

**Australia-New Zealand Policy Framework and
Funding Arrangement**

for the

Equipment Energy Efficiency Program

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AN ARRANGEMENT between:

The COMMONWEALTH OF AUSTRALIA ('the Commonwealth'); and

The NEW ZEALAND GOVERNMENT/ KĀWANATANGA O AOTEAROA ('the New Zealand Government')

Definitions

In the Arrangement, unless the contrary intention appears:

- 'Advisory Team'** means the Energy Efficiency Advisory Team or its successor.
- 'ANZCERTA'** means the Australia New Zealand Closer Economic Relations Trade Agreement.
- 'the Arrangement'** means this document and any enclosed schedules.
- 'COAG Energy Council'** means the Council of Australian Governments' Energy Council or its successor.
- 'DEE'** means the Australian Department of the Environment and Energy or its successor.
- 'EECA'** means the New Zealand Energy Efficiency and Conservation Authority.
- 'E3 Program'** means the Equipment Energy Efficiency Program.
- 'E3 Committee'** means the Equipment Energy Efficiency Committee.
- 'GEMS Intergovernmental Agreement'** means an agreement between Australian State and Territory jurisdictions regarding the administration and funding of the E3 Program under Australia's national Greenhouse and Energy Minimum Standards legislation.
- 'Joint Program Budget'** means the budget for the E3 Program mutually decided between the Participants in accordance with paragraphs 4.3 and 4.4 of the Arrangement.
- 'Participants'** means the Commonwealth and the New Zealand Government.
- 'Regulation'** means 'Technical regulation' as defined in Annex 1 of the TBT Agreement.
- 'Standards'** means 'Standard' as defined in Annex 1 of the TBT Agreement.
- 'TBT Agreement'** means the World Trade Organisation *Agreement on Technical Barriers to Trade*.
- 'TTMRA'** means the Trans-Tasman Mutual Recognition Arrangement.

Objective:

- 1.1. The objective of the Arrangement is to facilitate a consistent approach to energy efficiency standards and regulation in Australia and New Zealand, including minimum energy performance standards and energy rating labels.
- 1.2. The Arrangement will ensure the E3 Program reflects the principles of the ANZCERTA and the TTMRA, and supports the development of a single economic market.
- 1.3. The Arrangement sets out the objectives of Australian and New Zealand collaboration via the E3 Program; roles and responsibilities; principles; administrative arrangements; and the formula for calculating New Zealand's contribution to E3 Program costs. The Arrangement will inform E3 Program operating procedures and guidelines.
- 1.4. Through collaboration via the E3 Program, the Participants will fulfil the following objectives:
 - 1.4.1. Coordinate trans-Tasman energy efficiency policies to improve the efficiency of energy using products and products that affect energy consumption (e.g. window glass and insulation);
 - 1.4.2. Implement strategic issues and direction originating from the responsible Ministerial Council, currently the COAG Energy Council;
 - 1.4.3. Collectively represent the interests of agencies, while recognising that Australia and New Zealand are sovereign states with different international and domestic obligations;
 - 1.4.4. Take account of Australia's and New Zealand's World Trade Organisation obligations, including under Article 2 of the TBT Agreement;
 - 1.4.5. Take account of Australia's and New Zealand's economic partnerships and Mutual Recognition Arrangements;
 - 1.4.6. Avoid disputes under the TTMRA;
 - 1.4.7. Reduce costs to government and business compliance costs through co-operation on energy efficiency standards and regulation.

Roles and responsibilities:

- 2.1 The body ultimately responsible for the E3 Program and its trans-Tasman implications is the COAG Energy Council, supported by subordinate working groups or committees.
- 2.2 The Advisory Team that reports to the COAG Energy Council, comprising representatives from the Australian Government, each Australian State and Territory, and New Zealand, will:
 - 2.2.1 Provide strategic advice through senior officials to the COAG Energy Council regarding energy efficiency policy and program delivery for the E3 Program.
 - 2.2.2 Be responsible for managing policy and E3 program implementation, including identifying joint work plans and monitoring expenditure of the Joint Program Budget.
 - 2.2.3 Report through Senior Officials to the COAG Energy Council on E3 Program activities and outcomes and expenditure of the Joint Program Budget.

- 2.3 The E3 Committee will support the Advisory Team and COAG Energy Council by coordinating the day-to-day management and delivery of the E3 Program.

Principles:

The following principles will apply to the E3 Program:

- 3.1 The Participants will encourage improvements in equipment energy efficiency through voluntary and non-regulatory means, where possible.
- 3.2 Where regulatory interventions are required, the Participants will develop regulatory proposals suitable for practical incorporation in both Australia's Greenhouse and Energy Minimum Standards Act 2012 and New Zealand's Energy Efficiency (Energy Using Products) Regulations 2002, created under the Energy Efficiency and Conservation Act 2000.
- 3.3 Recognising New Zealand's and Australia's role as small players in global technology markets, the E3 Program will seek to match best regulatory practice among major trading partners.
- 3.4 The Participants recognise the importance of the work of international standardising bodies in the context of energy efficiency and, to this end, affirm their obligations under Articles 2.4 and 2.6 of the TBT Agreement.
- 3.5 Where no suitable international standards exist, the Participants will seek to work in cooperation with other major economies to develop new international standards;
- 3.6 In the absence of international cooperation to develop international standards (or as an interim measure), the Participants will promote the development of joint standards suitable for both Australia and New Zealand.
- 3.7 Regulation and standards will be performance-based and not prescriptive (i.e. they will set out performance criteria but will not specify technical solutions to meet those criteria), unless there are compelling reasons for doing so.
- 3.8 The Participants will consult each other before presenting views to standards and regulatory forums, to facilitate a coordinated stance. If a common view is not possible, then the rationale for the divergent view will be clearly stated.
- 3.9 The Participants will collaborate on projects identified under the joint work program, including activities such as scoping projects and contracts for services, reviewing cost-benefit analyses, and coordinating consultation and decision papers.
- 3.10 Compliance costs analyses and regulatory impact statements for joint work program items will comply with the requirements of the Council of Australian Governments and the New Zealand Treasury's Regulatory Impact Analysis Team.
- 3.11 The Participants may conduct independent projects that contribute to energy efficiency priorities within their jurisdiction, in addition to the joint work program, or where one of the Participants chooses not to proceed with a project under the joint work program. However, in the interest of promoting the objectives of the Arrangement, the Participants should:
 - 3.11.1 Explore opportunities for jointly coordinated energy efficiency projects where beneficial;
 - 3.11.2 Consider the trans-Tasman implications of country-specific proposals as part of any regulatory impact analysis;

- 3.11.3 Consult one another on potential trans-Tasman implications of country-specific proposals.
- 3.12 The Participants will develop and maintain a cooperative approach to E3 Program compliance, including coordinated monitoring and enforcement processes and information-sharing where appropriate.

Funding contributions:

- 4.1 The New Zealand Government's contribution to the Joint Program Budget is made by EECA.
- 4.2 The New Zealand Government decides to contribute a portion of the Joint Program Budget, calculated in accordance with Schedule 1 of the Arrangement.
- 4.3 The Joint Program Budget for each financial year will be negotiated and mutually decided in the last quarter of the preceding financial year by the COAG Energy Council. Each jurisdiction participating in the E3 Program will have a vote when determining the Joint Program Budget, and budget votes must be unanimous to pass.¹
- 4.4 The Joint Program Budget will include non-staff costs to run the E3 Program. The Joint Program Budget will not include E3 Program costs that relate to activities which are completed separately in each country and costs relating to representation of either country at international forums. The cost of funding such activities will be borne individually by DEE and EECA separately, and will be mutually decided by the Participants. Such activities may include:
- 4.4.1 Processing of applications for registration (however, it is agreed that the maintenance of the related registration system is included in the Joint Program Budget);
- 4.4.2 Communications campaigns aimed at suppliers or consumers;
- 4.4.3 Store inspections;
- 4.4.4 Enforcement action; and
- 4.4.5 Legal advice on proposed updates to legislation.
- 4.5 Separate to this arrangement, DEE and EECA may choose to develop a joint annual work program within the guidelines described in this document. This document may be agreed between the GEMS Regulator and the EECA Chief Executive and may be amended from time-to-time.
- 4.6 The New Zealand Government's contribution to the Joint Program Budget will be paid following the presentation of invoices from the agency managing the Joint Program Budget, which is currently the DEE.
- 4.7 The Joint Program Budget will be determined in Australian dollars. The New Zealand Government's contribution to the Joint Program Budget will be paid in New Zealand dollars, exclusive of GST, at the exchange rate applicable on the day the Joint Program Budget is determined, unless otherwise decided in writing by the Participants.
- 4.8 The New Zealand Government may decide to lodge contributions less any E3 Program-related expenditure incurred by EECA within the scope of the joint work program and Joint Program Budget decided by the Advisory Team.

¹ As captured in the COAG Energy Council voting rules and the GEMS Intergovernmental Agreement.

Engagement for services:

- 5.1 As administrator of the E3 Program, DEE may engage EECA for the delivery of some tasks related to policy development and delivery of the E3 Program. In delegating these services, the administrator will be guided by the need to promote:
 - 5.1.1 Value for money;
 - 5.1.2 Effectiveness of service delivery;
 - 5.1.3 Consistency of the services provided across Australia and New Zealand; and
 - 5.1.4 Sufficient certainty and notice being provided to EECA to allow for workforce planning.
- 5.2 DEE may also engage third parties for the purposes of the E3 Program. Where services are engaged on behalf of New Zealand, EECA will approve draft contracts or documentation engaging the service provider, subject to Australian legal requirements, before they are executed to ensure the documents captures New Zealand's domestic requirements.
- 5.3 The Program as a whole has benefits to both countries, but it is accepted that from time to time, in order to transact the business of the E3 Program, there may be instances where the outputs of a particular contract may benefit one country exclusively or in a greater proportion than the other. Work funded to benefit a particular jurisdiction is justifiable if it promotes the objectives and principles of the E3 Program.

Term:

- 6.1 This Arrangement commences on 19 December 2016 and will continue unless and until either Participant terminates it by written notice in accordance with paragraph 6.3 below.
- 6.2 This Arrangement replaces the Australia- New Zealand Policy Framework and Funding Arrangement negotiated for the period 1 October 2012 through to 30 September 2016 and extended to December 2016.
- 6.3 This Arrangement may be terminated by either Participant by providing three (3) months' written notice to the other Participant through the diplomatic channels.
- 6.4 This Arrangement may be amended by the mutual written consent of the Participants. Any such amendment will commence on a date to be determined by the Participants.

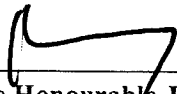
Confidentiality:

- 7.1 Documents relating to the E3 Program are available to the public upon request, in accordance with obligations under the Australian Freedom of Information Act 1982 and the New Zealand Official Information Act 1982.
- 7.2 Where EECA provides specific information to the E3Committee in confidence, or designates specific information as confidential, this may affect its disclosure under paragraph 7.1.
- 7.3 Where the E3 Committee provides specific information to EECA in confidence, or designates specific information as confidential, this may affect its disclosure under paragraph 7.1.

Signing page

Signed for and on behalf of each of the Participants:

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Josh Frydenberg MP
Minister for the Environment and Energy

Date: **19/11/17**

Signed for and on behalf of the New Zealand Government by



The Honourable Simon Bridges MP
Minister for Energy and Resources

Date: **7/12/16**

Schedule 1

Calculating the share of Joint Program Budgets payable by New Zealand

The Joint Program Budget will be mutually decided each year through budget negotiations with all participating Australian jurisdictions and New Zealand, in the relevant Ministerial Council.

New Zealand's contribution to the Joint Program Budget will be calculated as a pro rata payment to population share of the total agreed cost (TAC).

Formula for determining New Zealand's share of Joint Program Budgets (TAC):²

Australia's population (AP)³

New Zealand's population (NZP)⁴

$$\frac{NZP}{AP + NZP} \times 100 = \%$$

% x TAC = SAUD New Zealand contribution

Annual Contribution Formula:

Total Joint Program Budget	AUD
Australian Population	23.781 million
New Zealand	4.600 million
Percentage	16.2%

Note: the most up to date estimation of population figures to be used in the Annual Contribution Formula at the time the Joint Program budget is agreed by the Advisory Team

New Zealand's contribution will be paid in accordance with paragraph 4.6.

Registration System

Specific costs for the registration system are in addition to the E3 Joint Program Budget contribution and will be mutually agreed by Australia and New Zealand. Factors that will be considered are the hosting, support and enhancements as they relate to the registration system and support for applicant management.

² The formula determines New Zealand's contribution. The respective contribution of Australian jurisdictions is determined by existing COAG Arrangements

³ Australian Bureau of Statistics June 2015 estimation

⁴ Statistics New Zealand June 2015 estimation