



COVERSHEET

Minister	Hon Scott Simpson	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Changes to improve competition settings	Date to be published	16 September 2025

List of documents that have been proactively released

Date	Title	Author
June 2025	Commerce Act Review – Changes to improve competition settings	Office of the Minister of Commerce and Consumer Affairs
25 June 2025	Commerce Act Review – Changes to improve competition settings ECO-25-MIN-0098 Minute	Cabinet Office
August 2025	Commerce Act Review – Further changes to improve competition settings	Office of the Minister of Commerce and Consumer Affairs
20 August 2025	Commerce Act Review – Further changes to improve competition settings ECO-25-MIN-0134 Minute	Cabinet Office
20 August 2025	Regulatory Impact Statement – Targeted review of the Commerce Act 1986	MBIE
August 2025	Commerce Commission Governance and Effectiveness	Office of the Minister of Commerce and Consumer Affairs
20 August 2025	Commerce Commission Governance and Effectiveness ECO-25-MIN-0133 Minute	Cabinet Office
13 June 2025	Governance and Effectiveness Review of the Commerce Commission – Final Recommendations Report	Dame Paula Rebstock, Professor Allan Fels AO, David Hunt
June 2025	Commerce Commission – Response to the Governance and Effectiveness Review	Commerce Commission

Information redacted

YES / NO (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of confidential advice to Government.

Enhancing Competition

Response to the Governance and Effectiveness Review

June 2025



Commerce Commission Response to the Governance and Effectiveness Review

The Review team and the Commission are focused on the same thing – delivering a resilient Commerce Commission that has the tools it needs to support economic growth through enhancing competition. This outcome is also sought by the Government in its Competitive Markets work under the Going for Growth agenda and the OECD in its insights from the 2024 Economic Survey of New Zealand focused on “revamping competition”.

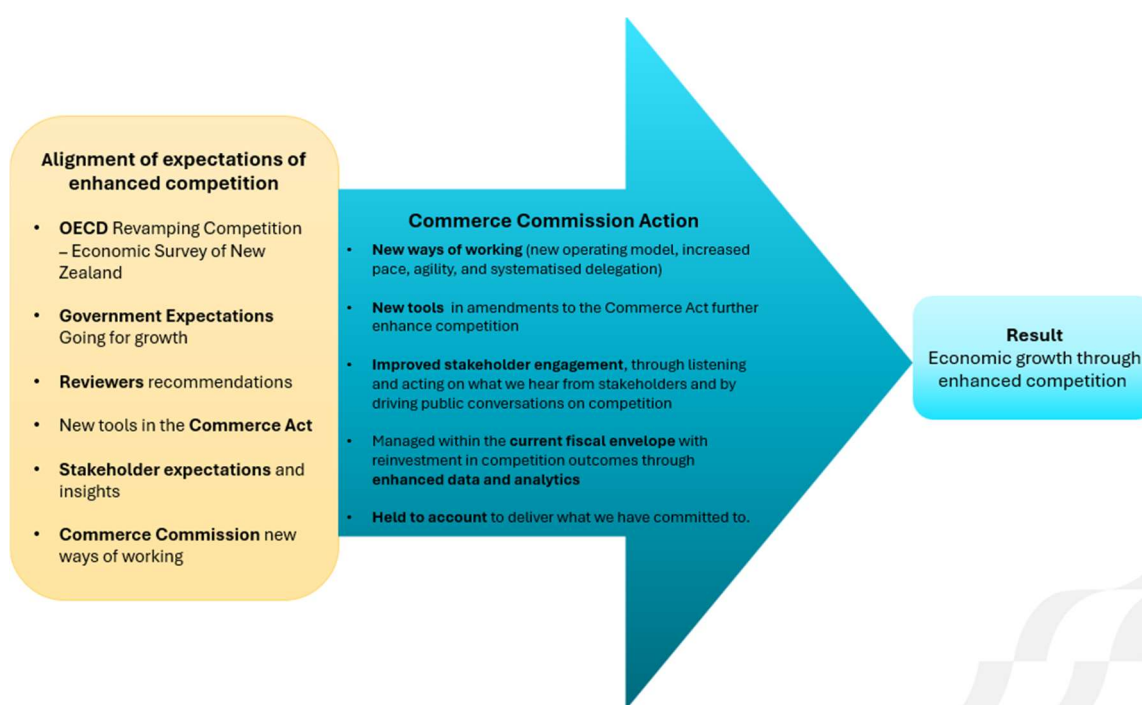
We agree with the Review team that change is needed for the Commerce Commission to be a resilient institution in the future and to contribute effectively to the growth of the New Zealand economy through enhanced competition. The Governance and Effectiveness Review of the Commerce Commission (The Review) has provided important insights to help accelerate and deepen change already underway.

We are grateful to have had the opportunity to engage with the Review team at points during the review. We appreciate the Reviewer’s directness about what they have heard. There is much we are aligned on, and the review process has encouraged us to push the boundaries of our change ambitions with greater clarity and intent.

We are, like the Reviewers, the Government, and the OECD, focused on the path ahead for enhancing competitive markets in New Zealand. At the Commission, we are looking out the front window with a view toward the future impact the Commission can have, and we have open ears to the views of others.

Figure 1 below outline how changes to the Commerce Commission will result in improved competition and enhanced economic growth:

Figure 1: Enhancing Competition



Enhancing Competition: Alignment of OECD Insights, Government and Stakeholder Expectations, and Commission Actions

“Because New Zealand’s economy is small and remote, competition policy in New Zealand needs to be at the international frontier of best practice to counteract these disadvantages and improve the level of economic performance and long-term growth.”

OCED, Economic Survey of New Zealand, May 2024

We accept the challenge from the Reviewers to become a stronger and more resilient competition regulator through implementing changes to our organisation that are aligned with insights from the OECD, the Government, the Reviewers, stakeholders and our own aspirations. The changes we intend to make now will be supported by the introduction of new and enhanced competition tools coming through the Ministry of Business Innovation and Employment (MBIE) led review: *Promoting competition in New Zealand – A targeted review of the Commerce Act 1986*.

The OECD’s Economic Survey, with its focus on ‘revamping competition’, is an international perspective on driving economic growth through enhancing competition. The OECD highlights New Zealand’s geographical position and small market size means that our markets are more concentrated than many others. They state that a strong and resilient competition regulator with a modern set of tools is crucial to offset these challenges and maximise the contribution competition can make to boosting productivity and economic growth. We note that the Government’s Competitive Markets work under the Going for Growth agenda focuses on competition as an enabler of economic growth.

Our response to The Review builds on the changes we are already driving in the Commission, picks up fresh ideas from The Review and proposes a fast and cost-effective way to move in the right direction, without the need for legislative change. This includes:

- A “One Commission” Board and approach
- A new Governance & Strategy Committee, including two external members, to provide “out-side in” perspectives and challenges to the Board.
- A new committee based operating model to drive effectiveness and efficiency, supported by systematised delegation
- New ways of working that support increased pace and agility to drive effectiveness and efficiency
- Improved stakeholder engagement through a stronger and more systematic approach to seeking feedback, and
- A focus on driving public conversations on competition and the economic context needed for economic growth through competition.

New Operating Model and Ways of Working – a blueprint for change

“We live and breathe change, internally, all the time... we are change makers at heart.”

**Dr John Small, Chair of Commerce Commission, Business
New Zealand Engagement May 2025.**

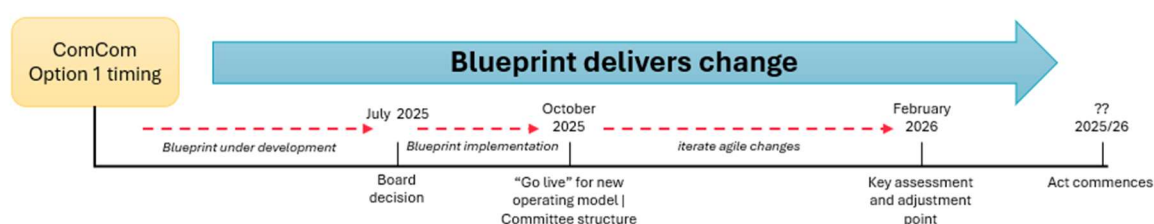
The Reviewers have been clear that there are several areas of focus that would enhance our effectiveness. Their focus is on the need for a strong and resilient One Commission approach that enables more rigorous prioritisation across the Commission, and systematised delegation, which will unlock greater effectiveness, efficiency and pace.

We agree with the Reviewers about a “One Commission” approach, greater independent (outside-in) perspectives in the Commission’s work particularly at a governance and strategy level, and new ways of working for pace and efficiency.

We intend to give effect to almost all recommendations in the report immediately by implementing Option 1 as proposed by the Commission and reflected in the Reviewers’ final report. Option 1:

- **meets all the recommendations** in The Review report that are within our control and compliments the direction of The Review (please see table of agreed recommendations at Appendix 1)
- moves **quickly** to make changes to our operating model (with an anticipated **go live on 1 October 2025**) through implementation of a 90-day blueprint for change and would be followed quickly by agile changes and enhancements through the implementation process. We would also include a key assessment point at 1 February 2026 to enable further enhancements to be made
- is **attainable within our current fiscal envelope** and in line with the Reviewers’ recommendations; we would reinvest savings in competition outcomes through a programme of data, intelligence and analytics to reduce and address anti-competitive harms, and
- **buys the Government time to consider changes to Part 1 of the Commerce Act.** Implementing Option 1 now speeds up changes consistent with the Reviewers’ recommendations, irrespective of whether Government decides that Option 3 should be advanced through legislative changes.

Figure 2: Blueprint for change – timeline

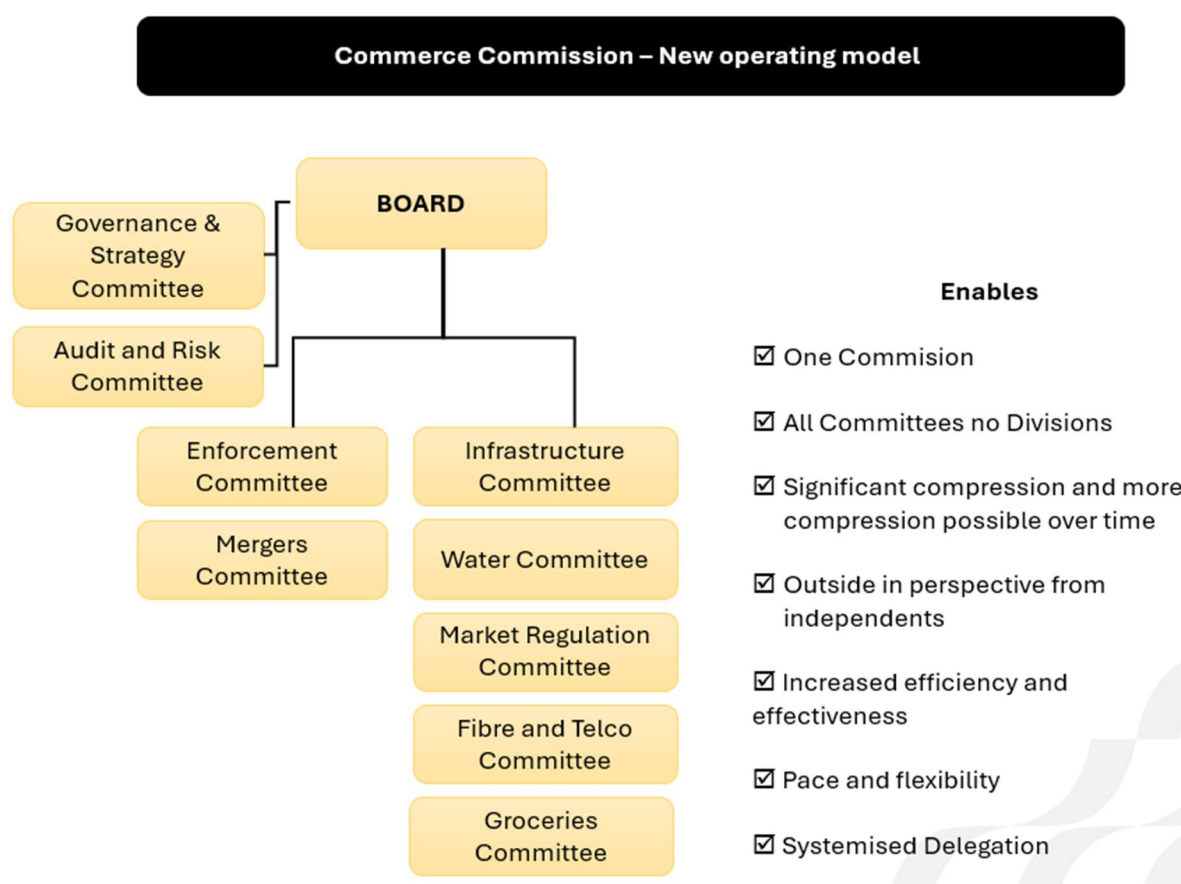


New Operating Model – Committee Structure

We have made enhancements to our governance and operating model over the last 5 years to deliver on new functions and an expanded mandate. This means we have strong foundations in place. Our governance model needs to be flexible to support the broad range of functions we undertake. It also needs to allow for the efficient incorporation of new functions and/or the divestment of functions as the Government sees fit. We agree our governance model can be improved.

Implementing the Option 1 operating model will see us go live with a new committee structure on 1 October 2025 as indicated in Figure 3 below:

Figure 3: Option 1 – Committee Structure and Operating Model



This structure will achieve the following in full alignment with the review and recommendations:

Table 1: Option 1 Committee Structure and Operating Model – Approach

What is achieved by the Option 1 operating model	How it is achieved
“One Commission” Board and approach..	.. by retaining and enhancing the Board and providing for an outside in perspective at a strategic level with two independent members of Governance and Strategy Committee
Streamlines decision making bodies within the Commission...	...by making them all Committees, utilising the Crown Entities Act (rather than Divisions as per Part 1 of the Commerce Act), thereby increasing flexibility and accountability to the Board
Realises significant consolidation in governance and decision-making infrastructure...	...through a reduction in the number of Committees from 11 Divisions to 7 new Committees (able to be reduced to 5 over time)
Drives efficiency and effectiveness and pace....	... through resetting the Committee expectations, stronger systemised delegation and accountability through the organisation, thereby reducing Commissioner time and meetings
Drives pace and greater effectiveness and efficiency into the business of the Commission...	.. by reducing timelines for market-related decisions supported by clear expectations for increased pace and new ways of working.
Brings a stronger independent outside in perspective...	...through independent external members on Committees, in particular the Governance and Strategy Committee which provides a direct advisory role to the Board

This fundamentally resets how the organisation is governed, makes decisions and operates. It draws on key features of our enabling legislation, without needing to wait for any legislative change, including:

- Part 1 of the Commerce Act, which links Board composition to the Commissioner cohort, and
- The Crown Entities Act, which provides for the establishment of Committees of the Board rather than Divisions under the Commerce Act.

We already utilise some Committees (rather than Divisions) as a mechanism to support governance and decision making and see the benefits in terms of:

- Flexibility in membership (for example, we can appoint independent members and senior staff)
- Flexibility in setting terms of scope and authority for decision-making, and
- Providing a stronger accountability framework, in relation to the Board's obligations under the Crown Entities Act.

Our Water and Audit and Risk Committees are current examples of where we have used independent members to ensure complementary skill sets and an “outside – in” perspective is brought to bear.

Outside in perspective – Independents (including on Governance and Strategy)

By 1 October we will use the committee mechanism to ensure we have appropriate independent expertise on the Governance and Strategy and sector-based committees. This reflects the Reviewers concerns about making sure we are continuously hearing from an independent “outside in” perspective. We note that the Reviewers see this as a necessary complement to our expert-based commissioner decision-makers.

Two independent members on the new Governance and Strategy Committee

Creation of the new Governance and Strategy Committee is a key mechanism for bringing independent views and further bolstering strategic and governance expertise at the Commission. The Committee will be the Board’s principal advisor on strategy, direction, priority setting, governance and enhancements.

Figure 4: Governance and Strategy Committee



We will shortly establish a Governance and Strategy Committee of five members, including:

- The current Chair and Deputy Chair with one other Commissioner (that can be rotated)
- Two independent members with strong governance and commercial expertise to support the Chair and the Board in charting the direction and strategy of the Commission.

The new Governance and Strategy Committee, along with our existing Audit and Risk Committee (which is chaired by an independent member), will challenge the Board to consider external perspectives. We can give effect to the Governance and Strategy Committee by 1 October 2025. The new external members of the Committee will not be on any regulatory decision-making committees and will be appointed by the Board after consultation with MBIE and the Minister of Commerce and Consumer Affairs (e.g., to ensure candidate suitability based on skills and experience).

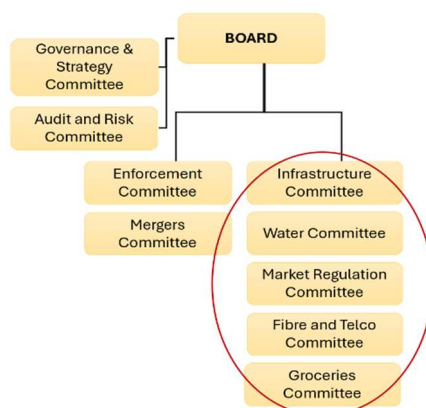
Committee structure supported by systematised delegation to realise further effectiveness and efficiency

It is our intention to drive greater levels of delegation within the organisation on a more consistent basis as part of a go live committee structure on 1 October 2025. This “systematised” delegation will support increased effectiveness and efficiency alongside the new committee structure. Systematised delegation from the Board to Committees, and the Chief Executive (the Chief Executive would subdelegate through the organisation) will strengthen the Commission as an enduring institution.

We will strengthen the decision-making capacity and capability of our senior leaders and ensure effective accountability mechanisms are in place. We agree that delegation and decision-making at appropriate levels of the organisation, alongside strong assurance and accountability processes, are critical to giving effect to the principle of “subsidiarity” as described by the Reviewers. This would meet the Reviewers’ recommendation that we take a full look at our delegation framework and implement a model with subsidiarity at its core.

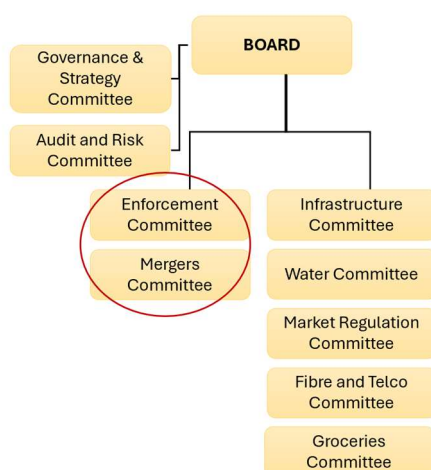
Driving more delegation into the organisation will increase pace, reduce Commissioner time and strengthen the roots of the Commission making it more resilient. We can delegate more in our sector specific committees as shown below. However, applying the principle of subsidiarity, alongside risk, novelty and regime maturity and life cycle means that some regimes will be more delegated than others (e.g. more delegation in Telecommunications, Electricity and Infrastructure, less in Groceries, and Retail Payments Systems for the time-being).

Figure 5: Sytematised Delegation



In relation to what can be referred to as core Crown quasi-judicial decision-making roles, we consider, as do the Reviewers, that the authorising environment and broader market would expect key decisions to continue to be taken by appointed expert Commissioners. Efficiencies will be driven through the way work is done (e.g., improved merger pace and processes; delegation of decisions on low-level enforcement actions; delegation of follow-through decisions and any administrative matters, such as formal notices; and delegation of compliance, education and engagement activities). Accordingly, decision-making in relation to non-enforcement activities would continue to be delegated in line with the strategy and priorities set by the Committee and Board.

Figure 6: Crown Quasi-Judicial Decision Making



Consolidation through committee structure drives other types of efficiency and effectiveness

The changes we are about to make with the reduction of governance and decision-making fora alongside increased delegation will result in a reduction of Commissioner time in the business. The reduction of the number of fora will also increase business efficiency across the organisation as the need for the organisation to service committees and commissioners as decision-makers will reduce. We expect savings to accrue from the reduction in Commissioner time on committees and changes to our operating model. A few more details on the committees making regulatory decisions follow:

Table 2: Consolidation of Governance/Decision fora

New Telecommunications and Fibre Committee	Consolidates two divisions to one committee
New Market Regulation Committee	Consolidates three divisions (Dairy, Payment systems and Fuel) into one committee
New Enforcement Committee	Consolidates two divisions to one committee and moves all competition, fair trade, credit and enforcement work from our sector specific committees into this one committee

The Reviewers' preferred option, Option 3, suggests rolling the Groceries Committee into the Market Regulation Committee now and the existing Water Committee into the Infrastructure Committee.

We agree there could be **greater consolidation** of committees from 7 to 5 and will consider this in February 2026, as our first key assessment point post establishment of the new committee structure on 1 October 2025.

Our rationale is that the work relating to water and groceries regulation is new, high profile and carries high risk during the current set up phase. We consider separate governance is currently needed as an interim step while the regulatory regimes become established and more mature.

Pace and Agility

We acknowledge the need for increased pace and agility in our work (especially for market-related decisions) comes through in The Review, from stakeholders and the wider authorising environment.

We accept that timely and robust decisions are needed to provide certainty and reduce inertia for firms and markets more generally. Time is money in this regard, and delays can lead to dead weight loss in the broader economy as firms and markets wait for certainty. This is an important area of focus for us, and we are actively working to address this. Our new operating model, with more nimble governance and increased delegation, will support delivery with increased pace and agility in our organisation.

Example of a change in pace: Our **regional airlines sprint** found in **6 weeks** that “a competition study would not be an effective way to drive stronger competition in the domestic air travel sector at this time. This is because some of the most significant factors driving current concerns are structural and the result of economic factors wider than competition issues alone.” A market study would have taken up to 12 months.

Changes in mergers and more to come: We have heard the Reviewers,’ the Minister’s and stakeholders desire for enhanced timeliness for merger decisions. We have heard that the delay between the announcement of a decision and the delivery of detailed reasons is a problem for stakeholders. We are already closing this gap targeting the publication of detailed reasons at the same time as, or very shortly after, the merger decisions.

Enhanced prioritisation

The new model enables greater cross organisational prioritisation in enforcement and other activities. We believe further cross Commission prioritisation can take place. This would be supported by advice from the Governance and Strategy Committee to the Board on prioritisation and the consolidation of committees. Our blueprint for delivering Option 1 will focus on an enhanced role for the Board in cross organisational prioritisation. This would build off the current strategic and enforcement priorities released annually by the Commission.

We support the Reviewers’ recommendation that additional flexibility in our Crown funding streams will enable us to be more agile and pivot our resources to support our priorities in our Crown funded areas of work, being Competition, Fair Trading, Credit, Groceries, Fuel, and Retail Payments. Less horizontal barriers in our general market appropriation will allow redirection to priorities including, preventative work, well-honed competition study and enforcement choices. Ultimately, this would allow resources to be directed to priorities and enable use of all Crown funding appropriations on the things that matter most to New Zealanders.

In 2026, we will refresh our Statement of Intent and Statement of Performance Expectation with a clarity of focus on competition enabled economic growth. This will drive our approach to setting strategic and enforcement priorities (which are reviewed annually). These Board-driven prioritisation mechanisms, together with our risk appetite settings, set clear expectations for Committees and staff to implement.

Our priorities drive the decisions around financial investment and corresponding work programmes (and importantly the enforcement pipeline) and how we deploy our people. The following diagram outlines how we see this strategy interacting with our finances, people and ways of working in a mutually reinforcing way:

Figure 7: Prioritisation



Mobility of staff also supports ease of prioritisation

Increased internal mobility of Commission staff will enable staff to be deployed to the areas of highest priority. We are already rolling out our **workforce strategy** with its focus on “the right people, on the right work, in the right way”. We will enhance the pace and agility of our people in moving to where there is need. We will focus on succession and performance, which are matters the Reviewers have also recommended we consider.

Our **workforce strategy** is a key enabler of the changes we are making to our operating model, and supports prioritisation, and new ways of working.

Figure 8: Workforce Strategy

Our workforce strategy

Great people, doing the right work, delivered in the best way.

What we want

- highly capable and talented people
- increased pace of delivery, fit for purpose work methods that drive productivity and quality outcomes
- mobility and adaptability; and
- champions of our kawa and direction

The workforce can expect:

- to be well rewarded and recognised for great delivery and attitude
- to be provided with opportunities, variety and development support
- to be held to account for their performance
- to align individual time and effort against organisation priorities
- to be working differently – increased pace of delivery (eg sprints/agile ways of working)

Enhanced stakeholder engagement – listening, acting and leading

We have heard from the Reviewers and from government and stakeholders that they want to see more openness to engagement and an increased understanding of the commercial impact of what we do and do not do in relation to consumers and business. We have also heard and agree with the Reviewers that we need to take more of a thought leadership role in enhancing and driving competition discourse within the broader community and with policy makers.

How we engage and communicate with stakeholders is an issue we are committed to working on and addressing. Making sure we have a stronger and accessible voice in the thought leadership of competition and economics is also something we accept we need to do more of. We have a stakeholder and communication plan being rolled out now that aligns well with The Review and can be enhanced even further in light of it:

Figure 9: Stakeholder Engagement – Listening, Acting and Leading



Engaging with and hearing from stakeholders

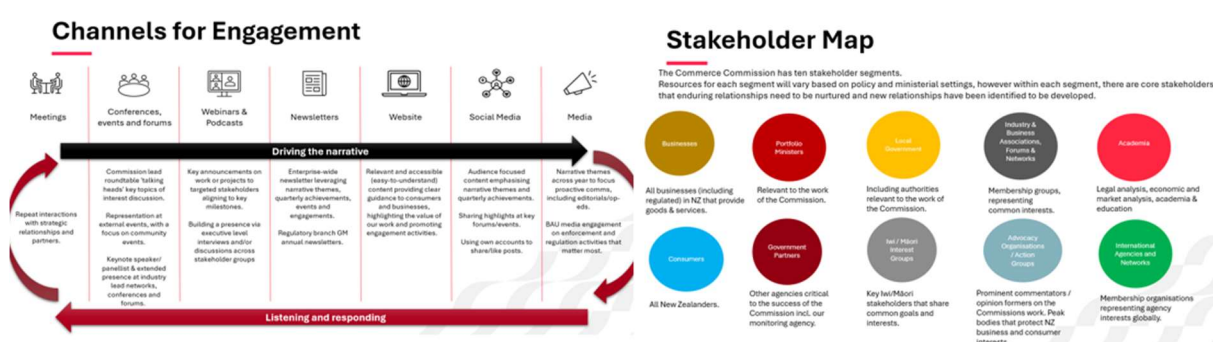
Over the last few years, we have systematically increased and enhanced our engagement with stakeholders. Engagements with Business NZ, Fintech NZ and similar industry bodies are examples that are already underway. We have work underway to better connect with consumers as a key stakeholder in our work, including making investments to improve our enquiries line, which receives around 20,000 contacts a year.

Stakeholders of all kinds want access and dialogue with us on our approach, processes and the impact of those matters on them. We appreciate that we need to be more open in our engagement and open-up our thinking and processes. We want to ensure stakeholders know why we do what we do, and how we do it so that we continue to hold strong public trust and confidence, which has been noted by the Reviewers.

We are undertaking more personalised engagements – listening, building forums and feedback loops. We are focused on ensuring that Commissioners are appropriately accessible. We are also supporting our staff through training to understand the value of engagement and empathy for stakeholder perspectives. Importantly, we will bring back what we hear to our work and make the changes where needed. As an example, we are currently establishing a forum for stakeholders who are interested in our mergers and authorisations work, so that we have a systematic mechanism to hear feedback.

The stakeholder segmentation approach and our use of channels outlined below are already under development.

Figure 10: Stakeholder Engagement – Channels and Stakeholder Map



Thought leadership – Competition

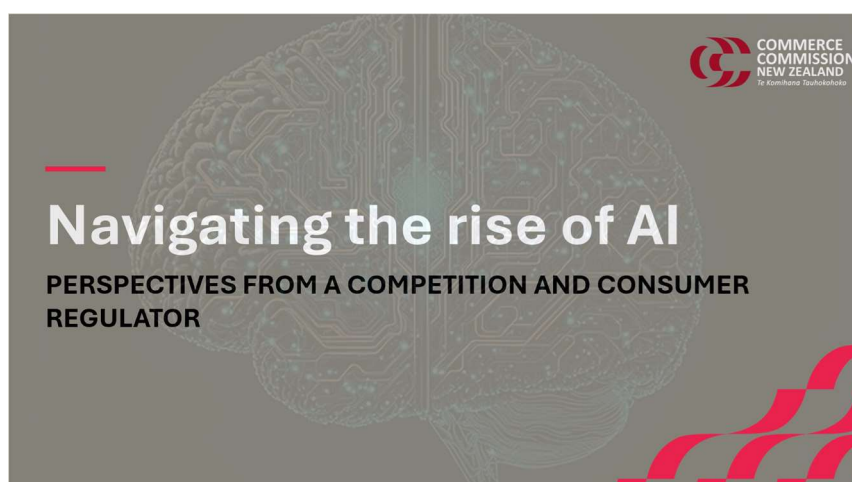
We intend to use a full range of channels to bring our thought leadership about enhancing competition to a range of audiences. This will include panels, conferences, group engagement, and papers.

We accept and agree with the recommendation that we have a data driven state of competition assessment annual report. We will have our first report in the first quarter of 2026 and will follow this up with a conference / stakeholder event focused on relevant aspects of competition enhanced economic growth. Our economists will have a large role to play in this work, along with the enhanced intelligence and data lead approach discussed below.

Action: Commerce Commission's first "State of Competition Annual Report" – due Quarter One, 2026. Followed closely with a conference/event to showcase and dive into specific competition issues affecting economic growth

Our plan is to engage more frequently with stakeholders on important issues in the economy. For example, we will be holding a webinar in July 2025 on Artificial Intelligence and how firms can keep safe from a competition and fair-trade perspective, while also utilising the technology to drive business performance. We will continue to identify issues of importance for firms and consumers and bring the debate and conversation to them.

Figure 11: Stakeholder Engagement – Upcoming Artificial Intelligence Webinar



New operating model will be managed within the current fiscal envelope

We are not asking for additional funding to undertake Option 1 changes to our operating model. We will continue to apply the expectations of the Minister of Finance outlined in the “Enduring Letter of Expectations for Statutory Crown Entity Boards” which focuses on **driving greater value**, while **managing cost drivers and performance**, and providing **strong evidence and evaluation**.

Reinvestment in competition data and analytics to address harm more quickly and proactively

We propose to reinvest any savings from our restructure into enhancing competition outcomes through intelligence, data and analytics capability and tools that will support our ability to enhance competitive markets and stop the harms of anti-competitive behavior early. This is in line with The Review and our intention to be an intelligence led and forward looking regulator – getting ahead of competition issues in markets.

We believe that increased data and analytical capacity and capability will lead to earlier intervention and reduction in the harm of anti-competitive conduct. For example, we have recently piloted using Artificial Intelligence to assist in the screening of procurement data to identify conduct that may be bid rigging cartel conduct. We also consider it important to invest (as the Reviewers have suggested) in the sustainability and resilience of our institution, as well as in core key technology that adds to our effectiveness and efficiency.

Investing to Deliver Public Benefits: We have undertaken an assessment of the Commission's current public benefit, which shows a 20:1 ratio at least - for every dollar that the Commission spends, there is a \$20 return for the New Zealand economy. This calculation is necessarily high level and intended to demonstrate orders of magnitude.

How we will be held to account to deliver what we have committed to

We understand the need for accountability in what we do and how we propose to reinvest any savings, as well as the proposed evaluations of merger timeliness. Like the Reviewers, we believe that we need to publicly account for the institutional, market and stakeholder benefits from any reinvestment.

We are considering approaches to independently evaluating our changes. For example, an evaluation could identify and measure our performance against the results we collectively (Commerce Commission, MBIE (as our monitoring agency) and the Minister) are seeking to achieve through the changes. We will work with MBIE and the Minister on this. Any evaluative mechanism would adopt a continuous learning approach, which would be both formative and outcome based. This means we would adapt through continuous learning, while also assessing our impact indicatively on a horizon of three years with a formal check in at 18 months.

We would also incorporate the changes in the proposed impacts and measures in our refreshed Statement of Intent and Statement of Performance Expectations from 1 July 2026, which would be reported through our annual report for 2026/27. In other words, we commit to locking them in.

Monitoring move supported by Commission

Importantly, to deliver the proposed changes and achieve the anticipated results, we will need the support of our monitoring agency – MBIE. To make this work we need effective monitoring and a dedicated focus on succession planning for our Board.

MBIE have advised us that they intend to change the way we are monitored to remove that function from being part of a wider competition policy group. We understand that MBIE intend that we be monitored via their dedicated Crown Entity monitoring area. We support the implementation of this change by MBIE as quickly as possible to enhance the speed of implementation of our blueprint and accountabilities.

Sector Specific Commissioners

The Reviewers have comments on the need for sector specific commissioners. The Commission has two sector-specific Commissioners, appointed under the Telecommunications and Grocery Industry Competition Act. They are Board members and are fully integrated into the governance and wider work of the Commission.

The risk of silos referred to in The Review exists because of the technical ability (under the specific legislation) for sector-specific commissioners to decide most matters in their areas themselves. However, this risk has been mitigated through letters of appointment and by using collective decision-making through divisions for telecommunications, fibre, and groceries, so that sector-specific commissioners do not act alone. This will continue under the new committee structure.

In short sector-specific commissioners have the skills and experience to drive change in their own areas while also contributing to other areas of the Commission's work. Decision-making in sector-specific divisions is no different from any other division of the Commission – all members engage in open discussion and strive for consensus-based decisions as far as possible. The committee-based model will further enhance the One Commission approach of the Board and the wider Commission.

Associate Commissioners

We note that the Reviewers also recommend removing the Associate Commissioner roles from the Commission. We consider Associate Commissioner provide valuable input into regulatory decision making. In addition, as part time Commissioners they readily bring an outside-in perspective to the table from their governance and market experience in other roles. Associates are a flexible, typically part time, resource, and are tried and tested pathway for succession planning for Commissioner and Chair roles within the organisation. Since these appointments are made by the Minister, we see little downside in retaining this category of Commissioner.

Conclusion

We thank the Reviewers for their important insights. We are grateful to have had the opportunity to engage with the Review team and appreciate the Reviewer's directness about what they have heard and what we need to do now. There is much we are aligned on, and the review process has pushed us to accelerate and deepen a direction we were already heading in.

The Board accepts the challenge from the Reviewers to become a stronger and more resilient competition regulator through implementing changes to our organisation that are aligned with insights from the OECD, the Government, the Reviewers, stakeholders and our own aspirations.

We note that most of the recommended changes can be achieved without legislative amendment, and we are committed to launching our new operating model — based on a Committee structure — on 1 October 2025. This model will be further reinforced by new and enhanced competition tools introduced to the Commerce Act through the MBIE led review: *Promoting competition in New Zealand – A targeted review of the Commerce Act 1986*.

We commend this response to the Minister of Commerce and Consumer Affairs, Hon Scott Simpson and the MBIE.

Appendix A: Governance and Effectiveness Review Recommendations

No.	Report Recommendation	Comments	Commence Commission Action	Status
1.	<p>Recommendation 1:</p> <p>The Review recommends that any changes to the effectiveness and governance of the Commerce Commission are guided by the following principles:</p> <ul style="list-style-type: none"> a. Promotes whole of Commission approach and organisational coherence, b. Promotes confidence and assurance, c. Provides transparency and certainty, d. Maintains independence of decision making, e. Ensures accountability for outcomes, f. Provides for pace and flexibility, g. Builds capacity and capability, h. Delivers value for money and efficiency, affordability, sustainability and fit for future, and i. Practicality, being able to be implemented and having a low risk of unintended consequences. 	Agree	Option 1 and blueprint give effect to these principles.	✓
2.	<p>Recommendation 2:</p> <p>Strengthening of the whole of Commission approach through changes to the Commission structure, the roles and responsibilities at the Commission, and delegated authorities.</p>	Agree	Option 1 and blueprint give effect to this recommendation.	✓
3.	<p>Recommendation 3:</p> <p>We recommend that Option 3 be adopted, which would entail:</p>	Agree with B (with modifications) and C	Option 1 and blueprint give effect to C of this recommendation and B with minor modifications (i.e. no new Deputy, 2 externals). Go live date 1 October 2025.	✓

	<ul style="list-style-type: none"> a. Appointment of an additional (part-time) Deputy Commissioner with an exclusive focus on organisational governance issues, b. Establishment of a Governance and Strategy Committee to advise the Board which would be chaired by the new Deputy Commissioner, and include the Commission Chair plus one other Commissioner and two external members with strong governance and commercial experience, c. Replace the multiple division structure with a small number of Committees that can include external and executive appointees (with Commissioners to provide a majority), d. Discontinue the Associate Commissioner mechanism (except for cross-appointments from other regulatory bodies) and instead utilise Committee appointments to obtain the benefits of additional expertise and commercial nous in a more flexible way, and e. Discontinue the named Commissioner mechanism (except for telecommunications as excluded from the Review terms of reference). 	A, D and E are decisions for Government. The Commission sees value in retaining Associates and the current named commissioners.		
4.	<p>Recommendation 4:</p> <p>The Governance and Strategy Committee should, on behalf of the Board, develop an updated statement of roles and responsibilities based on a ‘commission as a whole’ model.</p>	Agree	<p>Will be scoped into Governance and Strategy Committee’s work. Go live date 1 October 2025.</p> <p>Foundational work for Committee has already begun.</p>	✓
5.	<p>Recommendation 5:</p> <p>The Commission should update its delegation framework to ensure it fully reflects the ‘subsidiarity principle.’ This should be reinforced by legislative change to vest accountability for all statutory decision-making with the board.</p>	Agree	<p>Option 1 and supporting blueprint give effect to delegation and subsidiarity principle. Go live date 1 October 2025.</p>	✓

6.	<p>Recommendation 6:</p> <p>Once significant efficiencies and improved effectiveness are found through the changes recommended by this Review, the Commission Board should decide what matters it will reserve to itself. Weight should be given to materiality, risk, reputation, novel, precedence setting and the need for policy, strategy, and operational cohesion.</p>	Agree	Option 1 and supporting blueprint give effect to Board scope. Go live date 1 October 2025.	✓
7.	<p>Recommendation 7:</p> <p>The Commission should review its prioritisation process in response to the change in the Commission's governance and operating model.</p>	Agree	Option 1 and supporting blueprint will give effect to this recommendation. Go live date 1 October 2025.	✓
8.	<p>Recommendation 8:</p> <p>Committees should report regularly to the Commission Board on their performance against the Commission agreed priorities.</p>	Agree.	<p>Option 1 and supporting blueprint gives effect to this recommendation.</p> <p>Reporting mechanism will be built into new Committee operating model for 1 October 2025.</p>	✓
9.	<p>Recommendation 9:</p> <p>The Commission should prioritise development of an updated People Strategy and practices to support the proposed changes to the Commission's governance and operating model, with particular focus on the delegation's policy, role clarity, recruitment strategy, assurance processes, staff training, performance monitoring, and succession planning.</p>	Agree	<p>The Commission Workforce Strategy is a key interdependency with the blueprint and work is already under way to update the Strategy in light of recommendations. Immediate priorities to enable the changes are:</p> <ul style="list-style-type: none"> - Leadership development - Mobility - Roles and Responsibilities (e.g. RACI) 	✓

10.	<p>Recommendation 10:</p> <p>The Commission should review its risk appetite statement to provide clearer guidance to decision makers to reduce the risk of a one size fits all approach being applied to development of Commission work products.</p>	Agree	<p>Option 1 and blueprint give effect to this recommendation.</p> <p>This be given effect to and cascaded through the organisation via Committees and Delegations.</p>	✓
11.	<p>Recommendation 11:</p> <p>The Commission should more actively monitor the application of the enterprise risk framework to ensure operational decision-makers are empowered to utilise the risk tolerances where there are expected net benefits from doing so.</p>	Agree	<p>Option 1 and blueprint give effect to this recommendation and further consideration to operationalising the risk appetite will commence.</p>	✓
12.	<p>Recommendation 12:</p> <p>The Commission consult on and produce Market Regulation Guidelines.</p>	Agree	<p>We will consult with stakeholders on their needs and give effect to those through guidelines.</p>	✓
13.	<p>Recommendation 13:</p> <p>The Commission should develop a corresponding engagement model for the Commission as a whole as part of implementing a new governance and operating model.</p>	Agree	<p>Completed and is being rolled out across Commission.</p> <p>Option 1 and supporting blueprint give further effect to this recommendation.</p>	✓
14.	<p>Recommendation 14:</p> <p>The Commission should consider establishing an independent consultative committee to provide feedback to the Commission on priorities and performance.</p>	Agree	<p>Consideration will be given after 1 October 2025 go live, for phase two. Noting that mergers reference group is already in the process of being established.</p>	✓

15.	<p>Recommendation 15:</p> <p>The Commission should publicly report annually on the impact of its work on the long-term interest of consumers and the associated value for money of its interventions.</p>	Agree	<p>Public benefits work is underway and will be reported to the OECD in June 2025. This will be rolled out as part of stakeholder thought leadership plan.</p> <p>Linkage to Recommendation 16 State of Competition Report.</p> <p>On going annual reporting adapted to reflect stakeholder needs.</p>	✓
16.	<p>Recommendation 16:</p> <p>The Commission should publish an annual State of Competition Report.</p>	Agree	<p>First State of Competition Report to be published in Q1 2026.</p> <p>Supported by a conference in 2026.</p>	✓
17.	<p>Recommendation 17:</p> <p>The Commission should consider the potential policy implications that may arise from its annual State of Competition Report and consider how it could proactively engage with MBIE and the Government on those matters.</p>	Agree	<p>Will proactively engage with Government and MBIE.</p>	✓
18.	<p>Recommendation 18:</p> <p>The Commission should revisit options to improve operational timeliness and efficiency in light of the changes to the structure recommended by this Review.</p>	Agree	<p>Option 1 and blueprint give effect to this recommendation.</p> <p>Pace, agility, and timeliness enhancements being made through new ways of working (for example, reduce merger timeliness and use of sprint practices to drive speed).</p>	✓

19.	<p>Recommendation 19:</p> <p>The Government should endorse the new statutory timelines for merger reviews as proposed by MBIE.</p>	Decisions for Government	Supportive	
20.	<p>Recommendation 20:</p> <p>Following changes to merger provisions, MBIE should undertake a one year and two-year evaluation of the effectiveness of the policy changes, as well as the efficiency and effectiveness of the Commission's practises under the new merger regime.</p>	Decisions for Government	Supportive and we are modifying our processes with a view to targeting achievement of the proposed new statutory timelines.	
21.	<p>Recommendation 21:</p> <p>We recommend that Government agrees to:</p> <ul style="list-style-type: none"> a. Broaden the Commission's powers to issue confidentiality orders (s100) and increasing penalties for breach of an order, b. Amend how the Official Information Act applies to confidential information supplied to the Commission in the course of its functions, subject to a sunset clause, and c. Introduce a new prohibition against victimisation of parties in relation to making a complaint or providing information to the Commission. 	Decisions for Government	Supportive	✓
22.	<p>Recommendation 22:</p> <p>The Commission Board should develop a model media policy, consistent with a 'Commission as a whole' philosophy, including for the use of social media.</p>	Agree	Will be integrated into Enterprise stakeholder strategy.	✓
23.	<p>Recommendation 23:</p> <p>The Commission should consider lifting capability of its dedicated resource for dealing with Official Information Act requests and general information management purposes.</p>	Agree	We will review resourcing levels once new operating model in place.	✓

			Information management security assessment underway and findings will be acted on.	
24.	<p>Recommendation 24:</p> <p>The Commission should increase the focus on lifting its capabilities in the digital and data analytics areas.</p>	Agree	Strategy to enable data and evidence led organisation under development with focus on blueprint phase two implementation.	✓
25.	<p>Recommendation 25:</p> <p>The Governance and Strategy Committee should prioritise the review of where the Economics function sits in the organisational structure to ensure it has a voice at the executive table and can provide the breadth and depth of economic expertise required for economic regulation.</p>	Agree	This will be actioned through the Committee once established. A review will focus on ensuring we maximise the value of our economic expertise.	✓
26.	<p>Recommendation 26:</p> <p>The Government should review the Commission's funding arrangements to make it easier for the Commission to shift resources to reflect changing priorities and be more proactive in its work. This implies a relative shift towards Crown funding and away from levy funding is desirable.</p>	<p>Supportive</p> <p>Decisions for Government</p>	A key enabler for our focus on prioritisation, mobility, and strategic finance.	✓
27.	<p>Recommendation 27:</p> <p>Pecuniary penalties awarded by the Court should continue to be returned to the Crown and are be retained by the Commission to avoid perverse incentives.</p>	Decisions for Government	Recommendation is status quo, so no further work required.	✓
28.	<p>Recommendation 28:</p> <p>The Commission should report to the Government on the fiscal savings available from the structural, governance and operating model changes recommended from this Review.</p>	Agree	Reporting to be agreed with our Monitoring Agency.	✓
29.	Recommendation 29:	Supportive		✓

	The Government should invest some of the efficiency dividend into closing the Commission's forecast operating deficit in outyears and in transforming the Commission into an intelligence-led regulator.	Decisions for Government	Strong alignment with organisational direction, outyears Strategic Finance plan in place and underway. Strategy to enable data and evidence led organisation under development with focus on blueprint phase two implementation.	
30.	Recommendation 30: MBIE should closely monitor the business transformation proposed by the Review to ensure benefits are realised in terms of efficiency, effectiveness, and value for money.	Supportive Decision for MBIE	Reporting to be agreed with our Monitoring Agency.	✓
31.	Recommendation 31: The Government should enact changes to Part 1 of the Commerce Act to underpin the move to a stronger whole of Commission approach.	Decisions for Government	-	
32.	Recommendation 32: The Government should include a statement to support a whole of Commission approach in the amendments to Part 1 of the Commerce Act and create a further collective duty on the board to comply with this statement.	Decisions for Government	-	