

VOTE *Commerce*

Commerce

Overview

Departmental Appropriations

Departmental appropriations sought for Vote Commerce in 2004/05 total \$91.259 million. They are to be applied as follows:

- \$53.436 million (58.6% of the Vote) is sought to purchase services from the Ministry of Economic Development including:
 - \$11.048 million for policy advice on business and competition
 - \$397,000 for administering import legislation
 - \$1.22 million for administration of trade remedies
 - \$10.497 million 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
 - \$10.26 million for administration of insolvencies
 - \$17.502 million for registration and provision of statutory information
 - \$2.512 million for administration of the Licensed Building Practitioners regime.

Non-Departmental Appropriations

Appropriations sought for non-departmental outputs total \$19.912 million (21.8% of the Vote). These relate to the role of the Commerce Commission mainly in the context of the Commerce Act 1986, the Fair Trading Act 1986 and the Dairy Industry Restructuring Act 2001, the Securities Commission, the Takeovers Panel, the Accounting Standards Review Board, and the Architects Registration Board. Details are given under Part C.

Appropriations sought for non-departmental other expenses total \$8.499 million (9.3% of the Vote). These relate to the Crown's membership in various organisations associated with activities within Vote Commerce and possible litigation activities for the Commerce Commission, the Securities Commission, the Takeovers Panel, the Charities Commission, and potential litigation costs associated with the Building Industry Authority (BIA).

In addition investments of \$9.412 million (10.3% of the Vote) are sought for Crown entities associated with this Vote.

The Ministry is forecast to collect \$1.003 million of Crown revenue under Vote Commerce in 2004/05.

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

AASB	Australian Accounting Standards Board
APEC	Asia Pacific Economic Cooperation
ASRB	Accounting Standards Review Board
BIA	Building Industry Authority
BCCU	Business Compliance Costs Unit
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
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 Organisation of Securities Commission
MED	Ministry of Economic Development
NZX	New Zealand Exchange
RMA	Resource Management Act
SPs	Strategic Priorities
WTO	World Trade Organisation

Footnotes

Note 1	The estimated net worth of the Building Industry Authority to June 2005 is nil as under the proposed Building Act the building control functions will be transferred to a government department.
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Commerce

VOTE MINISTER: Minister of 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 Commerce

Related Government Outcomes

One of the Government's key goals is to create a growing, inclusive and innovative economy for the benefit of all. Government has three broad roles in promoting business and economic growth. They are:

- ensuring appropriate and stable macroeconomic policy settings (price stability and fiscal balance)
- ensuring appropriate legal and regulatory frameworks and enforcement and service delivery that support competition and innovation and provides a low cost business environment - ie, ensuring high quality microeconomic foundations for growth, and
- within the disciplines of these frameworks, identifying appropriate interventions to support and accelerate the growth of innovative businesses and support industry and regional development.

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

New Zealand businesses today operate in a highly competitive global environment. The exposure of businesses to stronger international competition over the years has been a key driver of business performance. Export success is being achieved on a number of fronts notwithstanding the constraints of business size and distance from markets.

The future of New Zealand businesses, directly or indirectly, will be increasingly tied to their ability to integrate into the global economy. Government can provide direction, regulation and facilitation to support business growth in this environment. The globalisation of economic activity provides opportunities for business, and new policy challenges, particularly in relation to the international coordination of laws to support cross-border trade and investment. Businesses are also looking for deeper global regulatory integration to further open up markets, reduce the cost associated with trade in goods and services, and raising capital. Strong pressures are emerging for increased convergence of business laws, and international developments are

increasingly providing the context for domestic law reform. The distinctions between 'domestic' and 'external' policy thus are becoming more and more blurred.

This has two implications. On the one hand, international fora are taking an increased interest in the quality of domestic regulatory practices. On the other, New Zealand's domestic business law and regulatory reform must increasingly reflect the new international norms and best practice in areas such as insolvency, securities, insurance, and intellectual property protection. These norms will provide the basis for the negotiation of new international rules. Effective regulation for New Zealand will be increasingly dependent on co-operation with other countries to ensure that our objectives are not undermined.

The strategic priority under Vote Commerce over the next three years is to continue to refine the microeconomic foundations for growth by:

- ensuring that New Zealand's business laws (with securities market law the current priority) reflect international best practice and developments in Australia, to position New Zealand as a quality place to invest
- ensuring that New Zealand's intellectual property statutes support the growth of innovation in the economy
- driving improvements in the quality of regulation by government departments and associated minimisation of compliance costs
- improving the efficiency and ability of New Zealand businesses to compete internationally through an effective tariff regime and by reducing technical barriers to trade
- protecting and advancing New Zealand's economic interest under international agreements including the Doha round of trade negotiations under the WTO, APEC and bilateral economic cooperation agreements, and
- ensuring that the implementation of environmental and conservation measures, in particular the Resource Management Act 1991 (RMA) and the Hazardous Substances and New Organisms Act 1996 (HSNO), are targeted, effective, and reflect economic development perspectives.

A priority activity under Vote Commerce is further coordination of New Zealand's business laws and broader regulations with Australia to allow firms to operate in a single economic market. Australia offers New Zealand economies of scale and scope in business and regulation. The benefits of closer coordination with Australia in areas such as capital markets regulation, competition law and financial reporting, however, must be weighed against the costs on a case by case basis.

Output Classes Linkages to the Government's Outcomes

Departmental output classes

Given the wide range of the Ministry's activities, one of the main challenges has been to identify things that the Ministry can do within this Vote to make the biggest contribution to improving growth in New Zealand. The Ministry has identified five strategic priorities (SPs) that are considered to be the most important areas for the Ministry to focus on over the next three to five years. Of these, policy advice activities undertaken in Vote Commerce will in particular contribute to SP 2: Improve

international connections, particularly with Australia; and SP 4: Improve the Regulatory Environment for Business.

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. This wider set of activities is captured by the Ministry's Business Environment outcomes. The table below summarises the contribution that different outputs make to the Ministry's Business Environment outcomes.

Outcome	Contribution of Output Classes to Outcomes
New Zealand's international connections facilitate sustainable economic growth through increased international trade, foreign investment and knowledge transfer.	<p>Policy advice on intellectual property, competition law, policy, standards and conformance and technical barriers to trade and capital market regulation.</p> <p>Policy advice in relation to border and international issues and agreements, including policy advice on tariff and trade remedies.</p>
Competition regulation promotes dynamic and efficient markets.	Policy advice on the creation and maintenance of a regulatory environment, including primary advice on 45 statutes, including competition policy and law.
Businesses in New Zealand are governed and managed responsibly.	Policy advice on corporate and commercial law, including capital markets, insolvency, and intellectual property law including the administration of 45 statutes.
Business regulation is easy to comply with, and balances the costs it imposes with the benefits to the community.	<p>Policy advice on the creation and maintenance of a regulatory environment, including primary advice on 45 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 building departmental capability across government departments in regulatory impact analysis.</p> <p>Policy advice on Building Bill and the Architects Bill and the development of an alternative dispute resolution mechanism in the building area.</p>
Businesses and consumers use information held by the Ministry or required by laws it administers, to help them make well-informed decisions.	<p>Policy advice on legislation that creates obligations on market participants to disclose information (eg regulating securities and financial reporting law).</p> <p>Policy advice (in conjunction with the Ministry for the Environment and other interested parties) on proposals to streamline the consideration of projects under the RMA, and on measures to improve the operation of the HSNO.</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>

Outcome	Contribution of Output Classes to Outcomes
Business and consumers have confidence in the integrity and effectiveness of markets.	<p>Purchase advice in relation to Crown entities that maintain part of the regulatory framework for business.</p> <p>Policy advice on the creation and maintenance of a regulatory environment.</p> <p>Prosecution and enforcement functions under the Companies Act 1993, Securities Act 1978 and Corporations (Investigation and Management Act) 1989.</p>
Intellectual property rights support investment in innovation, and the sharing of ideas.	<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 classes

In addition, appropriations are sought in this Vote to purchase outputs from the following Crown entities:

- The Commerce Commission, which enforces the Commerce Act 1986 and the Fair Trading Act 1986. These Acts protect the competitive process in New Zealand markets, prohibit misleading or deceptive conduct in trade and require disclosure of information about aspects of consumer and product safety. The Commission also enforces the EIRA 1988, the DIRA 2001, and the CCCFA 2003 for which funding is appropriated in Vote Commerce. (In addition, the Commission enforces the Telecommunications Act 2001 which is funded through Vote Communications, and electricity sector regulation which is funded through Vote Energy).
- The Securities Commission, which operates the disclosure-based regime for securities market regulation. The Commission also has enforcement, investigation and public education functions.
- The ASRB, which approves New Zealand financial reporting standards and has a role in contributing to the adoption of international accounting standards.
- The Takeovers Panel, which enforces the Takeovers Code and considers applications for approvals and exemptions under the code.
- The Charities Commission, expected to be operational in 2004/05, which will be responsible for registering organisations seeking charitable status, monitoring their activities, receiving annual returns, and advising the Government on charity-related issues.
- The BIA, which manages the building control system in New Zealand. The BIA is expected to be absorbed into a government department during 2004/05.

Part A2 - Trends in Vote Commerce

Departmental Output Trends: 1999/2000 - 2004/05

Expenditure for classes of outputs increased between 1999/2000 and 2003/04, reflecting a number of activities including:

- one-off funding in 2000/01 for activities related to the operation of a Business Compliance Costs Panel
- the development and implementation of the Personal Property Securities Register (PPSR) across 2000/01 and 2001/02
- implementation of the Government's electronic commerce strategy in 2001/02, and
- funding of operations of the Takeovers Panel.

There has been a significant increase in resources between 2002/03 and 2003/04 reflecting:

- 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
- 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 operating the upgraded Companies Office Electronic Register (REGIS), costs associated with the establishment of the Charities Commission Crown entity and its related registration functions, and ongoing monitoring of the Commission
- funding for the Commerce Commission's new responsibilities to enforce consumer credit law under the CCCFA, and
- 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 class Registration and Provision of Statutory Information); and to effectively regulate futures markets.

Appropriation Changes from 2004/05

Further increases between 2003/04 and 2004/05 mainly reflect the decisions agreed as part of the 2004 Budget. These are offset by the transfer of Information Technology policy from Vote Commerce to Vote Communications. This is a technical change to better align appropriations with portfolio accountability.

For further details of new initiatives agreed as part of the 2004 Budget, refer to the "Reconciliation of New Initiatives to Appropriations" below.

Other expenses

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

The increase in 2004/05 reflects costs of litigation activity undertaken by the BIA arising from weathertightness issues.

Crown revenue and 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.

Funding in 2003/04 reflects an additional investment in the Securities Commission to meet accommodation needs, and BIA working capital requirements until access to previous levy reserves is possible.

The change in 2004/05 reflects additional funding to ensure that the BIA's working capital position is sustainable in the medium term until access to previous levy reserves is possible.

Reconciliation of New Initiatives to Appropriations

Initiative	Appropriations as shown in Part B	\$000 increase/(decrease)				
		2003/04	2004/05	2005/06	2006/07	2007/08
Additional resources to fund Commerce Commission enforcement activity under the Commerce Act and Fair Trading Act	Non-Departmental Output Class - Enforcement of General Market Regulation	917	1,503	-	-	-
Building Industry Authority Capital Requirements	Capital Contribution to Other Persons or Organisations - Investment in Building Industry Authority	4,000	8,000	-	-	-
Continuation of DIRA responsibilities	Non-Departmental Output Class - Enforcement of Dairy Sector Regulation	-	1,018	1,018	1,018	1,018
Fund the implementation of the Building Act Reforms	Departmental Output Class - Policy Advice - Business and Competition	-	953	953	953	953
	Departmental Output Class - Administration of Licensed Building Practitioners	-	2,512	3,603	4,828	4,500
	Other Expenses to be Incurred by the Crown - Building Industry Litigation Costs	1,442	4,516	-	-	-
	Non-Departmental Output Class - Registration Regime for Architects	-	253	-	-	-
	Capital Contribution to Other Persons or Organisations - Loan to Architects Board	-	45	-	-	-
Funding of costs of interdepartmental travel for Doha Development Round	Departmental Output Class - Policy Advice - Business and Competition	147				
Funding of Securities Commission advice on NZAX market, compliance, enforcement and futures	Non-Departmental Output Class - Performance of Securities Market Functions	79				

Funding for the Securities Commission associated with relocating to larger premises	Capital Contributions to Other Persons or Organisations - Investment in Securities Commission	1,575	-	-	-	-
	Non-Departmental Output Class - Performance of Securities Market Functions	210	281	281	281	281
Funding to Commerce Commission to enforce action in land buy-back schemes	Non-Departmental Output Class - Enforcement of General Market Regulation	306				
Hosting a seminar on 'The Fire Safe Use of Timber in Construction'	Departmental Output Class - Policy Advice - Business and Competition	-	140	-	-	-
Increase resource for enforcement activity by the Securities Commission under the Securities Markets and Institutions Act and the forthcoming Securities and Trading Law Reform Bill	Non-Departmental Output Class - Performance of Securities Market Functions	-	775	1,350	1,933	1,933
Motor Vehicle Sale Bill: Funding of Motor Vehicle Traders Register and Information Programmes	Departmental Output Class - Registration and Provision of Statutory Information	1,272	1,182	1,182	1,182	1,182
Strengthen resource investment in economic integration with Australia	Departmental Output Class - Policy Advice - Business and Competition	-	200	250	280	250
To fund the Accounting Standards Review Board in progressing the adoption of international accounting standards	Non-Departmental Output Class - Approval and Review of Financial Reporting Standards	298	375	237	237	237
Total Initiatives		10,246	21,753	8,874	10,712	10,354

Trends in Vote Commerce - Summary of Appropriations and Crown Revenue

Types of Appropriation	1999/2000	2000/01	2001/02	2002/03	2003/04		2004/05 Appropriations to be Used				2005/06	2006/07	2007/08	
	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				
Operating Flows														
Classes of Outputs to be Supplied	56,188	58,721	61,927	63,202	71,286	71,067	53,436	-	19,912	-	73,348	72,616	74,568	74,673
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	462	1,204	681	1,283	5,425	5,425	-	-	8,499	-	8,499	3,983	3,983	3,983
Capital Flows														
Capital Contributions	-	-	-	-	5,615	5,615	-	-	9,412	-	9,412	-	-	-
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Total Appropriations	56,650	59,925	62,608	64,485	82,326	82,107	53,436	-	37,823	-	91,259	76,599	78,551	78,656
Total Crown Revenue and Receipts	2,904	409	119	3,667	2,502	2,502	N/A	N/A	N/A	N/A	1,003	880	880	880

Part B - Statement of Appropriations

Part B1 - Details of Appropriations

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
Policy Advice - Business and Competition	11,777	-	11,664	-	11,048		- 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.
Administration of Part II Tariff Concessions	397	-	372	-	397		- Assessing applications by importers to be exempted from import duties under the tariff concessions policy.
Administration of Trade Remedies	1,107	-	1,107	-	1,220		- Investigative services to establish whether New Zealand industries require remedies to prevent injury caused by dumped or subsidised imports or sudden import surges.
Registration and Granting of Intellectual Property Rights	10,529	-	10,529	-	10,497		- 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.
Administration of Insolvencies	10,260	-	10,179	-	10,260		- Administration of insolvencies and proceeds of crime orders.
Registration and Provision of Statutory Information	18,105	-	18,105	-	17,502		- 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).
Administration of Licensed Building Practitioners	-	-	-	-	2,512		- Provision of services relating to the registration of builders and designers.

Part B1 - Details of Appropriations (continued)

	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Total Appropriations for Departmental Output Classes (Mode B Gross)	52,175	-	51,956	-	53,436	-	
Non-Departmental Output Classes							
Administration of the Takeovers Code	1,018	-	1,018	-	1,018	-	The performance of statutory functions by the Takeovers Panel as specified in the Takeovers Act 1993.
Approval and Review of Financial Reporting Standards	770	-	770	-	847	-	Reviewing and approving financial reporting standards, and work relating to the international harmonisation of financial reporting standards.
Enforcement of Dairy Sector Regulation	1,408	-	1,408	-	1,018	-	To fund the Commerce Commission for dispute resolution relating to and enforcement of the Dairy Industry Restructuring Act 2001 and related regulations.
Enforcement of General Market Regulation	10,116	-	10,116	-	10,880	-	The promotion of competition and fair trading through the administration, enforcement and adjudication activities undertaken by the Commerce Commission.
Performance of Securities Market Functions	5,342	-	5,342	-	5,896	-	The performance of statutory functions by the Securities Commission in relation to the Securities Act 1978 and the proposed Security Markets and Institutions Act 1988.
Registration Regime for Architects	-	-	-	-	253	-	To fund the introduction of a new registration, reporting and monitoring regime for Architects.
Statutory Management - CH Finance Limited and Others - Payment of Statutory Mgrs	-	457	-	457	-	-	To fund the payment of the Statutory Managers of CH Finance Limited and Others.

Total Appropriations for Non-Departmental Output Classes	18,654	457	18,654	457	19,912	-	
Other Expenses to be Incurred by the Crown							
Building Industry Litigation Costs	1,442	-	1,442	-	4,516	-	To meet the cost of litigation activity undertaken by the Building Industry Authority arising from weathertightness issues.
Charities Commission Litigation Fund	250	-	250	-	250	-	To meet the cost of major litigation activity undertaken by the Charities Commission arising from it carrying out its functions under the proposed Charities Act.
Contributions to International Organisations	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 to the Basel Convention.
Commerce Commission Litigation Fund	1,688	-	1,688	-	1,688	-	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 Memorandum of Understanding.
Risk Capital Fund - Directors' Fees	6	-	6	-	6	-	Payment of directors' fees for attendance at meetings.
Securities Commission Litigation Fund	844	-	844	-	844	-	To meet the cost of major litigation activity undertaken by the Securities Commission arising from it carrying out functions under the proposed Securities and Market Institutions Act. Criteria for the use of the fund will be set out in the annual Memorandum of Understanding.
Takeovers Panel Litigation Fund	675	-	675	-	675	-	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 Memorandum of Understanding.
Total Appropriations for Other Expenses to be Incurred by the Crown	5,425	-	5,425	-	8,499	-	

Part B1 - Details of Appropriations (continued)

Appropriations	2003/04				2004/05		Description of 2004/05 Appropriations
	Vote		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Capital Contributions to Other Persons or Organisations							
Investment in Building Industry Authority	4,000	-	4,000	-	8,000	-	Funding to ensure the Building Industry Authority's working capital position is sustainable in the medium term until access to previous levy reserves is possible.
Investment in Securities Commission	1,615	-	1,615	-	-	-	Additional equity to enable the Securities Commission to meet its capital requirements to enable it to effectively regulate futures markets.
Investment in the Charities Commission	-	-	-	-	1,367	-	Equity funding for the establishment of the Charities Commission.
Loan to Architects Board	-	-	-	-	45	-	Equity funding for the costs associated with implementing the Architects Bill which will be repaid.
Total Appropriations for Capital Contributions to Other Persons or Organisations	5,615	-	5,615	-	9,412	-	
Total Appropriations	81,869	457	81,650	457	91,259	-	

Part C - Explanation of Appropriations for Output Classes

Part C1 - Departmental Output Classes

Policy Advice - Business and Competition

The Minister of Commerce will purchase policy advice that ensures that the regulation of economic activity is efficient and meets the Government's objectives. This policy advice includes strategic and technical policy advice on the creation and maintenance of a regulatory environment that provides greater certainty for, and encourages business innovation and growth. Outputs within this output class include policy advice on:

- the multilateral and bilateral trade agenda including the Doha Round, and New Zealand's economic relationship with Australia
- corporate and commercial law, including capital markets, insolvency, and intellectual property law, including the administration of 45 statutes
- competition policy and law, including advice on the competition policy implications of sector specific regulation and facilitation initiatives
- improvement of the overall quality of government regulation through maintenance and development of the Regulatory Impact and Business Compliance Costs Statements regime, and support for building departmental capability in regulatory impact analysis
- trade rules, especially trade remedies and tariff policy
- the standards accreditation and certification infrastructure, both domestic and international
- government procurement policy, both domestic and international
- the impact of environmental measures on economic development with a particular focus on the RMA, HSNO and climate change
- 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, and
- the regulatory framework for the building industry.

An important component of the output class is to purchase advice in relation to Crown entities that maintain part of the regulatory framework for business.

Monitoring, advice and appointments for other Crown entities and Statutory Boards that are not listed in Part A are as follows:

- BIA, Standards Council, Testing Laboratory Registration Council, Architects Investigations Committee, Architects Education and Registration Board, Chartered Professional Engineers Council, Copyright Tribunal, Engineers' Registration Board, Engineering Associates Registration Board, Joint Accreditation System of Australia New Zealand, Temporary Safeguard Authority.

Administration of Part II Tariff Concessions

The Minister of Commerce will purchase timely assessment of applications for exemption from import duties as defined by the tariff concessions policy.

Administration of Trade Remedies

The Minister of Commerce will purchase 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 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

The Minister of Commerce will purchase 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

The Minister of Commerce will purchase services relating to the registration and provision of a range of documents and information required to be filed on a public record by corporate entities, insurance and superannuation funds, issuers of securities and holders of securities over personal property interests (excluding land), and the provision of information services relating to these.

Outputs in this class are:

- Companies Office services
- Insurance and Superannuation Unit services, and
- Personal Property Securities and Motor Vehicle Traders Register services.

Administration of Licensed Building Practitioners

This is the first year of operation for this Output Class. The Minister of Commerce will purchase services relating to the registration of builders and designers pursuant to the proposed Building Bill.

Outputs in this class are:

- develop and implement a communications strategy for builders and designers on the new licensing regime
- develop user requirements for a national register of builders and designers
- develop associated regulations, and
- appointment of a Building Practitioners Licensing Board.

Part C2 - Non-Departmental Output Classes

Administration of the Takeovers Code

The Minister of Commerce will purchase 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	2004/05 Performance Standards	
Takeovers Code Quantity and quality Keep the Takeovers Code and the Takeovers Act 1993 under review and recommending amendments to the Code as necessary. Participate as required on projects and reviews.	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.	
Timeliness Recommendations for amendments to the Code will be made promptly.	1 per year	(1 per year)
Code Approvals Quantity Applications for approval of independent advisors and independent experts.	36	(36)
Applications for consent to withdrawal of offers, and in relation to defensive tactics.	4	(4)
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%)
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.	24	(30)
Class exemptions from the Takeovers Code.	4	(5)

Performance Measures	2004/05 Performance Standards	
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%)
Enforcement		
Quantity		
Review of offer documents.	16	(16)
Review of meeting documents.	16	(16)
Section 32 meetings.	5	(7)
Section 35 actions.	1	(0)
Investigation of possible Code breaches.	20	(20)
Quality		
Documents reviewed for compliance with the law. Remedial action initiated to correct deficiencies.	100%	(100%)
Action taken in accordance with the law.	100%	(100%)
Meetings conducted in accordance with the law and the rules of natural justice.	100%	(100%)
Timeliness		
Complete enforcement work within timeframes specified in the Takeovers Act 1993.	100%	(100%)
Review of Market Practice		
Quantity and quality		
Keep under review practices relating to takeover activities.	Continuous	
Inquiries into market practice with a view to recommending amendments to the Takeovers Code.	2	(2)
Timeliness		
Complete inquiry work promptly.	Review work to be based on accurate research into, and review of, existing practices, including feedback from market participants.	

Performance Measures	2004/05 Performance Standards
<p>Public Understanding</p> <p>Quantity, quality and timeliness</p> <p>Publish a publication designed to provide information about the Takeovers Code and relevant law.</p> <p>Participate in public seminars on the Takeovers Code.</p> <p>Meet with major customers to obtain views on the performance of the Panel.</p> <p>Provide news media with relevant information about the Panel and the Takeovers Code.</p> <p>Maintain a web-site with relevant information about the Takeovers Code and Takeovers Act 1993 and activities of the Panel.</p> <p>Receive miscellaneous enquiries from members of the public and professional firms.</p>	<p>3 times a year(4)</p> <p>3 times a year(4)</p> <p>Meet once per year with major customers.</p> <p>Continuous.</p> <p>All relevant material posted promptly to the website, within 5 working days of the event or decision.</p> <p>Receive 300 enquiries (300). Respond to inquiries within 3 working days (3 working days).</p>
<p>International Liaison</p> <p>Quantity and quality</p> <p>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.</p> <p>Maintain reciprocal membership between Australian and New Zealand Takeovers Panels.</p>	<p>Respond to enquiries from overseas bodies within five working days.</p> <p>Maintain one Australian Panel member on New Zealand Panel and one New Zealand Panel member on Australian Panel.</p>
<p>Timeliness</p> <p>Panel representatives to meet regularly with overseas bodies.</p>	<p>1 time per year (2 times per year).</p>

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$1,018,000
2003/04	Total output class to be provided within (GST inclusive)	\$1,018,000

Provider

Takeovers Panel.

Approval and Review of Financial Reporting Standards

The Minister of Commerce will purchase 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 and promoting the adoption of IFRS 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	2004/05 Performance Standards	
Approval of Financial Reporting Standards		
Quantity		
Number of applications for standards.	20	(5-6)
Number of applications for determinations of authoritative support.	1	(1)
Number of applications for exposure drafts.	2	(5-6)
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%)
International Harmonisation		
Quantity and quality		
Contribute to the international harmonisation of financial reporting standards, through participating in meetings of relevant international bodies.	The ASRB or contracted nominees will attend relevant meetings, including those of: <ul style="list-style-type: none"> • the AASB • the IASB • the IFAC PSC 	

Performance Measures	2004/05 Performance Standards
Quantity and quality - cont'd	<ul style="list-style-type: none"> the IASB project group dealing with financial reporting by Small and Medium-sized Enterprises (SME project), and the FRC. <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>
Timeliness Attendance at meetings and responses to relevant bodies provided within agreed timeframes.	100%
Adoption of International Financial Reporting Standards Quantity and quality Make recommendations for financial reporting law reform to facilitate the adoption of IFRS in New Zealand from 1 January 2007 (with possible early adoption from 1 January 2005). Participate as required on projects and reviews with MED, other government departments and interested parties.	<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 Trans Tasman Accounting Standards Advisory Group.</p>
Timeliness Provide information and responses to the Ministry of Economic Development and others within agreed timeframes.	100% (100%)

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$847,000
2003/04	Total output class to be provided within (GST inclusive)	\$770,000

Provider

Accounting Standards Review Board.

Enforcement of Dairy Sector Regulation

The Minister of Commerce will purchase services to:

- conduct enforcement activities under the DIRA relating to behaviour that appears to be in breach of the DIRA or of regulations made pursuant to the DIRA, and

- consider applications for determinations from parties in dispute with Fonterra concerning Fonterra's obligations under the DIRA or any associated regulations.

The Minister of Commerce will also purchase services for the conduct of litigation activity arising from the above and for the provision of information to businesses, shareholders and consumers to promote greater understanding of the parties' statutory rights and obligations under the DIRA.

Performance Measures

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

Performance Measures	2004/05 Performance Standards	
Quantity		
Dairy Industry Behaviour Investigations closed.	3 - 6	(10 - 15)
Dairy Industry Behaviour Determinations closed.	1 - 2	(5 - 10)
Decisions to take Civil Proceedings or Appeals filed against / reviews of Commission decisions.	0 - 1	(0 - 1)
Quality		
Successful challenges to the Commission's processes during the course of an investigation/determination.	Nil	(Nil)
Timeliness		
Average elapsed time for closing investigations/determinations within stated standards.	100%	(100%)

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$1,018,000
2003/04	Total output class to be provided within (GST inclusive)	\$1,408,000

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 EIRA and the Credit Contracts and Consumer Finance Act 2003. These services are for:

- Conduct of enforcement activities relating to market behaviour, market structure, misleading and deceptive conduct, false representation and unfair practices, and compliance with consumer safety and information standards.

- Conduct of adjudication services in response to applications to the Commerce Commission for rulings relating to authorisation of coordinated market behaviour, clearance or authorisation of proposed mergers and acquisitions that may substantially lessen competition in a market, and consideration of applications for exemptions under the EIRA.
- Conduct of 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 to international authorities and fora to promote New Zealand's cross-border business activity and to support enforcement activity in other jurisdictions.

The Minister of Commerce will also purchase services for the conduct of litigation activity arising from the above.

Further the Minister of Commerce will purchase preparatory work relating to the proposed consumer credit legislation.

Performance measures

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

Performance Measures	2004/05 Performance Standards	
Quantity		
Enforcement Investigations:		
Market Behaviour Investigations closed.	40 - 50	(50 - 60)
Market Structure Investigations closed.	20 - 25	(25 - 30)
Fair Trading Investigations closed.	335 - 345	(335 - 345)
Standards Investigations closed	60 - 70	(60 - 70)
Adjudication Services:		
Restrictive Trade Practice Authorisations decided.	0 - 2	(0 - 2)
Business Acquisition Clearances decided.	25 - 30	(25 - 30)
Market Structure Authorisations decided.	0 - 2	(0 - 2)
Litigation Services:		
Decisions to take Civil Proceedings.	0 - 5	(0 - 5)
Decisions to take Criminal Prosecutions.	30 - 35	(30 - 35)
Appeals filed against / reviews of Commission decision.	3 - 5	(3 - 5)
Reports to the Minister:		
Regulatory Control Reports completed.	0	(0)

Performance Measures	2004/05 Performance Standards	
Quality		
Successful challenges to the Commission's processes during the course of an investigation/adjudication and reports to the Minister.	Nil	(Nil)
Judgements with no adverse comment on the Commission's conduct of litigation.	100%	(100%)
Timeliness		
Average elapsed time for closing investigations/adjudications within stated standards.	100%	(100%)
Preparatory work for enforcement of consumer credit legislation.	April 2005	

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$10,880,000
2003/04	Total output class to be provided within (GST inclusive)	\$10,116,000

Provider

Commerce Commission.

Performance of Securities Market Functions

The Minister of Commerce will purchase the performance of the following functions by the Securities Commission:

- Enforcement - maintaining oversight of securities market activity; inquiring into suspected breaches of securities law and intervening in the interests of investors 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 targets for the previous year are shown in parentheses.

Performance Measures	2004/05 Performance Standards
<p>Enforcement</p> <p>Quantity</p> <p>Surveillance or enforcement inquiries completed, with a focus on insider trading, substantial security holder disclosure, illegal / unacceptable practices, futures dealers, and financial reporting by issuers.</p> <p>Significant enforcement inquiries commenced.</p> <p>Cases in the High Court.</p> <p>Consider and comment on continuous disclosure applications under the Memorandum of Understanding with the New Zealand Exchange (NZX) Ltd.</p> <p>Advise the Minister on proposed changes to Conduct Rules of NZX Ltd.</p>	<p>150 (130)</p> <p>6 (4)</p> <p>2 (2)</p> <p>8 times (8)</p> <p>2 times in the year (1)</p>
<p>Quality</p> <p>Enforcement action taken in accordance with the law, including the requirements of natural justice.</p>	<p>100% compliance (100%)</p>
<p>Timeliness</p> <p>Complete enforcement work promptly:</p> <ul style="list-style-type: none"> • Significant enforcement inquiries completed. • Other enforcement inquiries completed (excluding surveillance inquiries). <p>Advice is provided to the Minister on Rule approvals or proposed changes to Conduct Rules of NZX Ltd. 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>On average, within 6 months of commencement.</p> <p>On average, within 3 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>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>Participation as required.</p>

Performance Measures	2004/05 Performance Standards
<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>Complete special review projects relating to Commission policy on existing or potential new exemptions.</p>	<p>Exemptions: 65 (70)</p> <p>Authorisations: 6 (10)</p> <p>As required.</p> <p>2 (2)</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>
<p>International Recognition</p> <p>Quantity</p> <p>Participate actively in the work of IOSCO's Executive Committee, President's Committee, Asia Pacific Regional Committee and Implementation Committee on Objectives and Principles of Securities Regulations.</p> <p>The Commission will meet regularly with overseas market participants.</p> <p>Contribute towards implementation of the Financial Sector Assessment Program recommendations for New Zealand.</p>	<p>Participation as required.</p> <p>Meet and confer as required.</p> <p>Contribute.</p>

Performance Measures	2004/05 Performance Standards
<p>Quality</p> <p>The Commission will aim to present itself as a constructive and co-operative member of the international community of regulators. Any views expressed to IOSCO will take into account the relevant New Zealand values and principles.</p>	<p>The Commission will base its presentations and views, to the international community of regulators, on sound research, consultation and analysis.</p>
<p>Timeliness</p> <p>Attendance at meetings and responses to committees provided within agreed timeframes.</p> <p>Undertake work on behalf of overseas enforcement agencies, within agreed time frames.</p>	<p>100% (100%)</p> <p>100% (100%)</p>
<p>Public Understanding and Market Presence</p> <p>Quantity</p> <p>Publish "The Bulletin".</p> <p>Deal with inquiries from the public.</p> <p>Manage the Commission's website.</p> <p>Maintain relationships with the news media.</p> <p>Develop and implement a public education programme.</p>	<p>4 times a year (4 times a year)</p> <p>1,300 a year (2,000 a year)</p> <p>Website is available.</p> <p>Liaison as required.</p> <p>Develop and implement remaining sub-projects.</p>
<p>Quality</p> <p>"The Bulletin" is interesting and relevant.</p> <p>Education programme meets target objectives.</p> <p>Inquiries are dealt with effectively.</p> <p>Information on the website is relevant and accurate.</p> <p>Relationships with the news media are constructive.</p>	<p>80% of reader response to survey.</p> <p>Remaining programme objectives met.</p> <p>Effective.</p> <p>Relevant and accurate.</p> <p>Constructive.</p>
<p>Timeliness</p> <p>"The Bulletin" is produced on time.</p> <p>Education programme development is achieved to agreed timetable.</p> <p>Inquiries are handled within 5 working days of receipt.</p> <p>Information on the website is up to date.</p> <p>Meetings with and responses to media meet agreed timetable.</p>	<p>January/April/July/October</p> <p>Achieve remaining development milestones.</p> <p>100% (100%)</p> <p>At all times.</p> <p>At all times.</p>

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$5,896,000
2003/04	Total output class to be provided within (GST inclusive)	\$5,342,000

Provider

Securities Commission.

Registration Regime for Architects

The Minister of Commerce will purchase from the Architects Education and Registration Board work on the development of competencies for architects proposed under the Architects Bill.

Performance measures

Performance measures associated with the development of competencies for Architects will be delivered in accordance with the term agreed by the Minister of Commerce.

Cost

2004/05	Total output class to be provided within (GST inclusive)	\$253,000
2003/04	New item for 2004/05 - no comparative data available.	

Provider

Architects Registration Board.

Part E - Explanation of Appropriations for Capital Flows

Part E1 - Capital Contributions

The capital contribution provides additional funding to the Building Industry Authority for working capital purposes until access to previous levy reserves is possible. Access to these reserves is through proposed provisions in the Building Amendment Bill.

Net Worth of Entities Owned

Statement of Estimated and Forecast Net Worth

	Balance Date	Estimated Net Worth 2004 \$ million	Forecast Net Worth 2005 \$ million
Crown Entities:			
Accounting Standards Review Board	30 June	0.010	0.010
Building Industry Authority	30 June	10.669	See Note 1
Charities Commission	30 June	0.000	1.367
Commerce Commission	30 June	3.400	3.400
Securities Commission	30 June	3.278	3.277
Standards Council	30 June	3.100	3.300
Takeovers Panel	30 June	1.003	0.905
Testing Laboratory Registration Council (TELARC)	30 June	2.900	3.200

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	2003/04		2004/05	Description of 2004/05 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Current Revenue				
Non-Tax Revenue				
Accounting Standards Review Board	684	684	753	Recovery of costs from fees payable under section 5 of the Financial Reporting Order 1994.
Proceeds of Crime	1,378	1,378	250	Revenue collected under the Proceeds of Crime Act 1991.
Total Non-Tax Revenue	2,062	2,062	1,003	
Total Current Revenue	2,062	2,062	1,003	
Capital Receipts				
Return of Capital Invested	440	440	-	Dividend proceeds from the Greenstone Fund.
Total Capital Receipts	440	440	-	
Total Crown Revenue and Receipts	2,502	2,502	1,003	

