



Level 16  
157 Lambton Quay  
Wellington

9 February 2016

Targeted Commerce Act Review  
Competition and Consumer Policy  
Ministry of Business, Innovation and Employment  
Wellington  
By Email: [commerceact@mbie.govt.nz](mailto:commerceact@mbie.govt.nz)

Dear Madam/Sir,

**Submission to Issues Paper Targeted Review of the Commerce Act 1986**

Three years after the Commerce Act came into force, the Internet came to New Zealand. Since that time technology has transformed modern economies. Today New Zealand consumers can compare services from their mobile device and New Zealand businesses can 'export' services online across the world. As the Productivity Commission noted "*[t]he internet has significantly altered how consumers search for information about the availability, quality and price of goods and services.*"<sup>1</sup>

The Internet also offers an unprecedented opportunity for businesses to innovate. If New Zealand firms currently making low use of internet services became more like high use firms, it could be worth an additional \$34 billion in productivity benefits to the economy.<sup>2</sup>

As an open access platform, the Internet also creates a level playing field and lowers barriers to entry. These qualities have substantially contributed to the Internet's growth by facilitating uptake, and promoting new services and competition, which in turn, has contributed to the Internet's economic value.

---

<sup>1</sup> [NZ Productivity Commission \(May 2014\). Boosting productivity in the services sector, Final Report](http://www.productivity.govt.nz/sites/default/files/services-inquiry-final-report.pdf), p103.

- <http://www.productivity.govt.nz/sites/default/files/services-inquiry-final-report.pdf>

<sup>2</sup> [Sapere Research Group \(February 2014\). The value of internet services to New Zealand businesses.](http://www.innovationpartnership.co.nz/the-value-of-internet-services-to-new-zealand-businesses/)

- <http://www.innovationpartnership.co.nz/the-value-of-internet-services-to-new-zealand-businesses/>

Online, competition is only a click away, as consumers can easily switch between different services. To convince people to choose to keep coming back, online players must consistently offer compelling services by focusing on adding value and innovating. High consumer mobility and low barriers to entry make it easy for new players and new technologies to spring up and succeed. This online competition leads to the creation of innovative services, which contribute to the Internet fuelling competition across the rest of the economy.

Consumers are the ultimate beneficiaries of the Internet; as businesses, both online and offline, use it to compete to offer them the best goods and services.

We support the decision by Ministry of Business, Innovation and Employment to seek a consistent Trans-Tasman approach - and to consider the submissions to, and recommendations of, Australia's Harper Review. We note that the Australian Government's response to the Harper Review, that they will consult further on options to reform the market power provision and release a discussion paper on this topic.<sup>3</sup>

For ease of reference here are the links to our submissions to that review, along with our submission to the Australian Government's Final Report on the Competition Policy Review and other relevant materials:

- [First Google Submission to Harper Review](#), 10 June 2014
  - <http://competitionpolicyreview.gov.au/files/2014/06/Google.pdf>
- [Second Google Submission to Harper Review](#), 18 November 2014
  - <http://competitionpolicyreview.gov.au/files/2014/12/Google.pdf>
- [Google Submission to the Australian Government Competition Review Final Report](#), 26 May 2015
  - <http://www.treasury.gov.au/~media/Treasury/Consultations%20and%20Reviews/Consultations/2015/Competition%20Policy%20Review%20Final%20Report/Submissions/PDF/Google.ashx>

We would be pleased to meet with New Zealand Officials and provide a similar briefing as that provided to the Australian Harper Review Panel, if that would be useful.

Kind regards,

---

<sup>3</sup> [Australian Government Response to the Competition Policy Review \(November 2015\)](#), p25.

- [http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2015/Government%20response%20to%20the%20Competition%20Policy%20Review/Downloads/PDF/Govt\\_response\\_CPR.ashx](http://www.treasury.gov.au/~media/Treasury/Publications%20and%20Media/Publications/2015/Government%20response%20to%20the%20Competition%20Policy%20Review/Downloads/PDF/Govt_response_CPR.ashx)