

VOTE *Commerce*

Commerce

Overview

Appropriations sought for Vote Commerce in 2005/06 total \$72.590 million. This amount is to be applied as follows:

Departmental Appropriations

Appropriations for departmental output expenses total \$45.372 million (62.5% of the Vote). This is sought to purchase services from the Ministry of Economic Development including:

- \$9.101 million (12.5% of the Vote) for policy advice on business and competition.
- \$352,000 (0.5% of the Vote) for administering import legislation.
- \$1.099 million (1.5% of the Vote) for administration of trade remedies.
- \$9.323 million (12.9% of the Vote) for registration and granting of intellectual property rights by the Intellectual Property Office and granting of plant variety rights by the Plant Variety Rights Office.
- \$9.141 million (12.6% of the Vote) for administration of insolvencies.
- \$16.356 million (22.5% of the Vote) for registration and provision of statutory information.

Non-Departmental Appropriations

Appropriations sought for non-departmental output expenses total \$21.664 million (29.8% of the Vote). These relate to the role of the Commerce Commission, the Securities Commission, the Takeovers Panel, and the Accounting Standards Review Board. Details are given under Part C.

Appropriations sought for non-departmental other expenses total \$5.554 million (7.7% of the Vote). These relate to the Crown's membership in various organisations associated with the activities within Vote Commerce and possible litigation activities for the Commerce Commission, the Securities Commission and the Takeovers Panel.

Crown Revenue and Receipts

The Crown is forecast to collect \$1.080 million in 2005/06.

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

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 are, directly or indirectly, 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. This work is being pursued in the following broad strategic context:

- the international convergence of norms and rules and the need to ensure that New Zealand's regulatory approaches and technical infrastructure reflect the evolving expectation around these approaches, support innovation and economic development
- advancing the concept of a single economic market with Australia
- the emerging implications of the growth of China's economy, its interaction with New Zealand's, the negotiation of a bilateral free trade agreement and development of ways to deepen regulatory cooperation and business
- the priority that must be accorded the multilateral efforts to improve market access and trade rules under the DOHA round, and
- ensuring that the implementation of environmental regulation, in particular the Resource Management Act 1991 (RMA) and the Hazardous Substances and New Organisms Act 1996 (HSNO), is targeted, effective, and reflect economic development perspectives.

Appropriations Linkages to the Government's Outcomes

Departmental output expenses

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 the International Linkages SP: Improving the international linkages that allow firms to benefit from trade, knowledge transfer and investment; and the Regulatory Environment SP: Strengthening the growth focus in 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 Appropriations 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 approximately 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.
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 approximately 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 and research (in conjunction with the Ministry for the Environment and other interested parties) on measures to improve the RMA, and on measures to improve the operation of the HSNO.</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>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>
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 expenses

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

Crown Entity	Contribution to Economic Growth
<p>Accounting Standards Review Board (ASRB)</p> <p>The ASRB approves New Zealand's financial reporting standards under the Financial Reporting Act 1993. They also have a new role in the adoption of international accounting standards and, with Australia, influencing the development of those standards.</p>	<p>The ASRB contributes to the improvement and the quality of external financial reporting in the public and private sectors giving investors, creditors, analysts and regulatory authorities confidence in the information provided in financial reports, thereby enhancing the integrity of the market.</p>
<p>Commerce Commission</p> <p>The Commerce Commission is a competition and regulatory agency. Funded through Vote Commerce, the Commission enforces the:</p> <ul style="list-style-type: none"> • Commerce Act 1986, excluding Part 4A • Fair Trading Act 1986 • Electricity Industry Reform Act 1988 • Dairy Industry Restructuring Act 2001, and • Credit Contracts and Consumer Finance Act 2003. <p>In addition, the Commission enforces the:</p> <ul style="list-style-type: none"> • Telecommunications Act 2001 funded through Vote Communications, and • Commerce Act, Part 4A electricity sector regulation funded through Vote Energy. 	<p>The legislative framework the Commission operates under protects 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. Through implementation of the legislation the Commission:</p> <ul style="list-style-type: none"> • encourages markets that are dynamic and provide goods and services at competitive prices • gives consumers confidence in the accuracy of information they receive when making choices, and • encourages regulated industries to invest appropriately and share efficiency gains with consumers.
<p>Securities Commission</p> <p>The Securities Commission is New Zealand's securities regulator. It enforces the Securities Act 1978 and Securities Markets Act 1988.</p>	<p>The Securities Commission strengthens confidence in New Zealand's capital markets, both in New Zealand and overseas, by promoting the efficiency, integrity and cost effective regulation of these markets, thereby fostering capital investment in New Zealand.</p>
<p>Takeovers Panel</p> <p>The Takeovers Panel is established under the Takeovers Act 1993 and enforces the Takeovers Code.</p>	<p>Enforcement of the Code ensures equal treatment of shareholders and a transparent takeover process, resulting in reduced transaction costs for domestic and international investors and increasing confidence in the integrity of our market.</p>

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

Part A2 - Trends in Vote Commerce

Departmental Output Trends: 2000/01 - 2005/06

Expenditure for classes of outputs increased between 2000/01 and 2005/06, reflecting a number of activities including:

- 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 2004/05 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 upgrading the Companies Office Electronic Register (BIZNET), costs associated with the implementation of the Motor Vehicle Traders Register, 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
- funding for the Securities Commission to enable it to pilot a scheme to review financial reporting practices of public issuers; establish a public education programme (both paid for from surpluses in the memorandum account operated in Vote Commerce departmental output expense Registration and Provision of Statutory Information); and to effectively regulate futures markets
- funding for the APEC Seminar of the Fire Safe use of Timber in Construction, and
- funding for posting a senior MED advisor to Canberra to strengthen resource investment in economic integration with Australia.

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

Appropriation Changes from 2005/06

Further increases between 2004/05 and 2005/06 mainly reflect the decisions agreed as part of the 2005 Budget.

Increases include funding to the Commerce Commission, and Takeovers Panel to strengthen their capability to meet increased responsibilities. Furthermore, an additional increase is to address MED capability requirements associated with its responsibilities for international connections, single economic market and business law activities, which is offset in part by the transfer of building policy work from MED to the Department of Building and Housing.

For further details of new initiatives agreed as part of the 2005 Budget, refer to the “New Policy Initiatives by Appropriation” table below.

Other expenses

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

The decrease in 2005/06 reflects the transfer of the Building Industry litigation costs to the Department of Building and Housing, the transfer of the Charities Commission Litigation costs to the Department of Internal Affairs, and an increase in 2004/05 to meet additional costs of major Commerce Commission litigation activity in 2004/05.

These reductions are offset in part by an increase in Commerce Commission Litigation funding in 2005/06 to provide the Commission with adequate funding to meet forecast litigation activity.

Crown revenue and capital receipts

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

Capital contributions

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

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

One off funding in 2004/05 reflected 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 and the establishment of the Charities Commission.

New Policy Initiatives by Appropriation

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2004/05	2005/06	2006/07	2007/08	2008/09
Increasing the capability of the Commerce Commission	Non-Departmental Output Expense - Enforcement of General Market Regulation	-	4,267	4,978	5,244	5,600
Increasing the capability of the Takeovers Panel to meet obligations under the Securities Legislation Bill	Non-Departmental Output Expense - Administration of the Takeovers Code	84	439	439	439	439
Securities Commission - increasing international role	Non-Departmental Output Expense - Performance of Securities Market Function	-	231	231	231	231
International travel in support of WTO and CEP/FTA negotiations	Departmental Output Expense - Policy Advice - Business and Competition	446	125	105	103	34
Establish a Steering Group on the Regulation of Financial Intermediaries	Departmental Output Expense - Policy Advice - Business and Competition	307	-	-	-	-
Work-Based Savings Scheme - Engage Legal Advice	Departmental Output Expense - Policy Advice - Business and Competition	-	100	-	-	-
Additional Charities Commission Establishment costs	Departmental Output Expense - Policy Advice - Business and Competition	231	-	-	-	-
	Non-Departmental Output Expense - Regulation of Charities	1,223	-	-	-	-
Increase the capability for the provision of policy advice	Departmental Output Expense - Policy Advice - Business and Competition	332	800	800	800	800
Accounting Standards Review Board in progressing the adoption of international accounting standards	Non-Departmental Output Expense - Approval and Review of Financial Reporting Standards	-	200	200	200	200
Commerce Commission Litigation Fund - to meet additional costs associated with forecast new litigation costs	Other Expenses to be Incurred by the Crown - Commerce Commission Litigation Fund	2,435	1,244	-	-	-
Total Initiatives		5,058	7,406	6,753	7,017	7,304

Trends in Vote Commerce - Summary of Financial Activity

	2000/01	2001/02	2002/03	2003/04	2004/05		2005/06 Appropriations to be Used				2006/07	2007/08	2008/09	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Appropriations														
Output Expenses	51,512	54,667	55,987	61,416	66,474	65,137	45,372	-	21,664	-	67,036	68,076	68,303	68,613
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	1,121	670	1,193	4,369	6,321	4,999	-	-	5,554	-	5,554	3,219	2,985	2,985
Capital Expenditure	-	-	-	5,006	1,867	1,867	-	-	-	-	-	-	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
Total Appropriations	52,633	55,337	57,180	70,791	74,662	72,003	45,372	-	27,218	-	72,590	71,295	71,288	71,598
Crown Revenue and Receipts														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	409	119	3,667	2,754	1,153	1,153	N/A	N/A	N/A	N/A	1,080	1,080	1,080	1,080
Capital Receipts	-	-	-	440	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Total Crown Revenue and Receipts	409	119	3,667	3,194	1,153	1,153	N/A	N/A	N/A	N/A	1,080	1,080	1,080	1,080

Part B - Statement of Appropriations

Part B1 - Details of Appropriations

	2004/05				2005/06		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2005/06 Appropriations
Departmental Output Expenses (General)							
Policy Advice - Business and Competition	10,500	-	10,500	-	9,101	-	- 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	352	-	352	-	352	-	- Assessing applications by importers to be exempted from import duties under the tariff concessions policy.
Administration of Trade Remedies	1,042	-	1,042	-	1,099	-	- 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	9,498	-	9,118	-	9,323	-	- 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	9,089	-	8,839	-	9,141	-	- Administration of insolvencies and proceeds of crime orders.
Registration and Provision of Statutory Information	16,848	-	16,752	-	16,356	-	- 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	280	-	280	-	-	-	Provision of services relating to the registration of builders and designers. No appropriation is sought under Vote Commerce in 2005/06.
Total Appropriations for Departmental Output Expenses (General)	47,609	-	46,883	-	45,372	-	
Non-Departmental Output Expenses							
Administration of the Takeovers Code	1,072	-	1,072	-	1,344	-	The performance of statutory functions by the Takeovers Panel as specified in the Takeovers Act 1993.
Approval and Review of Financial Reporting Standards	753	-	753	-	830	-	Reviewing and approving financial reporting standards, and work relating to the international harmonisation of financial reporting standards.
Enforcement of Dairy Sector Regulation	905	-	905	-	905	-	Commerce Commission funding for dispute resolution relating to and enforcement of the Dairy Industry Restructuring Act 2001 and related regulations.
Enforcement of General Market Regulation	9,671	-	9,671	-	12,602	-	The promotion of competition and fair trading through the administration, enforcement and adjudication activities undertaken by the Commerce Commission.
Performance of Securities Market Functions	5,241	-	5,241	-	5,983	-	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.
Regulation of Charities	1,223	-	612	-	-	-	The establishment of a Charities Commission charged with educating and supporting the not-for-profit sector and implementing a registration, reporting and monitoring regime for charities. No appropriation is sought under Vote Commerce in 2005/06.
Total Appropriations for Non-Departmental Output Expenses	18,865	-	18,254	-	21,664	-	

Part B1 - Details of Appropriations (continued)

	2004/05				2005/06		
	Budget		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	Scope of 2005/06 Appropriations
Other Expenses to be Incurred by the Crown							
Building Industry Litigation Costs	372	-	372	-	-	-	To meet the cost of litigation activity undertaken by the Building Industry Authority arising from weathertightness issues. No appropriation is sought under Vote Commerce in 2005/06.
Charities Commission Litigation Fund	222	-	-	-	-	-	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. No appropriation is sought under Vote Commerce in 2005/06.
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 Basle Convention.
Commerce Commission Litigation Fund	3,935	-	2,835	-	3,367	-	To meet the cost of major litigation activity undertaken by the Commerce Commission arising from its general market or sector specific enforcement activities outside the normal routine or scope of its general litigation activity. Criteria for the use of the fund are set out in the annual Output Agreement.
Risk Capital Fund - Directors' Fees	5	-	5	-	5	-	Payment of directors' fees for attendance at meetings.
Securities Commission Litigation Fund	1,239	-	1,239	-	1,218	-	To meet the cost of major litigation activity undertaken by the Securities Commission arising from it carrying out functions under the Securities and Markets Act. Criteria for the use of the fund will be set out in the annual Output Agreement.

Takeovers Panel Litigation Fund	28	-	28	-	444	-	To meet the cost of major litigation activity undertaken by the Takeovers Panel arising from it carrying out functions under the Takeovers Act 1993 and the Takeovers Code. Criteria for the use of the fund will be set out in the annual Output Agreement.
Total Appropriations for Other Expenses to be Incurred by the Crown	6,321	-	4,999	-	5,554	-	
Capital Expenditure							
Investment in Building Industry Authority	500	-	500	-	-	-	To ensure the Building Industry Authority's working capital position is sustainable in the medium term until access to previous levy reserves is possible. No appropriation is sought under Vote Commerce in 2005/06.
Investment in the Charities Commission	1,367	-	1,367	-	-	-	Equity funding for the establishment of the Charities Commission. No appropriation is sought under Vote Commerce in 2005/06.
Total Appropriations for Capital Expenditure	1,867	-	1,867	-	-	-	
Total Appropriations	74,662	-	72,003	-	72,590	-	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

Policy Advice - Business and Competition

This appropriation provides 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 appropriation 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
- monitoring, advice and appointments to Crown entities and Statutory Boards.

Administration of Part II Tariff Concessions

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

Administration of Trade Remedies

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

Outputs in this class are:

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

Registration and Granting of Intellectual Property Rights

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

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

Administration of Insolvencies

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

Outputs in this class are:

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

Registration and Provision of Statutory Information

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

Outputs in this class are:

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

Part C2 - Non-Departmental Output Expenses

Administration of the Takeovers Code

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

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

Performance measures

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

Performance Measures	2005/06 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.	40	(36)
Applications for consent to withdrawal of offers, and in relation to defensive tactics.	4	(4)

Performance Measures	2005/06 Performance Standards	
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	(24)
Class exemptions from the Takeovers Code.	4	(4)
Quality Applications processed in accordance with the law, the rules of natural justice and having regard to feedback from market participants.	100	(100%)
Timeliness Within timeframe agreed with applicants.	100%	(100%)
Enforcement Quantity Review of offer documents.	20	(16)
Review of meeting documents.	20	(16)
Section 32 meetings.	8	(5)
Section 35 actions.	1	(1)
Investigation of possible Code breaches.	35	(20)
Quality Documents reviewed for compliance with the law. Remedial action initiated to correct deficiencies.	90%	(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%)

Performance Measures	2005/06 Performance Standards
<p>Review of Market Practice</p> <p>Quantity and quality</p> <p>Keep under review practices relating to takeover activities.</p> <p>Inquiries into market practice with a view to recommending amendments to the Takeovers Code.</p>	<p>Continuous</p> <p>3 (2)</p>
<p>Timeliness</p> <p>Complete inquiry work promptly.</p>	<p>Review work to be based on accurate research into, and review of, existing practices, including feedback from market participants.</p>
<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(3)</p> <p>3 times a year(3)</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 200 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

2005/06	Total appropriation to be provided within (GST exclusive)	\$1,344,000
2004/05	Total appropriation to be provided within (GST exclusive)	\$1,072,000

Provider

Takeovers Panel.

Approval and Review of Financial Reporting Standards

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

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

Performance Measures

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

Performance Measures	2005/2006 Performance Standards	
Approval of Financial Reporting Standards		
Quantity		
Number of applications for standards.	10	(20)
Number of applications for determinations of authoritative support.	1	(1)
Number of applications for exposure drafts.	5	(2)
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%)

Performance Measures	2005/2006 Performance Standards
<p>International Harmonisation</p> <p>Quantity and quality</p> <p>Contribute to the international harmonisation of financial reporting standards, through participating in meetings of relevant international bodies.</p>	<p>The ASRB or contracted nominees will attend relevant meetings, including those of:</p> <ul style="list-style-type: none"> • the Australian Accounting Standards Board (AASB) • the International Accounting Standards Board (IASB) and IASB Foundation • the International Federation of Accountants Public Sector Committee (IFAC PSC) • the IASB project group dealing with financial reporting by Small and Medium-sized Enterprises (SME project) • the Financial Reporting Council (FRC), and • the TASAG Group. <p>Attendance will be followed by a report to the ASRB to enable it to assess progress on deliverables and to decide on further action. The ASRB will report half yearly to the MED on its performance.</p>
<p>Timeliness</p> <p>Attendance at meetings and responses to relevant bodies provided within agreed timeframes.</p>	100%
<p>Adoption of International Financial Reporting Standards</p> <p>Quantity and quality</p> <p>Make further recommendations for financial reporting law reform to facilitate the adoption of international financial reporting standards (IFRS) in New Zealand from 1 January 2007 (with early adoption from 1 January 2005).</p> <p>Participate as required on projects and reviews with MED, other government departments and interested parties.</p>	<p>The ASRB will base its work on accurate research into, and analysis of, the existing law and practice, and will take into account feedback from consultation with market participants.</p> <p>The ASRB or contracted nominees will attend and participate in meetings with the Trans Tasman Accounting Standards Advisory Group.</p>
<p>Timeliness</p> <p>Provide information and responses to the Ministry of Economic Development and others within agreed timeframes.</p>	100% (100%)

Cost

2005/06	Total appropriation to be provided within (GST exclusive)	\$830,000
2004/05	Total appropriation to be provided within (GST exclusive)	\$753,000

Provider

Accounting Standards Review Board.

Enforcement of Dairy Sector Regulation

This appropriation covers the cost of purchasing of services to:

- conduct enforcement activities under the Dairy Industry Restructuring Act (DIR Act) into behaviour that appears to be in breach of the DIR Act or of regulations made pursuant to the DIR Act
- consider applications for determinations from parties in dispute with Fonterra concerning Fonterra's obligations under the DIR Act 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 DIR Act.

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

Performance Measures	2005/2006 Performance Standards	
Quantity		
Dairy Industry Behaviour Investigations closed	0 - 2	(3 - 7)
Dairy Industry Behaviour Determinations closed	0 - 2	(1 - 3)
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

2005/06	Total appropriation to be provided within (GST exclusive)	\$905,000
2004/05	Total appropriation to be provided within (GST exclusive)	\$905,000

Provider

Commerce Commission.

Enforcement of General Market Regulation

This appropriation covers the cost of purchasing of services for the promotion of competition and fair trading under the Commerce Act 1986 (excluding Part 4A), the Fair Trading Act 1986, the Electricity Industry Reform Act 1998 (EIR Act) and the Credit Contracts and Consumer Finance Act 2003 (CCCF Act). These services are for the:

- conduct of enforcement investigations relating to anti-competitive market behaviour, anti-competitive mergers and acquisitions, misleading and deceptive conduct, false representation and unfair practices, compliance with consumer safety and information standards and compliance with credit laws
- conduct of adjudication services in response to applications to the Commerce Commission for rulings relating to authorisation of co-ordinated 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 EIR Act
- 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.

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

Performance Measures	2005/2006 Performance Standards	
Quantity		
Competition:		
Market Behaviour Investigations (Completed)	35 - 45	(40 - 50)
Market Structure Investigations (Closed)	25 - 30	(20 - 25)
Restrictive Trade Practice Authorisations (Decided)	0 - 2	(0 - 2)
Business Acquisition Clearances (Decided)	25 - 30	(25 - 30)
Market Structure Authorisations (Decided)	0 - 3	(0 - 3)
Decisions to take Civil Proceedings	0 - 2	(0 - 2)
Decisions to take Criminal Prosecutions	0 - 1	N/A
Appeals filed against/reviews of Commission decisions	3 - 5	(3 - 5)

Performance Measures	2005/2006 Performance Standards	
Consumer:		
Fair Trading Investigations (Closed)	325 - 345	(335 - 345)
Standards Investigations (Closed)	60 - 70	(60 - 70)
Decisions to take Civil Proceedings	0 - 3	(0 - 3)
Decisions to take Criminal Prosecutions	25 - 35	30 - 35
Credit Contracts:		
CCCFA Investigations (Closed)	20 - 30	N/A
Decisions to take Civil Proceedings	0 - 3	N/A
Decisions to take Criminal Prosecutions	1 - 3	N/A
Reports to the Minister:		
Regulatory Control Reports completed	(0)	(0)
Quality		
<ul style="list-style-type: none"> Successful challenges to the Commission's processes during the course of an investigation/adjudication or report to the Minister. 	Nil	(Nil)
<ul style="list-style-type: none"> Judgements with no adverse comment on the Commission's conduct of litigation. 	100%	(100%)
Timeliness		
<ul style="list-style-type: none"> Average elapsed time for closing investigations/adjudications within stated standards. 	100%	(100%)

Cost

2005/06	Total appropriation to be provided within (GST exclusive)	\$12,602,000
2004/05	Total appropriation to be provided within (GST exclusive)	\$9,671,000

Provider

Commerce Commission.

Performance of Securities Market Functions

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

- Enforcement - inquiring into suspected breaches of securities law and intervening in the interests of investors in accordance with its statutory powers.
- Monitoring and market oversight - maintaining oversight of securities market activity and taking actions in accordance with its statutory powers.
- Enforcement-based law and practice reform - reviewing securities law and practice and making recommendations for reform.

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

Performance measures

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

Performance Measures	2005/2006 Performance Standards	
Enforcement		
Quantity		
Enforcement and surveillance inquiries completed, with a focus on insider trading, substantial security holder disclosure, illegal/unacceptable practices, futures dealers, and financial reporting by issuers.	160	(150)
Significant enforcement inquiries commenced.	6	(6)
Cases in the High Court.	2	(2)
Quality		
Enforcement action taken in accordance with the law, including the requirements of natural justice.	100% compliance (100%)	
Timeliness		
Complete enforcement work, within agreed time.	100%	(100%)
<ul style="list-style-type: none"> • Complete enforcement/surveillance work promptly: <ul style="list-style-type: none"> – Significant enforcement/surveillance inquiries completed, in aggregate. – Other enforcement/surveillance inquiries completed, in aggregate. 	<p>On average, within 6 months of commencement.</p> <p>On average, within 3 months of commencement.</p>	

Performance Measures	2005/2006 Performance Standards	
<p>Monitoring and Market Oversight</p> <p>Quantity</p> <p>Surveillance inquiries completed, with a focus on insider trading, substantial security holder disclosure, illegal/unacceptable practices, futures dealers, and financial reporting by issuers.</p> <p>Consider and comment on continuous disclosure applications under the Memorandum of Understanding with the New Zealand Stock Exchange (NZX) Ltd.</p> <p>Advise the Minister on proposed changes to Conduct Rules of NZX Ltd.</p>	As required	(As required)
	8 times	(8)
	2 times in the year	(1)
<p>Quality</p> <p>Monitoring and market oversight activities undertaken in accordance with the law, including the requirements of natural justice.</p>	100% compliance	(100%)
<p>Timeliness</p> <p>Complete monitoring and market oversight work promptly, within agreed time.</p> <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>	100%	(100%)
	100%	(100%)
<p>Enforcement Based Law and Practice Reform</p> <p>Quantity</p> <p>Make recommendations for securities law reform and market practice in accordance with obligations under the Securities Act 1978 and other relevant legislation.</p> <p>Review exposure drafts of financial reporting and auditing standards, and Financial Reporting Act.</p> <p>Participate on projects and reviews with the Ministry of Economic Development, other government departments and interested parties.</p>	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.	
	Review as required.	
	Participation as required.	
<p>Quality</p> <p>Reform recommendations are appropriate, given the prevailing securities law and practice.</p>	The Commission will base its work on thorough and accurate research into, and analysis of, the existing law and practice.	
<p>Timeliness</p> <p>Provide information and responses to the Ministry of Economic Development and others within agreed timeframes.</p>	100%	(100%)

Performance Measures	2005/2006 Performance Standards	
<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: 70 (65)</p> <p>Authorisations: 10 (6)</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>	100%	(100%)
<p>Timeliness</p> <p>Percentage of exemption applications and authorisations completed within 6 weeks, or within otherwise agreed target period.</p>	100%, as agreed with applicants.	
<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 regulators and institutional investors.</p> <p>Contribute towards trans-Tasman initiatives and implementation of the Financial Sector Assessment Program recommendations for New Zealand.</p>	<p>Participated, as required.</p> <p>Met and conferred, as required.</p> <p>Contributed.</p>	
<p>Quality</p> <p>The Commission will aim to present itself as a constructive and co-operative member of the international community of regulators. Views expressed to IOSCO will take into account the relevant New Zealand values and principles.</p>	The Commission will base its presentations and views to the international community of regulators on sound research, consultation and analysis.	
<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%</p> <p>100%</p>	<p>(100%)</p> <p>(100%)</p>

Performance Measures	2005/2006 Performance Standards
Public Understanding and Market Presence Quantity Publish "The Bulletin". Deal with inquiries from the public. Manage the Commission's website. Maintain relationships with the news media. Continue the Commission's public education programme.	4 times a year (4 times a year). 1,400 a year (1,300 a year). Website is available. Liaison as required. Develop and implement approved sub-projects.
Quality "The Bulletin" is interesting and relevant. Education programme meets target objectives. Inquiries are dealt with effectively. Information on the website is relevant and accurate. Relationships with the news media are constructive.	80% of reader response to survey. Objectives of sub-projects met. Absence of material number of complaint. Accuracy and relevance of content. Commission and media enjoy mutual respect.
Timeliness "The Bulletin" is produced on time. Education programme development is achieved to agreed timetable. Inquiries are handled within 5 working days of receipt. Information on the website is up to date. Meetings with and responses to media meet agreed timetable.	January/April/July/October. Achieve sub-projects milestones. 100% (100%) At all times. At all times.

Cost

2005/06	Total appropriation to be provided within (GST exclusive)	\$5,983,000
2004/05	Total appropriation to be provided within (GST exclusive)	\$5,241,000

Provider

Securities Commission.

Part E - Explanation of Capital Flows

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

	Balance Date	Estimated Net Worth 2005 \$ million	Forecast Net Worth 2006 \$ million
Crown Entities:			
Accounting Standards Review Board	30 June	0.010	0.010
Commerce Commission	30 June	4.600	4.600
Securities Commission	30 June	3.276	3.274
Standards Council	30 June	3.749	4.161
Takeovers Panel	30 June	0.954	0.954
Testing Laboratory Registration Council (TELARC)	30 June	3.246	3.278

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Receipts

	2004/05		2005/06	Description of 2005/06 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Current Revenue				
Non-Tax Revenue				
Accounting Standards Review Board	753	753	830	Recovery of costs from fees payable under section 5 of the Financial Reporting Order 1994.
Proceeds of Crime	400	400	250	Revenue collected under the Proceeds of Crime Act 1991.
Total Non-Tax Revenue	1,153	1,153	1,080	
Total Current Revenue	1,153	1,153	1,080	
Total Crown Revenue and Receipts	1,153	1,153	1,080	

