

VOTE *Commerce*

Commerce

Overview

Appropriations sought for Vote Commerce in 2007/08 total \$89.948 million. This amount is to be applied as follows:

Departmental Appropriations

Appropriations for departmental output expenses total \$53.460 million (59.4% of the Vote). This is sought to purchase services from the Ministry of Economic Development including:

- \$10.941 million (12.2% of the Vote) for policy and purchase advice on business law and competition policy.
- \$1.100 million (1.2% of the Vote) for administration of trade remedies.
- \$352,000 (0.4% of the Vote) for administering import legislation.
- \$10.430 million (11.6% of the Vote) for registration and granting of intellectual property rights by the Intellectual Property Office and granting of plant variety rights by the Plant Variety Rights Office.
- \$12.333 million (13.7% of the Vote) for administration of insolvencies and management of proceeds of crime orders.
- \$18.304 million (20.3% of the Vote) for registration and provision of statutory information.

Non-Departmental Appropriations

Appropriations sought for non-departmental output expenses total \$23.159 million (25.7% of the Vote). These relate to the role of the Commerce Commission, the Securities Commission, the Takeovers Panel, and the Accounting Standards Review Board. Details are provided under Part C.

Appropriations sought for non-departmental other expenses total \$13.329 million (14.9% of the Vote). These relate to the Crown's membership in various organisations associated with the activities within Vote Commerce and possible litigation activities for the Commerce Commission, the Securities Commission and the Takeovers Panel.

Crown Revenue and Receipts

The Crown is forecast to collect \$6.280 million in 2007/08.

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

Terms and Definitions Used

AASB	Australian Accounting Standards Board
APEC	Asia Pacific Economic Cooperation
ASRB	Accounting Standards Review Board
BCCU	Business Compliance Costs Unit
BIA	Building Industry Authority
CCCFA	Credit Contracts and Consumer Finance Act 2003
CEP	Closer Economic Partnership
DIRA	Dairy Industry Restructuring Act
EIRA	Electricity Industry Reform Act 1998
FRC	Financial Reporting Council
FSAP	Financial Sector Assessment Program
FTA	Free Trade Agreement
GAAP	Generally Accepted Accounting Practice
HSNO	Hazardous Substances and New Organisms Act 1996
IASB	International Accounting Standards Board
IFAC PSC	International Federation of Accountants Public Sector Committee
IFRS	International Financial Reporting Standards
IOSCO	International Organization of Securities Commissions
MED	Ministry of Economic Development
NZX	New Zealand Exchange
RIAU	Regulatory Impact Analysis Unit
RMA	Resource Management Act
SME	Small and Medium-sized Enterprises
SPs	Strategic Priorities
TTASAG	Trans Tasman Accounting Standards Advisory Group
WTO	World Trade Organization

Minister Portfolio Table

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Commerce

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

Related Government Outcomes

A priority for the Government is working to progress New Zealand's economic transformation to a high income, knowledge based market economy, which is both innovative and creative, and provides a unique quality of life to all New Zealanders.

Within the economic transformation agenda there are the following sub-themes:

- Growing globally competitive firms.
- World class infrastructure.
- Innovative and productive workplaces, underpinned by high standards in education, skills and research.
- An internationally competitive city - Auckland.
- Environmental sustainability.

The appropriations in Vote Commerce will enable the Ministry of Economic Development (MED) and other delivery agencies to provide advice, and deliver activities and outputs that contribute to ensuring that the legal and regulatory environment supports business growth and innovation.

Strategic Issues

The Ministry has identified five strategic priorities (SPs) which we consider are the most important areas for the Ministry to focus on over the next three to five years, and to create the framework around which we organise our contributions toward economic transformation:

- International Linkages: improving the international linkages that allow firms to benefit from trade knowledge transfer and investment
- Sustainable Business: helping New Zealand firms to use environmental integrity for economic advantage
- Investment: improving the investment opportunity for New Zealand firms
- Auckland: working to make Auckland world-class, and
- Infrastructure: improving the quality and reliability of key infrastructure services.

Of the above strategic priorities, policy advice activities undertaken in Vote Commerce will, in particular, contribute to the International Linkages SP, Sustainable Business SP, and Investment SP.

Being well-connected with the rest of the world is key to New Zealand's growth prospects. The internationalisation of New Zealand firms leads to productivity improvements as businesses discover and embrace new technologies, new markets, and new models of production distribution. Strong linkages are particularly important for New Zealand because the domestic market is small and a long way from major global markets.

The Ministry will also focus on policies to ensure that New Zealand is an attractive environment for firms to invest in and to base their high-value operations. We will work with other departments to understand and address the critical issues related to investment such as savings, capital markets, management capability, and intermediation.

Businesses and consumers are becoming more aware about how their actions affect the environment. Social responsibility and environmental sustainability issues influence the decisions and choices that consumers make; while environmental integrity has become increasingly recognised by businesses as a source of competitive advantage. The Ministry will work with others to identify where and in what ways government can assist New Zealand firms to respond effectively to changing market and regulatory approaches to environmental issues.

Appropriations Linkages to the Government's Outcomes

Departmental output expenses

The Ministry's strategic priorities describe the things it will put particular emphasis on in order to best promote growth. However the Ministry's work goes beyond the priorities to include a large number of activities that may make a less significant contribution to growth but are nevertheless important in maintaining an effective environment for business. The entirety of the Ministry's work, including work on the strategic priorities, is captured by the Ministry's Business outcomes. The table below summarises the contribution that different outputs make to the Ministry's Business outcomes.

Outcome	Contribution of Appropriations to Outcomes
<p>Building International Links</p> <p>New Zealand's international connections support transformation of the New Zealand economy and sustainable economic growth through increased trade, and through improved flows of investment, skills and technology.</p>	<p>Policy advice on intellectual property, competition policy and law, investment, government procurement, standards and conformance, trade facilitation, and technical barriers to trade.</p> <p>Policy advice in relation to border and international issues and trade agreements, including policy advice on tariffs, rules of origin, and trade remedies.</p> <p>Policy advice on the implementation of international agreements on ozone-depleting substances and hazardous wastes.</p>
<p>Protecting Dynamic Competition</p> <p>Competition regulation promotes dynamic markets and innovation.</p>	<p>Policy advice on the creation and maintenance of a regulatory environment, including primary advice on approximately 50 statutes, including competition policy and law.</p>

Outcome	Contribution of Appropriations to Outcomes
<p>Promoting Responsible Business Governance</p> <p>The rules governing corporate behaviour in New Zealand effectively balance accountability with the need to support innovation.</p>	<p>Policy advice on the creation and maintenance of a regulatory environment, including corporate and competition policy and primary advice on approximately 50 statutes, that provides greater certainty for, and positively encourages, business innovation and growth.</p> <p>Work of the Ministry's Regulatory Impact Analysis Unit (RIAU) in assessing proposals for regulations that will have a significant impact on economic growth and in providing advice on the quality of regulatory impact analysis regime across government.</p> <p>Policy advice in relation to Crown entities that maintain part of the regulatory framework for business.</p> <p>Prosecution and enforcement functions under the Companies Act 1993, Securities Act 1978 and Corporations (Investigation and Management Act) 1989.</p> <p>Policy advice on legislation that creates obligations on market participants to disclose information (eg, regulating securities and financial reporting law).</p> <p>Registration functions providing for the protection of intellectual property rights.</p> <p>Registration and provision of a range of documents and information required to be filed on public record, for example by corporate entities, and the provision of information related to these.</p> <p>Policy advice on corporate and commercial law, including capital markets, and insolvency law.</p>
<p>Promoting Dynamic and Trusted Capital Markets</p> <p>The business community has confidence in the integrity and effectiveness of New Zealand capital and financial markets.</p>	<p>Policy advice on capital market regulation.</p>
<p>Making the Most of Intellectual Property</p> <p>Intellectual property rights in New Zealand support investment in innovation and the sharing of ideas.</p>	<p>Policy advice on intellectual property law and policy.</p> <p>Services relating to the administration of legislation providing for the protection of intellectual property rights.</p>

Non-departmental output expenses

Crown Entities assist economic growth by ensuring that businesses and consumers have confidence in the integrity and effectiveness of New Zealand markets and can make well informed decisions. Appropriations are sought in this Vote to purchase outputs from a number of Crown Entities. The table below summarises the contribution that the entities make to the Government's key goal to create a growing, inclusive and innovative economy for the benefit of all.

Crown Entity	Contribution to Economic Growth
<p>Accounting Standards Review Board (ASRB)</p> <p>The ASRB approves New Zealand's financial reporting standards under the Financial Reporting Act 1993. They also have a new role in the adoption of international accounting standards and, with Australia, influencing the development of those standards. The ASRB has also recently been charged with the power to exempt classes of entities from compliance with accounting standards when compliance would result in financial statements that are misleading in a material way or are likely to be misleading in a material way.</p>	<p>The ASRB contributes to the improvement and the quality of external financial reporting in the public and private sectors giving investors, creditors, analysts and regulatory authorities' confidence in the information provided in financial reports, thereby enhancing the integrity of the market.</p>

Crown Entity	Contribution to Economic Growth
<p>Commerce Commission</p> <p>The Commerce Commission is a competition and regulatory agency funded through Vote Commerce. The Commission carries out functions under the:</p> <ul style="list-style-type: none"> • Commerce Act 1986, excluding Part 4A, • Fair Trading Act 1986, • Electricity Industry Reform Act 1988, • Dairy Industry Restructuring Act 2001, and • Credit Contracts and Consumer Finance Act 2003. <p>Vote Commerce NDOC: General Market only partially funds litigation undertaken by the Commission. A separate NDOE litigation fund covers the cost of major litigation activity arising from the Commission's general market or sector specific enforcement activities outside the normal routine or scope of its general litigation activity. Criteria for the use of this litigation funding are set out in the annual Output Agreement.</p> <p>In addition, through funding from other Votes, the Commission carries out functions under the:</p> <ul style="list-style-type: none"> • Commerce Act, Part 4A (electricity sector regulation) and regulatory control funded through Vote Energy (Electricity Lines Businesses), and • Commerce Act, Part 5, gas pipeline distribution services authorisations funded through Vote Energy (Gas), and • Telecommunications Act 2001 funded through Vote Communications. 	<p>The legislative framework the Commission operates under protects the competitive process in New Zealand markets, prohibits misleading or deceptive conduct in trade and requires disclosure of information about aspects of consumer and product safety. Through implementation of the legislation the Commission:</p> <ul style="list-style-type: none"> • encourages markets to be dynamic and provide goods and services at competitive prices • gives consumers confidence in the accuracy of information they receive when making choices, and • ensures that regulated industries are constrained from earning excess profits and encourages them to invest appropriately and share efficiency gains with consumers, and. • promotes a better understanding by New Zealanders of the benefits of competition and regulation in a market economy.
<p>Securities Commission</p> <p>The Securities Commission is New Zealand's securities regulator. It enforces the Securities Act 1978 and Securities Markets Act 1988.</p>	<p>The Securities Commission strengthens confidence in New Zealand's capital markets, both in New Zealand and overseas, by promoting the efficiency, integrity and cost effective regulation of these markets, thereby fostering capital investment in New Zealand.</p>
<p>Takeovers Panel</p> <p>The Takeovers Panel is established under the Takeovers Act 1993 and enforces the Takeovers Code.</p>	<p>Enforcement of the Code ensures equal treatment of shareholders and a transparent takeover process, resulting in confidence of domestic and international investors in the integrity of our market.</p>

As part of New Zealand's standards and conformance infrastructure two other Crown Entities under the purview of this Vote but whose activities are third party funded, Standards Council and the Testing Laboratory Registration Council, also play an important role in meeting the government's goals. Technical requirements are now an increasingly important issue for many businesses, particularly those in the export sector. Meeting standards or other specific technical requirements and businesses obtaining independent confirmation that they meet these requirements have become essential for business success.

Part A2 - Trends in Vote

Departmental Output Trends 2002/03 - 2007/08

Expenditure for classes of outputs increased between 2002/03 and 2007/08, reflecting a number of activities including:

- increased resources for the BCCU which administers the Government's Regulatory Impact Statement/Business Compliance Cost Statement regime across the public sector
- additional funding for an interdepartmental package of resource support for WTO negotiations and bilateral CEP/FTAs
- the provision of building regulatory policy within the MED, which was transferred from the Department of Internal Affairs starting from 1 January 2003 (subsequently transferred to the Department of Building and Housing from 2004/05)
- increased funding to implement a strategy for the adoption of International Financial Reporting Standards and to advance New Zealand's interests in international standard setting
- additional costs associated with upgrading the Companies Office Electronic Register (BIZNET), costs associated with the implementation of the Motor Vehicle Traders Register
- demand driven activity related to Trademarks and Patents
- costs associated with the establishment of the Charities Commission Crown entity and its related registration functions, and ongoing monitoring of the Commission (subsequently transferred to the Department of Internal Affairs from 2005/06)
- funding to the Commerce Commission, and Takeovers Panel to strengthen their capability to meet increased responsibilities
- funding for the Securities Commission to enable it to pilot a scheme to review financial reporting practices of public issuers; establish a public education programme (both paid for from surpluses in the memorandum account operated in Vote Commerce departmental output expense Registration and Provision of Statutory Information); and to effectively regulate futures markets
- funding for the APEC Seminar of the Fire Safe use of Timber in Construction
- an increase to address MED capability requirements associated with its responsibilities for international connections, single economic market and business law activities
- funding for posting a senior MED advisor to Canberra to strengthen resource investment in economic integration with Australia
- increased costs associated with the administration and management of new proceeds of crime orders by the Official Assignee and the need to respond appropriately to the increasing complexity and risks associated with these orders
- new responsibilities assigned to the Government Actuary to ensure that providers of KiwiSaver products comply with statutory minimum standards and that investors in KiwiSaver products are adequately protected
- funding for the syndicated procurement unit for 2006/07 only, and
- legal costs associated with the Treaty of Waitangi Claim WAI 262.

These are offset by the transfer of Information Technology policy from Vote Commerce to Vote Communications. This was a technical change to better align appropriations with portfolio accountability.

Appropriation Changes from 2007/08

Further increases between 2006/07 and 2007/08 mainly reflect increased costs associated with the implementation of the KiwiSaver Joint Evaluation Strategy, additional funding for the Commerce Commission to meet legal costs associated with unanticipated major litigation actions, the need to address the impact of the insolvency law reform and costs associated with the revision of the Companies Office long-term fees strategy.

For further details of new initiatives agreed, refer to the “New Policy Initiatives by Appropriation” below.

Other expenses

The major reasons for increases in these types of expenses are related to the establishment of litigation funds to meet the cost of major litigation activity undertaken by Crown entities administered under the Vote.

The increases in 2006/07 and 2007/08 reflects additional funding which has been provided for both the Commerce Commission and the Securities Commission to provide these regulatory agencies with adequate funding to meet forecast litigation activity.

Crown revenue and capital receipts

Variations reflect the nature of receipts classified under the respective line items. Penalties imposed under the Commerce Act 1986 and receipts collected under the Proceeds of Crime Act 1991 vary between years.

Capital contributions

The capital contributions reflect further investment in Crown entities administered under this Vote.

One off funding in 2003/04 reflected an additional investment in the Securities Commission to meet accommodation needs, and BIA working capital requirements until access to previous levy reserves was possible.

The one off withdrawal in 2004/05 reflects the transfer of Building policy work from the Ministry of Economic Development to the Department of Building and Housing.

New Policy Initiatives by Appropriation

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11
Government Procurement Development	Multi-class Output Appropriation - Policy Advice and Investigative Services - Regulatory Environment	500	500	500	500	500
Quality Regulation Review	Multi-class Appropriation - Policy Advice and Investigative Services - Regulatory Environment	275	280	260	235	165
KiwiSaver Regulations	Departmental Output Expense - Registration and Provision of Statutory Information	53	48	59	70	70
	Multi-class Output Appropriation - Policy Advice and Investigative Services - Regulatory Environment	-	145	149	154	267
	Departmental Output Expense - Registration and Provision of Statutory Information	113	87	-	-	-
To address the impact of the Insolvency law reform and new functions	Departmental Output Expense - Administration of Insolvencies	509	2,183	-	-	-
Total Initiatives		1,450	3,243	968	959	1,002

Part B - Statement of Appropriations

Summary of Financial Activity

	2002/03	2003/04	2004/05	2005/06	2006/07		2007/08 Appropriations to be Used				2008/09	2009/10	2010/11	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Appropriations														
Output Expenses	55,987	61,416	64,912	69,771	75,975	75,975	53,460	-	23,159	-	76,619	74,551	74,402	74,105
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	1,193	4,369	4,942	4,889	12,465	12,465	-	-	13,329	-	13,329	3,839	3,839	3,839
Capital Expenditure	-	5,006	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
Total Appropriations	57,180	70,791	69,854	74,660	88,440	88,440	53,460	-	36,488	-	89,948	78,390	78,241	77,944
Crown Revenue and Receipts														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	3,667	2,754	1,984	5,508	4,515	4,515	N/A	N/A	N/A	N/A	6,280	8,580	10,080	10,080
Capital Receipts	-	440	3,660	183	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Total Crown Revenue and Receipts	3,667	3,194	5,644	5,691	4,515	4,515	N/A	N/A	N/A	N/A	6,280	8,580	10,080	10,080

Part B1 - Details of Appropriations

Appropriations	2006/07				2007/08		Scope of 2007/08 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Expenses (General)							
Administration of Insolvencies (M13)	10,655	-	10,655	-	12,333	-	- Administration of insolvencies and proceeds of crime orders.
Administration of Part II Tariff Concessions (M13)	352	-	352	-	352	-	- Assessing applications by importers to be exempted from import duties under the tariff concessions policy.
Policy Advice and Investigative Services - Regulatory Environment MCOA							Basis: Both output classes are directed at the intermediate outcome of NZ's international connections facilitating sustainable economic growth through increased international trade, foreign investment and knowledge transfer.
Administration of Trade Remedies	1,170	-	1,170	-	1,100	-	- Investigative services to establish whether New Zealand industries require remedies to prevent injury caused by dumped or subsidised imports or sudden import surges.
Policy and Purchase Advice - Business Law and Competition Policy	12,235	-	12,235	-	10,941	-	- Policy advice on the business legal framework; competition law policy; intellectual property rights; the impact of environmental issues on economic development; standards and conformance issues and technical barriers to trade, tariff and border protection policies; trade remedies; and operation monitoring of Crown entities and Statutory Boards.
Policy Advice and Investigative Services - Regulatory Environment (M13)	13,405	-	13,405	-	12,041	-	
Registration and Granting of Intellectual Property Rights (M13)	11,027	-	11,027	-	10,430	-	- Administering legislation providing for the protection of intellectual property rights by the granting of patents and plant variety rights, the registration of trademarks and designs.
Registration and Provision of Statutory Information (M13)	17,613	-	17,613	-	18,304	-	- Registering and provision of documents and information services in respect of all corporate entities, securities over insurance and superannuation schemes and securities over personal property (excluding land).
Total Departmental Output Expenses (General)	53,052	-	53,052	-	53,460	-	
Non-Departmental Output Expenses							
Administration of the Takeovers Code (M13)	1,344	-	1,344	-	1,344	-	- The performance of statutory functions by the Takeovers Panel as specified in the Takeovers Act 1993.
Approval and Review of Financial Reporting Standards (M13)	830	-	830	-	830	-	- Reviewing and approving financial reporting standards, and work relating to the international harmonisation of financial reporting standards.

	2006/07				2007/08		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2007/08 Appropriations
Enforcement of Dairy Sector Regulation (M13)	905	-	905	-	905	-	- Commerce Commission funding for dispute resolution relating to and enforcement of the Dairy Industry Restructuring Act 2001 and related regulations.
Enforcement of General Market Regulation (M13)	13,343	-	13,343	-	13,579	-	- The promotion of competition and fair trading through the administration, enforcement and adjudication activities undertaken by the Commerce Commission.
Performance of Securities Market Functions (M13)	6,501	-	6,501	-	6,501	-	- The performance of statutory functions by the Securities Commission in relation to the Securities Act 1978 and the Securities Markets Act 1988.
Total Non-Departmental Output Expenses	22,923	-	22,923	-	23,159	-	
Other Expenses to be Incurred by the Crown							
Commerce Commission Litigation Fund (M13)	8,474	-	8,474	-	9,440	-	- To meet the cost of major litigation activity undertaken by the Commerce Commission arising from its general market or sector specific enforcement activities outside the normal routine or scope of its general litigation activity. Criteria for the use of the fund are set out in the annual Output Agreement.
Contributions to International Organisations (M13)	520	-	520	-	520	-	- Annual fee for New Zealand's membership of the International Copyright and Patent Union; International Patent Documentation Centre; International Standards Association; International Union for the Protection of New Plant Varieties; and a share of New Zealand's annual subscription and obligations arising from the Basel Convention.
Risk Capital Fund - Directors' Fees (M13)	5	-	5	-	5	-	- Payment of directors' fees for attendance at meetings.
Securities Commission Litigation Fund (M13)	3,022	-	3,022	-	2,920	-	- To meet the cost of major litigation activity undertaken by the Securities Commission arising from it carrying out functions under the Securities Markets Act 1988. Criteria for the use of the fund will be set out in the annual Output Agreement.
Takeovers Panel Litigation Fund (M13)	444	-	444	-	444	-	- To meet the cost of major litigation activity undertaken by the Takeovers Panel arising from it carrying out functions under the Takeovers Act 1993 and the Takeovers Code. Criteria for the use of the fund will be set out in the annual Output Agreement.
Total Other Expenses to be Incurred by the Crown	12,465	-	12,465	-	13,329	-	
Total Appropriations	88,440	-	88,440	-	89,948	-	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

Policy and Purchase Advice - Business Law and Competition Policy

This appropriation provides strategic and technical policy advice on the regulatory and competition frameworks for business, with a view to achieving business efficiency, and enhancing innovation and sustainable economic growth. Outputs within this appropriation include policy advice on:

- the multilateral, regional, and bilateral trade agenda including the Doha Round, and New Zealand's economic relationship with Australia
- corporate and commercial law, including capital markets, insurance, insolvency, and intellectual property law, including the administration of about 50 statutes
- competition policy and law, including advice on the competition policy implications of sector specific regulation and facilitation initiatives
- contributing to the policy and legislative framework for, and implementation and evaluation of KiwiSaver
- contributing to improving the quality of the information provided to government when making decisions, including providing advice on the Regulatory Impact Analysis regime, and undertaking assessments of the impact of regulatory proposals that will have a significant impact on economic growth
- reviewing and advising on options to improve regulatory practice, with a view to promoting the business environment to provide for innovation and growth
- trade rules, especially trade remedies, tariff policy, and rules of origin
- technical barriers to trade, international regulatory coordination, mutual recognition arrangements, and trade facilitation
- the standards accreditation and certification infrastructure, both domestic and international
- competitive government procurement policy framework that delivers long-term value for money for the procuring agency and enhances the role of competitive markets to foster innovation, SME development and sustainability
- the impact of environmental measures on economic development with a particular focus on the Resource Management Act 1991 and the Hazardous Substances and New Organisms Act 1996
- multilateral environmental agreements that impact directly on New Zealand businesses, and the administration of domestic requirements pursuant to the Montreal and Basle Conventions with respect to the import and use of ozone-depleting substances and the import and export of hazardous wastes respectively
- appointments, roles and functions, financial and non-financial performance, and overall contributions of Crown entities and statutory boards to the government's policy objectives, and
- correspondence, parliamentary questions, Official Information Act requests, and other services that support Ministers as required within agreed and statutory timeframes.

Administration of Part II Tariff Concessions

This appropriation provides the assessment of applications for exemption from import duties as defined by the tariff concessions policy. This service is conducted under the Tariff Act 1988.

Administration of Trade Remedies

This appropriation provides investigative services to establish whether New Zealand industries require remedies to prevent injury caused by dumped or subsidised imports or sudden import surges. This service is conducted under the Temporary Safeguard Authorities Act 1987 in relation to import surges, and the Dumping and Countervailing Duties Act 1988 in relation to dumped and subsidised goods.

Outputs in this class are:

- assessments of applications for dumping and subsidy investigations
- investigations of dumping, subsidisation and resulting injury to New Zealand industries, and
- investigations of the need for safeguard action against import surges.

Registration and Granting of Intellectual Property Rights

The Minister of Commerce will purchase services relating to the administration of legislation that provides for the protection of intellectual property rights by:

- granting patents under the Patent Act 1953
- registering trade marks and designs under the Trade Marks Act 1953 and 2002, and the Designs Act 1953, and
- granting plant variety rights under the Plant Variety Rights Act 1987.

Administration of Insolvencies

This appropriation provides the administration of bankruptcies and liquidations by the Official Assignee pursuant to the Insolvency Act 1967 and the Companies Act 1993, and the management or disposal of property restrained or forfeited under the Proceeds of Crime Act 1991.

Outputs in this class are:

- administration of bankruptcies and liquidations, and
- administration of proceeds of crime orders.

Registration and Provision of Statutory Information

This appropriation provides services relating to the registration and provision of a range of documents and information required to be filed on a public record by corporate and non-corporate entities, insurance and superannuation funds, issuers of securities and holders of securities over personal property interests (excluding land), motor vehicle traders and the provision of information services relating to these. This purchase of service includes an enforcement component.

Outputs in this class are:

- Companies Office services

- Insurance and Superannuation Unit services, including extending responsibilities for ensuring KiwiSaver Superannuation Schemes meet all the requirements specified in legislation and regulations, and
- Personal Property Securities and Motor Vehicle Traders Register services.

Part C2 - Non-Departmental Output Expenses

Administration of the Takeovers Code

This appropriation covers the cost of purchasing the performance of the following functions by the Takeovers Panel in accordance with the Takeovers Act 1993:

- Review the Takeovers Code as the Panel sees fit and recommend amendments to the Minister of Commerce, and consult with MED as required.
- Code Approvals - for independent advisors and experts under the rules of the Takeovers Code.
- Code Exemptions - class and individual exemptions from the rules of the Takeovers Code.
- Enforcement - maintaining oversight of takeover activity and intervening where necessary in accordance with its statutory powers.
- Review of market practice relating to takeovers - surveillance of takeover activity.
- Public understanding - promoting public understanding of the Code.
- International liaison - maintaining relationships with similar overseas bodies, including Australia.

Performance measures

Where appropriate, comparative targets for the previous year are shown in parentheses.

Performance Measures	2007/08 Performance Standards
<p>Takeovers Law</p> <p>Quantity and quality</p> <p>Keep the Takeovers Code and the Takeovers Act 1993 under review and recommend amendments to the Code as necessary. Participate as required on projects and reviews.</p> <p>Keep under review practices relating to takeover activities.</p> <p>Inquiries into market practice with a view to recommending amendments to the Takeovers Code and to the Panel's policies and publishing proposed changes to the Code and Panel policies for public comment.</p>	<p>The Panel will comply with its obligations under the Takeovers Act 1993 and with other relevant legislation. It will aim to ensure that the provisions of the Code are effective and relevant to market practice. It will base its work on accurate research into, and analysis of, the existing law and practice. It aims to achieve 95% acceptance of its proposals by the Minister.</p> <p>Continuous</p> <p>2 (3 per year)</p>
<p>Timeliness</p> <p>Recommendations for amendments to the Code will be made promptly.</p> <p>Complete inquiry work promptly.</p>	<p>1 per year (1 per year)</p> <p>Review work to be based on accurate research into, and review of, existing practices, including feedback from market participants.</p>

Performance Measures	2007/08 Performance Standards
Code Approvals	
Quantity	
Applications for approval of independent advisors and independent experts.	40 (40)
Applications for consent to withdrawal of offers, and in relation to defensive tactics.	2 (2)
Quality	
Applications processed in accordance with the law, Panel's published policies, the rules of natural justice and having regard to feedback from market participants.	100% (100%) Reduce Panel comments to two per report and achieve favourable balance of public comments about reports.
Timeliness	
Within 3 working days of receipt of complete application.	To be achieved in 80% of cases.
Code Exemptions	
Quantity	
Applications for individual exemptions from the Takeovers Code.	30 (30)
Class exemptions from the Takeovers Code.	4 (4)
Quality	
Applications processed in accordance with the law, the rules of natural justice and having regard to feedback from market participants.	100 (100%)
Timeliness	
Within timeframe agreed with applicants.	100% (100%) acceptance or endorsement by market participants and the media.
Enforcement	
Quantity	
Review of offer documents.	24 (20)
Review of meeting documents.	16 (12)
Section 32 meetings.	6 (8)
Section 35 actions.	1 (1)
Investigation of possible Code breaches.	30 (35)
Involvement in Court proceedings in relation to schemes of arrangement affecting code companies.	2 (-)
Quality	
Documents reviewed for compliance with the law. Remedial action initiated to correct deficiencies.	90% (90%) of all potential documents
Action taken in accordance with the law.	100% (100%) with no Court challenges or Court endorsement where challenged.
Meetings conducted in accordance with the law and the rules of natural justice.	100% (100%)

Performance Measures	2007/08 Performance Standards
Timeliness	
Complete enforcement work within timeframes specified in the Takeovers Act 1993.	100% (100%)
Comply with Court-ordered timetables for legal proceedings under the Companies Act involving code companies.	100% (-)
Public Understanding	
Quantity, quality and timeliness	
Publish a publication designed to provide information about the Takeovers Code and relevant law.	3 times a year (3) with publication within one month of significant changes to the law affecting takeovers.
Issue policy statements, guidance notes and commentaries on current issues.	3 times a year (3)
Interface with the market through public and private meetings.	16 meetings a year (16)
Provide news media with relevant information about the Panel and the Takeovers Code.	Continuous.
Maintain a web-site with relevant information about the Takeovers Code and Takeovers Act 1993 and activities of the Panel.	All relevant material posted promptly to the website, within 5 working days of the event or decision.
Receive miscellaneous enquiries from members of the public and professional firms.	Receive 200 enquiries (200). Respond to inquiries within 3 working days (3 working days).
International Liaison	
Quantity and quality	
Liaise with comparable overseas bodies, particularly in Australia, to improve the administration and enforcement of takeovers law, and to promote international understanding of New Zealand's laws.	Respond to enquiries from overseas bodies within five working days.
Maintain reciprocal membership between Australian and New Zealand Takeovers Panels.	Maintain one Australian Panel member on New Zealand Panel and one New Zealand Panel member on Australian Panel.
Timeliness	
Panel representatives to meet regularly with overseas bodies.	1 time per year (1 time per year).

Cost

	2006/07 \$000	2007/08 \$000
Total output class expenses	1,344	1,344

Provider

Takeovers Panel.

Approval and Review of Financial Reporting Standards

This appropriation covers the cost of purchasing of services from the ASRB to consider and approve as appropriate, financial reporting standards and amendments to financial reporting standards that are submitted to it.

The ASRB will also contribute to the international work associated with developing financial reporting standards internationally and adopting International Financial Reporting Standards (IFRSs) as New Zealand's generally accepted accounting practice (GAAP).

Performance Measures

Where appropriate, comparative targets for the previous year are shown in parentheses.

Performance Measures	2007/2008 Performance Standards
Approval of Financial Reporting Standards	
Quantity	
Number of applications for standards.	10 (10)
Number of applications for determinations of authoritative support.	1 (1)
Number of applications for exposure drafts.	6 (5)
Quality	
Applications considered in accordance with procedural requirements (including the rules of natural justice and fairness and with all other requirements of law) so that no decisions of the Board are challenged on the basis of failure of the Board to comply with procedural requirements.	100% (100%)
Timeliness	
All applications received will be considered at a meeting of the Board within 2 months.	100% (100%)
All applications will be either approved or declined within 4 months of receipt.	100% (100%)
Consideration of Exemptions from Financial Reporting Standards	
Quantity	
Number of applications for exemptions	2
Quality	
Applications considered in accordance with procedural requirements developed by the Board and as outlined in release 9 (including the rules of natural justice and fairness and with all other requirements of law) so that no decisions of the Board are challenged on the basis of the failure of the Board to comply with procedural requirements.	100%
Timeliness	
All applications received will be considered at a meeting of the Board within 3 months.	100%
All applications will be either approved or declined within 4 months of receipt.	100%

Performance Measures	2007/2008 Performance Standards
<p>International Harmonisation</p> <p>Quality and quantity</p> <p>Contribute to the international harmonisation of financial reporting standards, through participating in meetings of relevant international bodies.</p>	<p>The Board or contracted nominees will attend relevant meetings, including those of:</p> <ul style="list-style-type: none"> • The Australian Financial Reporting Council • The Australian Accounting Standards Board • International Accounting Standards Board (IASB) • IASB/International Federation of Accountants Public Sector Committee • The IASB project group dealing with financial reporting by small and medium sized entities • The Financial Reporting Council • The Trans-Tasman Accounting and Auditing Standards Advisory Group (TTAASAG) <p>Attendance will be followed by a report to the ASRB to enable it to assess progress on deliverables and to decide on further action. The ASRB will report half yearly to the MED on its performance.</p>
<p>Timeliness</p> <p>Attendance at meetings and responses to relevant bodies provided within agreed timeframes.</p>	100%
<p>Adoption of International Financial Reporting Standards</p> <p>Quantity and quality</p> <p>Make further recommendations for financial reporting law reform to facilitate the adoption of international financial reporting standards (IFRS) in New Zealand from 1 January 2007 (with early adoption from 1 January 2005).</p> <p>Participate as required on projects and reviews with MED, other government departments and interested parties.</p>	<p>The ASRB will base its work on accurate research into, and analysis of, the existing law and practice, and will take into account feedback from consultation with market participants.</p> <p>The ASRB or contracted nominees will attend and participate in meetings with the TTASAG.</p>
<p>Timeliness</p> <p>Provide information and responses to the Ministry of Economic Development and others within agreed timeframes.</p>	100% (100%)

Cost

	2006/07 \$000	2007/08 \$000
Total output class expenses	830	830

Provider

Accounting Standards Review Board.

Enforcement of Dairy Sector Regulation

The Minister of Commerce will purchase services for:

- Enforcement activity in relation to apparent breaches of the Dairy Industry Restructuring Act (DIR Act) or of regulations made pursuant to the DIR Act.
- Adjudication services in relation to parties in dispute with Fonterra concerning Fonterra's obligations under the DIR Act or any associated regulations (including, if required, setting a discount rate for calculating the annualised share value).
- The provision of information to inform government policy and law reform processes.
- The provision of information to businesses, shareholders and consumers to promote greater understanding of the parties' statutory rights and obligations under the DIR Act.

Quantity, quality, timeliness and cost

Significant changes were made to the Commerce Commission's output framework for the 2007/08 financial year. The changes mean that a direct comparison of performance standards against all outputs is not possible for this year, however, where meaningful comparative standards exist for the previous year, these are shown in parentheses.

Performance Measures	2007/2008 Performance Standards
Quantity	
Dairy Cases Closed	0-1 (1)
Determinations	0-1 (0 - 1)
Framework Development including contributing to policy advice	0 (N/A)
Public Information/Education, including publications and media releases	0-4
Quality	
Successful legal challenges of the Commission's processes during course of investigations/determinations	Nil (Nil)
Judgments with adverse comments about the Commission	Nil (N/A)
Media releases are consistent with Media Release Protocol	100% (N/A)
Publications conform to brand guidelines/standards	100% (N/A)
Timeliness	
Average elapsed time for closing investigations, administrative resolutions, determinations, filing of proceedings, trial or pre-trial resolutions are consistent with the standards set out in the Output Agreement	Meet or exceed agreed standards (100%)

Cost

	2006/07 \$000	2007/08 \$000
Total output class expenses	905	905

Provider

Commerce Commission.

Enforcement of General Market Regulation

The Minister of Commerce will purchase services for the promotion of competition and fair trading under the Commerce Act 1986 (excluding Part 4A), the Fair Trading Act 1986, the Electricity Industry Reform Act 1998 (EIRA) and the Credit Contracts and Consumer Finance Act 2003 (CCCFA). These services are for the:

- enforcement of provisions relating to anti-competitive market behaviour, anti-competitive mergers and acquisitions, misleading and deceptive conduct, false representation and unfair practices, breaches of consumer safety and information standards and breaches of the consumer credit contract requirements
- adjudications in response to applications to the Commerce Commission for authorisation of co-ordinated market behaviour, authorisation of proposed mergers and acquisitions that may substantially lessen competition in a market or clearance of proposed mergers and applications for exemptions under the EIRA
- inquiries and provision of reports to the Minister on matters relating to regulatory control of specified goods or services
- provision of information to businesses and consumers promoting greater understanding of the parties' statutory rights and obligations under the legislation enforced by the Commerce Commission, and cooperation with international authorities to prevent cross-border breaches of NZ competition and consumer law and to support enforcement activity in other jurisdictions, and
- review of industry codes and the provision of information to inform government policy and law reform processes domestically and internationally.

Quantity, quality, timeliness and cost

Significant changes were made to the Commerce Commission's output framework for the 2007/08 financial year. The changes mean that a direct comparison of performance standards against all outputs is not possible for the year, however, where meaningful comparative standards exist for the previous year, these are shown in parentheses.

Performance Measures	2007/2008 Performance Standards
Quantity	
Competition:	
Market Structure cases closed	6 - 10 (25 - 30)
Coordinated Behaviour cases closed	7 - 16
Unilateral Conduct Behaviour cases closed	7 - 14 (35 - 45)
Determinations Made, including authorisations and merger clearances	23 - 31 (25 - 35)
Framework Development, including contributing to policy advice and liaison with international agencies	8 - 14 (N/A)
Public Information/Education, including publications and media releases	67 - 82 (N/A)

Performance Measures	2007/2008 Performance Standards	
Consumer:		
Fair Trading Act Cases Resolved	280 - 300	(300 - 320)
Product Safety & Information Standards Cases Resolved	60 - 70	(60 - 70)
Framework Development, including contributing to policy advice and liaison with international agencies	10 - 20	(N/A)
Public Information/Education, including publications and media releases	30 - 40	(N/A)
Credit Contracts:		
CCCFA Act Cases Resolved	35 - 40	(20 - 30)
Framework Development including contributing to policy advice and liaison with international agencies	1 - 5	(N/A)
Public Information/Education, including publications and media releases	10 - 20	(N/A)
Reports to the Minister:		
Reports completed	(0)	(0)
Quality		
<ul style="list-style-type: none"> Successful legal challenges of the Commission's processes during the course of investigations or clearance determinations 	Nil	(Nil)
<ul style="list-style-type: none"> Judgements on cases with adverse comments about the Commission 	Nil	(Nil)
<ul style="list-style-type: none"> Media releases are consistent with Media Release Protocol 	100%	(N/A)
<ul style="list-style-type: none"> Publications conform to brand guidelines/standards 	100%	(N/A)
Timeliness		
<ul style="list-style-type: none"> Average time elapsed for investigations, determinations, administrative resolutions, filing of statement of claims, trial or pre-trial resolutions, and publication of written reasons for clearance decisions are consistent with the standards set out in the Output Agreement. 	Meet or exceed agreed standards	

Cost

	2006/07 \$000	2007/08 \$000
Total output class expenses	13,343	13,579

Provider

Commerce Commission.

Performance of Securities Market Functions

This appropriation covers the cost of purchasing of the following functions by the Securities Commission:

- Enforcement - inquiring into suspected breaches of securities law and intervening in the interests of investors in accordance with its statutory powers.

- Monitoring and market oversight - maintaining oversight of securities market activity and taking actions in accordance with its statutory powers.
- Enforcement-based law and practice reform - reviewing securities law and practice and making recommendations for reform.
- Exemptions and authorisations - considering and deciding on applications for exemptions from the provisions of the Securities Act 1978, Securities Markets Act 1988 and the Securities Regulations 1983; considering and deciding on applications for authorisation of market participants, for example futures exchanges and dealers, trustees and statutory supervisors; reviewing existing authorisations.
- International recognition - promoting New Zealand as a well-regulated country, keeping abreast of developments in global standard-setting and contributing the Commission's views to this process.
- Public Understanding and Market Presence - promoting public understanding of the law and practice of securities.

Performance measures

Where appropriate, comparative standards for the previous year are shown in parentheses.

Performance Measures	2007/2008 Performance Standards
Enforcement	
Quantity	
Complete enforcement inquiries, with a focus on insider trading, illegal/unacceptable practices, offer documents, and financial intermediaries.	5 (5)
Quality	
Enforcement action taken in accordance with the law, including the requirements of natural justice.	100% compliance (100%)
Timeliness	
Complete litigation, from investigation to the filing of proceedings.	On average, within 24 months of commencement.
Complete other enforcement inquiries.	On average, within 6 months of commencement.
Monitoring and Market Oversight	
Quantity	
Complete monitoring and market oversight inquiries, with a focus on insider trading, substantial security holder disclosure, illegal/unacceptable practices, offer documents, futures dealers, financial intermediaries, and financial reporting by issuers.	210 (200)
Complete NZX review.	1 time in the year (1)
Complete financial reporting surveillance programme.	1 time in the year (1)
Consider and comment on continuous disclosure applications under the Memorandum of Understanding with the NZX.	10 times (12)
Advise the Minister on proposed changes to Conduct Rules of the NZX.	3 times in the year (3)
Quality	
Monitoring and market oversight activities undertaken in accordance with the law, including the requirements of natural justice.	100% compliance (100%)

Performance Measures	2007/2008 Performance Standards
<p>Timeliness</p> <p>Complete monitoring and market oversight inquiries.</p> <p>Complete NZX review.</p> <p>Complete financial reporting surveillance programme.</p> <p>Advice is provided to the Minister on Rule approvals or proposed changes to Conduct Rules of NZX within timeframes agreed with the Exchange and allowing the Minister to exercise powers within the timeframes specified in the Securities Markets Act 1988.</p>	<p>Within 3 months of commencement</p> <p>Within 6 months of commencement</p> <p>Within 9 months of commencement</p> <p>100% (100%)</p>
<p>Enforcement Based Law and Practice Reform</p> <p>Quantity</p> <p>Make recommendations for securities law reform and market practice in accordance with obligations under the Securities Act 1978 and other relevant legislation.</p> <p>Review exposure drafts of financial reporting and auditing standards, and Financial Reporting Act.</p> <p>Participate on projects and reviews with the Ministry of Economic Development, other government departments and interested parties.</p>	<p>The Commission will make recommendations to comply with its obligations under the Securities Act 1978 and with other relevant legislation. The Commission's contributions to reform will arise in particular from its experience gained in the course of its enforcement work.</p> <p>Review as required.</p> <p>Participation as required.</p>
<p>Quality</p> <p>Reform recommendations are appropriate, given the prevailing securities law and practice.</p>	<p>The Commission will base its work on thorough and accurate research into, and analysis of, the existing law and practice.</p>
<p>Timeliness</p> <p>Provide information and responses to the Ministry of Economic Development and others within agreed timeframes.</p>	<p>100% (100%)</p>
<p>Exemptions and Authorisations</p> <p>Quantity</p> <p>Consider applications for exemptions and authorisations of market participants.</p> <p>Review existing exemption notices and authorisations.</p>	<p>Exemptions: 75 (75)</p> <p>Authorisations: 15 (15)</p> <p>As required</p>
<p>Quality</p> <p>Proportion of notices issued in accordance with the law including and, where appropriate, the rules of natural justice.</p>	<p>100% (100%)</p>
<p>Timeliness</p> <p>Percentage of exemption applications and authorisations completed within 6 weeks, or within otherwise agreed target period.</p>	<p>100%, as agreed with applicants.</p>

Performance Measures	2007/2008 Performance Standards
International Recognition	
Quantity	
Take part in the work of IOSCO's Executive Committee, Asia Pacific Regional Committee and Committee on the Implementation of Objectives and Principles of Securities Regulations.	Participated, as required.
Meet regularly with overseas regulators and institutional investors.	Met and conferred, as required.
Contribute towards trans-Tasman initiatives.	Contributed
Contribute towards implementation of the FSAP recommendations for New Zealand.	Contributed
Quality	
The Commission will aim to present itself as a constructive and co-operative member of the international community of regulators. Views expressed to IOSCO will take into account the relevant New Zealand values and principles.	The Commission will base its presentations and views to the international community of regulators on sound research, consultation and analysis.
Timeliness	
Attendance at meetings and responses to committees provided, within agreed timeframes.	100% (100%)
Contribute towards trans-Tasman initiatives, within agreed timeframes.	100% (100%)
Contribute towards implementation of the FSAP recommendations for New Zealand, within agreed timeframes.	100% (100%)
Public Understanding and Market Presence	
Quantity	
Publish "The Bulletin".	4 times a year (4 times a year).
Deal with inquiries from the public.	1,450 a year (1,450 a year).
Manage the Commission's website.	Website is available.
Maintain relationships with the news media.	Liaison as required.
Continue the Commission's public education programme.	Develop and implement approved sub-projects.
Quality	
"The Bulletin" is interesting and relevant.	80% of reader response to survey.
Education programme meets target objectives.	Objectives of sub-projects met.
Inquiries are dealt with effectively.	Absence of material number of complaint.
Information on the website is relevant and accurate.	Accuracy and relevance of content.
Relationships with the news media are constructive.	Commission and media enjoy mutual respect.
Timeliness	
"The Bulletin" is produced on time.	January/April/July/October.
Education programme development is achieved to agreed timetable.	Achieve sub-projects milestones.
Inquiries are handled within 5 working days of receipt.	100% (100%)
Information on the website is up to date.	At all times.
Meetings with and responses to media meet agreed timetable.	At all times.

Cost

	2006/07 \$000	2007/08 \$000
Total output class expenses	6,501	6,501

Provider

Securities Commission.

Part E - Explanation of Capital Flows

Part E2 - Statement of Estimated and Forecast Net Worth of Entities Owned

	Balance Date	Estimated Net Worth 2007 \$000	Forecast Net Worth 2008 \$000
Crown Entities:			
Accounting Standards Review Board	30 June	50	50
Commerce Commission	30 June	5,000	5,000
Securities Commission	30 June	3,283	3,395
Standards Council	30 June	3,100	3,100
Takeovers Panel	30 June	1,050	860
Testing Laboratory Registration Council (TELARC)	30 June	3,487	3,915

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Capital Receipts

	2006/07		2007/08	Description of 2007/08 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Non-Tax Revenue				
Accounting Standards Review Board	830	830	830	Recovery of costs from fees payable under section 5 of the Financial Reporting Order 1994.
Proceeds of Crime	3,685	3,685	5,450	Revenue collected under the Proceeds of Crime Act 1991.
Total Non-Tax Revenue	4,515	4,515	6,280	
Total Crown Revenue and Receipts	4,515	4,515	6,280	