

Legislation & Regulatory Updates Affecting the Direct Selling Industry (NZ)

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1. Fair Trading Act (FTA) – Major Penalty Increases (from Oct 2025)

These changes increase business risk exposure for all consumer-facing industries.

Key impacts

- **Penalties for misleading conduct and unfair practices sharply increased:**
 - Up to **\$1M for individuals** and **\$5M for corporates**, or **3× commercial gain**, whichever is greater.
- Many breaches now shift from **criminal** to **civil liability**, except for serious misconduct.
- **Product safety standards** can now be updated more quickly by MBIE [relevant for product-based sellers].

Relevance to direct selling

- Stronger penalties increase the importance of compliant product claims, earnings representations, pricing transparency, and avoiding conduct that could resemble pyramid scheme activity [regulated under the FTA].

2. Consumer Data Right (CDR) – Customer and Product Data Act 2025

This is New Zealand's first step toward open data regulation.

What's changing

- Gives consumers the right to **direct companies to share their data** securely with accredited third parties.
- Begins in the **banking sector**, with major banks required to comply from **1 December 2025**, and Kiwibank by **June 2026**.

Relevance to direct selling

- Direct selling companies that run loyalty programmes, subscription platforms, or direct debit payment systems may eventually be included in future CDR sectors.
- Consumer expectations around data transparency and portability will rise.

3. Commerce Act Review – Competition Law Overhaul (announced Dec 2025)

MBIE is reviewing key parts of the Commerce Act as part of a targeted reform package.

Possible changes include:

- Updates to the **merger control regime**, including how substantial lessening of competition [SLC] is assessed.
- Clarification of **anti-competitive conduct rules**, including collaboration and concerted practices.
- Review of **industry codes, governance, and enforcement powers** of the Commerce Commission.

Relevance to direct selling

- Could impact cross-border supply arrangements, supplier agreements, and policies around resale price maintenance and distributor conduct.

4. Increasing Commerce Commission Enforcement Activity (2025 → 2026)

The Commission is actively pursuing misleading conduct across various industries.

Examples include:

- Actions against HelloFresh, LookSharp, 2Degrees, and others for misleading pricing, reactivation tactics, and unclear consumer rights.

Relevance to direct selling

- Heightened scrutiny of marketing claims [product results, health claims, income potential].
- Strengthened expectation for **clear, compliant refund, return, and cancellation policies**.

5. Consumer Guarantees Act (CGA) – Proposed Right to Repair Amendments (status: unlikely to pass)

While not directly targeting direct selling, the reforms would have applied to consumer goods companies.

- Select committee recommended **not** to proceed; NZ First pulled support.
- Would have increased obligations to provide parts, repair access, and information.

Relevance to direct selling

- If revived in future, product-based sellers would face stronger after-sales repair obligations.

6. Broader legal reforms that may indirectly affect direct selling

While not sector-specific, the following ongoing reforms create indirect compliance considerations:

Company Law reforms [2025–2026]

- Modernising corporate governance and transparency.

Employment law changes

- Holidays Act replacement and new gig-economy tests [relevant for companies using contractor-based distributor models].
[See previous summary you requested.]

Summary for Direct Selling Organisations

The most impactful changes for your sector relate to:

- **Strengthened Fair Trading Act penalties** and increased enforcement.
- **Consumer Data Right** signalling long-term obligations around data handling.
- **Commerce Act reforms** affecting supply chain and distributor agreements.
- **Consumer expectations and compliance culture** shifting due to high-profile prosecutions.