quality			
Percentage of stakeholders who find our publications clear and/or useful	92%	Survey to be completed by June 2015	92%
Quality measure for all outputs			
Number of successful legal challenges of the Commission's processes	0	0	0

Financial information

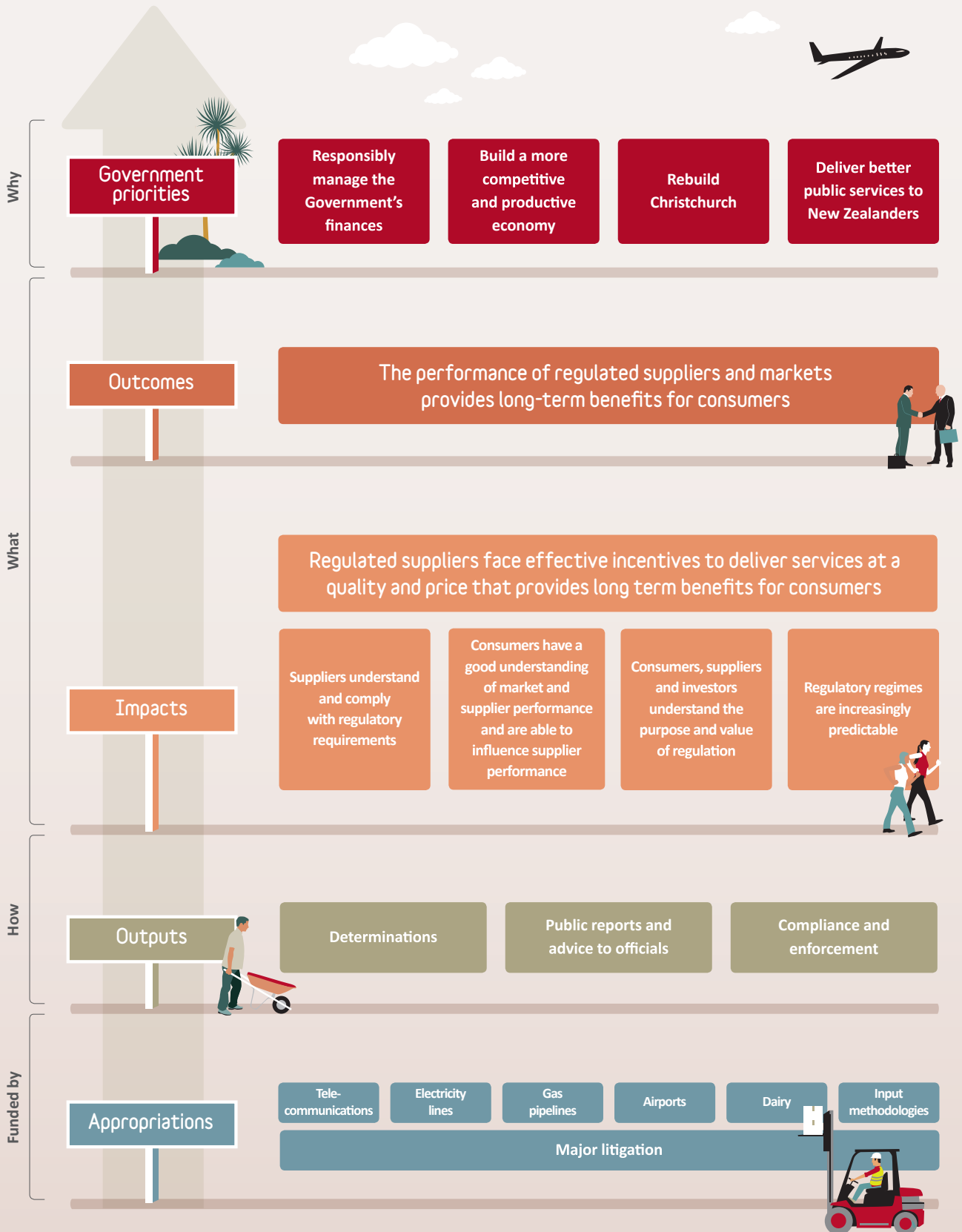
Our competition and consumer work is primarily funded by the Crown, through the Vote Business, Science and Innovation: Enforcement of General Market Regulation appropriation.

We also receive revenue which funds this work from third party application fees, interest revenue, cost awards from successful litigation cases, and cost recovery of shared corporate services.

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	13,935	13,935
Other revenue	907	1,051
Total operating revenue	14,842	14,986
Operating expenses		
Determinations	2,661	3,000
Enforcement cases	9,505	9,433
Advocacy	2,499	2,552
Reports to ministers	673	577
Total operating expenses	15,338	15,562
Surplus/(deficit)	(496)	(576)

Regulation

Accountability framework



Overview

As well as ensuring general markets are competitive and consumers' interests are protected, we also have responsibility for the regulation of specific sectors where competition is limited and there is little or no prospect of future competition.

Under Part 4 of the Commerce Act, we regulate the supply of electricity lines, gas pipeline services, and specified airport services (at Auckland, Christchurch and Wellington International Airports). We also administer the Telecommunications Act 2001 and have enforcement and adjudication roles under the Dairy Industry Restructuring Act.

Outputs

Our key outputs in the regulation area are:

Determinations

The Commission has quasi-judicial functions and makes determinations to support the operation of regulated markets and services. Determinations are formal and binding decisions and cover a range of activities, for example:

- setting and enforcing price-quality paths (which specify maximum revenue or maximum prices, and quality standards)
- determining designated access and specified services for the telecommunications sector.

The Commission also determines input methodologies. This involves setting and reviewing the upfront rules, requirements and processes which apply to the regulation, or proposed regulation, of goods or services under Part 4 of the Commerce Act. The purpose of input methodologies is to promote certainty for suppliers and consumers.

Input methodologies were first determined by the Commission in December 2010. This followed a two year process with multiple rounds of consultation with interested parties. Part 4 requires the Commission to review each input methodology no later than seven years after its date of publication and, after that, at intervals of no more than seven years. The Commission has proposed to start the first review of input methodologies in 2015, but this earlier start is yet to be confirmed.

Public reports and advice to officials

We create incentives for suppliers to achieve long-term benefits for consumers by providing analysis and commentary on supplier and market performance. This information allows public recognition of good performance as well as the exposure of poor performance, which can put pressure on suppliers to focus on the long-term benefit of consumers in their planning and performance (if this is not already occurring).

We also conduct inquiries under Part 4 of the Commerce Act and provide advice to government on whether particular goods or services should be regulated or controlled.

Compliance and enforcement

As well as setting determinations, the Commission is responsible for the overall compliance of suppliers with relevant legislation. We continue to proactively provide guidance and education on regulatory requirements and compliance advice to suppliers. When required we undertake investigations into the cause of breaches and take appropriate enforcement action.

What we intend to achieve

This output class is intended to achieve long-term benefits for consumers from the performance of regulated suppliers and markets.

How performance will be assessed in 2015/16

To determine our progress towards our desired outcomes and impacts (outlined in our SOI 2014-18), we measure the quantity, quality and timeliness of our outputs.

	Actual 2013/14	Estimated actual 2014/15	Target 2015/16
New outcome measures			
New Zealand's position in The Organisation for Economic Co-operation and Development's ranking improves for fixed broadband services (connections per 100 of the New Zealand population)	New measure	New measure	Achieved
A year-on-year increase in the average connection speed of 40% (as measured by Akamai)	New measure	New measure	Achieved
Determinations			
Quantity			
Number of determinations (includes determinations, clarifications, reviews and amendments)	Total: 25 ³ Telecommunications: 6 Gas: 8 Electricity: 11 Airports: 0 Dairy: 0	Total: 34 Telecommunications: 2 Gas: 10 Electricity: 20 Airports: 2 Dairy: 0	Total: 17-32 Telecommunications: 4-5 Gas: 6-10 Electricity: 5-11 Airports: 2-5 Dairy: 0-1
Quality and timeliness			
Percentage of Part 4 of the Commerce Act 1986 determinations completed by statutory deadlines	Gas: 100% Electricity: 100% Airports: 100%	Gas: 100% Electricity: 100% Airports: 100%	Gas: 100% Electricity: 100% Airports: 100%
Average time to complete telecommunications determinations ⁴	10 months	4 months	6 months
Completion date for the Unbundled Bitstream Access (UBA) and Unbundled Copper Local Loop (UCLL) Final Pricing Principle (FPP) determinations	Not measured	By 31 December 2015 ⁵	By 31 December 2015

- This figure was reported as 24 in our Annual Report 2013/14, with the total missing one gas determination.
- This measure excludes the UBA and UCLL FPP determinations. These determinations are excluded as they are distinct longer term processes and inclusion in this measure would skew the average for 2015/16 so it was no longer comparable with other years.
- This measure has been rolled over from 2014/15 when our target was 30 April 2015. The completion date has been revised to by 31 December 2015 as a result of a need for additional consultation.

	Actual 2013/14	Estimated actual 2014/15	Target 2015/16
Quality and timeliness continued			
Average time taken to complete dairy determinations	N/A – no determinations	N/A – no determinations	120 working days
Percentage of stakeholders who find determinations and supporting reasons clear	70%	Survey to be conducted in June 2015	80%
Public reports and advice to officials			
Quantity			
Number of reports completed (monitoring reports, summary and analysis reports, information disclosure reports, ministerial reports)	Total: 12 Telecommunications: 5 Gas: 1 Electricity: 1 Airports: 3 Dairy: 2	Total: 11 Telecommunications: 3 Gas: 2 Electricity: 2 Airports: 2 Dairy: 2	Total: 9-12 Telecommunications: 3 Gas: 1-2 Electricity: 2-3 Airports: 1 Dairy: 2-3
Number of substantial pieces of advice provided to government (demand driven)	Total: 3 Telecommunications: 3 Gas: 0 Electricity: 0 Airports: 0 Dairy: 0	Total: 1 Telecommunications: 1 Gas: 0 Electricity: 0 Airports: 0 Dairy: 0	Total: 3-17 Telecommunications: 1-3 Gas: 0-2 Electricity: 0-5 Airports: 1-4 Dairy: 1-3
Quality and timeliness			
Percentage of stakeholders who rate our reports good or above	59%	Survey to be conducted in June 2015	80%
Percentage of reports completed within the agreed timeframes	100%	100%	100%
Compliance and enforcement			
Quantity			
Number of compliance assessments completed	Total: 54 Telecommunications: 1 Gas: 5 Electricity: 48 Airports: 0	Total: 63 Telecommunications: 2 Gas: 10 Electricity: 48 Airports: 3	Total: 61-62 Telecommunications: 0-1 Gas: 10 Electricity: 48 Airports: 3
Number of enforcement cases taken or settled	1	2	Telecommunications: 0-1 Gas: 0-1 Electricity: 0-1 Airports: 0-1
Quality and timeliness			
Percentage of compliance assessments completed within the agreed timeframes	95%	100%	100%
Quality measure for all outputs			
Number of successful legal challenges of the Commission's processes	0	0	0

Financial information

Our regulation work is primarily funded by the Crown through five appropriations, with our work under Part 4 of the Commerce Act funded by three multi-year appropriations each with an initial five year period.

Vote Business, Science and Innovation:

- Economic Regulation of Electricity Lines Services 2014-2019 (multi-year appropriation)
- Economic Regulation of Gas Pipeline Services 2014-2019 (multi-year appropriation)
- Economic Regulation of Specified Airport Services 2014-2019 (multi-year appropriation)
- Enforcement of Dairy Sector Regulation and Auditing of Milk Price Setting
- Enforcement of Telecommunications Sector Regulation.

We also receive revenue for this work from cost recoveries for shared corporate services, and cost recoveries for specific determinations applied for by third parties.

Consolidated financial information for our regulation area is shown below, along with sector specific financial information. For the sectors funded by multi-year appropriations, we have also provided graphs showing the proportion of the Crown funding we plan to draw down in 2015/16.

We have budgeted separately for input methodologies as we intend to commence work under this specific appropriation in 2015/16 rather than 2016/17. This earlier start is yet to be confirmed.

Consolidated Regulation finances

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	16,449	18,405
Other revenue	45	367
Total operating revenue	16,494	18,772
Operating expenses		
Determinations	9,240	11,686
Compliance and enforcement	2,226	2,022
Public reports and advice to officials	5,028	5,064
Total operating expenses	16,494	18,772
Surplus/(deficit)	0	0

Telecommunications

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	5,954	6,000
Other revenue	15	311
Total operating revenue	5,969	6,311
Operating expenses		
Determinations	3,884	3,889
Compliance and enforcement	318	484
Public reports and advice to officials	1,767	1,938
Total operating expenses	5,969	6,311
Surplus/(deficit)	0	0

Dairy

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	1,140	1,694
Other revenue	3	6
Total operating revenue	1,143	1,700
Operating expenses		
Determinations	21	24
Compliance and enforcement	43	36
Public reports and advice to officials	1,079	1,640
Total operating expenses	1,143	1,700
Surplus/(deficit)	0	0



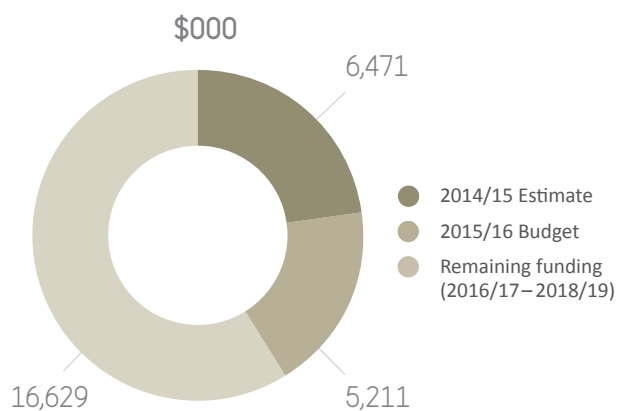
Input methodologies

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	0	3,170
Other revenue	0	15
Total operating revenue	0	3,185
Operating expenses		
Determinations	0	3,185
Total operating expenses	0	3,185
Surplus/(deficit)	0	0

Electricity lines services

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	7,202	5,211
Other revenue	20	25
Total operating revenue	7,222	5,236
Operating expenses		
Determinations	4,616	3,001
Compliance and enforcement	1,388	1,200
Public reports and advice to officials	1,218	1,035
Total operating expenses	7,222	5,236
Surplus/(deficit)	0	0

Crown funding used and available between 2014/15 and 2018/19:

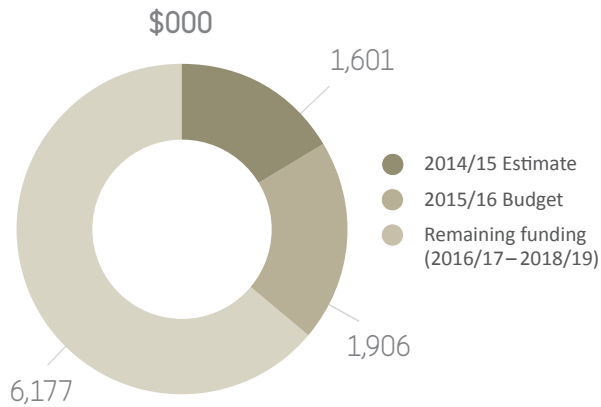


Economic regulation of electricity lines services for the period 2014-2019		\$000
Original appropriation		28,311
2014/15 Estimated actual		6,471
2015/16 Budget		5,211
Estimated appropriation remaining		16,629

Natural gas pipeline services

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	1,564	1,906
Other revenue	5	8
Total revenue	1,569	1,914
Operating expenses		
Determinations	550	1,353
Compliance and enforcement	433	243
Public reports and advice to officials	586	318
Total operating expenses	1,569	1,914
Surplus/(deficit)	0	0

Crown funding used and available between 2014/15 and 2018/19:

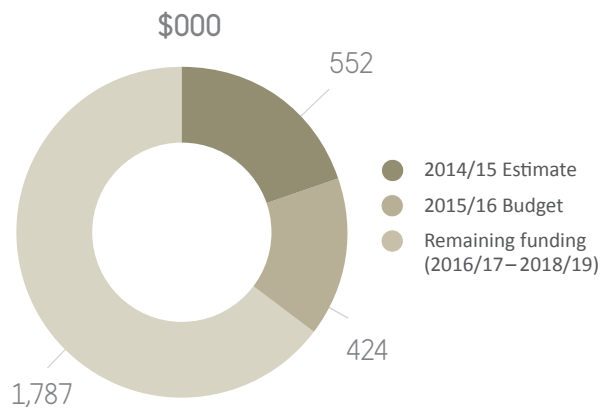


Economic regulation of natural gas pipeline services for the period 2014-2019		\$000
Original appropriation		9,684
2014/15 Estimated actual		1,601
2015/16 Budget		1,906
Estimated appropriation remaining		6,177

Airport services

	2014/15 Budget \$000	2015/16 Budget \$000
Operating revenue		
Crown revenue	589	424
Other revenue	2	2
Total operating revenue	591	426
Operating expenses		
Determinations	147	222
Compliance and enforcement	66	71
Public reports and advice to officials	378	133
Total operating expenses	591	426
Surplus/(deficit)	0	0

Crown funding used and available between 2014/15 and 2018/19:



Economic regulation of airport services for the period 2014-2019		\$000
Original appropriation		2,763
2014/15 Estimated actual		552
2015/16 Budget		424
Estimated appropriation remaining		1,787

Litigation

Overview

The Commission uses a wide range of tools, including education and advocacy, to achieve widespread public understanding of the law and compliance by consumers and businesses. However, the Commission may take enforcement action if it is the most appropriate course of action. Major litigation is used where we believe this is likely to achieve the most effective outcome and where cases meet the conditions for using the fund. We undertake litigation across both our competition and consumer and our regulation functions.

Litigation may also be an appropriate course of action where we are seeking to establish or develop precedent.

What we intend to achieve

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

How performance will be assessed in 2015/16

The litigation fund will be used in accordance with the conditions for using the fund.

The Commission does not set specific performance measures and targets on the outputs and outcomes of litigation so as to avoid perverse incentives. This helps to ensure the fund is used in the best interests of New Zealanders. In addition, our litigation workload varies considerably each year based on:

- the number and types of cases we choose to litigate
- any appeals we defend
- the complexity of the cases we have before us
- the court timetables
- the parties' approaches towards settlement.



Financial information

Litigation is funded by the Crown out of the multi-category appropriation, Vote Business, Science and Innovation: Commerce Commission Litigation Fund. For our internally-sourced litigations, we also receive revenue from shared services cost recoveries.

	2014/15 Budget \$000	2015/16 Budget \$000
Externally-sourced litigation		
Operating revenue		
Crown revenue	6,757	6,538
Total operating revenue	6,757	6,538
Operating expenses		
Competitive markets	2,530	3,990
Fair Trading Act	2,570	1,541
CCCF Act	302	296
Regulation	855	300
Total operating expenses	6,257	6,127
Surplus/(deficit)	500	411
Internally-sourced litigation		
Operating revenue		
Crown revenue	3,482	3,423
Other revenue	13	23
Total operating revenue	3,495	3,446
Operating expenses		
Competitive markets	2,290	2,005
Fair Trading Act	812	750
CCCF Act	167	332
Regulation	226	359
Total operating expenses	3,495	3,446
Surplus/(deficit)	0	0

Prospective financial statements

Statement of significant underlying assumptions

We have prepared the prospective financial statements presented on pages 23-25 on the basis of existing government policies, in consultation with our oversight ministry, the Ministry of Business, Innovation and Employment. Because these prospective financial statements are forward-looking, we have had to make some assumptions about our work and funding. You should read the prospective financial statements with these assumptions in mind.

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

- The Commission's functions will remain broadly the same as in the previous year
- Crown revenue received by the Commission agrees with the 2015/16 Estimates of Appropriations, except for Crown funding for our input methodologies review. We assume work on the review of the input methodologies will commence in 2015, and that ministers approve our request to bring forward the specific funding for this work by one year
- The Commission will complete a Final Pricing Principle for both the Unbundled Copper Local Loop and Unbundled Bitstream Access within the 2015/16 year. We will recover some of the costs (operating and capital) of these determinations from the parties who requested them
- The Commission will work on the review of the current input methodologies applying to industries regulated under Part 4 of the Commerce Act during the 2015/16 financial year
- The Commission plans to initiate at least one Part 4 inquiry during the 2015/16 financial year
- We have based our expected expenditure on major litigation activities on our estimate of the timing and extent of court hearings for existing and expected litigation cases. If delays, settlements, or significant other litigation matters arise from Commission cases, then expenditure on major litigation will change, favourably or unfavourably, for the year
- A significant portion of our work is reactive, based on requests from ministers or the public, and complaints we receive. In preparing the prospective financial statements, we have assumed that some activity (particularly in our competition and consumer work) will occur at a level in line with historical activity.

The Commission has adopted these assumptions as at 28 May 2015.



Prospective financial statements

Statement of prospective comprehensive revenue and expense for the year ended 30 June 2016

	2014/15 Budget \$000	2014/15 Estimated actual \$000	2015/16 Budget \$000
Operating revenue			
Revenue from non-exchange transactions			
Crown revenue	40,623	38,066	42,301
Court cost awards	50	29	50
Total revenue from non-exchange transactions	40,673	38,095	42,351
Revenue from exchange transactions			
Fees and recoveries	50	73	50
Interest	757	935	860
Other revenue	108	317	481
Total revenue from exchange transactions	915	1,325	1,391
Total operating revenue	41,588	39,420	43,742
Operating expenses			
Members and personnel	26,086	24,338	28,496
Legal and other professional fees	10,562	9,773	10,490
Computer, information, and information technology	620	604	566
Occupancy	1,715	1,684	1,693
Depreciation and amortisation	890	572	1,025
Other expenditure	1,711	1,656	1,637
Total operating expenses	41,584	38,627	43,907
Surplus/(deficit)	4	793	(165)
Total comprehensive revenue and expense for the year	4	793	(165)

Statement of prospective changes in equity for the year ended 30 June 2016

	2014/15 Budget \$000	2014/15 Estimated actual \$000	2015/16 Budget \$000
Balance at 1 July	14,972	15,891	16,684
Comprehensive revenue and expense			
Surplus/(deficit)	4	793	(165)
Total comprehensive revenue and expense	4	793	(165)
Transactions with owner			
Repayment of reserves to the Crown	0	0	0
Total transactions with owner	0	0	0
Balance at 30 June	14,976	16,684	16,519

Statement of prospective financial position as at 30 June 2016

	2014/15 Budget \$000	2014/15 Estimated actual \$000	2015/16 Budget \$000
Equity			
General funds	12,387	14,095	13,519
Litigation costs reserve	2,589	2,589	3,000
Total equity	14,976	16,684	16,519
Current assets			
Cash and cash equivalents	1,052	3,102	3,796
Fees and recoveries receivable	221	240	270
Short-term investments	13,500	18,000	14,000
Prepayments	305	320	315
Total current assets	15,078	21,662	18,381
Non-current assets			
Property, plant and equipment	988	747	2,891
Intangibles	2,641	1,863	2,841
Total non-current assets	3,629	2,610	5,732
Total assets	18,707	24,272	24,113
Current liabilities			
Creditors and other payables	750	1,250	1,162
Accrued expenses	890	1,650	1,937
Crown funding repayable	62	2,427	607
Penalties and cost awards held in trust	0	50	50
Employee entitlements	1,781	2,166	2,312
Total current liabilities	3,483	7,543	6,068
Non-current liabilities			
Provision for reinstatement of lease occupancy	236	33	33
Other non-current liability	12	12	1,493
Total non-current liabilities	248	45	1,526
Total liabilities	3,731	7,588	7,594
Net assets	14,976	16,684	16,519

Statement of prospective cash flows for the year ended 30 June 2016

	2014/15 Budget \$000	2014/15 Estimated actual \$000	2015/16 Budget \$000
Cash flow from operating activities			
Crown funding received	40,685	40,493	42,908
Fees and recoveries received	208	243	625
Receipts and payment of penalties (net)	0	46	0
Interest received	779	1,056	860
Member and employee payments	(26,199)	(24,330)	(28,360)
Supplier payments	(14,807)	(13,146)	(12,718)
Repayment of Crown funding	(1,232)	(3,559)	(2,427)
Goods and services tax (net)	(34)	97	(119)
Net cash inflow/(outflow) from operating activities	(600)	900	769
Cash flow from investing activities			
Investment receipts/(deposits)	3,000	500	4,000
Property, plant and equipment purchases	(554)	(401)	(2,629)
Intangible assets purchases	(2,401)	(1,384)	(1,527)
Net cash inflow/(outflow) from investing activities	45	(1,285)	(156)
Cash flow from financing activities			
Repayment of reserves	0	0	0
Net cash inflow/(outflow) from financing activities	0	0	0
Net increase/(decrease) in cash and cash equivalents	(555)	(385)	613
Opening cash and cash equivalents	1,607	3,568	3,183
Closing cash and cash equivalents	1,052	3,183	3,796

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

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.

Statement of accounting policies

for the year ended 30 June 2016

Reporting entity

The Commerce Commission is a 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 (or controlling entity) of the Commission is the New Zealand Crown.

The Commission's main objective is to provide services to the New Zealand public, instead of making a financial return. We provide public services to meet our responsibilities under the Commerce Act 1986, the Fair Trading Act 1986, the Dairy Industry Restructuring Act 2001, the Telecommunications Act 2001, and the Credit Contracts and Consumer Finance Act 2003.

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, because we are a public entity as defined in the Public Audit Act 2001. As a Tier 1 public sector PBE, we are required to report in accordance with Tier 1 PBE Accounting Standards.

Measurement base and statement of compliance

We have prepared these prospective financial statements to comply with the requirements of the Crown Entities Act 2004. We prepared these financial statements on a historical cost basis for a going concern to comply with New Zealand generally accepted accounting practice (GAAP), which includes the PBE accounting standards which apply for a public sector PBE. The Commission authorised the financial statements for issue on 28 May 2015.

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

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

Functional and presentation currency

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

Significant accounting policies

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

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

Crown revenue – The Commission receives funding via appropriations from the Crown. Crown revenue 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 appropriations are restricted in their use to the purpose of meeting the Commission’s objectives, as outlined in our statement of intent and statement of performance expectations. Appropriation revenue with a levy-payer source, and most of the funding in Vote Commerce – Commerce Commission Litigation Fund, is provided on the condition we repay all unspent funds to the Crown after year end. Appropriation revenue from Vote Commerce – General Markets, and specific ring-fenced revenue within Vote Commerce – Commerce Commission Litigation Fund provided to build up our ability to meet the cost of adverse cost awards is provided without any condition requiring repayment if unused.

We recognise appropriations from the Crown with conditions attached as a liability when received, and transfer the funds to revenue when we have incurred expenditure against that appropriation. Unspent funds at year-end remain on our statement of financial position as a liability. We recognise appropriations with no conditions attached as revenue when received.

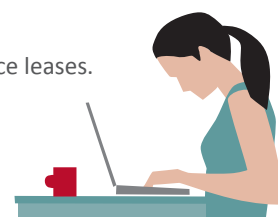
Fees and recoveries – The Commission receives application fees for clearances, authorisations, and other determinations. We also receive cost-recovered revenue for services provided to other agencies, and for customised determinations from some regulated businesses. We treat these fees and recoveries as exchange transactions, as the entity receives a service directly from us in relation to the fee it pays. We recognise fees and recoveries as revenue when received or receivable, unless we are receiving revenue in advance of services provided on a cost recovery basis. If we receive revenue in advance, we hold the received funds as a liability on our statement of financial position and recognise revenue as we incur costs to provide the services.

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 accruals 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. Any gain or loss on monetary liabilities is the difference between the cost in the functional currency at the beginning of the period and payments during the period, and is recognised in the statement of comprehensive revenue and expense during that period.

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 in the statement of comprehensive revenue and expense 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, any unamortised lease incentive and outstanding obligation for reinstatement is recognised as a liability in the statement of financial position.

The Commission does not enter into, and is not allowed to enter into, any finance leases.



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 are subject to an annual test of impairment to test the recoverable amount. Any impairment losses are recorded as an expense in the statement of comprehensive revenue and expense in the period in which they are first identified. The estimated useful lives of the major asset classes are:

Computer and office equipment	3-4 years
Furniture and fittings	Up to 5 years
Leasehold improvements	For the period of 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.

Cost allocation – Direct costs are charged directly to outputs within an appropriation. Personnel costs are allocated to outputs based on budgeted staff resourcing. The indirect costs of support groups and corporate overhead costs are charged to outputs based on the budgeted relative staff resourcing of each output.

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or creditors in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

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. The components of equity are general funds and restricted funds (litigation costs reserve). Restricted funds are reserves where the Commission must meet specific conditions of use that are agreed with the Crown.

Cash and cash equivalents – Cash and cash equivalents are our cash on hand, transactional cash balances in bank accounts, and some term deposits held with New Zealand registered banks. Term deposits are included in cash and cash equivalents when they are easily turned into cash, will mature within three months of the date they were purchased (eg, a 90 day term deposit), and are used as part of our day-to-day cash management.

Receivables – Receivables are stated at their estimated net realisable value, after providing for doubtful and bad debts. All known bad debts are written off and charged to the statement of comprehensive revenue and expense in the period in which we first identify them.

Investments – Investments are term deposits issued by New Zealand registered banks and are classified as loans and receivables. Term deposits which meet the definition of a cash equivalent (see above) are excluded from this definition. Loans and receivables are initially measured at fair value plus any transaction costs. After initial recognition, investments are re-measured at amortised cost using the effective interest rate method. We recognise any gains or losses arising from impairment or writing off an investment in the statement of comprehensive revenue and expense in the period in which they are first identified.

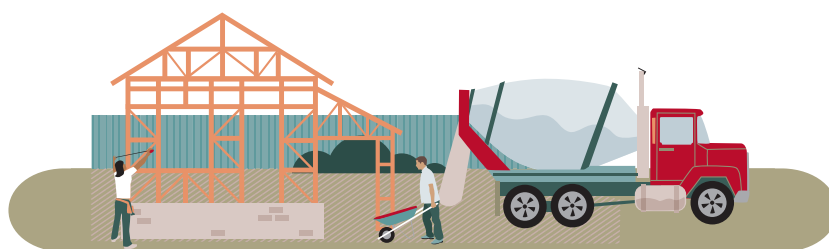
Property, plant and equipment – All items of property, plant and equipment owned are recorded at historical cost of purchase, less accumulated depreciation and any impairment losses. An item of property, plant and equipment acquired in stages is not depreciated until the item of property, plant and equipment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

All other costs we incur in maintaining the useful life or service potential of an existing item of property, plant and equipment are recognised in the statement of comprehensive revenue and expense as expenditure when incurred. We recognise any gain or loss arising from the sale or disposal of an item of property, plant and equipment in the statement of comprehensive revenue and expense 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. We amortise software on a straight-line basis over its estimated useful life, to a maximum of five years.

Financial instruments – The Commission is naturally a party to financial instruments as part of its day-to-day operations. Financial instruments are monetary assets (eg, cash) and liabilities and are initially recognised at their fair value. We subsequently measure them at their amortised cost, less any impairment losses. All revenue and expenditure arising from the financial instruments are recognised in the statement of comprehensive revenue and expense when earned or when an obligation exists.

Employee entitlements – Employee entitlements are unpaid salaries, bonuses, and annual leave which we owe to our personnel. At balance date, we recognise any unpaid employee entitlements as a liability in the statement of financial position and charge this cost owing to the statement of comprehensive revenue and expense. Entitlements are calculated on an actual entitlement basis at our personnel's current salary rates.



Cash flows – Operating, investing and financing cash flows are prepared using the direct method subject to the netting of certain cash flows. The cash flows in respect of bank deposits that have been rolled over under arranged banking facilities have been netted in order to ensure meaningful disclosures. Penalties which are received by the Commission and then paid to the Crown are netted, as the Commission is acting as an agent in collecting these penalties, must pass them on within a week of receipt, and does not benefit (eg, by earning interest) from receiving the penalties on behalf of the Crown.

Operating cash flows include all cash received from all operating revenue sources and all cash payments for all operating expenditure items. Investing cash flows reflect the payments for property, plant and equipment or intangible asset purchases, proceeds from the sale of property, plant and equipment or intangible assets, and the net movement in bank deposits (excluding bank deposits treated as cash and cash equivalents).

The Commission reconciles its surplus/deficit with the net cash flows from operating activities in our annual report using the direct method.

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 completed. 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 resources (eg, cash) and we can measure the amount reliably.

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

Changes in accounting policies

The accounting policies adopted are consistent with the previous year.



Financial statements glossary

The following table provides definitions for some terms used in our financial statements. Please note that these definitions are only provided as a help to readers, and are not part of the financial statements, nor do they necessarily reflect the way we interpret and apply accounting standards.

Accounts payable	Debts owed to somebody (eg, a company) for goods or services provided to us that we have not yet paid at balance date.
Accounts receivable	Debts owed to us by somebody (eg, a company) for a service we have provided where we have not been paid at balance date.
Asset	An asset is something that we own, expect to receive in the future, or control.
Amortisation	Amortisation is basically the same as depreciation (see below), except it is applied to intangible assets (eg, software).
Balance date	The date at which a set of accounts is prepared. For the Commission, that date is 30 June of each year.
Cash equivalents	Cash equivalents are assets like term deposits 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.
Comprehensive revenue and expense	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.
Current asset (or liability)	A current asset is an asset that can be converted into cash or used to pay a liability within 12 months. A current liability is a liability that we expect to repay within 12 months.
Depreciation	Depreciation is the charge of an asset's cost over a certain time period. Depreciation recognises that assets decline in their value and usefulness over time.
Equity	Equity represents the value of an entity to its owners, and is the amount left over after deducting all liabilities from all assets. It is also known as net assets.
Exchange transactions	Exchange transactions are transactions where goods or services are received in exchange for payment of approximately equal value. The vast majority of transactions in everyday life are exchange transactions.
Financial instruments	Financial instruments are assets or liabilities that are tradable in some way, such as cash, shares or loans. Other financial instruments include 'derivatives', which are traded securities that get their value from an underlying asset (like a future oil shipment or a future foreign currency purchase).
Generally accepted accounting practice (GAAP)	GAAP is short-hand for the series of standards, interpretations and concepts that are followed by accountants. NZ GAAP is defined by law to include standards issued by the External Reporting Board and, where that (or a specific law) does not cover a matter, accounting policies considered authoritative by the accounting profession in New Zealand.
Going concern	An assumption made by an entity that it will continue to operate into the foreseeable future. If this is incorrect, then the entity has to prepare its accounts as if it was being wound up.
Intangible assets	Intangible assets are assets that do not have a physical substance, and are not cash.
Liability	A liability is something we owe, expect to pay in the future, or may have to pay in the future.
Monetary assets	Monetary assets are assets that are cash, or will become cash in a short time frame (eg, bank account balances, term deposits, accounts receivable).
Monetary liabilities	Monetary liabilities are debts owed to another party, such as accounts payable, loans or unpaid salaries.

Non-current asset (or liability)	A non-current asset is an asset that we cannot ordinarily turn into cash within 12 months. A non-current liability is a liability that we would not ordinarily have to repay within 12 months.
Non-exchange transactions	Non-exchange transactions are transactions where goods or services are received, but there is no direct payment for those services. Taxes paid to the Government, and then passed on to a public sector agency like the Commission to fund services, are a form of non-exchange transaction.
Provision	An estimate of an amount that an entity may (or will) have to pay as a result of an obligation the entity has to another party.
Public benefit entity (PBE)	An entity that aims to provide goods or services to the general public to meet a specific need, rather than to make a profit for its owners.
Public sector	Government departments, local and regional councils, Crown entities such as the Commission, and other agencies that are part of the government.
Related party	Another person or entity that is related to us because of, for example, a common owner or person in a position of authority (eg, director, senior management).
Statement of cash flows	A statement that shows how much cash we have received from various sources (investments, operating activities, cash injections received from the Crown) and cash payments we have made.
Statement of comprehensive revenue and expense	A statement that shows our surplus or deficit from our operating activities, plus or less any movements in non-owner equity items (see comprehensive revenue and expense above). This is the public sector equivalent of a statement of comprehensive income, which we used to prepare.
Statement of financial position	A statement that shows what assets we own or control, what liabilities we have, and the remainder (equity) at the balance date.



Glossary

Appropriation	A parliamentary authorisation for Ministers of the Crown or an Office of Parliament to incur expenses or capital expenditure.
Authorisation	Under the Commerce Act, certain agreements and mergers are prohibited as they can lead to anti-competitive outcomes, such as increased prices or lack of choice. However, the Commerce Act recognises that in some circumstances an anti-competitive transaction may lead to sufficient public benefits that would outweigh the competitive harm. In this case the Commission can grant an authorisation for the agreement or merger to proceed.
Base milk price	The term used in the Dairy Industry Restructuring Act 2001 to refer to the farm gate milk price that is set by Fonterra. The farm gate milk price is the price paid by dairy processors to dairy farmers for raw milk. The purchase of raw milk from farmers at the base milk price is Fonterra's largest input cost.
Clearance	Under the Commerce Act, the Commission can grant a clearance for a proposed merger if we are satisfied that it is not likely to substantially lessen competition in a market. We compare the likely state of competition if the merger proceeds with the likely state of competition if the merger does not proceed.
Coordinated behaviour cases	Investigations into agreements between competitors not to compete with each other such as: price fixing; the restriction of outputs; the allocation of customers, suppliers or territories; and bid rigging.
Determination	A formal and binding decision made by the Commission under the legislation it administers.
FPP	Final pricing principle as per the Telecommunications Act 2001.
Impact	Contribution made to an outcome by a specified set of outputs, or actions, or both.
Information disclosure	Under Part 4 of the Commerce Act (subpart 4), sufficient information is to be readily available to interested persons so that they can assess whether the purpose of Part 4 is being met.
Input methodologies	This involves setting upfront regulatory rules, processes and requirements applying to regulation under Part 4, and for undertaking Part 4 inquiries (eg, rules for valuing assets and calculating the cost of capital).
Market structure cases	Investigations into mergers that might substantially lessen competition in a market and that do not have the protection of a clearance.
Merger	A merger is a combination of two or more business enterprises into a single enterprise. Colloquially, mergers also include business acquisitions that involve the acquisition of assets or shares of a business.
Outcomes	State or condition of society, the economy, or the environment; includes a change in that state or condition.
Output class	An output class is a grouping of outputs or activities with similar objectives. A reportable class of outputs is a class of outputs the Crown entity purposes to supply in the financial year and that is directly funded (in whole or in part) by the Crown. The Commission's output classes are primarily funded by appropriations from the Crown via MBIE.
Outputs	Goods or services provided by the Commission.
Part 4	Part 4 of the Commerce Act. Under Part 4 of the Commerce Act, the Commission has a role regulating the price and quality of goods or services in markets where there is little or no competition and little prospect of future competition.

Price-quality path	Under Part 4 of the Commerce Act (subparts 9 and 10), non-exempt suppliers of electricity lines services and suppliers of gas pipeline services are subject to default/customised price-quality regulation. A default price-quality path (DPP) is the way the Commission determines appropriate price and quality controls for applicable regulated industries under Part 4 of the Commerce Act. A regulated business can apply for a customised price-quality path (CPP) when they have a specific need that isn't met by the DPP.
Product safety and information standards cases	Investigations of products such as bikes, cots and children's toys that might be unsafe, as well as the incorrect labelling of footwear and clothing, and failure to display required information on motor vehicles offered for sale.
Regulated supplier	A supplier of goods or services regulated under either the Commerce Act or the Telecommunications Act.
Substantially lessen competition	Substantial lessening of competition concerns a real or substantial impact on a market in the way of a lessening, hindering or preventing of the process of workable or effective competition.
UBA	Unbundled bitstream access. Regulated service giving wholesale access to Chorus' Digital Subscriber Line (DSL) full speed broadband service. It allows telecommunications companies to supply broadband services to customers without the need to replicate Chorus' electronics or software.
UCLL	Unbundled copper local loop. Wholesale access to the copper line connecting a phone user to the local exchange.
Unilateral conduct cases	Investigations into prohibited conduct by a person or a business, including taking advantage of their dominant position in a market for an anti-competitive purpose, or specifying a minimum price at which its goods or services can be sold by another.
Vote	A grouping of one or more appropriations that are the responsibility of one or more Ministers of the Crown and are administered by one department.

ISSN: 2382-0462 (Print)
ISSN: 2382-0470 (Online)

Phone: 0800 943 600
Write : Contact Centre, PO Box 2351, Wellington 6140
Email : contact@comcom.govt.nz

www.comcom.govt.nz

