



Rt. Hon Jim Bolger, ONZ
Chair

Annual General Meeting

19 October 2006
Wellington

- Welcome
- Government Policy Statement
- Gas Industry Co Approach to GPS
- Co-regulatory Model
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Government Policy Statement

- The Gas Industry Co formed at a time when market changes necessitated reform of retail and wholesale markets and improved infrastructure access
- The Minister has set the objectives and outcomes it expects the Gas Industry Co, and the gas industry, to pursue by issuing a GPS
- The Gas Industry Co's core business is to implement the tasks set out in the GPS
- These tasks reflect the Government's assessment of the priority areas for action.

Gas Industry Co Approach

• In delivering the GPS, the Gas Industry Co is committed to:

- clear problem definition and identification of best fit solutions based on the best available information;
- meaningful consultation with all parties likely to be substantially affected by policy reform;
- detailed development work on preferred options, including cost / benefit analysis;
- a focus on long term objectives and outcomes;
- open and transparent decision-making with clear recommendations to the Minister; and
- high standards of accountability to all its stakeholders (including consumers, industry and Government).

Co-regulatory Model

- Model of co-regulation in NZ gas industry is innovative
- Provides gas industry with a good opportunity to develop practical and effective solutions to improve market arrangements
- Gas Industry Co has no powers to direct the industry or compel information disclosure
- Government expects the industry to co-operate, support and contribute voluntarily to GPS work programme
- In this context, a key success factor is the degree of support which industry participants in each sector have for our work programme

Shareholder Support

- Shareholders come from ten diverse businesses:
 - Producers – OMV New Zealand Limited, Shell (Petroleum Mining) Company limited, Swift Energy Limited
 - Pipeline Businesses- Powerco Limited, Vector Limited, Wanganui Gas Limited
 - Wholesale and Retail market participants- Contact Energy, Genesis Power Limited, Mighty River Power Limited
- Some of these companies have interests in other parts of the value chain
- Maintaining a shareholding shows support for and commitment to successful co-regulation for the gas sector.

Support for Policy Design

- Shareholders also support our policy making processes
- As at the end of August, Gas Industry Co has received 73 submissions in response to nine consultation papers
- Six of the company's shareholders (Contact, Genesis, Mighty River Power, Vector, Powerco and Wanganui Gas) have played a particularly active and consistent role in the submissions process
- Also had strong support from shareholders in our working groups, the project teams and the various industry workshops and seminars.

2005/06 Funding

- The Gas Industry Co is conscious that its work is funded by a levy on participants
- Shareholders have also supported the Company through shareholder loans
- We are pleased to report that we have now repaid half of these loans.

	2006/\$	2005/\$ (8 months)
Operating revenue		
Wholesale levy revenue	2,175,520	-
Retail levy revenue	1,772,291	-
Annual fees	100,000	100,000
Other income	175,000	-
Interest received	60,937	15,792
Total operating revenue	4,283,748	115,792

Concluding Remarks

- The Gas Industry Co has transitioned from a start up company to a fully staffed organization
- It is making significant progress on meeting the GPS objectives
- We look forward to your continued support to develop industry arrangements and, where appropriate, rules or regulations.

