

VOTE Energy

## VOTE Energy

### OVERVIEW

Appropriations for departmental output classes in Vote Energy in 1999/2000 total \$24.298 million and are to be applied as follows:

- \$2.750 million (11% of the departmental output class appropriation) on purchasing policy advice on the operation of energy and resource markets.
- \$6.456 million (27% of the departmental output class appropriation) for the management of the Crown mineral estate.
- \$8.997 million (37% of the departmental output class appropriation) for the maintenance and promotion of health and safety in the electricity and gas sectors and the implementation of information disclosure regimes for the electricity and gas sectors.
- \$4.752 million (20% of the departmental output class appropriation) to promote energy efficiency and conservation.
- \$1.343 million (5% of the departmental output class appropriation) for the provision of information on energy and minerals sectors.

Non-departmental expenses in Vote Energy in 1999/2000 total \$4.975 million, and capital investments in other organisations relating to energy efficiency loans total \$1.000 million.

The Ministry expects to collect \$117.004 million Crown revenue in 1999/2000 with the major portion coming from petroleum licence/permit levies and royalties.

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

## Terms and Definitions Used

APEC	<i>Asia Pacific Economic Cooperation</i>
EECA	<i>Energy Efficiency and Conservation Authority</i>
IEA	<i>International Energy Agency</i>
MOE	<i>Ministry of Energy</i>
RMA	<i>Resource Management Act 1991</i>

## Footnotes

Note 1	<i>Not applicable as Crown revenue is not appropriated.</i>
Note 2	<i>Appropriations are stated GST inclusive (where applicable).</i>
Note 3	<i>The range is (1) not satisfactory, (2) fell short of expectations, (3) satisfactory, (4) met expectations, (5) fully met expectations.</i>

# VOTE Energy

VOTE MINISTER: MINISTER FOR ENTERPRISE AND COMMERCE

ADMINISTERING DEPARTMENT: MINISTRY OF COMMERCE

*The Minister for Enterprise and Commerce is the Responsible Minister for the Ministry of Commerce*

## Part A - Statement of Objectives and Trends

### Part A1 - Objectives for Vote Energy

The appropriations in Vote Energy will contribute to:

- providing energy policies that ensure the continuing availability of energy services at the lowest cost to the economy as a whole, consistent with sustainable development
- achieving continuing investment in the Crown mineral and petroleum estate consistent with the objectives of efficient allocation, obtaining a fair financial return for the Crown and having due regard to the principles of the Treaty of Waitangi
- regulation of the supply and use of electricity and gas, including the information disclosure regime and the electricity and gas safety regimes
- promoting energy efficiency and conservation.

Outputs include:

- policy advice to the Minister for Enterprise and Commerce on the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and related natural resources); the regulatory regime to achieve energy market efficiency; a business and development perspective on environmental and conservation issues, including the international dimensions; and Treaty of Waitangi claims relating to energy and mineral resources
- the allocation and management of Crown-owned petroleum and mineral resources, including international promotion of investment opportunities, particularly petroleum, to increase exploration and development of the Crown mineral estate
- the administration of the electricity and gas supply quality and safety regimes and the information disclosure regimes for the electricity and gas industries
- the provision of information on energy and minerals sectors, monitoring and statistical analysis of energy markets, and the provision of energy supply and demand forecasts
- inter-governmental liaison and servicing of New Zealand membership of international organisations, particularly the International Energy Agency (IEA)
- development and implementation of energy efficiency and conservation initiatives, facilitated by the Energy Efficiency Conservation Authority (EECA), including implementing the results of a review into EECA's structure and governance with a view to enabling EECA to diversify its sources of funding.

The links between the Government's strategic priorities, and the classes of outputs being purchased under Vote Energy are:

Output Classes	Related Outcomes
Policy Advice on Energy and Resource Issues	<p>Contributes to the Government's strategic priorities in the areas of:</p> <ul style="list-style-type: none"> <li>• improving the quality of our regulatory environment</li> <li>• strengthening our external links by liberalising trade and investment</li> </ul> <p>by developing policies that will:</p> <ul style="list-style-type: none"> <li>• promote business growth and innovation by enabling businesses to gain the best possible access to markets, capital (including foreign investment) and technology</li> <li>• ensure New Zealand's response to climate change takes full account of business costs and opportunities and impose the least cost to the economy as a whole</li> <li>• improve the implementation of the Resource Management Act 1991 (RMA)</li> <li>• improve the regulatory regime for electricity and gas services.</li> </ul>
Management of the Crown Mineral Estate	<p>Contributes to the Government's Strategic Priorities in the areas of:</p> <ul style="list-style-type: none"> <li>• improving the quality of our regulatory environment</li> <li>• strengthening our external links by liberalising trade and investment</li> <li>• expanding our knowledge base and technological capability</li> </ul> <p>by developing and implementing strategies that will:</p>

Output Classes	Related Outcomes
	<ul style="list-style-type: none"> <li>• increase opportunities and encourage investment in the Crown petroleum and mineral estate, including foreign direct investment</li> <li>• inform international markets of New Zealand's petroleum and minerals exploration potential and investment regimes</li> <li>• obtain a fair financial return to the Crown from the Crown mineral estate</li> <li>• improve the knowledge capability of New Zealand's petroleum and minerals through access to geoscience information.</li> </ul>
Administration of Gas and Electricity Regulations	<p>Contributes indirectly to the Government's strategic priorities in the area of improving the quality of the regulatory environment by:</p> <ul style="list-style-type: none"> <li>• contributing to effective levels of safety in the gas and electricity sectors</li> <li>• improving the efficiency of gas and electricity companies.</li> </ul>
Energy and Resource Information Services	<p>Contributes indirectly to the Government's strategic priorities in the areas of:</p> <ul style="list-style-type: none"> <li>• improving the quality of our regulatory environment</li> <li>• strengthening our external links by liberalising trade and investment</li> </ul> <p>by providing energy and mineral markets with resource data on minerals and energy and energy forecasts.</p>
Energy Efficiency and Conservation	<p>Contributes to the Government's strategic priorities in the areas of expanding our knowledge base and technological capability by:</p> <ul style="list-style-type: none"> <li>• improving knowledge capability and uptake of energy efficiency and conservation technologies and practices.</li> </ul>

## Part A2 - Trends in Vote Energy

### ***Classes of Output to be Supplied***

The major change from 1997/98 to 1998/99 reflects a transfer of the Administration of Mining Regulations to the Department of Labour from 1 July 1998.

There has also been a decrease in Energy Efficiency and Conservation funding representing the second year of a three year package of transitional funding returning EECA's baseline to its pre-existing establishment level, following the expiry of the three-year funding for the Government's Energy Efficiency Strategy launched in 1994.

### ***Other Expenses***

Decreases mainly reflect changes in the Household Energy Efficiency Initiatives as this scheme (more widely known as the Energy Saver Fund) is phased out. The increase in 1999/2000 is due to additional costs associated with urgent mine restoration and rehabilitation work relating to the operations of State Coal Mines prior to 1987.

### ***Crown Revenue and Receipts***

Significant revenue fluctuations have occurred over this period primarily owing to variations in the levels of petroleum royalties and energy resource levies (related to changes in crude oil prices and fluctuation in demand for gas for power generation).

## Trends in Vote Energy - Summary of Appropriations and Crown Revenue

Types of Appropriation	1994/95	1995/96	1996/97	1997/98	1998/99		1999/00 Appropriations to be Used				
	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
							Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Operating Flows</b>											
Classes of Outputs to be Supplied	26,492	28,770	29,933	27,854	24,252	23,761	23,254	1,044	-	-	24,298
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-
Other Expenses	671	757	2,425	4,146	3,476	3,405	-	-	4,975	-	4,975
<b>Capital Flows</b>											
Capital Contributions	2,908	2,000	830	988	1,000	1,000	-	-	1,000	-	1,000
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-
<b>Total Appropriations</b>	30,071	31,527	33,188	32,988	28,728	28,166	23,254	1,044	5,975	-	30,273
<b>Total Crown Revenue and Receipts</b> (see note 1)	105,266	120,228	149,034	119,179	116,500	120,505	N/A	N/A	N/A	N/A	117,004

## Part B - Statement of Appropriations

### Part B1 - Details of 1999/2000 Appropriations (see note 2)

Appropriations	1998/99				1999/00		Description of 1999/00 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Classes (Mode B Gross)</b>							
D1 Policy Advice on Energy and Resource Issues	2,922	-	2,922	-	<b>2,750</b>	-	Policy advice on the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and related natural resources).
D2 Management of the Crown Mineral Estate	5,653	-	5,653	-	<b>6,456</b>	-	Allocation and management of Crown-owned petroleum, coal and mineral resources.
D3 Administration of Gas and Electricity Regulations	8,942	-	8,808	-	<b>8,997</b>	-	Administration of regulations and promotion of health and safety in the electricity and gas sectors, and implementation of information disclosure regimes for the electricity and gas industries.
D4 Energy Efficiency and Conservation	5,353	-	4,996	-	<b>4,752</b>	-	Energy efficiency and conservation initiatives undertaken and facilitated by EECA.
<b>Total Appropriations for Departmental Output Classes (Mode B Gross)</b>	22,870	-	22,379	-	22,955	-	<b>Refer to Part C1 for a full description.</b>
<b>Departmental Output Classes (Mode B Net)</b>							
D5 Energy and Resource Information Services	338	1,044	338	1,044	<b>299</b>	1,044	Provision of information on energy and minerals sectors; monitoring and statistical analysis of energy markets; and the provision of energy supply and demand forecasts. It also includes inter-governmental liaison and the servicing of New Zealand membership of international organisations, particularly IEA.

<b>Total Appropriations for Departmental Output Classes (Mode B Net)</b>	338	1,044	338	1,044	299	1,044	<b>Refer to Part C1 for a full description.</b>
<b>Other Expenses to be Incurred by the Crown</b>							
Household Energy Efficiency Initiatives	2,500	-	2,500	-	<b>2,000</b>	-	Grants to assist the uptake of residential energy efficiency.
International Energy Agency Contribution	50	-	50	-	<b>50</b>	-	Payment of contributions towards the cost of energy-related research undertaken by the IEA.
International Energy Agency Subscription	115	-	115	-	<b>115</b>	-	Payment of the annual subscription for membership of the IEA.
Ministry of Energy Residual Liabilities	740	-	740	-	<b>2,710</b>	-	Payment of residual liabilities of the former Ministry of Energy (MOE) and to meet urgent mine restoration and rehabilitation costs relating to the operations of the State Coal Mines prior to 1987.
Petroleum Joint Venture Development	71	-	-	-	<b>100</b>	-	Commitments to the Crown's interest in petroleum prospecting and mining licences through petroleum joint ventures.
<b>Total Appropriations for Other Expenses to be Incurred by the Crown</b>	3,476	-	3,405	-	4,975	-	
<b>Capital Contributions to Other Persons or Organisations</b>							
Crown Energy Efficiency	1,000	-	1,000	-	<b>1,000</b>	-	Repayable, interest-free loans for investment in energy efficiency in the public sector.
<b>Total Appropriations for Capital Contributions to Other Persons or Organisations</b>	1,000	-	1,000	-	1,000	-	
<b>Total Appropriations</b>	27,684	1,044	27,122	1,044	29,229	1,044	

## Part C - Explanation of Appropriations for Output Classes

### Part C1 - Departmental Output Classes

#### ***Output Class D1 - Policy Advice on Energy and Resource Issues***

##### *Description*

The Minister for Enterprise and Commerce will purchase policy advice on the operation of energy and resource markets (electricity, oil, gas, geothermal, coal, minerals and other natural resources). This will include advice on: the regulatory environment; resource management, allocation and pricing; long-term strategic and security considerations; energy efficiency and environmental issues; and Treaty of Waitangi claims in relation to natural resources, in particular mineral and energy resources.

Specifically, during 1999/2000 the Ministry of Commerce will develop policies aimed at:

- ensuring New Zealand's response to climate change takes full account of business costs and opportunities and imposes least cost to the economy as a whole
- better implementation of the RMA including the development of a guideline for local authorities on implementing cost and benefit analysis of regulations under section 32 of the RMA
- reporting on compliance of electricity companies with the ownership requirements of the Electricity Industry Reform Act 1998
- reviewing the development of competition in electricity retailing, with emphasis on the development of switching mechanisms (eg, metering and profiling)
- developing an enhanced information disclosure regime for the gas market
- reviewing the effectiveness of the new regulatory regime that enhances the threat of price control on electricity lines businesses, with suggestions for change as necessary.

##### *Quantity, quality, timeliness and cost*

<b>Performance Measures</b>	<b>1999/00 Performance Standards</b>
<p><u>Quantity</u></p> <p><i>Work programme</i></p> <p>Policy advice will be delivered in accordance with the prioritised requirements of a work programme negotiated annually with the Minister.</p>	<p>Delivery of policy advice projects in accordance with the terms of the work programme agreed with the Minister.</p>

Performance Measures	1999/00 Performance Standards
<p><u>Timeliness</u></p> <p>Key deliverables in the work programme for 1999/00 include:</p> <p>Promoting better implementation of the RMA, including the development of a guideline for local authorities on implementing cost and benefit analysis of regulation under section 32 of the Act.</p>	<p>Analysis to be completed by:</p> <p>30 June 2000</p>
<p>Report on compliance of electricity companies with the ownership separation requirements of the Electricity Industry Reform Act 1998.</p>	<p>31 July 1999.</p>
<p>Review the development of competition in electricity retailing, with emphasis on the development of switching mechanisms (eg, metering and profiling).</p>	<p>30 November 1999.</p>
<p>Developing an enhanced information disclosure regime for the gas market.</p>	<p>30 September 1999.</p>
<p>Review and report on the effectiveness of the new regulatory regime that enhances the threat of price control on electricity lines businesses, with suggestions for change as necessary.</p>	<p>30 June 2000.</p>
<p><i>Coverage</i></p> <p>Provision of a comprehensive service which:</p> <ul style="list-style-type: none"> <li>• enables the Minister to react promptly</li> <li>• offers timely and relevant briefings on significant issues</li> <li>• supports the Minister in other ways as required.</li> </ul>	<p>The Minister's feedback is within the range (4) "met expectations" to (5) "fully met" in the quarterly review of the Ministry's performance (see note 3).</p>

Performance Measures	1999/00 Performance Standards
<p><u>Quality</u></p> <p>The Ministry's policy framework provides advice that has the following quality characteristics:</p> <p>Purpose - the aim of the advice is clearly stated and it answers the questions set.</p> <p>Logic - the assumptions behind the advice are explicit and the argument is logical and supported by the facts.</p> <p>Accuracy - the facts in the papers are accurate and all material facts are included.</p> <p>Options – an adequate range of options is presented and the benefits, costs and consequences of each option to the Government and the community are assessed.</p> <p>Consultation - the Ministry has consulted with other government agencies and other affected parties, and possible objections to proposals are identified.</p> <p>Practicality - the problems of implementation, technical feasibility, timing and consistency with other policies have been considered.</p> <p>Presentation - the format meets Cabinet Office requirements; the material is effectively, concisely and clearly presented, has short sentences in plain English and is free of spelling or grammatical errors.</p>	<p>The Minister's feedback is within the range (4) "met expectations" to (5) "fully met" in the quarterly review of the Ministry's performance (see note 3).</p>
<p>Ministerial servicing in the form of letters and parliamentary questions is undertaken as required by the Minister.</p>	<p>An acceptance rate of 100% is achieved in respect of first drafts.</p>

Performance Measures	1999/00 Performance Standards
<u>Timeliness</u> All reports and verbal advice to the Minister are delivered within the timeframes required by, and agreed with, the Minister.	100%
Draft ministerial correspondence is submitted to the Minister within 10 working days of receipt in the Ministry.	100%
Where only an interim reply is possible a final reply shall be provided within the following timeframes.	<ul style="list-style-type: none"> <li>• 90% within 20 working days of the original receipt in the Ministry.</li> <li>• 100% within 30 days of the original receipt in the Ministry.</li> </ul>

Outputs include:

- oil and gas market policy
- natural resources policy
- resource management policy.

#### Cost

This output class will be provided within the appropriated sum of \$2.750 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1999/00	2,750	2,445	2,445	2,398	47
1998/99	2,922	2,597	2,597	2,583	14

#### *Output Class D2 - Management of the Crown Mineral Estate*

This output class relates to the functions government has relating to the management of Crown-owned minerals under the Crown Minerals Act 1991 and minerals programmes issued under this Act. The Crown owns all in-ground petroleum, gold and silver in New Zealand and approximately half of the coal and other mineral resources. It also has jurisdiction of the petroleum and minerals in New Zealand's Exclusive Economic Zone and continental shelf.

The Minister for Enterprise and Commerce will purchase from this output class:

- allocation and management of petroleum exploration and mining permits
- allocation and management of minerals exploration and mining permits
- collection of royalties, levies and fees related to petroleum and minerals extraction and permits
- promotion of investment opportunities in exploration and development of petroleum and minerals
- management of the Geoscience Records and Reports Library (comprising records and reports obtained from exploration and mining activities)
- product development based on the Geoscience Records and Reports Library and complementing promotion activities
- Crown minerals policy advice, particularly on the preparation and monitoring of minerals programmes and regulations, the administration of the Crown Minerals Act 1991 and measures to enhance the business environment for investment in the Crown mineral estate. The latter will include reporting on ways to minimise the compliance and administration costs to mineral explorers and miners with revenues under \$1 million per annum.

*Quantity, quality, timeliness and cost*

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

Performance Measures	1999/00 Performance Standards
<i>Permit allocation and management</i>	
<a href="#">Quantity</a>	
Permit and permit change applications are processed in accordance with the Crown Minerals Act 1991 and the relevant minerals programme:	The number of applications processed is dependent on industry demand (450 estimated in 1998/99). It is estimated in 1999/00 there will be 205 applications as follows:
<ul style="list-style-type: none"> <li>• Petroleum permit applications.</li> </ul>	10
<ul style="list-style-type: none"> <li>• Petroleum permit change applications.</li> </ul>	45
<ul style="list-style-type: none"> <li>• Mineral permit applications.</li> </ul>	100
<ul style="list-style-type: none"> <li>• Mineral permit change applications.</li> </ul>	50

Performance Measures	1999/00 Performance Standards
<p>Permits (and licences) are monitored for compliance with conditions to ensure the integrity of the allocation system and action is taken where there is evident non-compliance. This includes reviewing mineral mining permit work statements.</p> <ul style="list-style-type: none"> <li>• Petroleum permits/licences.</li> <li>• Minerals permits/licences.</li> </ul>	<p>Each permit/licence is reviewed from a compliance perspective as follows:</p> <ul style="list-style-type: none"> <li>• Annually.</li> <li>• A minimum of once every 3 years and a review of an estimated 250 mining permit work statements.</li> </ul>
<p><u>Quality</u></p> <p>All applications are processed in accordance with the Crown Minerals Act 1991 and the relevant minerals programme.</p> <p>Permits and licences monitored for compliance to ensure integrity of the allocation systems and action taken where evident non-compliance.</p>	<p>No successful challenge against the Minister’s determination under the Crown Minerals Act 1991.</p> <p>Successful resolution of 90% (90%) of breaches of permit and licence conditions identified.</p>
<p><u>Timeliness</u></p> <p>Except where legal issues or due process otherwise prevents, applications are processed as follows:</p> <ul style="list-style-type: none"> <li>• Mineral permit and permit land extension applications.</li> <li>• Petroleum permit and permit land extension applications.</li> <li>• Other permit changes.</li> <li>• Mining permit work programme reviews.</li> </ul>	<p>90% within 6 months (100% within 7 months).</p> <p>90% within 4 months (100% within 4 months).</p> <p>95% within 2 months (100% within 2 months).</p> <p>90% within 1 month .</p>

Performance Measures	1999/00 Performance Standards
<p data-bbox="240 266 695 295"><i>Collection of royalties, levies and fees</i></p> <p data-bbox="240 322 619 351"><u>Quantity, quality and timeliness</u></p> <p data-bbox="240 383 469 412">The collection of:</p> <ul data-bbox="240 443 775 1115" style="list-style-type: none"> <li data-bbox="240 443 775 539">royalties, on behalf of the Crown, as required by the conditions of permits and licences.</li> <li data-bbox="240 566 775 663">The due date for royalty payments is specific to the individual permit or licence holder.</li> <li data-bbox="240 689 775 831">levies, on behalf of the Crown, under the Energy Resources Levies Act. These are payable monthly on natural gas and coal production</li> <li data-bbox="240 907 775 1115">departmental fees as required by regulations under the Crown Minerals Act 1991. 6 monthly fees are payable in advance on all permits and licences. Application fees are payable with the application.</li> </ul>	<p data-bbox="810 439 1321 506">An estimated \$25.3 million collected in royalties.</p> <p data-bbox="810 562 1353 629">95% of royalties collected within 1 month of due date.</p> <p data-bbox="810 689 1294 757">An estimated \$90 million collected in energy resource levies.</p> <p data-bbox="810 779 1353 875">95% of levies collected within 1 month of due date and 100% within 3 months of due date.</p> <p data-bbox="810 907 1305 974">An estimated \$3.2 million collected in departmental fees.</p> <p data-bbox="810 996 1347 1064">90% of 6 monthly fees collected within 3 months of due date.</p>
<p data-bbox="240 1135 783 1202"><i>Promotion of exploration and development of petroleum and minerals</i></p> <p data-bbox="240 1229 619 1258"><u>Quantity, quality and timeliness</u></p> <p data-bbox="240 1290 778 1413">Promotion, to attract international investment, is undertaken in accordance with an annual marketing plan which includes:</p> <ul data-bbox="240 1444 778 1760" style="list-style-type: none"> <li data-bbox="240 1444 778 1512">publications and other material to be produced and distributed</li> <li data-bbox="240 1534 778 1635">identification of target companies and strategies for keeping them informed</li> <li data-bbox="240 1657 778 1760">identification of industry conferences where there will be promotion stands and speeches.</li> </ul>	<p data-bbox="810 1279 1347 1346">The marketing plan is agreed by 31 May of the preceding year.</p> <p data-bbox="810 1444 1289 1541">There is achievement of the specific performance measures and targets specified in the marketing plan.</p>

Performance Measures	1999/00 Performance Standards
<p>The New Zealand Petroleum Conference will be held in March 2000 in Christchurch.</p> <p>Planning will be undertaken for the November 2000 Minerals Conference to be held in Wellington.</p>	<p>It is estimated 330 delegates will attend the petroleum conference, approximately one-third from overseas.</p>
<p><i>Management of the Geoscience Records and Reports Library</i></p>	
<p><u>Quantity, quality and timeliness</u></p> <p>Maintain technical library systems that combine preservation, confidentiality of material where relevant, and ready access to publicly available geoscience data, achieved by:</p> <ul style="list-style-type: none"> <li>• entering records and reports received from petroleum and minerals holders into the technical library systems within 2 months of receipt</li> <li>• maintaining data confidentiality in accordance with section 90 of the Crown Minerals Act 1991 and the Official Information Act 1982</li> <li>• responding to information requests promptly</li> <li>• ongoing preservation of records and reports, for example by recopying ageing seismic tapes.</li> </ul>	<p>It is estimated:</p> <ul style="list-style-type: none"> <li>• 120 (120) major reports will be entered into the library systems</li> <li>• 90% entered within 5 working days</li> <li>• 100% entered within 20 working days</li> </ul> <p>650 (850) client requests will be responded to.</p> <p>Client satisfaction survey results show that 90% of clients are satisfied with information request services received.</p> <p>The Ministry will copy 9-track seismic tapes, from the 1970s and 1980s, which are subject to rapid deterioration.</p>

<b>Performance Measures</b>	<b>1999/00 Performance Standards</b>
<i>Product development</i>	
<p><u>Quantity, quality and timeliness</u></p> <p>Design, packaging and marketing of petroleum and minerals geoscience data products based on information publicly available from the Geoscience Records and Reports Library. This work complements promotion of exploration and development. The products will be produced primarily as requested by industry.</p>	<p>The development of products is demand driven. This is a new initiative and during 1999/00 there will be an investigation of marketing opportunities and implementation strategies.</p>
<i>Crown Minerals Policy</i>	
<p><u>Quantity, quality and timeliness</u></p> <p>Policy advice will be delivered in accordance with the prioritised requirements of a work programme negotiated annually with the Minister.</p>	<p>The performance measures and standards are specified under Output class D1 - Policy Advice on Energy and Resource Issues.</p>

### Cost

This output class will be provided within the appropriated sum of \$6.456 million (inclusive of GST).

<b>Year</b>	<b>Cost GST incl \$000</b>	<b>Cost GST excl \$000</b>	<b>Total Revenue GST excl \$000</b>	<b>Revenue Crown GST excl \$000</b>	<b>Revenue Other GST excl \$000</b>
1999/00	6,456	5,737	5,752	2,185	3,567
1998/99	5,653	5,023	5,037	2,185	2,852

### **Output Class D3 - Administration of Gas and Electricity Regulations**

#### *Description*

The Minister for Enterprise and Commerce will purchase from this output class:

- the administration of regulations relating to the safety, quality and measurement of gas and electricity
- the promotion of health and safety in the electricity and gas sectors
- audits of the quality of petroleum fuels
- the administration of information disclosure regulations for the gas and electricity industries.

Outputs in this class are:

- safety, fuel quality and metering in the gas and electricity industries:
  - Development and reviews of legislation, standards, codes and instructions.
  - Monitoring and enforcement.
  - Publicity and advice.
- petroleum fuel quality monitoring
- electrical workers registration
- administration of information disclosure regulations for the gas and electricity industry.

#### *Quantity, quality, timeliness and cost*

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

<b>Performance Measures</b>	<b>1999/00 Performance Standards</b>
<i>Generic measures applying across all activities in this output class, excluding administration of gas and electricity information disclosure.</i>	

Performance Measures	1999/00 Performance Standards
<p><u>Quality</u></p> <p>External clients are satisfied that the quality of services meets commitments in the Service Level Agreement with the Electrical Workers Registration Board, and the Energy Inspection Client Service Commitments.</p>	<p>Major external clients, on average, rate the services provided as (4) “met expectations” to (5) “fully met expectations” as evidenced by annual survey (see note 3).</p>
<p><u>Timeliness</u></p> <ul style="list-style-type: none"> <li>• External consultations - period for comment.</li> <li>• Investigations - reports completed (excluding time required for external parties to provide information).</li> <li>• Audits and inspections - reports completed (excluding time required for external parties to provide information).</li> <li>• Correctly completed registration and licence applications issued.</li> <li>• Responses to general correspondence.</li> </ul>	<p>90% in a minimum 30 working days.</p> <p>90% within 40 working days.</p> <p>90% within 30 working days.</p> <p>95% within 10 working days.</p> <p>95% within 10 working days.</p>
<p><i>Safety, fuel quality and metering in the gas and electricity industries</i></p>	
<p>Development and reviews of legislation, standards, codes and instructions.</p>	
<p><u>Timeliness</u></p> <ul style="list-style-type: none"> <li>• Review of provisions of the Electricity Regulations 1997 applying to installations, works, and electrical worker registration competencies.</li> <li>• Review of provisions of the Gas Act in relation to obligations of gas suppliers.</li> <li>• Review of Gas Regulations 1993 in relation to hazardous area zoning.</li> </ul>	<p>Policy agreed by Government by 30 June 2000.</p> <p>Discussion document issued by 31 January 2000.</p> <p>Proposal to Cabinet by 31 January 2000.</p>

Performance Measures	1999/00 Performance Standards
<u>Quantity</u>	
<ul style="list-style-type: none"> <li>Regional regulatory coordination activities (including APEC chairmanship).</li> <li>Production and amendment of codes, standards and instructions.</li> <li>Funding contract for standards production (gas contract subject to agreement by interested parties).</li> <li>Participate in development of external Standards and Codes.</li> </ul>	<p>Gas 2 (-) Electricity 4 (-)</p> <p>Gas 0 (5) Electricity 6 (8)</p> <p>Gas 1 (1) Electricity 1 (1)</p> <p>Gas 6 (4) Electricity 30 (30)</p>
Monitoring and enforcement	
<u>Quantity</u>	
<ul style="list-style-type: none"> <li>Information gathering: audits, inspections, accident and incident investigations, etc.</li> <li>Analysis and reports based on information obtained through monitoring activities.</li> <li>Instigate prohibitions, prosecutions and disciplinary actions (demand driven).</li> </ul>	<p>Gas 20 (15) Electricity 55 (55)</p> <p>Gas 4 (7) Electricity 4 (4)</p> <p>Gas 1 (-) Electricity 10 (-)</p>
<u>Timeliness</u>	
<ul style="list-style-type: none"> <li>Accidents - response time to notifications.</li> </ul>	Within 2 hours.
Publicity and advice	
<u>Quantity</u>	
<ul style="list-style-type: none"> <li>Client advisory 0800 call service (demand driven).</li> <li>General releases and presentations (newsletters, industry meetings, etc).</li> <li>Public safety promotion programmes.</li> </ul>	<p>Gas 70 (-) Electricity 1,000 (-)</p> <p>Gas 17 (7) Electricity 50 (50)</p> <p>Gas 1 (1) Electricity 2 (2)</p>

<b>Performance Measures</b>	<b>1999/00 Performance Standards</b>
<i>Petroleum fuel quality monitoring</i>	
<u>Quantity</u>	
<ul style="list-style-type: none"> <li>Number of fuel sample tests.</li> </ul>	250 samples.
<i>Electrical Workers Registration Board</i>	
<u>Quantity</u>	
<ul style="list-style-type: none"> <li>Competency checks of electrical workers.</li> <li>Licensing of electrical workers (demand driven).</li> <li>Issue Certificates of Compliance forms (demand driven).</li> <li>Complaints against electrical workers (demand driven).</li> <li>Investigation and enforcement action for Electrical Workers Registration Board (demand driven).</li> </ul>	<p>5,000 (-).</p> <p>22,000 workers (22,000).</p> <p>135,000 (135,000).</p> <p>75 cases (-).</p> <p>80 cases (-).</p>
<u>Timeliness</u>	
<ul style="list-style-type: none"> <li>Requests for Certificates of Compliance forms actioned.</li> <li>Complaints against electrical workers processed to notification of Board decision (subject to external parties).</li> </ul>	<p>95% within 3 working days.</p> <p>95% within 32 working weeks.</p>
<i>Information disclosure</i>	
<u>Quantity</u>	
Number of electricity and gas companies with information disclosure regimes monitored.	40 (47)
<u>Quality</u>	
Information disclosed by electricity and gas companies checked for compliance with the Electricity and Gas Information Disclosure Regulations and follow-up of non-compliance undertaken.	90% compliance achieved.

Performance Measures	1999/00 Performance Standards
<p><u>Timeliness</u></p> <p>Information on performance of electricity line companies and movements in smaller consumer line charges published to specified deadlines.</p>	<p>Movements in line charges will be published by 30 November 1999.</p>
<p>Compliance checking with regulations (refer Performance Measures under Quality above).</p>	<p>Within 60 working days of disclosure deadlines set in regulation.</p>

### Cost

This output class will be provided within the appropriated sum of \$8.997 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1999/00	8,997	7,989	8,063	941	7,122
1998/99	8,942	8,019	7,382	840	6,542

## **Output Class D4 - Energy Efficiency and Conservation**

### *Description*

The Minister for Enterprise and Commerce will purchase the promotion of energy efficiency and conservation by EECA through:

- advising the Government and the New Zealand energy industry about energy management and efficiency strategies, and the encouragement of renewable energy resources (including advice on the role of energy efficiency and emerging renewable energy forms in the context of climate change policy)
- monitoring and reporting on energy use and related trends
- provision of management and technical information via direct advice, publicity, publications and other services
- continued development, implementation and promotion of energy efficiency strategies in the business, government and household sectors (including development with a view to help diversify EECA's funding base)
- administration of the Energy Saver Fund to fund household energy efficiency improvements, and the Crown Energy Efficiency Loan scheme to foster public-sector investment in energy efficiency.

Outputs in this class are:

- energy efficiency information provision
- business sector energy efficiency programme
- public sector energy efficiency programme
- household sector energy efficiency programme
- energy efficiency and conservation policy advice.

*Quantity, quality, timeliness and cost*

Policy advice will be delivered in accordance with the quality and standards specified under output class D1 Policy Advice on Energy and Resource Issues.

<b>Performance Measures</b>	<b>1999/00 Performance Standards</b>
<u>Quantity</u>	
<i>Information provision</i>	
Energy efficiency (and renewable energy) data collection, analysis, seminars and publications.	At least 10 seminars will be held. Expected attendance to exceed 250. At least 10 publications will be produced and one interactive Internet-based information service will be developed.
<i>Business sector</i>	
Business energy efficiency programme.	Operate and continue to develop 1 corporate energy efficiency programme with commitment, recognition, information, training and related services offered to at least 700 organisations.
<i>Public sector</i>	
Public sector energy efficiency programmes.	Operate and continue to develop 2 public sector energy efficiency commitment programmes, with commitment, recognition, information, training and related services offered to at least 30 central and local government organisations.
Crown Energy Efficiency Loans.	10 applications processed, 30 loans in progress.
<i>Households</i>	
Energy Saver Fund.	20 applications processed, 15 projects in progress.

Performance Measures	1999/00 Performance Standards
<b>Quality</b>	
<i>Information provision</i>	
Energy efficiency (and renewable energy) data collection, analysis, seminars and publications.	Seminars: Average rating for overall satisfaction and usefulness of 70% or better, as evidenced by feedback questionnaire from seminar attendees.
	Publications: Average ratings for overall satisfaction and usefulness of 70% or better, as evidenced by surveying <i>Energy Wise News</i> readers.
<i>Business sector</i>	
Business energy efficiency programme.	Survey responses/reports from programme participants indicate improved uptake of energy management principles and practices against predefined criteria in the <i>Energy Wise Companies'</i> charter.
<i>Public sector</i>	
Public sector energy efficiency programme.	Survey responses/reports from programme participants indicate improved uptake of energy management principles and practices against predefined criteria outlined in the relevant Memoranda of Understanding.
Crown Energy Efficiency Loans.	Projects funded have an average simple pay-back period of under 5 years in accordance with loan scheme criteria.
<i>Household</i>	
Energy Saver Fund.	100% compliance as certified by an external auditor that proposed allocation of monies in each tender round is in accordance with scheme criteria.
<b>Timeliness</b>	
Execution of operational programme tasks.	Completion of all work programmes within the timeframes and priorities set and monitored by the EECA Board.

## Cost

This output class will be provided within the appropriated sum of \$4.752 million (inclusive of GST).

Year	Cost GST incl \$000	Cost GST excl \$000	Total Revenue GST excl \$000	Revenue Crown GST excl \$000	Revenue Other GST excl \$000
1999/00	4,752	4,224	4,225	3,525	700
1998/99	5,353	4,758	4,759	4,059	700

## Output Class D5 - Energy and Resource Information Services

### Description

The Minister for Enterprise and Commerce will purchase the provision of information on energy and minerals sectors including:

- statistical analysis of energy markets
- energy supply and demand forecasts.

This output class also includes inter-governmental liaison and servicing of New Zealand's membership of international organisations, particularly the IEA.

### Quantity, quality, timeliness and cost

Performance Measures	1999/00 Performance Standards
<i>Membership of IEA and other international energy fora</i>	
<p><u>Quantity</u></p> <p>Maintenance of capacity to react to all requests from the IEA for submissions from member countries.</p>	All submissions are made in accordance with Ministry of Commerce's quality and timeliness standards.
<p><u>Quality</u></p> <p>Policy advice will be delivered in accordance with the quality and standards specified under output class D1 Policy Advice on Energy and Resource Issues.</p>	
<p><u>Timeliness</u></p> <p>Submissions provided to deadlines set by the IEA and other international organisations.</p>	Full compliance with agreed deadlines.

<b>Performance Measures</b>	<b>1999/00 Performance Standards</b>
<i>Energy modelling and statistics</i>	
<p><u>Quantity</u></p> <p>Amount of energy modelling and statistical material to be prepared</p>	<p>2 <i>Energy Data Files</i></p> <p>1 <i>Energy Greenhouse Gas Emissions Report</i></p>
<p><u>Quality</u></p> <p>Energy modelling and statistical material subject to peer review by industry specialists and other departments, eg, Ministry for the Environment</p>	No significant errors or omissions are identified.
<p><u>Timeliness</u></p> <p>Energy modelling and statistical material is published in accordance with specified deadlines.</p>	<p><i>Energy Data Files</i> published by 31 August 1999 and 28 February 2000.</p> <p><i>Energy Greenhouse Gas Emissions Report</i> published by 30 June 2000.</p>

#### Cost

Expenses will not exceed actual revenue. The GST-exclusive sum of \$1.343 million will be funded by revenue Crown of \$266,000 and estimated revenue from third parties of \$936,000.

<b>Year</b>	<b>Cost GST incl \$000</b>	<b>Cost GST excl \$000</b>	<b>Total Revenue GST excl \$000</b>	<b>Revenue Crown GST excl \$000</b>	<b>Revenue Other GST excl \$000</b>
1999/00	1,343	1,193	1,202	266	936
1998/99	1,382	1,228	1,237	301	936

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## **Part D - Explanation of Appropriations for Other Operating Flows**

### **Part D1 - Benefits and Other Unrequited Expenses**

There is no appropriation for Part D1.

### **Part D2 - Borrowing Expenses**

There is no appropriation for Part D2.

### **Part D3 - Other Expenses**

Information regarding this appropriation is provided in Part B1.

## **Part E - Explanation of Appropriations for Capital Flows**

### **Part E1 - Capital Contributions**

Information regarding this appropriation is provided in Part B1.

### **Part E2 - Purchase or Development of Capital Assets by the Crown**

There is no appropriation for Part E2.

### **Part E3 - Repayment of Debt**

There is no appropriation for Part E3.

## Part F - Crown Revenue and Receipts

### Part F1 - Current and Capital Revenue and Receipts

	1998/99		1999/00	Description of 1999/00 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
<b>Current Revenue</b>				
Tax Revenue				
Energy Resource Levies - Coal	4,000	4,000	4,000	Levy payable on opencast coal.
Energy Resource Levies - Gas	86,000	90,000	86,000	Levy payable on natural gas produced on discoveries made prior to 1 January 1986.
Total Tax Revenue	90,000	94,000	90,000	
Non-Tax Revenue				
Ironsands Royalties	50	50	54	Royalties obtained from ironsand operations licensed by the Crown.
Residual Ministry of Energy Commitments	200	275	200	Proceeds from property rentals previously owned by State Coal.
Royalties - Coal	1,200	1,200	1,300	Royalties obtained from coal mining operations licensed by the Crown.
Royalties - Minerals	800	800	800	Royalties obtained from mineral mining operations licensed by the Crown.
Royalties - Petroleum	22,800	22,800	23,200	Royalties obtained from petroleum mining operations licensed by the Crown.
Total Non-Tax Revenue	25,050	25,125	25,554	
<b>Total Current Revenue</b>	<b>115,050</b>	<b>119,125</b>	<b>115,554</b>	

**Part F1 - Current and Capital Revenue and Receipts (Continued)**

	1998/99		1999/00	Description of 1999/00 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
<b>Capital Receipts</b>				
Crown Energy Efficiency	1,450	1,380	1,450	Crown Energy Efficiency Loan repayments.
<b>Total Capital Receipts</b>	1,450	1,380	1,450	
<b>Total Crown Revenue and Receipts</b>	116,500	120,505	117,004	