

# VOTE *Consumer Affairs*

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## Overview

Appropriations sought for Vote Consumer Affairs in 2002/03 total \$5.377 million. This is to be applied to purchasing services from the Ministry of Consumer Affairs as follows:

- \$1.315 million (24.4% of the Vote) on purchasing advice on issues concerning an effective legal and regulatory framework for business/consumer transactions, the promotion of improved market practices and effective redress, the administration of consumer safety legislation and international consumer policy developments;
- \$2.440 million (45.4% of the Vote) on purchasing information and education for consumers, businesses and community groups, including activities aimed at Māori, Pacific Island and low income consumers, and work to promote consumer representation and recognition of the value of consumer representatives on boards and committees; and
- \$1.622 million (30.2% of the Vote) on purchasing the strategic promotion and enforcement of accurate measurement in the supply of goods in trade.

The Ministry expects to collect \$20,000 of Crown revenue in 2002/03 as fees paid by traders issued with infringement offence notices for breaching weights and measures legislation.

Details of how the appropriations are to be applied appear in Parts B1 and C of the Vote. Details of Crown revenue appear in Part F.

## Terms and Definitions Used

<b>ANZCERTA</b>	Australia New Zealand Closer Economic Relations Trade Agreement
<b>APEC</b>	Asia-Pacific Economic Cooperation
<b>APLMF</b>	Asia Pacific Legal Metrology Forum
<b>GM</b>	Genetically Modified
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>OIML</b>	Organisation Internationale de Metrologie Legale
<b>TTMRA</b>	Trans-Tasman Mutual Recognition Arrangement

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VOTE MINISTER: Minister of Consumer Affairs

ADMINISTERING DEPARTMENT: Ministry of Economic Development

The Minister for Economic Development is the Responsible Minister for the Ministry of Economic Development

## Part A - Statement of Objectives and Trends

### Part A1 - Objectives for Vote Consumer Affairs

Overall, the appropriations sought for Vote Consumer Affairs are focused on ensuring:

- effective processes that enable consumer interests to be well represented in public and private sector policies and decisions
- the provision to consumers and business of appropriate, accurate, and accessible information, education, and advice on their rights and responsibilities under consumer law
- the availability of information to help consumers make comparisons between goods and services, prices, and production processes
- the development of fair rules and ethical practices in the sale of goods and services
- the availability of appropriate redress mechanisms, remedies, and penalties for consumers when things go wrong
- accurate, informed, and effective measure in trade transactions, and
- the availability of safe products and their safe use.

#### *Links between the Output Classes and the Government's Key Goals*

The output class Policy Advice on Consumer Issues contributes to the Government's goals of growing an inclusive, innovative economy for the benefit of all.

It does this by:

- providing policy advice aimed at creating an environment where consumers have choice, appropriate information and safe products, within a legal framework that provides redress and enforcement mechanisms that meet the needs of both consumers and business
- working with industry to promote self-regulating initiatives and processes that address consumer concerns
- building safer communities through contributing to effective levels of safety for consumer products and services and working in partnership with community organisations, and
- targeting its safety strategies to reduce inequalities.

The output class Information and Education Services for Consumers and Traders also contributes to the Government's goals of growing an inclusive and innovative economy for the benefit of all.

It does this by:

- working to ensure that the value of consumer representatives on boards and committees is recognised and that there is more representation of consumers on boards and committees
- providing education, information and advice programmes for consumer, business and community groups
- informing and educating consumers so that they can make choices and be effective in asserting their rights and meeting their responsibilities
- providing support and training to community advisory agencies
- providing material in print and on the Ministry of Consumer Affairs' website for consumers and business on their rights and responsibilities, and
- targeting information, education and advice programmes to low-income, Māori and Pacific Island consumers.

The output class Administration of Trade Measurement Legislation contributes to the Government's goal of growing an inclusive, innovative economy for the benefit of all.

It does this by:

- administering and enforcing legislation aimed at ensuring that goods supplied in trade are accurately measured. This provides certainty in trade, for the benefit of both consumers and business.

## **Part A2 - Trends in Vote Consumer Affairs**

In 1998/99, extra funding was granted on a one-off basis for the production and distribution of information brochures on Year 2000 issues for consumers. A further increase in funding in 2000/01 reflected the purchase of additional outputs on electronic commerce, targeting Māori more effectively, and improving consumer representation.

Increases in appropriations made in 2001/02, 2002/03 and 2003/04 are for the provision of a consumer information facility that would allow consumers to choose the most appropriate electricity retailer. Reductions in 2002/03 and 2003/04 compared to 2001/02 reflect expenditure for the Powerswitch project where set-up and maintenance costs reduce with the project being completed in 2003/04.

### *Strategic Issues*

The major thrust of the work programme for the Ministry of Consumer Affairs for 2002/03 will be in the following areas:

#### **Enhancements to Consumer Law**

The Ministry will support the Parliamentary passage of Government's approved changes to credit law, the Consumer Guarantees Act, the Fair Trading Act, and the Motor Vehicle Sales Bill (including the consumer information standard for the supply of

used motor vehicles). As work in these areas is gradually completed, resources will be transferred to a new project reviewing consumer protection law and its enforcement. This work will embrace consumer-oriented statutes generally, identifying areas where revisions are appropriate.

### **Electronic Commerce**

The Ministry will continue to focus on consumer issues in electronic commerce through involvement in domestic law and self-regulatory developments and initiatives, and by leading and contributing to developments internationally through APEC and the OECD.

### **Consumer Representation, Consumer Information and Safety**

The Ministry will develop consultation and consumer representation policies and practices that will improve the way in which consumers' interests are included in decision-making processes that impact on consumers.

There will be a continued emphasis on providing information about laws and self-regulatory mechanisms that enable business/consumer transactions to occur in a fair and ethical way; and the provision of information that enables consumers to make appropriate choices in their purchases.

There will also be continued focus on assessing the need for appropriate standards to ensure the safety of consumer products.

### **Information to Māori, Pacific Island and low-income consumers**

The Ministry provides information and education programmes especially to Māori, Pacific Island and low-income consumers. This work will have a strong emphasis as the Ministry continues to deliver information through means such as targeted media, Ministry hotlines, face-to-face contact, and arrangements with key community organisations.

### **Trade Measurement**

The Ministry participates in the activities of inter-governmental organisations dealing with legal metrology, in particular the OIML and the APLMF. This work supports continued access for New Zealand manufacturers in overseas markets and ensures a credible, traceable measurement system that provides equity in the New Zealand domestic market.

## Trends in Vote Consumer Affairs- Summary of Appropriations and Crown Revenue

	1997/98	1998/99	1999/2000	2000/01	2001/02		2002/03 Appropriations to be Used				2003/04	2004/05	2005/06
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Estimated \$000	Estimated \$000	Estimated \$000
Types of Appropriation							Annual \$000	Other \$000	Annual \$000	Other \$000	Total \$000		
<b>Operating Flows</b>													
Classes of Outputs to be Supplied	4,713	4,783	4,696	5,101	5,500	5,500	5,377	-	-	-	5,377	5,058	5,001
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital Flows</b>													
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-
<b>Total Appropriations</b>	4,713	4,783	4,696	5,101	5,500	5,500	5,377	-	-	-	5,377	5,058	5,001
<b>Total Crown Revenue and Receipts</b>	10	23	9	8	20	20	N/A	N/A	N/A	N/A	20	20	20

## Part B - Statement of Appropriations

### Part B1 - Details of Appropriations

	2001/02			2002/03		
	Vote		Estimated Actual	Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000
<b>Departmental Output Classes (Mode B Gross)</b>						
D1 Policy Advice on Consumer Issues	1,468	-	1,468	-	1,315	-
						Provision of advice on issues concerning an effective legal and regulatory framework for business/consumer transactions, the promotion of improved market practices and effective redress, the administration of consumer safety legislation and international consumer policy developments.
D2 Information and Education Services for Consumers and Traders	2,362	-	2,362	-	2,440	-
						Provision of information and education for consumers, business and community groups, including activities aimed at Māori, Pacific Island and low-income consumers, and work to promote consumer representation and recognition of the value of consumer representatives on boards and committees.
D3 Administration of Trade Measurement Legislation	1,670	-	1,670	-	1,622	-
						Strategic promotion and enforcement of accurate measurement in the supply of goods in trade.
<b>Total Appropriations for Departmental Output Classes (Mode B Gross)</b>	5,500	-	5,500	-	5,377	-
<b>Total Appropriations</b>	5,500	-	5,500	-	5,377	-



## Part C - Explanation of Appropriations for Output Classes

### C1 - Departmental Output Classes

#### *Output Class D1 - Policy Advice on Consumer Issues*

The Minister of Consumer Affairs will purchase advice on issues concerning an effective legal and regulatory framework for business/consumer transactions, the promotion of improved market practices and effective redress, the administration of consumer safety legislation, and international consumer policy developments.

Outputs for this class are:

- supporting the passage through Parliament, and the implementation, of new consumer legislation
- initiating reviews of consumer legislation
- supporting self-regulatory mechanisms in banking, insurance and utility markets
- leading or contributing to policy initiatives, locally and internationally, that are aimed at building consumer confidence in e-commerce
- operating an effective investigation, compliance and communication system for the consumer product safety regime
- working with consumers and business to ensure that consumer products are supplied with appropriate and adequate instructions and labels to ensure safe purchase and use
- participating in international consumer safety fora and initiatives (including TTMRA) to promote and harmonise effective product safety policies and practices
- contributing to the development of voluntary consumer product standards and of mandatory product safety standards, unsafe product notices and recalls, and
- facilitating the development of a “GM-free” voluntary labelling system.

#### *Output Class D2 - Information and Education Services for Consumers and Traders*

The Minister of Consumer Affairs will purchase information and education for consumers, businesses and community groups, including activities aimed at Māori, Pacific Island and low-income consumers. The Minister will also purchase work to promote consumer representation and recognition of the value of consumer representatives on boards and committees. Outputs for this class are:

- providing programmes, promotional campaigns and resources that enable Māori and Pacific Island consumers in particular, and all consumers in general, to access accurate information about their rights, remedies, redress and responsibilities as consumers

- providing resources that enable businesses to understand their obligations to consumers under consumer law
- providing impartial and comparative information that enables consumers to identify the best product or service available for their individual needs
- implementing guidelines for consumer representation and developing, implementing and maintaining supporting processes that improve the effectiveness of consumer representation on decision-making bodies, and
- representing New Zealand consumer interests in international operational initiatives to increase and enhance cross-border consumer protection and enforcement.

### *Output Class D3 - Administration of Trade Measurement Legislation*

The Minister of Consumer Affairs will purchase services for the strategic promotion and enforcement of accurate measurement in the supply of goods in trade.

Outputs for this class are:

- managing New Zealand's trade measurement environment to meet international standards in relation to goods sold by weight, measure or number
- drafting amendments to the Weights and Measures Regulations 1999 to provide for changes in responsibility for food quantity marking
- participating in the activities of inter-governmental organisations dealing with legal metrology, and
- initiating a study of the scope of measurement activity that could benefit from the application of international legal metrology standards.

## Part F1 - Current and Capital Revenue and Receipts

	2001/02		2002/03	Description of 2002/03 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
<b>Current Revenue</b>				
Non-Tax Revenue				
Trade Measurement Unit Infringement Fees	20	20	20	Fees paid by traders who have been issued with infringement offence notices for breaching weights and measures legislation.
Total Non-Tax Revenue	20	20	20	
<b>Total Current Revenue</b>	20	20	20	
<b>Total Crown Revenue and Receipts</b>	20	20	20	