

VOTE *Climate Change and Energy Efficiency*

Climate Change and Energy Efficiency

Overview

Appropriations agreed for Vote Climate Change and Energy Efficiency in 2006/07 total \$42.069 million. This will be allocated as follows:

- \$216,000 (0.5% of the Vote) for purchasing policy advice (and monitoring services) from the Ministry for the Environment.
- \$8.326 million (19.8% of the Vote) for purchasing policy advice - climate change from the Ministry for the Environment.
- \$9.976 million (23.7% of the Vote) for the carbon monitoring programme to meet obligations under the Kyoto Protocol.
- \$15.282 million (36.3% of the Vote) for purchasing non-departmental outputs from the Energy Efficiency and Conservation Authority (EECA).
- \$5.867 million (13.9% of the Vote) for energy efficiency and renewable energy grants and assistance.
- \$2.000 million (4.8% of the Vote) for capital expenditure to the Crown Energy Efficiency loan scheme.
- \$102,000 (0.2% of the Vote) for New Zealand's contribution to the United Nations Framework Convention on Climate Change.
- \$300,000 (0.7% of the Vote) for New Zealand's contribution to the Climate Change Development Fund to support international projects addressing climate change impacts.

The Ministry for the Environment expects to collect \$1.508 million of other revenue in 2006/07.

Details of appropriations appear in Parts B1 and C of this Vote. Details of Crown revenue appear in Part F.

Terms and Definitions Used

EECA	Energy Efficiency and Conservation Authority
IPCC	Intergovernmental Panel on Climate Change
NEECS	National Energy Efficiency and Conservation Strategy
NZCAS	New Zealand Carbon Accounting System
UNFCCC	United Nations Framework Convention on Climate Change

Minister Portfolio Table

28	Minister of Energy
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Climate Change and Energy Efficiency

VOTE MINISTER: Minister of Energy

ADMINISTERING DEPARTMENT: Ministry for the Environment

The Minister for the Environment is the Responsible Minister for the Ministry for the Environment

Part A - Statement of Objectives and Trends

Part A1 - Objectives for Vote

Related Government Goals

The output expenses in Vote Climate Change and Energy Efficiency contribute to the Government's overall energy policy objective of a sustainable and efficient energy future, as set out in the Energy Policy Framework (October 2002).

Output Appropriations

In 2006/07, the Minister of Energy will purchase the following output appropriations in Vote Climate Change and Energy Efficiency:

- Policy Advice - Energy Efficiency and Conservation
- Policy Advice - Climate Change
- Carbon Monitoring Programme.

Links Between the Output Appropriations and the Government's Goals

The output expenses in Vote Climate Change and Energy Efficiency will contribute to the Government's overarching goals, primarily that of an economic transformation with a strong focus on environmental sustainability. The reason for this is because the vote is about the Government's engagement with businesses and community groups.

The output appropriations in Vote Climate Change and Energy Efficiency will contribute to the Government's goals by encouraging, promoting and supporting energy efficiency, energy conservation and the use of renewable energy resources in New Zealand. They will also contribute by encouraging businesses to reduce New Zealand's greenhouse gas emissions and meet its international obligations under the UNFCCC and the Kyoto Protocol.

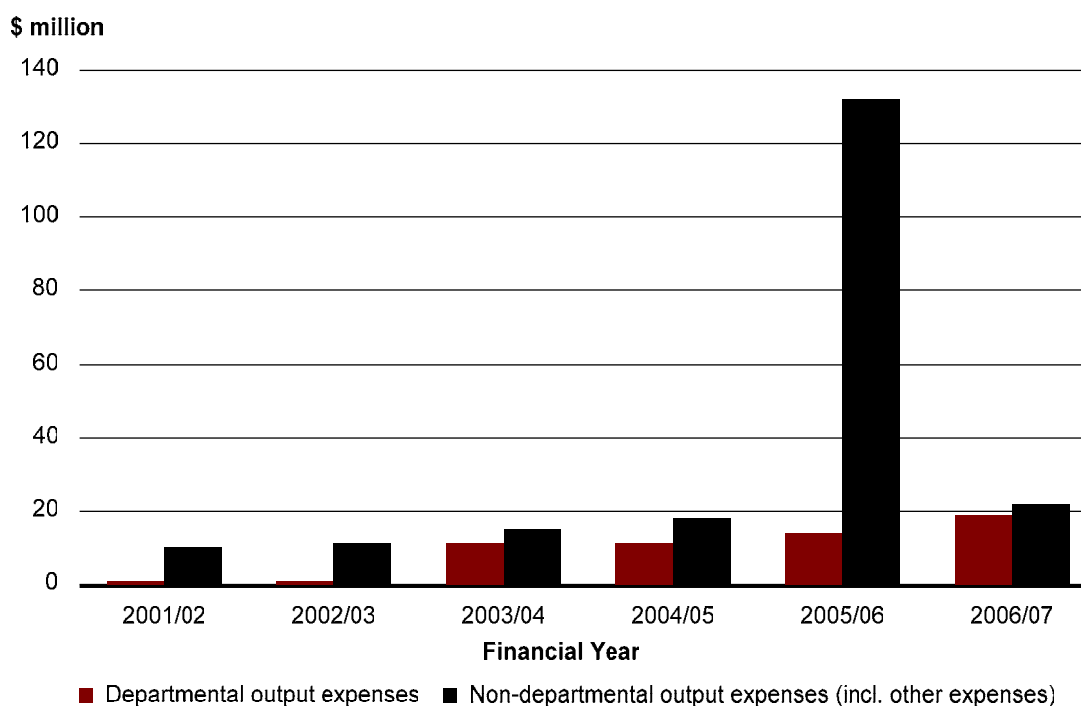
In particular, the appropriations will purchase the following areas of work:

- providing advice on matters relating to energy efficiency and conservation and the use of renewable sources of energy
- promoting practices and technologies to further energy efficiency and conservation and the use of renewable sources of energy
- monitoring and reviewing the state of energy efficiency and conservation and the use of renewable sources of energy

- implementation of a greenhouse gas inventory system that meets New Zealand international obligations under the Kyoto Protocol
- providing and co-ordinating measures to reduce New Zealand's emissions of greenhouse gases and adapt to climate change
- effectively engaging New Zealand in the ongoing negotiations for future agreements on countries' commitments under the Kyoto Protocol following 2012
- identification of business opportunities arising from climate change
- improving understanding of climate change risks to the primary and local government sectors and infrastructure to allow better private and public sector management decisions
- analysis and collection of relevant data for the development and implementation of a carbon accounting system, and
- promoting public awareness of the importance of energy efficiency and conservation and the use of renewable sources of energy.

Part A2 - Trends in Vote

Figure 1 - Trends in Departmental and Non-Departmental Output Expenses 2001/02 to 2006/07



Source: Ministry for the Environment

Analysis by Appropriation Type

Up to and including 1999/2000, the Energy Efficiency and Conservation Authority (EECA) was a semi-autonomous body within the Ministry of Economic Development. Its outputs formed part of Vote Energy (*Output Expense - Energy Efficiency and Conservation*). As of 1 July 2000 the Authority became a Crown Entity monitored by the Ministry for the Environment.

Departmental output expenses

In September 1993 New Zealand ratified the United Nations Framework Convention on Climate Change (UNFCCC) and in December 2002 the Government ratified the Kyoto Protocol. This means as from

January 2008 New Zealand is committed to reducing emissions of greenhouse gases to 1990 levels or face the cost of emissions above those levels.

In 2003/04 the Vote baseline increased by \$10.525 million due to the former New Zealand Climate Change Office becoming part of the Ministry for the Environment. This prompted a name change from *Vote Energy - Energy Efficiency and Conservation*, to the current *Vote Climate Change and Energy Efficiency*.

In 2005/06 the Vote baseline increased by \$2.523 million from that provided in 2004/05 due to additional appropriation to complete the development of the New Zealand Carbon Accounting System (NZCAS), and to ensure its implementation to meet the Kyoto Protocol. An additional \$2.998 million was allocated in the 2006/07 budget round for the development of the NZCAS which increased the total appropriation for the Vote baseline to \$20.833 million.

Non-departmental output expenses

In 2006/07 EECA will receive \$15.282 million to provide operational and policy outputs in accordance with EECA's statutory functions under the Energy Efficiency and Conservation Act (2000) and applicable Government policies. This is an increase of \$1.611 million from 2005/06, which is due to new initiative funding for the Home Energy Rating Scheme.

Other expenses

In 2003/04 'other expenses' increased significantly due to the introduction of the EnergyWise Grant Scheme (\$1.066 million). In 2004/05 \$2.044 million was provided for the Crown's contribution to fund improvements to the energy efficiency of New Zealand's businesses and homes and to develop the solar hot water industry. This was subject to a further increase of \$800,000 in 2005/06. During 2005/06 the provision for New Zealand's forecast liability under the Kyoto Protocol was increased by \$111.150 million. This was to reflect Cabinet's decision not to proceed with the carbon tax.

Capital expenditure

A capital appropriation of \$2.000 million is provided for the Crown Energy Efficiency loan scheme.

New Policy Initiatives by Appropriation

Initiative	Appropriation as shown in Part B	\$000 increase/(decrease)				
		2005/06	2006/07	2007/08	2008/09	2009/10
To complete development of the NZCAS and to ensure implementation to meet the Kyoto Protocol requirements	Departmental Output Expense - Policy Advice - Carbon Monitoring Programme	-	2,998	3,589	2,248	2,223
Home Energy Rating Scheme	Non-Departmental Output Expense - Energy Efficiency and Conservation	-	1,700	1,300	-	-
Total Initiatives		-	4,698	4,889	2,248	2,223

Part B - Statement of Appropriations

Summary of Financial Activity

	2001/02	2002/03	2003/04	2004/05	2005/06		2006/07 Appropriations to be Used				2007/08	2008/09	2009/10	
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000	Estimated \$000	Estimated \$000	Estimated \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000				
Appropriations														
Output Expenses	7,361	8,640	21,322	23,702	27,918	27,418	18,518	-	15,282	-	33,800	32,430	26,905	26,880
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-	-	-	-
Other Expenses	1,712	1,529	2,293	313,733	118,319	118,319	-	-	6,269	-	6,269	5,380	5,380	5,380
Capital Expenditure	1,100	1,000	1,652	2,000	2,000	2,000	N/A	N/A	2,000	-	2,000	2,000	2,000	2,000
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	-	N/A	N/A	-	-	-	-
Total Appropriations	10,173	11,169	25,267	339,435	148,237	147,737	18,518	-	23,551	-	42,069	39,810	34,285	34,260
Crown Revenue and Receipts														
Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-	-	-	-
Capital Receipts	766	758	824	1,088	1,265	1,265	N/A	N/A	N/A	N/A	1,508	1,749	1,749	1,749
Total Crown Revenue and Receipts	766	758	824	1,088	1,265	1,265	N/A	N/A	N/A	N/A	1,508	1,749	1,749	1,749

Part B1 - Details of Appropriations

Appropriations	2005/06				2006/07		Scope of 2006/07 Appropriations
	Budget		Estimated Actual		Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Expenses (General)							
Carbon Monitoring Programme (M28)	5,394	-	4,894	-	9,976	-	Development of a national carbon accounting system that will contribute to the meeting of New Zealand's greenhouse gas reporting obligations under the Kyoto Protocol and the UNFCCC.
Policy Advice - Climate Change (M28)	8,637	-	8,637	-	8,326	-	Policy advice and implementation, operational costs and fulfilling international obligations to support the Government's commitment on Climate Change under the Kyoto Protocol.
Policy Advice - Energy Efficiency and Conservation (M28)	216	-	216	-	216	-	Policy advice from the Ministry for the Environment on energy efficiency and conservation issues. Monitoring of EECA services provided by the Ministry for the Environment.
Total Departmental Output Expenses (General)	14,247	-	13,747	-	18,518	-	
Non-Departmental Output Expenses							
Energy Efficiency and Conservation (M28)	13,671	-	13,671	-	15,282	-	Operational and policy outputs in accordance with the EECA's statutory functions under the Energy Efficiency and Conservation Act (2000) and applicable Government policies.
Total Non-Departmental Output Expenses	13,671	-	13,671	-	15,282	-	
Other Expenses to be Incurred by the Crown							
Contribution to Climate Change Development Fund (M28)	300	-	300	-	300	-	New Zealand's contribution to the Climate Change Development Fund to support international projects addressing climate change impacts.
Energy Efficiency and Renewable Energy Grants and Assistance (M28)	6,767	-	6,767	-	5,867	-	Crown's contribution to fund improvements to the energy efficiency of New Zealand businesses and homes (with a particular focus on the homes of low income earners); and to develop the solar hot water industry.
Framework Convention on Climate Change (M28)	102	-	102	-	102	-	New Zealand's contribution to the United Nations Framework Convention on Climate Change.
Kyoto Protocol - Forecast Liability (M28)	111,150	-	111,150	-	-	-	Provision for New Zealand's forecast liability arising from the adoption of the Kyoto Protocol.
Total Other Expenses to be Incurred by the Crown	118,319	-	118,319	-	6,269	-	
Capital Expenditure							
Crown Energy Efficiency (M28)	2,000	-	2,000	-	2,000	-	Capital expenditure for the Crown loan scheme.
Total Capital Expenditure	2,000	-	2,000	-	2,000	-	
Total Appropriations	148,237	-	147,737	-	42,069	-	

Part C - Explanation of Appropriations for Output Expenses

Part C1 - Departmental Output Expenses

Policy Advice - Energy Efficiency and Conservation

This output expense covers the purchase of advice by the Minister of Energy, and includes:

- monitoring of EECA by the Ministry for the Environment
- providing policy advice on energy efficiency and conservation issues from the Ministry for the Environment
- managing the transfer of funds for the Crown loan scheme
- advising the Minister on matters relating to energy efficiency and conservation, and the use of renewable sources of energy in New Zealand
- administration of the Energy Efficiency and Conservation Act 2000, and
- administering energy efficiency regulations.

Policy Advice - Climate Change

This output expense covers the purchase of advice by the Minister of Energy, and includes:

- the provision of climate change policy advice from the Ministry for the Environment
- ongoing management of previous Negotiated Greenhouse Agreements
- managing existing Projects to reduce emissions agreements
- operation of programmes for local government, agriculture and forestry, small and medium sized enterprises energy intensive businesses, business opportunities, transport, climate change adaptation, science and emissions inventory
- the operation of climate change information programmes, and
- fulfilling New Zealand's international climate change obligations and building international relationships.

Carbon Monitoring Programme

This output expense covers the purchase by the Minister of Energy of the following activities to implement the carbon monitoring programme:

- data collection in indigenous forests, regenerating scrub forests and the soils beneath
- data collection on soils undergoing land use change (eg, from pasture to forestry and vice versa)
- analysis, algometric model development and provision of other science related to data collected
- data on soils other than those covered above
- planted production forestry growth data

- land use, land use change and forestry underpinning science and science capability
- provision and analysis of data for tracking the land use change from 1990, and
- development, management and coordination of the carbon accounting and monitoring system.

Part C2 - Non-Departmental Output Expenses

Energy Efficiency and Conservation

The Minister of Energy will purchase operational and policy outputs from EECA in accordance with EECA's statutory functions under the Energy Efficiency and Conservation Act 2000 and applicable Government policies.

Outputs in this class focus on providing energy efficiency leadership and information in government, business and household sectors. Those outputs are central to the implementation of the National Energy Efficiency and Conservation Strategy (NEECS).

Under section 21 (1) of the Energy Efficiency and Conservation Act 2000, EECA is required to encourage, promote and support energy efficiency, energy conservation and the use of renewable energy resources in New Zealand. In particular EECA work includes:

- assisting the Minister to administer the NEECS
- promoting public awareness of the importance of energy efficiency and conservation and the use of renewable sources of energy
- promoting practices and technologies to further energy efficiency and conservation and the use of renewable sources of energy
- arranging for the conduct of research, assessments, demonstrations and studies
- monitoring and reviewing the state of energy efficiency, energy conservation and the use of renewable sources of energy
- publishing relevant information research, and other material, and
- carrying out such other functions and duties as are conferred on it by any enactment.

EECA will contribute to the Government's NEECS targets for 2012 of:

- at least 20 percent improvement in economy-wide energy efficiency, and
- increasing renewable energy supply to provide an additional 30 Petajoules of consumer energy by 2012.

Quantity, quality and timeliness

Activities will be carried out in accordance with the provisions of the Energy Efficiency and Conservation Act 2000, and the provisions of the Statement of Intent between the Minister of Energy and EECA. Information about the nature and level of intended purchases is specified in the Statement of Intent tabled in Parliament and made available to all interested parties.

Quality

Activities will meet the standards defined in the Statement of Intent and the 2006/07 Output Plan between the Minister of Energy and EECA.

Quarterly reports will be provided to the Minister of Energy on EECA's performance against the outputs defined in the 2006/07 Output Plan.

Timeliness

All work programmes will be completed within timeframes and priorities set and monitored by EECA's Board.

Cost

	2005/06 \$000	2006/07 \$000
Total output class expenses	13,671	15,282
Total output class revenues	13,671	15,282

Provider

The Energy Efficiency and Conservation Authority.

Part F - Crown Revenue and Receipts

Part F1 - Current and Capital Revenue and Capital Receipts

	2005/06		2006/07	Description of 2006/07 Crown Revenue
	Budgeted \$000	Estimated Actual \$000	Budget \$000	
Capital Receipts				
Crown Energy Efficiency Loans	1,265	1,265	1,508	Repayment of Crown Energy Efficiency Loans.
Total Capital Receipts	1,265	1,265	1,508	
Total Crown Revenue and Receipts	1,265	1,265	1,508	