



June 2026

Statement of Performance Expectations

1 July 2026 to 30 June 2027

This Statement of Performance Expectations is presented to the House of Representatives in accordance with Part 4 of the Crown Entities Act 2004.

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Statement of Responsibility

This Statement of Performance Expectations (SPE) is prepared in accordance with the requirements of sections 149C and 149E of the Crown Entities Act 2004.

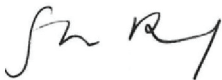
It sets out the annual performance expectations of the Financial Markets Authority (FMA) for the period 1 July 2026 to 30 June 2027, including:

- The reportable classes of outputs and the non-financial performance measures against which we will be assessed; and
- The prospective financial statements, including the significant assumptions and accounting policies upon which they are based.

The prospective financial statements have been prepared on the basis of assumptions as to future events which the Board reasonably expects to occur at the time the information was prepared.

These statements have not been audited and should not be relied upon for purposes other than those described in this document.

The Board of the Financial Markets Authority acknowledges its responsibility for the information contained in this Statement of Performance Expectations.



Steven Bardy

FMA Acting Chair

23 June 2026



Mariette Van Ryn

FMA Audit and Risk Committee Chair

23 June 2026

Purpose of the Statement of Performance Expectations

The Statement of Performance Expectations (SPE) is one of three core accountability documents through which the Financial Markets Authority (FMA) sets out its intended performance and reports on its delivery.

The three documents are:

- the Statement of Intent (SOI), which provides a medium term view of the FMA's strategic intentions and the outcomes it seeks to influence over a four year horizon
- the Statement of Performance Expectations (SPE), which sets out the specific non financial and financial performance expectations for a single financial year
- the Annual Report, through which the FMA reports on its performance against both the SOI and the SPE.

This SPE covers the financial year from 1 July 2026 to 30 June 2027, setting out both the non-financial performance measures and financial information that will be used to assess the FMA's performance for that year. The measures and targets reflect the FMA's assessment of what can reasonably be achieved, having regard to our statutory responsibilities, funding levels, and operating environment. Where measures describe aspirational improvements rather than current performance, this is indicated accordingly.

The FMA regularly reviews its performance measures to ensure they remain focused on the outcomes we seek to influence for financial service providers, as well as consumers and investors (referred to collectively in this document as 'consumers').

The measures and targets in this SPE are designed to support the FMA's strategic objectives, regulatory priorities, and funding arrangements, while promoting transparent and effective accountability. The FMA will produce a new Statement of Intent in 2027, and will work with MBIE officials to ensure ongoing alignment between performance reporting and the FMA's evolving

Reporting on performance targets

The FMA will report on its performance against the measures and targets set out in this SPE in its 2026/27 Annual Report, including explanations for any material variances between expected and actual performance.

Assessment of our performance against the targets will be based on the following scaled rating system.

Criteria	Rating
On target or better	Achieved
Within 5% of the target	Substantially achieved
More than 5% below the target	Not achieved

About the FMA

Who we are

The Financial Markets Authority - Te Mana Tātai Hokohoko (FMA) is an independent Crown entity and New Zealand's principal conduct regulator of financial markets. Our overarching statutory purpose is to promote and facilitate the development of fair, efficient and transparent financial markets. Well-regulated financial markets are a cornerstone of a successful economy and the financial wellbeing of New Zealanders.

The FMA's role is to support economic growth through proportionate, risk-based regulation that protects consumers while enabling innovation, market confidence, and the competitiveness of New Zealand's financial services sector. Our regulatory responsibilities continue to evolve, reflecting Parliament's expectations of the role conduct regulation plays in New Zealand's financial system and the Government's priorities for economic growth and effective, accountable regulation.

FMA's statutory objectives

To promote and facilitate the development of fair, efficient and transparent financial markets

To promote the confident and informed participation of businesses, investors and consumers in financial markets

Our purpose

To foster the fairest financial sector in the world

Our vision

More New Zealanders than ever believe the financial services sector is working well for them

Our strategic objectives



Evolving our outcomes-focused approach



Evolving our intelligence-led approach



Deterring harmful unregulated activities



Deterring misleading and deceptive practices

Our core activities



Licensing



Supervision



Investigation and enforcement



Policy and guidance

Our functions and operations

What we do

As New Zealand's principal conduct regulator of financial markets, the FMA works to ensure that everyone who seeks to participate in financial markets, whether as a provider, consumer, or investor, can do so with confidence and in an informed way. Effective conduct regulation is essential to securing well-functioning markets that serve all New Zealanders.

Our functions span the full regulatory lifecycle:

- **Licensing** We authorise firms and professionals to provide certain financial products and services, and where appropriate apply licence conditions or grant exemptions to support market access
- **Supervision** We supervise and engage with industry to understand and influence how firms manage conduct risks, with a focus on the outcomes experienced by consumers and markets
- **Investigation and enforcement** We use a broad range of regulatory tools to respond to harm, or the credible risk of harm, in financial markets
- **Policy and guidance** We work with Government and industry to clarify regulatory expectations, support compliance, and keep under review the law and practices relating to financial markets

We work in close partnership with industry, consumers, the Government, and other regulatory agencies to deliver our functions effectively across our remit.

The FMA's regulatory responsibilities are expanding. The FMA will assume responsibility for the Credit Contracts and Consumer Finance Act 2003 (CCOFA) from 1 July 2026, bringing consumer credit conduct regulation within our mandate for the first time. This is a significant development that reinforces the FMA's role as New Zealand's principal conduct regulator, and one we have been actively preparing for. It will require the FMA to engage with businesses and consumers who have not previously been subject to our oversight, and our initial priorities in this area will be set out in the Financial Conduct Report.

The existing FMA performance measures capture the FMA's oversight of regulated credit activity and will be reported through the SPE measures set out here.

The FMA's supervisory responsibilities under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 will transfer to the Department of Internal Affairs from 1 July 2026, consolidating AML/OFT supervision under a single supervisor model.

The Financial Markets Conduct Amendment Bill, currently before Parliament, will introduce a single conduct licence framework and narrow the scope of the climate-related disclosures regime. The Contracts of Insurance Act 2024, which modernises and improves existing insurance law, is also being implemented, providing the FMA with new supervisory and enforcement tools in the insurance sector.

The legislation underpinning our work includes:

- Financial Markets Authority Act 2011
- Financial Markets Conduct Act 2013
- Financial Markets Supervisors Act 2011
- KiwiSaver Act 2006 (Part 4 and Schedule 1)
- Auditor Regulation Act 2011
- Financial Service Providers (Registration and Dispute Resolution) Act 2008
- Financial Markets Infrastructure Act 2021
- Credit Contracts and Consumer Finance Act 2003 (from 1 July 2026)
- Contracts of Insurance Act 2024

Operating context for 2026/27

The FMA enters 2026/27 during a period of significant regulatory change. Several concurrent legislative reforms are reshaping both the scope of the FMA's responsibilities and the environment in which we operate. This section sets out the key features of the operating environment for the year ahead and how the FMA intends to align its work with the priorities set out in the Minister's 2026/27 Letter of Expectations.

Regulatory scope changes

The most significant change to the FMA's operating environment in 2026/27 is the transfer of regulatory responsibility for consumer credit conduct under the Credit Contracts and Consumer Finance Act 2003 (CCCFA) from the Commerce Commission to the FMA. This transfer on 1 July 2026, brings within the FMA's remit a broad range of credit providers, including smaller lenders, mobile traders, and buy-now-pay-later providers, many of whom have not previously been subject to FMA oversight. It also extends the FMA's role in protecting consumers in credit markets.

The FMA will continue to build strong connections with the credit sector. The FMA has used the last two years to establish strong relationships with credit firms through engagement with the Financial Services Federation, one on one meetings, roundtables and speaking at its last two national conferences. The FMA has utilised the same approach to build connections with budget advice services and national charities. The FMA has significant experience in connecting with a sector based on a small and medium sized businesses through its regulation of financial advice. Engagement is carried out through webinars and national roadshows, as well as regular engagement with industry bodies. Similar approaches will be used to engage the Credit sector.

The FMA will have additional regulatory tools to bring to its regulation of the sector, including exemptions and declarations to enable it to relieve unnecessary compliance costs and to promote innovation where this does not cause significant detriment to consumers, as well as administrative and licensing tools to address misconduct.

Concurrently, the FMA's supervisory responsibilities under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 will transfer to the Department of Internal Affairs from 1 July 2026,

consolidating AML/CFT supervision under a single supervisor model. This will allow the FMA to focus its resources and capability on its core conduct regulatory functions.

Further legislative change is expected through the Financial Markets Conduct Amendment Bill, which introduces a single conduct licence framework and narrows the scope of the climate-related disclosures regime. The Contracts of Insurance Act 2024 is also being implemented, modernising insurance law and providing the FMA with new supervisory and enforcement tools in the insurance sector. Together, these changes reflect a period of substantial regulatory evolution that the FMA is managing concurrently.

Enabling economic growth

The Government's overarching expectation is for the FMA to focus on enabling economic growth while strengthening its role as an effective, accountable, and credible regulator. The FMA is committed to this objective. We seek to minimise regulatory burden where the costs of regulation outweigh its benefits, and to ensure that our regulatory settings support capital market innovation, competition, and the development of New Zealand's financial services sector.

This commitment is reflected in practical action. More than 40 class exemptions and around 100 individual exemptions are now in place to ensure regulation is appropriate for individual firms and supports market access. The FMA advised MBIE on reforms that simplified prospective financial information requirements for equity securities offers and reduced the cost of listing on the NZX. The Fintech Regulatory Sandbox, piloted in 2025, is being expanded to include an on-ramp licence that provides a structured pathway for innovative firms to enter regulated markets. The FMA continues to engage with MFAT, the NZX, and its Singaporean counterparts on the New Zealand–Singapore Comprehensive Strategic Partnership, working to drive broader access to capital for New Zealand firms.

Emerging risks and opportunities

The FMA maintains the capability and foresight to understand, monitor, and respond to evolving risks and opportunities in financial markets. This includes the growing use of artificial intelligence within the financial services sector, the emergence of digital assets such as cryptocurrencies, and the ongoing threat of scams and financial fraud. The FMA's role is to strike the balance: enabling innovation that improves outcomes for consumers while maintaining trust, transparency, and integrity in the system.

Sector engagement

Clear communication and two-way dialogue with industry is essential to effective regulation. The FMA continues to deliver practical and accessible guidance to support compliance, lift capability, and strengthen understanding of regulatory expectations. Guidance will be practical and grounded in real-world application, enabling firms to understand not only what is expected of them but how to comply in practice. Guidance materials will be well signposted to industry and tested before release. The emphasis is on working directly with regulated entities and influencing behaviour early, rather than relying primarily on enforcement action after the fact.

How we approach our work

The following principles underpin our regulatory approach and guide our decisions. They describe how we aim to operate and the standards we hold ourselves to, recognising that embedding these principles across a complex regulatory environment is an ongoing endeavour.

- **Outcomes-focused:** We seek to focus on the actual outcomes or 'end results' experienced by consumers and the market, through actively engaging with industry and other stakeholders, to understand and influence what those outcomes look like in practice.
- **Open:** We aim to be open about our intentions and actions, about what we expect from others and what they can expect from us. We are committed to engaging with industry in the development of guidance so that this is practical, accessible, and relevant. We welcome industry feedback to improve our regulatory practices and guidance..
- **System-focused:** We recognise that well-functioning financial markets require contributions from across the regulatory system. We work with other agencies to improve New Zealand's financial system and outcomes for New Zealanders, seek to identify both gaps and overlaps in our regulatory framework, and look to mitigate these through relationships and our ability to influence.
- **Proportionate:** We endeavour to apply proportionate, risk-based regulation that supports economic growth and capital-market innovation, balancing strong consumer protection with efficient and dynamic financial markets. Our response to poor conduct seeks to be proportionate to its nature, the harm caused, and the market environment. We aim to minimise unnecessary regulatory burden and to ensure that the costs of regulation do not outweigh its benefits. We are agile, responsive, and pragmatic.
- **Risk-based:** We seek to identify and analyse patterns of risk, behaviour, and capability across consumers and markets to understand where the most significant risks to our objectives lie. This informs how we prioritise and target our interventions.
- **Forward-looking:** We aspire to use data and intelligence to make better decisions, to learn from the behaviour of those we regulate and of consumers, and to be responsive to market innovation and change. We are committed to being innovative in our use of technology and new regulatory approaches.
- **Accountable:** We are committed to communicating our regulatory approach, priorities, and progress. We continually seek to assess whether we have the right tools and capabilities, and to improve where we do not. We take accountability seriously, for the actions we take, and for those we choose not to take.
- **Disciplined:** We aim to act consistently within our remit and to make well-considered trade-offs. We seek to focus our resources on where we have the greatest ability to make a difference to participant behaviour, market vibrancy and innovation, and outcomes for consumers.

SPE non-financial measures

Overarching measure

SPE 1 is the FMA's overarching performance measure reflecting the Multi-Category Appropriation "Services and Advice to Support Well-functioning Financial Markets," which covers all three funding categories. The single purpose of this appropriation is to support well-functioning financial markets through the activities of the FMA. It captures how both financial service providers and consumers perceive the impact of our work in promoting fair, efficient and transparent financial markets.

Measure	2026/27 target	2025/26 forecast (target)	2024/25 actual (target)	Source of data/information	Strategic Objective links
SPE 1 Index measure Financial service providers and consumers of New Zealand financial services believe that FMA's actions promote fair, efficient and transparent financial markets	Achieved¹	Achieved	Not Achieved (Achieved)	See below	SO 1 – Evolving our outcomes-focused approach
Index measure sub-components					
1.1 Stakeholders agree that the FMA's actions help raise standards of market conduct and integrity	90%	(90%)	82% (90%)	Annual Ease of Doing Business survey of market participants and FMA stakeholders	
1.2 Consumers are confident in the quality of regulation of New Zealand's financial markets	75%	(75%)	63% (75%)	Annual Consumer Confidence survey	

Judgements related to these measures

The FMA's overarching statutory purpose is to promote and facilitate the development of fair, efficient and transparent financial markets. As such, it is what the FMA is funded to deliver and against which we are held to account.

The FMA, for now, assesses its performance against this measure through perception data that asks both those who provide financial services and the consumers of those services how well they believe the regulatory system is working.

¹: The target for SPE 1 is based on an equal weighting between the stakeholders and consumers survey sub-components. To achieve the index target will require meeting both sub-measure targets.

SPE 1 is an index measure, combining two sub-measures that together reflect how well the FMA's regulatory activities are perceived to be delivering on its statutory purpose. The sub-measures draw on data from two annual surveys.

The two sub-measures are weighted equally to produce the SPE 1 index result. Both sub-measure targets must be met for the overall index to be assessed as achieved.

- SPE 1.1 is drawn from the Ease of Doing Business survey of financial service providers and FMA stakeholders, measuring the extent to which they agree that the FMA's actions help raise standards of market conduct and integrity
- SPE 1.2 is drawn from the Consumer Confidence survey, measuring the extent to which consumers are confident in the quality of regulation of New Zealand's financial market

Category one: Investigation and enforcement activities

This category covers the FMA's work in responding to financial market misconduct — from initial assessment of reports of potential harm through to formal investigation and enforcement action. Our objective is to carry out timely, proportionate, and well-governed regulatory responses that deter harmful conduct and protect the integrity of New Zealand's financial markets.

Measure	2026/27 target	2025/26 forecast (target)	2024/25 actual (target)	Source of data/information	Strategic objective
SPE 2 Index measure – Investigations completed	Achieved	Achieved	Achieved (Achieved)	See below	SO3 – Deterring harmful unregulated activities; SO4 – Deterring misleading and deceptive practices
Index measure sub-components²					
2.1 Timeliness: Investigations are completed within targeted time	Category A³: 70% ≤ 24 months	80% (70%)	100% (70%)	Internal records	SO 4 - Deterring misleading and deceptive practices
	Category B⁴: 70% ≤ 18 months	83.3% (70%)	92% (70%)	Internal records	
2.2 Quality: Formal post-case reviews meet FMA quality criteria	90%	100% (90%)	100% (90%)	Internal reviews	
2.3 Quality: Formal post-prosecution reviews meet FMA quality criteria	90%	100% (90%)	100% (90%)	Internal reviews	

2: For the SPE 2 sub-components, 2024/25 is the baseline measurement.

3: Category A cases are those that involve high complexity. They may contain one or all of the following: a significant number of victims, large-scale loss or a long period of alleged offending, multiple alleged suspects, inter-agency cooperation, international assistance, and legal complexity.

4: Category B comprises all other cases.

Measure	2026/27 target	2025/26 forecast (target)	2024/25 actual (target)	Source of data/ information	Strategic objective
SPE 3 Misconduct cases ⁵ are assessed and decisions on initial actions are made within 9 working days of receiving information	85%	~81% (85%)	89.1% (85%)	Case management system	SO 3 - Deterring harmful unregulated activities

Judgements related to these measures

SPE 2 measures the timeliness and quality of the FMA's investigation work. It reflects whether investigations are completed within appropriate timeframes and meet the FMA's quality standards, while accommodating the genuine variation in complexity across cases.

The FMA does not set targets for the number of enforcement actions taken, as doing so risks introducing unintended incentives. Decisions to investigate and enforce are guided by legal and regulatory merit, the nature and scale of potential harm, and the appropriate use of the FMA's full range of regulatory tools.

SPE 3 measures the speed of the FMA's initial triage of misconduct reports: the point at which we assess whether a report warrants further action. Timely triage is an important indicator of operational responsiveness and ensures that potential harm is identified and prioritised without delay.

⁵: Misconduct cases involve an "allegation of financial markets conduct that could result in harm", whereas an investigation requires formal trigger points, including reasonable grounds to suspect a breach of any financial markets legislation.

Category two: Licensing and compliance monitoring functions

This category covers the FMA's core regulatory functions of licensing, exemptions, and compliance monitoring; the day-to-day work through which we set and uphold standards for those who participate in New Zealand's financial markets.

It includes:

- processing licence applications and individual exemptions efficiently and to an appropriate standard
- supervisory activities that assess and respond to regulatory risks, with a focus on the conduct outcomes experienced by consumers and markets
- communicating our regulatory expectations to industry and reporting on how well providers are meeting them

Measure	2026/27 target	2025/26 forecast (target) ⁶	2024/25 actual (target)	Source of data/ information	Strategic Objective links
SPE 4 Once received by the FMA, fully completed ⁷ licence applications are processed within 60 working days	100%	99.45% (100%)	99.42% (100%)	Management information (internal tracking of relevant documents and activity)	SO 1 – Evolving our outcomes-focused approach SO 2 – Evolving our intelligence-led approach
SPE 5 Applications for individual exemptions are processed within 30 working days of receiving all relevant information	85%	100% (85%)	100% (85%)	Management information (internal tracking of relevant documents and activity)	SO 1 – Evolving our outcomes-focused approach

6: Forecasts are based on half-yearly performance data where available.

7: A fully completed application is when we have sufficient information to complete an informed assessment of an application to enable us to make a determination whether the applicant meets the requirements as set out in s 396 Financial Markets Conduct Act 2013.

Measure	2026/27 target	2025/26 forecast (target) ⁶	2024/25 actual (target)	Source of data/ information	Strategic Objective links
SPE 6⁸ The FMA sets regulatory expectations and reports against industry performance based on our supervisory activities	Achieved⁹	Achieved (Achieved)	-	Engagement and publication of FMA's Financial Conduct Report	SO 1 – Evolving our outcomes-focused approach SO 2 – Evolving our intelligence-led approach
SPE 7 Stakeholders agree the FMA has streamlined processes for licensed entities	70%	(70%)	55% (65%)	Annual Ease of Doing Business survey of market participants and FMA stakeholders	SO 1 – Evolving our outcomes-focused approach

Judgements related to these measures

The FMA does not set quantitative targets such as a maximum number of licences declined or a minimum number of monitoring activities undertaken. Licensing and supervisory decisions involve multiple considerations, including legal requirements, risk assessments, and the specific circumstances of each applicant or entity. Quantitative caps or floors risk introducing perverse incentives that could undermine the quality and integrity of our regulatory judgements.

SPE 4 measures the timeliness of processing fully completed licence applications. A fully completed application is one where the FMA has sufficient information to make an informed assessment against the requirements of section 396 of the Financial Markets Conduct Act 2013. The 100% target reflects the importance of timely licensing decisions to market access and participant confidence.

8: Given SPE 6 is a new measure, 2024/25 is the baseline measurement.

9: The FMA will publish the Financial Conduct Report to explain our assessment of how well providers are working towards better outcomes, including key conduct issues and our regulatory expectations.

SPE 5 measures the timeliness of processing individual exemption applications. The 85% target reflects the variable complexity of exemption requests while maintaining a clear expectation of efficient processing once all relevant information has been received.

SPE 6 measures whether the FMA sets regulatory expectations and reports against industry performance through its supervisory activities. The primary output of this measure is the FMA's Financial Conduct Report, an annual publication that identifies key conduct issues and sets out the FMA's regulatory expectations and priorities for the year ahead, as well as assessing progress made in relation to priorities previously signalled to the market. This measure is qualitative in nature, reflecting the importance of the FMA's supervisory voice in shaping industry behaviour, rather than the volume of activity undertaken.

SPE 7 is a perception-based measure drawn from the annual Ease of Doing Business survey of financial service providers and FMA stakeholders. The wording of this measure has been updated for 2026/27 to better reflect the direct experience of stakeholders, shifting the focus from how the FMA develops and implements streamlined processes to whether stakeholders agree those processes are streamlined in practice. The target of 70% reflects an ambitious but achievable standard. Annual repetition of the survey question allows for meaningful trend analysis over time

Category three: Market analysis and guidance, investor awareness and regulatory engagement

This category covers the FMA's work in communicating with, and providing information and guidance to, the financial services industry and the consumers it serves. It reflects our role as a source of regulatory clarity, expertise, and direction for those who participate in New Zealand's financial markets.

It includes:

- engagement activities with market participants, including financial service providers, consumer groups, and other agencies, that are targeted, substantive, and designed to support better conduct outcomes
- the provision of accessible information and guidance to consumers and investors to support informed participation in financial markets
- the publication of guidance that assists providers in understanding and meeting their regulatory obligations

Measure	2026/27 target	2025/26 forecast (target)	2024/25 actual (target)	Source of data/ information	Strategic Objective links
SPE 8 The FMA informs and assists providers and consumers of financial services and products by undertaking a range of speeches, seminars and presentations (in-person and online)	40	52+ (40)	86 (40)	Count of speeches, seminars and presentations	SO 1 – Evolving our outcomes-focused approach
SPE 9 Stakeholders find FMA communication clear, concise and effective	75%	(75%)	74% (75%)	Annual Ease of Doing Business survey of market participants and FMA stakeholders	SO 1 – Evolving our outcomes-focused approach
SPE 10 Stakeholders agree that their direct engagements with the FMA are beneficial	75%	(56%)	76% (56%)	Annual Ease of Doing Business survey of market participants and FMA stakeholders	SO 1 – Evolving our outcomes-focused approach

Measure	2026/27 target	2025/26 forecast (target)	2024/25 actual (target)	Source of data/information	Strategic Objective links
SPE 11 Stakeholders agree FMA-issued guidance is useful and supports them in meeting their obligations	75%	(75%)	77% (75%)	Annual Ease of Doing Business survey of market participants and FMA stakeholders	SO 1 – Evolving our outcomes-focused approach

Judgements related to these measures

The measures in this category combine quantitative and qualitative indicators, reflecting the dual nature of the FMA's engagement and communication work — both the volume of activity undertaken and the quality and impact of that activity as perceived by those to whom this work is directed.

SPE 8 sets a minimum threshold for the number of speeches, seminars and presentations delivered by the FMA each year. While this is an output measure rather than an outcome measure, it provides a meaningful floor of accountability for the FMA's visible regulatory presence and its commitment to direct engagement with industry and consumers. A minimum target of 40 reflects a credible and achievable level of activity across a full financial year.

SPE 9 and SPE 10 are perception-based measures drawn from the annual Ease of Doing Business survey. SPE 9 tracks whether stakeholders find the FMA's communications clear, concise and effective. SPE 10 tracks whether stakeholders who have had direct engagement with the FMA found that engagement beneficial. Together, these measures provide a rounded picture of the quality and impact of the FMA's external-facing work, and annual repetition of the survey questions allows for meaningful trend analysis over time.

SPE 11 is also drawn from the annual Ease of Doing Business survey and measures whether stakeholders find FMA-issued guidance useful and supportive of their ability to meet their regulatory obligations. Guidance is a core tool through which the FMA sets expectations and supports high standards of conduct, and this measure holds the FMA to account for the quality and practical utility of that guidance. The FMA does not set targets for the number of guidance publications issued, as the value of guidance lies in its quality and relevance rather than its volume.

Prospective financial statements

Prospective statement of comprehensive revenue and expense

For the years ending 30 June 2026 and 30 June 2027

	2025/26 Forecast outturn \$000	2026/27 Forecast \$000
REVENUE		
Government grant	73,465	80,810
Interest	877	278
Other revenue	1,335	675
Litigation fund income – Government grant revenue and interest	6,025	5,500
Total revenue	81,702	87,263
EXPENSES		
Personnel	56,562	59,110
Occupancy	3,726	3,860
Depreciation and amortisation	1,574	1,604
Other operating expenses	12,173	18,146
Litigation fund expenses	6,000	5,476
Total expenses	80,035	88,196
Surplus/(deficit)	1,667	(933)
Total comprehensive revenue and expense	1,667	(933)

Prospective statement of changes in equity

For the years ending 30 June 2026 and 30 June 2027

	2025/26 Forecast outturn \$000	2026/27 Forecast \$000
OPENING BALANCE		
Accumulated funds/(deficit)	3,913	5,580
Capital contributions	13,062	13,062
Total opening balance	16,975	18,642
COMPREHENSIVE REVENUE AND EXPENSE		
Net surplus/(deficit)	1,667	(933)
Total comprehensive revenue and expense	1,667	(933)
CLOSING BALANCE		
Accumulated funds/(deficit)	5,580	4,647
Capital contributions	13,062	13,062
Total closing balance	18,642	17,709

Prospective statement of financial position

As at 30 June 2026 and 30 June 2027

	2025/26 Forecast outturn \$000	2026/27 Forecast \$000
EQUITY		
Accumulated funds	5,580	4,647
Capital contributions	13,062	13,062
Total equity	18,642	17,709
ASSETS		
Current assets	19,333	17,204
Non-current assets	6,131	7,554
Total assets	25,464	24,758
LIABILITIES		
Current liabilities	4,908	5,055
Non-current liabilities	1,914	1,994
Total liabilities	6,822	7,049
Net assets	18,642	17,709

Prospective statement of cash flows

For the years ending 30 June 2026 and 30 June 2027

	2025/26 Forecast outturn \$000	2026/27 Forecast \$000
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Cash provided from:</i>		
Government grant	73,465	80,321
Litigation fund grant and interest	5,025	5,500
Interest	877	278
Other income	1,135	604
Litigation costs awarded (net)	257	
<i>Cash applied to:</i>		
Suppliers	(26,248)	(27,561)
Employees	(52,863)	(60,971)
Net cash flows from operating activities	1,648	(1,829)
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Cash provided from:</i>		
Term deposits maturing (net)		3,000
<i>Cash applied to:</i>		
Purchase of fixed assets	(593)	(645)
Investments in term deposits (net)	(3,000)	
Net cash flows from investing activities	(3,593)	2,355
Net cash flows	(1,945)	526
Opening cash and cash equivalents	11,720	9,775
Closing cash and cash equivalents	9,775	10,301
Comprising:		
Operational cash and cash equivalents	9,651	10,301
Litigation cash and cash equivalents	124	
	9,775	10,301

Notes to the prospective financial statements

Note 1 - Reporting entity and basis of preparation

The FMA is an independent Crown entity as defined by the Crown Entities Act 2004. The FMA was established on 1 May 2011 by the Financial Markets Authority Act 2011. The FMA is domiciled in New Zealand, and its ultimate parent is the Crown. The FMA is responsible for ensuring public confidence in New Zealand's financial markets, promoting innovation, and supporting the growth of New Zealand's capital base through effective regulation.

These prospective financial statements were authorised for issue by the FMA Board on 23 June 2026.

Basis of preparation

For the purpose of preparing prospective financial statements, the FMA is a public sector public benefit entity. These prospective financial statements have been prepared in accordance with the requirements of PBE FRS 42 *Prospective Financial Statements*, for the purpose of inclusion in the FMA's Statement of Performance Expectations 2026/27 for the Minister of Commerce and Consumer Affairs. They should not be relied upon for any other purpose.

The accounting policies applied in these prospective financial statements are the accounting policies that are expected to apply in the future for reporting historical general purpose financial statements.

Measurement basis

These prospective financial statements have been prepared under the historical cost convention.

Functional and presentation currency

These prospective financial statements are presented in New Zealand dollars, which is the FMA's functional currency, rounded to the nearest thousand dollars (\$000).

Note 2 - Accounting policies

The principal accounting policies adopted in the preparation of these prospective financial statements are set out below. These policies have been consistently applied to all periods presented.

Revenue from non-exchange transactions

Funding from the Crown

The FMA is provided with funding from the Crown for specific purposes, as set out in its founding legislation and the scope of the relevant Government appropriations. Revenue from the Crown is recognised when the associated appropriation becomes receivable by the FMA. Revenue is measured at the fair value of consideration received or receivable.

Litigation fund revenue

Litigation funding received is recognised as a current liability (litigation grant received in advance). Revenue is recognised on the incurrence of litigation expenditure that the litigation funding agreement permits to be paid from the grant.

Revenue from exchange transactions***Revenue from fees***

Revenue from fees is recognised on a percentage of completion basis, with percentage of completion calculated on the basis of the number of hours worked compared with estimated total hours required for the work.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Personnel costs***Short-term employee entitlements***

Short-term employee entitlements, including annual leave, are recognised as an expense over the period during which employees perform the services that entitle them to those benefits. Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay.

Superannuation schemes

Contributions to KiwiSaver, the State Sector Retirement Savings Scheme and the Government Superannuation Fund are accounted for as contributions to defined contribution superannuation schemes and are recognised as an expense as employees perform services that entitle them to those contributions.

Goods and Services Tax

All items in the prospective financial statements are exclusive of Goods and Services Tax (GST), except for receivables and payables which are presented on a GST-inclusive basis.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of current assets or current liabilities.

Income tax

The FMA is a public authority, and consequently is exempt from the payment of income tax under the Income Tax Act 2007. Accordingly, no provision has been made for income tax.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less depreciation, and less any impairment losses. Where an item of property, plant and equipment is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value at the date of acquisition. Where items of property, plant and equipment are internally constructed, costs are recognised as capital work in progress until the assets are operating in the manner intended by management, at which time they are transferred to property, plant and equipment and depreciation commences.

Subsequent expenditure

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the FMA and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are expensed in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are recognised in surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives of major classes of property, plant and equipment are:

<i>Office equipment</i>	<i>3-8 years</i>
<i>Office furniture</i>	<i>4-10 years</i>
<i>Leasehold improvements</i>	<i>Life of lease</i>

The residual value and useful life of an asset are reviewed, and adjusted if appropriate, at each financial year-end.

Intangible assets

Software acquisition and development

The costs incurred to acquire and bring to use software that is hosted on-premise are capitalised.

Where software is developed internally, expenditure is capitalised only when the FMA intends to complete the asset and can demonstrate the technical feasibility of completing it, an intention to use the completed asset, and the availability of sufficient resources to complete it. Only costs that are directly attributable to the development of such software (such as direct employee costs and an appropriate portion of relevant overheads costs) are capitalised.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development and maintenance of the FMA's website are recognised as expenses when incurred.

Software as a service (SaaS) arrangements

The costs incurred in configuring and customising software provided under SaaS arrangements are expensed as incurred, unless they:

- create an intangible asset, separate from the software, that the FMA controls (in which case expenditure is capitalised to the intangible asset), or
- are paid to the supplier of the cloud-based software for significant customisation work (in which case the costs are recognised as a prepayment for services and amortised over the expected term of the SaaS arrangement).

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in surplus or deficit.

The useful lives of intangible assets are three to five years.

Impairment of property, plant and equipment and intangible assets

Items of property, plant and equipment, and intangible assets (all of which have finite useful lives), are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

As the FMA's property, plant and equipment and intangible assets are not held with the primary objective of generating a commercial return, they are classified as non-cash generating assets, and their value in use is measured on the basis of depreciated replacement cost.

An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount. Any reversal of impairment losses is also recognised in surplus or deficit.

Operating leases

The FMA is a lessee in operating leases (which are leases that do not transfer to the lessee substantially all the risks and rewards incidental to ownership of an asset). Lease payments under operating leases (net of incentives received from lessors) are recognised as an expense on a straight-line basis over the lease term.

Financial assets

All of the FMA's financial assets are held to collect contractual cash flows, and have contractual cash flows that consist solely of payments of principal and interest on the principal amount outstanding. As a consequence, all financial assets are initially recognised at fair value plus transaction costs and thereafter carried at amortised cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Term deposits

Term deposits are fixed term deposits with banks that have original maturities of more than three months.

Receivables

Subsequent to initial recognition, accounts receivable are recognised at amortised cost less impairment. Impairment is calculated on the basis of lifetime expected credit losses.

Accounts receivable are written off when there is no reasonable expectation of recovery.

Creditors and other payables

Short-term creditors and other payables are initially recognised at fair value less transaction costs and thereafter carried at amortised cost.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Note 3 – Significant assumptions

These prospective financial statements have been prepared based on estimates, and assumptions about future events. Actual financial results achieved for the period covered are likely to vary from the information presented, and those variances may be material. All material variances will be disclosed and explained in the subsequent Annual Report.

The 2026/27 forecast builds on an established foundation of financial discipline, cost control, and prioritisation of work across the organisation to ensure that resources are focused on where they deliver the most value. The prospective statement of comprehensive revenue and expense shows a forecast deficit for 2026/27, which is able to be managed through strategic utilisation of some existing cash reserves. This aligns with the FMA's decision to utilise a portion of our modest cash reserves instead of seeking a funding review to support current service delivery levels.

The key elements that underpin the prospective financial statements are discussed below.

Revenue

The prospective statement of comprehensive revenue and expense includes appropriation revenue as confirmed by Budget 2026. This revenue differs from the FMA's 2025/26 appropriation revenue for two reasons:

- An increase in appropriation revenue due to the confirmed transfer of responsibility for the Credit Contracts and Consumer Finance Act 2003 (CCCFA) from the Commerce Commission to the FMA on 1 July 2026
- A decrease of 2% in the Government funded portion of the FMA's annual appropriation revenue (including revenue associated with CCCFA), which has been made as part of wider Government initiatives to effectively manage the utilisation of public resources.

Other income

The prospective statement of comprehensive revenue and expense assumes a reduction in other income from current levels, due to a reduction in income from staff secondments.

Expenditure

The FMA continues to closely monitor, and carefully manage, expenditure. An assumption of modest cost increases to some expense categories, reflecting prevailing economic conditions, is included in the prospective statement of comprehensive revenue and expense.

Litigation fund expenditure

It is assumed that the level of litigation activity being undertaken at the end of the 2025/26 financial year will continue into the 2026/27 financial year, which will result in the FMA's \$5 million litigation fund being fully expended.

The FMA will receive \$476k additional litigation funding in 2026/27 (when compared with 2025/26) due to the FMA assuming CCCFA responsibilities from 1 July 2026. While the FMA does not yet have cost estimates for CCCFA matters that the Commerce Commission is currently progressing, due to the number of cases at litigation and in the pipeline to litigation, it is assumed that this litigation fund will also be fully expended.

We note the inherent uncertainties that accompany estimates of future litigation activity and expenditure, and that actual litigation expenditure may differ materially from forecast.

Capital expenditure

The FMA's customer relationship management system has been modernised, which resulted in capital expenditure in 2024/25 and 2025/26. Some expenditure for future development of the system may also be capitalised, although limited capitalisation is assumed in 2026/27.

The FMA continues to improve its technology environment to enable improvements in both the effectiveness and efficiency of the work that it undertakes. As most of the associated technology is utilised under software as a service cloud-hosted arrangements, associated expenditure will largely be expensed.

Some limited additional capital expenditure will be required for computer equipment when the FMA brings on new staff as part of its assumption of CCCFA responsibilities.

Note 4 – Expected revenue and proposed expenses

For the years ending 30 June 2026 and 30 June 2027

	2025/26 Forecast outturn \$000	2026/27 Forecast \$000
NON-DEPARTMENTAL OUTPUT EXPENSE APPROPRIATION		
Performance of investigation and enforcement functions		
Government grant revenue	17,441	24,105
Other revenue	257	
Total revenue	17,698	24,105
Expenses	17,576	24,902
Operating surplus/(deficit)	122	(797)
Performance of licensing and compliance monitoring functions		
Government grant revenue	33,078	32,549
Interest	877	279
Other revenue	1,078	675
Total revenue	35,033	33,503
Expenses	33,335	33,189
Operating surplus/(deficit)	1,698	314
Performance of market analysis and guidance, investor awareness, and regulatory engagement functions		
Government grant revenue	22,946	24,156
Total revenue	22,946	24,156
Expenses	23,124	24,630
Operating surplus/(deficit)	(178)	(474)
Total	1,642	(957)
NON-DEPARTMENTAL OTHER EXPENSES APPROPRIATION		
FMA litigation fund		
Government grant and interest revenue	6,025	5,500
Expenses	6,000	5,476
Litigation surplus/(deficit)	25	24
Net surplus/deficit	1,667	(933)

Cost allocation policy

The FMA determines the cost of outputs using the cost allocation system outlined below.

- Direct costs (those costs that are directly attributable to an output) are charged to the outputs to which they are directly attributable.
- Indirect costs (those costs that cannot be directly allocated to a specific output in an economically feasible manner) are charged to outputs based on cost drivers and related activity or usage information. Personnel costs are allocated based on actual work undertaken by each team or function. Other indirect costs are allocated to outputs based on the proportion of direct costs for each output.

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