

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

	2011/12				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	123,785	834	4,491	5,325	129,110
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	11,185	-	(1,047)	(1,047)	10,138
Capital Expenditure	6,460	-	-	-	6,460
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	141,430	834	3,444	4,278	145,708
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	22,565	N/A	(3,902)	(3,902)	18,663
Capital Receipts	-	N/A	927	927	927
Total Crown Revenue and Capital Receipts	22,565	N/A	(2,975)	(2,975)	19,590

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	13,450	300	13,750
Revenue from Crown	11,948	-	11,948
Revenue from Other	2,218	300	2,518

Reasons for Change in Appropriation

This appropriation increased by \$300,000 as a result of an adjustment to reflect an increase in additional investigations fee collections.

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	11,540	674	12,214
Administration of Trade Remedies	1,100	-	1,100
Policy and Purchase Advice - Business Law and Competition Policy	10,440	674	11,114
Revenue from Crown	11,192	674	11,866
Administration of Trade Remedies	1,084	-	1,084
Policy and Purchase Advice - Business Law and Competition Policy	10,108	674	10,782
Revenue from Other	348	-	348
Administration of Trade Remedies	16	-	16
Policy and Purchase Advice - Business Law and Competition Policy	332	-	332

*Reasons for Change in Appropriation***Administration of Trade Remedies**

No change for this appropriation.

Policy and Purchase Advice - Business Law and Competition Policy

This appropriation increased by \$674,000 as a result of an expense transfer of \$500,000 from 2010/11 to reflect the delays in the Securities Law Review work, and a transfer of \$333,000 from Vote Foreign Affairs and Trade to assist with overseas travel costs relating to the WTO and FTA/CEP negotiations. These increases were partially offset by a decrease of \$159,000 reflecting the Ozone Policy responsibilities being transferred to the Ministry for the Environment.

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	14,900	(140)	14,760
Revenue from Crown	85	-	85
Revenue from Other	16,320	(140)	16,180

Reasons for Change in Appropriation

This appropriation decreased by \$140,000 as a result of a \$400,000 expense transfer to 2012/13 reflecting a further delay in the preparatory work planned for the implementation of the Patent Bill. This is partially offset by an expense transfer from 2010/11 of \$260,000 as a result of delays in the Trademark Bill and Patent Bill.

Part 2.2 - Non-Departmental Output Expenses**Enforcement of Dairy Sector Regulation (M13)***Scope of Appropriation*

Commerce Commission funding for dispute resolution relating to and enforcement of the Dairy Industry Restructuring Act 2001 and related regulations.

Expenses

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	905	(700)	205

Reasons for Change in Appropriation

This appropriation decreased by \$700,000 which is a result of a transfer to assist with the establishment of the Non-Departmental Output Expense: Enforcement of Dairy Sector Regulation and Auditing of Milk Price Setting appropriation.

Enforcement of Dairy Sector Regulation and Auditing of Milk Price Setting (M13)*Scope of Appropriation*

This appropriation is limited to funding for reviewing Fonterra's milk price setting arrangements, and dispute resolution relating to and enforcement of the Dairy Industry Restructuring Act 2011 and related regulations.

Expenses

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	700	700

Reasons for Change in Appropriation

This appropriation was established during 2011/12 to reflect the "Dairy Regulatory Framework - Fonterra's Milk Price, Capital Restructure and Share Valuation" paper. Funding of \$700,000 was transferred from the "Enforcement of Dairy Sector Regulation" appropriation.

Enforcement of General Market Regulation (M13)

Scope of Appropriation

This appropriation is limited to the promotion of fair trading, competitive markets and sound regulatory outcomes from the administration, enforcement, and adjudication of activities in accordance with the Commerce Act, Fair Trading Act, Credit Contracts and Consumer Finance Act and Telecommunications Act.

Expenses

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	16,435	1,638	18,073

Reasons for Change in Appropriation

This appropriation increased by \$1.638 million to reflect a Cabinet decision relating to the "Commerce Commission Litigation Fund - Report Back" paper.

Indemnity payments from the Corporations (Investigations and Management) Act 1989 PLA (M13)

Scope of Appropriation

This appropriation is limited to payments made under Section 63 of the Corporations (Investigation and Management) Act 1989.

Expenses

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	105	105

This appropriation was established during the 2011/12 financial year to reflect payments made under "Section 63 of the Corporations (Investigation and Management) Act 1989".

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	355	255	610

Reasons for Change in Appropriation

This appropriation increased by \$255,000 to reflect an expense transfer from 2010/11 to 2011/12 as a result of delays in the implementation of the “Development of a Capital Expenditure Input Methodology” programme for Transpower, under Part 4 of the Commerce Act 1986.

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	4,167	893	5,060

Reasons for Change in Appropriation

This appropriation increased by \$893,000 million as a result of the following:

- \$1.865 million expense transfer from 2010/11 to reflect the delay in the approval of Transpower's grid upgrade plans and regulation of electricity lines businesses process, and
- \$428,000 as a result of a Cabinet decision relating to the “Commerce Commission - Funding of Regulatory Control Functions” paper.

These increases were partially offset by the following decreases;

- \$1 million expense transfer to 2012/13 to reflect the delay in the “Electricity Transmission” project, and
- \$400,000 expense transfer to 2012/13 to reflect the delay in the “Starting Pricing Adjustments” project.

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	1,300	1,600	2,900

Reasons for Change in Appropriation

This appropriation increased by \$1.600 million as a result of the following:

- \$1.289 million as a result of a Cabinet decision relating to the “Commerce Commission - Funding of Regulatory Control Functions” paper, and
- \$811,000 transfer from 2010/11 to reflect the delay in the approval of Transpower's grid upgrade plans and regulation of electricity lines businesses process.

These increases were partially offset by a \$500,000 expense transfer to 2012/13 to reflect the delay in the “Starting Pricing Adjustments” project.

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

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	8,000	(1,047)	6,953

Reasons for Change in Appropriation

This appropriation decreased by \$1.047 million as a result of a \$2.790 million expense transfer to 2012/13 to reflect the delay in major external litigation cases. This decrease was partially offset by an increase of \$1.743 million to reflect a Cabinet decision relating to the "Commerce Commission Litigation Fund - Report Back" paper.