



## Office of Hon Hekia Parata

Acting Minister of Energy and Resources  
Minister of Women's Affairs  
Minister for Ethnic Affairs

Associate Minister for ACC  
Associate Minister of Energy and Resources  
Associate Minister for the Community and Voluntary Sector

14 NOV 2011

Dr Brent Layton  
Chair  
Electricity Authority  
PO Box 10041  
WELLINGTON 6143

Tēnā koe Brent

### **ANNUAL LETTER OF EXPECTATIONS**

I would like to convey my expectations as the Electricity Authority begins its planning for development of the 2012-2015 Statement of Intent. These expectations are intended to aid the Authority's direction and are an integral part of the accountability framework of the Crown Entities Act 2004. As responsible Minister, I am accountable to the House of Representatives for your performance. This letter complements the enduring letter of expectations the Minister of Finance and Minister of State Services sent to Crown entity chairs on 22 December 2008. I expect the Authority to act in accordance with the expectations set out in that letter as well.

#### ***Work programme***

I appreciate the Authority's focus for its first year of operation has been on meeting the requirements of section 42 of the Electricity Industry Act 2010 and implementing new functions and engaging with the sector. Completing any unfinished work in relation to section 42 and implementing associated code amendments will be your priority for 2012/13. Equally I expect there to be a significant focus on progressing, and where possible completing, on-going work in relation to other outcomes of the 2009 Ministerial Review of the electricity market. A summary of the decisions arising from the review was attached to last year's letter of expectations.

I am aware that the Authority is well advanced with planning to determine its future work programme once the priorities above are completed, and I look forward to engaging with you on this.

#### ***Ensuring value for money***

I want to emphasise that it is a priority for the Government that all Crown entities remain focussed on the value for money of all expenditure. An important part of the government's economic and fiscal strategies is a focus on reducing government contribution to non-tradable inflation. The Government expects the Boards of all Crown entities that collect levies and charges to be able demonstrate what they are doing to reduce costs and thereby third party charges. As part of this exercise the Government is looking at the possibility of requiring Crown entities to publish the costs on which they base their cost recovery. This measure will encourage levy payers to scrutinise the efficiency of Crown entities and their contribution to reducing household and business costs.

Although the Authority's levy funded activities are subject to appropriations and the usual scrutiny that appropriations are subject to, I am passing this information on to you in order to demonstrate the Government's commitment to reducing business and household costs.

Underpinning this message are three objectives driving the Government's state sector change programme:

- **Clear priorities:** focusing on the things that matter to New Zealanders, including providing high quality, cost effective and customer-focussed frontline services;
- **High quality services:** ensuring that services are modern, responsive, business like, and provide good value for money; and
- **Reducing waste:** ensuring that government administration is as efficient, streamlined, and well organised as it can be.

### ***Engagement with Government***

I appreciate the constructive relationship between the Authority and MED and I expect this to continue. I expect the Authority to work with MED to maintain a "no surprises policy", and I expect to be informed well in advance of any material or significant events, transactions, and other issues that could be considered contentious or attract wide public interest, whether positive or negative.

Thank you for the efforts made by you and the Authority Board.

Heoi anō



Hon Hekia Parata  
**Acting Minister of Energy and Resources**