

# Priorities 2020/21

## AT A GLANCE



## Introduction

Our vision is to make New Zealanders better off. We believe New Zealanders are better off when markets work well and consumers and businesses are confident market participants. Each year we identify a number of priority areas to help focus our activity and resources on the areas where we can add the greatest value.



## Enduring priorities

There are a number of areas the Commission will always prioritise due to their potentially significant impact on consumers, businesses and markets in New Zealand, or because work in these areas is a core part of our statutory role.

These areas include:

- Credit issues
- Product safety and construction cases
- Cartel and anti-competitive conduct
- Mergers (including those that are not notified)
- Market studies.

In addition, we will always prioritise functions we are required to perform in critical infrastructure industries like telecommunications and energy networks.



These functions include:

- Setting maximum revenues, minimum standards and incentives for service quality – including consulting on the revenue limits and quality standards for fibre broadband services, after finalising the up-front regulatory rules (known as input methodologies) that will also apply to information disclosure regulation
- Seeking to better understand markets and key aspects of supplier performance (such as asset management in the electricity distribution sector) and sharing that knowledge with consumers and other industry stakeholders
- Taking enforcement action as required – for example, in response to electricity networks that have failed to comply with the minimum standards for service reliability.

Further information about our enduring priorities can be found in our Statement of Intent 2020 – 2024.

## Focus areas

Each year we target our resources on specific areas that fall within our remit and which are important to everyday life and the economy.

For 2020/21 we have identified the following priority focus areas:

- **Enforcing limits on the fees and interest** that can be charged on high cost consumer credit contracts
- **Educating lenders and borrowers about changes to consumer credit law**, including the requirement for lenders and mobile traders to obtain certification that their directors and senior managers are **fit and proper persons** to hold their respective positions
- Preventing harm from **pyramid schemes** that rely on the recruitment of others and promise financial rewards that are too good to be true
- Responding to **COVID-19 related consumer issues**, with a focus on:
  - **false and misleading representations about contractual and statutory rights, and unfair contract terms** relied on to reduce consumer rights; and
  - **misrepresentations about goods and services that are in greater demand due to COVID-19**
- **Cartels** – educating businesses about the introduction of a **new criminal offence for competitors who agree not to compete**, which will carry a maximum penalty of seven years in prison from April 2021



→ **Strengthening the regulation of telecommunications**, including:

- **helping consumers choose the best services and providers** by providing targeted information about performance in the market
- putting in place **safeguards for consumers associated with the withdrawal of copper broadband services**, eg, access to emergency calls during a power cut
- **improving retail service quality to reflect consumer demand** by way of industry or Commission codes

→ In the electricity distribution sector, **reviewing the revenue limit and quality standards applying to Aurora Energy Limited**, to set a 'customised price-quality path' that balances network investment with costs to consumers.

## Organisation responsiveness

Through a programme called 'fit for the future', we are focussed on remaining responsive to changes in expectations about how we carry out our role.

In 2020/21 we will be:

- **Continuing to evolve our engagement with consumers and businesses** to ensure we connect with the people impacted by our work, and hear what matters to them
- **Expanding our presence in Auckland** to be closer to many of our stakeholders and a diverse labour market
- **Supporting strategy and governance, and building broader corporate capability** – for a more modern, resilient, and data-driven organisation
- Sharing knowledge through international networks and domestically – including **contributing to legislative reform** in our areas of expertise.

## Supporting economic recovery

All of our work supports economic recovery because New Zealanders are better off when markets work well, and consumers and businesses are confident market participants.

However, as the COVID-19 pandemic and its after-effects bring greater uncertainty to markets, some aspects of our work may be particularly significant. For example, it is important that consumers are able to make well informed borrowing and purchasing decisions, particularly in online markets. Consumers will also be looking to us to promote and protect their interests in the telecommunications and energy industries. Strong and sustainable infrastructure is critical to enabling the transition to a low carbon economy.

In addition, as ever, competition between businesses can contribute to:

- More affordably priced goods and services at the quality that consumers demand
- Stronger incentives for businesses to innovate and make efficient use of resources
- More productive jobs for New Zealanders.

Changes in the way competitive markets operate could have a significant long-term effect on economic recovery. These changes can happen quickly, and can have enduring consequences that are difficult to undo.

Therefore, in 2020/21 we will be helping to safeguard the integrity of competitive markets by:

- working with other Government agencies to **ensure competition considerations feature** where appropriate in policy development, regulatory initiatives, and procurement
- **using the new fast track process to consider authorisation** for businesses that want to work together in the public interest
- **reviewing mergers and acquisitions that occur in response to changing circumstances**, given failing firms and increased concentration could affect sectors for years to come
- **educating industry about their obligations under competition law**, including the boundaries between lawful collaboration and harmful collusion
- **taking enforcement action against businesses that unlawfully reduce or remove competition**, which can harm consumers and undermine economic recovery
- **building our understanding about the impact of recent events on competition**, including identifying the markets most affected
- in infrastructure industries subject to sector-specific regulatory regimes, **protecting and promoting competition where it is beneficial to consumers**, including:
  - in the electricity industry, helping to enable competition in the supply of new technologies
  - in the fuel industry, starting to work towards more competitive wholesale prices
  - in telecommunications, supporting requirements for service quality to reflect consumer demands.



# What we do

The Commerce Commission is New Zealand's competition, consumer and regulatory agency.

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

## Contact us if you have concerns about fair trading, consumer credit or anti-competitive practices

**Phone:** 0800 943 600

**Write:** Enquiries Team, PO Box 2351, Wellington 6140

**Webform:** [www.comcom.govt.nz/make-a-complaint](http://www.comcom.govt.nz/make-a-complaint)

*On this page we also list other agencies who can help you get a personal remedy*



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

Prohibits anti-competitive behaviour and acquisitions that substantially lessen competition. It also allows for a clearance and authorisation regime for mergers and restrictive trade practices. Enables the Commission to carry out competition (or market) studies.

### Fair Trading Act 1986

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



### Credit Contracts and Consumer Finance Act 2003

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



### Commerce Act 1986 (Part 4)

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

### Telecommunications Act 2001

Regulates the supply of certain wholesale telecommunications services and the quality of retail services.

### Dairy Industry Restructuring Act 2001

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

