



Office of Hon Simon Bridges

MP for Tauranga

Minister of Energy and Resources

Minister of Labour

Associate Minister for Climate Change Issues



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11 MAR 2013

Dr Brent Layton
Chair
Electricity Authority
PO Box 10041
WELLINGTON 6143

Dear Brent

ANNUAL LETTER OF EXPECTATIONS

I would like to convey my expectations as the Electricity Authority begins its planning for development of the 2013-2016 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 26 July 2012, a copy of which is attached for your reference. I expect the Authority to act in accordance with the expectations set out in that letter as well.

Work programme

I want to acknowledge the considerable progress the Authority has made since it was established in 2010. I expect the Authority to continue its focus on developments that will strengthen competition and improve investment incentives in electricity markets. Further progress on on-going work in relation to the outcomes of the 2009 Ministerial Review of the electricity market, particularly improvements in demand-side participation in markets, remain a high priority. It is also important to actively monitor performance of the electricity markets as the Government's 2010 electricity reforms bed in.

Improving performance and ensuring value for money

I also want to reiterate the importance that the government places on Crown agencies continually examining ways to lift their performance. The Performance Improvement Framework (PIF) has been developed with the state sector, including Crown entities, in mind. The PIF is a review of an agency's fitness-for-purpose today and for the future. It looks at the current state of an agency, then how well placed it is to deal with the issues that confront it in the medium-term future. It focuses on the areas where the agency needs to do the most work to make itself fit-for-purpose. More information is available from www.ssc.govt.nz/pif. If the Electricity Authority is not using the PIF in external or self-review form to improve performance, then some other benchmarking and continuous improvement approach should be evident or underway.

Associated with this, it remains a priority for the Government that all Crown entities remain focussed on the value for money of all expenditure. The Government is committed to reducing business and household costs and expects the Boards of all Crown entities to be able demonstrate what they are doing to reduce costs.

Engagement with Government

I appreciate the constructive relationship between the Authority and Ministry of Business, Innovation and Employment (MBIE) and I expect this to continue. I expect the Authority to work with MBIE 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 over the 2012/13 year.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S. Bridges', with a long horizontal flourish extending to the right.

Hon Simon Bridges
Minister of Energy and Resources



Office of Hon Bill English

Deputy Prime Minister
Minister of Finance
MP for Clutha-Southland

Dear Board Chairs of Statutory Crown Entities

Enduring Letter of Expectations

This letter replaces the previous letter of expectations that was sent on 22 December 2008 to the chairs of boards of statutory Crown entities. The "no surprises" policy remains in place. No surprises means that the Government expects a board to:

- be aware of any possible implications of their decisions and actions for wider government policy issues
- advise the responsible Minister of issues that may be discussed in the public arena or that may require a ministerial response, preferably ahead of time or otherwise as soon as possible, and
- inform the Minister in advance of any major strategic initiative.

Crown entities must comply with the good employer provisions set out in the Crown Entities Act and maintain standards of integrity and conduct set out in the code of conduct for the State Services at www.ssc.govt.nz/code. We also expect entities to take account of the Government's expectations for Pay and Employment Conditions in the State Sector.

This Government requires effective self monitoring by boards

Your board is the most important monitor of entity performance. We expect boards to provide to responsible Ministers high quality information and analysis on entity performance against plan, implications for future performance, and risks and opportunities facing the entity. We also expect you to have a constructive working relationship with your monitoring department.

.... increased transparency of performance

We want to see boards operate transparently by disclosing non-sensitive entity performance information throughout the year via your websites, following discussion with your responsible Minister.

...and expects State agencies to deliver Better Public Services

The Better Public Services programme (www.ssc.govt.nz/better-public-services) focuses on delivering better results and improved services for New Zealanders. In that context, we expect boards to:

- maintain a thorough understanding of the business and cost drivers of your entities, and look for service improvements within tight fiscal constraints
- take opportunities to work with other agencies on joint procurement, shared services and delivering key results to maximise system-wide efficiency and effectiveness
- look for opportunities to share your ideas on how the State Services can operate more effectively and efficiently.

Yours sincerely

Hon Bill English
Minister of Finance

Hon Dr Jonathan Coleman
Minister of State Services