



Ministry for Regulation
Te Manatū Waeture

G.77

Report on Appropriations

Period: 1 March 2024 to 30 June 2024



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Statement of Appropriation 2023/24

Formation of the Ministry for Regulation

The establishment of the Ministry for Regulation

“The new Ministry will be a central agency responsible for ensuring New Zealand's regulatory systems are consistent with good regulatory principles and practice. Core functions of the new Ministry will include evaluating proposals for new regulation, conducting regulatory sector reviews, and producing omnibus bills to implement the findings of sector reviews. The Ministry will also have strategic co-ordination and oversight of the Regulatory Management System (including the RIA system), provide guidance for other agencies in their role as regulatory stewards, and advise on New Zealand's international good regulatory practice obligations.

On 23 January 2024, Cabinet agreed to establish the new agency effective from 1 March 2024.”

Under section 45I of the Public Finance Act 1989, the new Ministry for Regulation has been granted an exemption to provide a 2023/24 Annual Report.

Instead, the Ministry in its first Annual Report will cover the 2024/25 financial year and the period 1 March – 30 June 2024.

As the Ministry is administering an appropriation in 2023/24, it is required by section 45I(2), after the end of the 2023/24 financial year to provide statements of expenses and capital expenditure for the appropriation.

Statement of Responsibility

I am responsible, as Chief Executive of the Ministry for Regulation (the Ministry), for:

- the preparation of the Ministry's report on statement of expenditure against appropriations, statement of capital injections against appropriations, and statements of unappropriated expenditure and capital injections;
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19B and 19C of the Public Finance Act 1989;
- ensuring that after the end of this financial year, the statement and details as required by section 45A are provided and audited as if they were an annual report; and
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the above mentioned information.

In my opinion:

- the above-mentioned statements have been prepared in accordance with sections 19C and 45A, taking into account the exemption provided by the Minister of Finance under section 45I(1).



Gráinne Moss
Chief Executive
30 September 2024

Appropriation Statements

The following are statements of budgeted and actual expenses and capital incurred against the Ministry's appropriation.

The appropriation statements of the Ministry have been prepared in accordance with the requirements of the PFA, which include the requirement to comply with Generally Accepted Accounting Practice (GAAP), and Treasury instructions. These statements are for the period from 1 March 2024 to 30 June 2024.

Statement of Actual Expenses and Capital Expenditure Incurred Against Appropriations for the four months ended 30 June 2024

	2024 Actual \$000	2024 Supp. Estimates Unaudited \$000	2025 Forecast Unaudited \$000
Vote Regulation			
<i>Departmental Output Expenses</i>			
Leadership of the Regulatory Quality System	2,120	2,334	16,000
Total Departmental Output Expenses	2,120	2,334	16,000
<i>Departmental Capital Expenditure</i>			
Ministry for Regulation - Capital Expenditure PLA	83	0	0
Total Departmental Capital Expenditure	83	0	0
Total Annual Appropriations and Permanent Appropriations	2,203	2,334	16,000

Statement of Expenses and Capital Expenditure Incurred without, or in excess of, appropriation or other authority for the four months ended 30 June 2024

The Ministry has not incurred any departmental expenses or capital expenditure without, or in excess of appropriation, or other authority.

Statement of Capital Injections for the four months ended 30 June 2024

	2024 Actual \$000	2024 Supp. Estimates \$000	2025 Forecast Unaudited \$000
Capital Injections	2,145	2,145	0

Departmental Appropriations

Leadership of the Regulatory Quality System.

What is Intended to be Achieved with this Appropriation

This appropriation is intended to achieve the work of the Ministry for Regulation to support regulatory system reform; to ensure the quality of new regulation, to improve the functioning of the existing regulatory systems, to raise capability of design and operation of regulatory systems, and enduring improvement of the regulatory system.

Financial information

	2024 Actual \$000	2024 Supp. Estimates Unaudited \$000	2025 Forecast Unaudited \$000
Expenses	2,120	2,334	16,000

Performance measures

The following measures were chosen to reflect the advice that the Ministry was expected to provide the Minister for Regulation on the setup and purpose of the Ministry. There were also key objectives that the establishment team needed to meet to bring the organisation together.

The performance statements of the Ministry have been prepared in accordance with the requirements of the PBE FRS 48.

End of Year Performance Reporting

Performance information for this appropriation is reported by the Ministry for Regulation in the Ministry for Regulation: Report on Appropriations for the period 1 March to 30 June 2024.

Performance Results to June 2024

Assessment of Performance	Actuals	Supplementary Estimates Standard
1 The satisfaction of the Minister for Regulation with the policy advice service, as per the common satisfaction survey	3.39/5	Average score of 4 out of 5 or better
2 The average quality of policy advice papers, using an appropriately robust assessment process, meets a standard of 'acceptable' as defined by quality advice standards	To be undertaken in 2024/25	At least 3.3/5.0
3 The Ministry initiates one regulatory review	Achieved	Achieved
4 This Ministry is established as a legal entity and regulatory functions transitioned from the Treasury and MBIE to the Ministry for Regulation	Achieved	Achieved

Performance commentary:

Measure 1:

The Ministerial Policy Satisfaction Survey was completed by the Minister for Regulation for the six-month period 1 March – 31 August which is a longer period than indicated in the measure. This was to cover the 6 month establishment period rather than the 4 months in the 2023/24 financial year.

Measure 2:

A measure for quality of policy advice papers is unavailable as the Ministry's quality assurance framework has not been operationalised at the time of writing.

Measure 3:

The Ministry initiated its first regulatory review into the Early Childhood Education sector on 5 June 2024.

Measure 4:

The Orders in Council to bring the Ministry for Regulation into legal existence from 1 March 2024 was made on Monday 19 February 2024 and published on 22 February 2024. This order also required regulation management functions be transferred from Treasury and MBIE by 1 May 2024.

Public Service (Ministry for Regulation) Order 2024.

Independent Auditor's Report

To the readers of the Ministry for Regulation's Report on Appropriations for the four months ended 30 June 2024

The Auditor-General is the auditor of the Ministry for Regulation (the Ministry). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the statement of actual expenses and capital expenditure incurred against appropriations, the statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority, and the statement of capital injections of the Ministry on pages 6 and 7 for the four months ended 30 June 2024; and
- the performance information for the appropriation administered by the Ministry for the four months ended 30 June 2024 on pages 8 and 9.

Opinion

In our opinion:

- the statement of actual expenses and capital expenditure incurred against appropriations, the statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority, and the statement of capital injections of the Ministry for the four months ended 30 June 2024 are presented, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the performance information for the appropriations administered by the Ministry for the four months ended 30 June 2024:
 - presents fairly, in all material respects:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the Report on Appropriations, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Ministry for preparing:

- statement of actual expenses and capital expenditure incurred against appropriations, the statement of expenses and capital expenditure incurred without, or in excess of, appropriation or other authority, and the statement of capital injections of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always

detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Supplementary Estimates of Appropriations 2023/24 administered by the Ministry.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of the reported performance information for the appropriation administered by the Ministry.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 5, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry.

A handwritten signature in black ink that reads "Ajay Sharma". The signature is written in a cursive style with a horizontal line underneath the name.

Ajay Sharma
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



Te Kāwanatanga o Aotearoa
New Zealand Government