

Information Supporting the Supplementary Estimates

Vote Commerce

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister of Commerce (M13)

ADMINISTERING DEPARTMENT: Ministry of Economic Development

MINISTER RESPONSIBLE FOR MINISTRY OF ECONOMIC DEVELOPMENT: Minister for Economic Development

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2010/11				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	109,374	2,344	5,495	7,839	117,213
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	10,055	-	2,400	2,400	12,455
Capital Expenditure	2,055	-	5,400	5,400	7,455
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	121,484	2,344	13,295	15,639	137,123
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	23,925	N/A	2,331	2,331	26,256
Capital Receipts	-	N/A	-	-	-
Total Crown Revenue and Capital Receipts	23,925	N/A	2,331	2,331	26,256

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Administration of Insolvencies (M13)

Scope of Appropriation

The administration of bankruptcies and liquidations under the Insolvency Act 2006 and the Companies Act 1993 and the management of proceeds of crime orders under the Proceeds of Crime Act 1991.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	13,429	900	14,329
Revenue from Crown	12,038	280	12,318
Revenue from Other	2,107	620	2,727

Reasons for Change in Appropriation

This appropriation increased by \$900,000 as a result of the following:

- fiscally neutral adjustment of \$250,000 transferred from the departmental output expense: Policy and Purchase Advice - Business Law and Competition Policy, and \$620,000 as an increase within this appropriation to assist with the fiscal pressures encountered by the Insolvency office, and
- GSF non-funding employer contribution increase in rates of \$30,000.

Administration of Part II Tariff Concessions (M13)

Scope of Appropriation

Assessing applications by importers to be exempted from import duties under the tariff concessions policy.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	352	7	359
Revenue from Crown	-	7	7
Revenue from Other	361	-	361

Reasons for Change in Appropriation

This appropriation increased by \$7,000 as a result of the increase in the GSF non-funding employer contribution rates.

Policy Advice and Investigative Services - Regulatory Environment MCOA (M13)

Scope of Appropriation

Administration of Trade Remedies

This appropriation is limited to investigative services including ministerial servicing 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

This appropriation is limited to policy advice and ministerial servicing in relation to international negotiating expertise on the financial sector legal frameworks; competition law policy and corporate governance policy; intellectual property rights; standards and conformance issues and technical barriers to trade; trade remedies, tariffs, rules of origin, and other border issues; quality of regulatory policy, including the regulatory impact analysis regime; and monitoring of Crown entities and statutory boards.

Explanation for Use of Multi-Class Output Expense Appropriation

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.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	12,426	2,208	14,634
Administration of Trade Remedies	1,100	15	1,115
Policy and Purchase Advice - Business Law and Competition Policy	11,326	2,193	13,519
Revenue from Crown	12,089	2,208	14,297
Administration of Trade Remedies	1,084	15	1,099
Policy and Purchase Advice - Business Law and Competition Policy	11,005	2,193	13,198
Revenue from Other	337	-	337
Administration of Trade Remedies	16	-	16
Policy and Purchase Advice - Business Law and Competition Policy	321	-	321

Reasons for Change in Appropriation

Administration of Trade Remedies

This appropriation increased by \$15,000 as a result of an increase to GSF non-funding employer contribution rates.

Policy and Purchase Advice - Business Law and Competition Policy

This appropriation increased by \$2.193 million as a result of:

- transfer of \$1.147 million from departmental output expense: Registration and Provision of Statutory Information appropriation to assist with the establishment of the Financial Markets Authority (FMA)
- expense transfers of \$800,000 from 2009/10 to reflect the delays in the following projects:
 - establishing the FMA of \$453,000
 - Financial Advisers Act training initiatives of \$300,000
 - NZAID programme of \$47,000
- transfer of \$474,000 from Vote Foreign Affairs and Trade, to assist with the WTO and FTA/CEP negotiations, and
- GSF non-funding employer contribution increase in rates of \$22,000.

These increases were partially offset by a decrease of \$250,000 transferred to the departmental output expense: Administration of Insolvencies appropriation to assist with the fiscal pressures encountered by the Insolvency office.

Registration and Granting of Intellectual Property Rights (M13)

Scope of Appropriation

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.

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	14,800	(782)	14,018
Revenue from Crown	85	18	103
Revenue from Other	16,220	(800)	15,420

Reasons for Change in Appropriation

This appropriation decreased by \$782,000 as a result of a expense transfer of \$800,000 to the 2011/12 year to reflect the delays in the Trademark Amendment Bill and the Patents Bill work. This decrease is partially offset by an increase of \$18,000 reflecting the change in the GSF non-funding employer contribution rates.

Registration and Provision of Statutory Information (M13)

Scope of Appropriation

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).

Expenses and Revenue

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	24,112	11	24,123
Revenue from Crown	2,513	11	2,524
Revenue from Other	19,407	-	19,407

Reasons for Change in Appropriation

This appropriation increased by \$11,000 as a result of the increase in the GSF non-funding employer contribution rates. An expense transfer of \$1.147 million from 2009/10 was subsequently transferred to the departmental output expense: Policy and Purchase Advice - Business Law and Competition Policy appropriation to assist with the establishment of the Financial Markets Authority (FMA).

Part 2.2 - Non-Departmental Output Expenses

Financial Advisers and Financial Service Providers (M13)

Scope of Appropriation

This appropriation is limited to the performance of statutory functions by the Securities Commission in its role as regulator of financial advisers and financial service providers.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	6,561	(1,640)	4,921

Reasons for Change in Appropriation

This appropriation decreased by \$1.640 million to reflect a Cabinet decision relating to "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Input Methodologies (M13)

Scope of Appropriation

This appropriation is limited to the development, implementation, monitoring and administration of input methodologies relating to regulated businesses as prescribed under Part 4 of the Commerce Act 1986.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	2,612	831	3,443

Reasons for Change in Appropriation

This appropriation increased by \$831,000 to reflect a Cabinet decision relating to the "Changes to Appropriations for the Implementation of New Governance Arrangements in the Electricity Industry Act" paper.

Licensing and Supervision of Market Participants (M13)

Scope of Appropriation

This appropriation is limited to the performance of statutory functions relating to regulation of financial market participants, including issuers, market licensees, intermediaries and exchanges, and financial advisers and qualifying financial entities (QFEs).

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	2,140	2,140

Reasons for Change in Appropriation

This appropriation was established during 2010/11 to reflect a Cabinet decision relating to the "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Performance of Financial Markets Monitoring Functions (M13)

Scope of Appropriation

This appropriation is limited to the performance of statutory functions relating to monitoring of financial and securities markets, including the provision of investor education, the granting of exemptions, and other General Counsel duties.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	2,125	2,125

Reasons for Change in Appropriation

This appropriation was established during 2010/11 to reflect a Cabinet decision relating to the "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Performance of Investigation and Enforcement Functions (M13)

Scope of Appropriation

This appropriation is limited to the performance of statutory functions relating to the investigation and enforcement of financial markets and securities markets law.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,314	1,314

Reasons for Change in Appropriation

This appropriation was established during 2010/11 to reflect a Cabinet decision relating to the "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Performance of Securities Market Functions (M13)

Scope of Appropriation

This appropriation is limited to the performance of statutory functions by the Securities Commission in its role as New Zealand's main regulator of investments and securities.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	6,501	(1,625)	4,876

Reasons for Change in Appropriation

This appropriation decreased by \$1.625 million to reflect a Cabinet decision relating to the "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Regulation of Anti-Money Laundering and Countering Financing of Terrorism (M13)

Scope of Appropriation

This appropriation is limited to the supervision, by the Securities Commission, of the financial sector in relation to anti-money laundering and countering financing of terrorism

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,255	(814)	2,441

Reasons for Change in Appropriation

This appropriation decreased by \$814,000 to reflect a Cabinet decision relating to the "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Regulation of Electricity Lines Businesses (M13)

Scope of Appropriation

This appropriation is limited to the regulation of electricity lines businesses and Transpower under Part 4 of the Commerce Act 1986 and residual administration of the repealed Part 4A of the Commerce Act 1986.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	3,167	1,905	5,072

Reasons for Change in Appropriation

This appropriation increased by \$1.905 million as a result of the following:

- Cabinet decision relating to the "Changes to Appropriations for the Implementation of New Governance Arrangements in the Electricity Industry Act" paper (\$1.500 million), and
- transfer from 2009/10 to reflect the delay in the Commerce Commission's work approving Transpower's capital expenditure on grid upgrades (\$405,000).

Regulation of Natural Gas Services (M13)

Scope of Appropriation

This appropriation is limited to the regulation of natural gas services under Part 4 of the Commerce Act 1986 and ongoing administration of the Part 5 control regime over the gas pipeline services of Powerco and Vector.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,100	1,259	2,359

Reasons for Change in Appropriation

This appropriation increased by \$1.259 million as a result of a transfer from 2009/10 to reflect the delay in the implementation of a Default Price Path for the Gas industry under Part 4 of the Commerce Act Gas work, undertaken by the Commerce Commission.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Commerce Commission Litigation Fund (M13)

Scope of Appropriation

This appropriation is limited to meeting the direct 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.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	8,000	1,400	9,400

Reasons for Change in Appropriation

This appropriation increased by \$1.400 million as a result of an expense transfer from 2009/10 to reflect the delays in cases coming to the litigation phase.

Financial Markets Authority Litigation Fund (M13)

Scope of Appropriation

This appropriation is limited to meeting the cost of major litigation activity arising from the enforcement of financial markets and securities markets law.

Expenses

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	1,000	1,000

Reasons for Change in Appropriation

This appropriation was established during 2010/11 to reflect a Cabinet decision relating to the "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.2 - Non-Departmental Capital Expenditure

Investment in the Financial Markets Authority (M13)

Scope of Appropriation

This appropriation is limited to meeting the cost of capital requirements for the regulation of investment and securities markets and the financial industry.

Capital Expenditure

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,400	3,400

Reasons for Change in Appropriation

This appropriation was established during 2010/11 to reflect a Cabinet decision relating to the "Financial Markets Authority - Proposed Budget Arrangements and Related Vote Commerce Issues" paper.

Statutory Management - Aorangi Securities Limited and Others (M13)

Scope of Appropriation

This appropriation is limited to the provision of services by the statutory managers and others within the scope of section 66(1) of the Corporations (Investigation and Management) Act 1989.

Capital Expenditure

	2010/11		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	2,000	2,000

Reasons for Change in Appropriation

This appropriation was established during 2010/11 to reflect a Cabinet decision relating to the "Corporations (Investigation and Management) Order (No 3) 2010" paper.