



Cabinet

CAB Min (07) 12/1(7)

Minute of Decision

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Minister Responsible for Climate Change Issues
Minister of Energy

Copies to:

Prime Minister
Deputy Prime Minister
Minister of Finance
Hon Jim Anderton
Associate Minister of Finance
(Hon Trevor Mallard)
Controller and Auditor-General

2007 Budget Package: Vote Climate Change and Energy Efficiency

On 19 April 2007, Cabinet:

Administering Department: Ministry for the Environment

1. **approved** the Budget initiatives for the above Vote for inclusion in the 2007 Budget package, as listed in the summary below and detailed in the attached initiative documents;

Summary of initiatives included in the attached initiative documents:

Operating Initiatives (Impact on Operating Balance)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
4420	EnergyWise Package: Maintain Energywise Home Grants	-	1.400	0.250	0.850	3.250
4531	Moving the Public Sector Towards Carbon Neutrality	-	1.200	7.100	2.100	-
4585	EnergyWise Package: Home Energy Rating Scheme Policy Development	-	0.250	-	-	-
4586	EnergyWise Package: Vote Climate Change and Energy Efficiency Components	-	0.950	-	-	-
Total Operating		-	3.800	7.350	2.950	3.250

Capital Initiatives (Impact on Debt)

Initiative ID	Initiative Name	\$m - increase/(decrease)				
		2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Total Capital		-	-	-	-	-

2. **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
3. **approved** the changes to appropriations and/or projected balances of net assets of the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
4. **approved** the additional recommendations (where applicable) to give effect to the initiatives, as set out in the attached initiative documents;
5. **agreed** that the proposed changes to appropriations and/or projected balances of net assets for 2006/07 above be included in the 2006/07 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
6. **authorised** the Minister of Finance and the Vote Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified while finalising the 2006/07 Supplementary Estimates, the 2007/08 Estimates and the fiscal forecasts;
7. **noted** that all communications relating to the 2007 Budget are co-ordinated by a Budget communications committee, and that any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office;
8. **agreed** that the initiatives in the following table be set aside as contingency items, that corresponding funding for them be set aside in the between-Budget spending contingency, and that they be submitted to Cabinet for consideration at a later stage;

Operating Contingency

Initiative Name	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
EnergyWise Package: Home Energy Rating Scheme outyear funding <i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>	-	-	5.000	5.000	5.000
EnergyWise Package: Development of interest free loans scheme <i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>	-	3.000	4.000	8.000	8.000
Total Operating	<i>[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]</i>				

Secretary of the Cabinet

Reference: CAB (07) 135, CAB (07) 135A

Vote: Climate Change and Energy Efficiency

Title: EnergyWise Package: Maintain Energywise Home Grants

Description: EnergyWise home grants provide funding to install energy efficiency measures in pre-1977, uninsulated, low income households. A drop in government funding and an increase in costs is anticipated, so funds are sought to maintain a retrofit rate of 12,000/year, and to meet the draft National Energy Efficiency and Conservation Strategy objective.

Theme: Economic Transformation

Theme Objective: Improving security of energy supply and efficiency

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
Quantity						
Number of energy efficiency retrofits, in addition to those already funded.	Houses retrofited	0	1900	2200	2500	5000
Quality						
Houses to be physically inspected to ensure acceptable retrofit standards are maintained	% of retrofits	0	3	3	3	3
Compliance with the NZ Building Code for ceiling & underfloor insulation & hot water cylinder wraps	% of retrofits	0	100	100	100	100
Timeliness						
Additional retrofits to be achieved by the end of the relevant financial year	% of retrofits	0	100	100	100	100

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	1.400	0.250	0.850	3.250
Debt Impact	-	-	-	-	-
No Impact	-	-	1.350	1.050	0.650
Total	-	1.400	1.600	1.900	3.900

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Other Expenses to be Incurred by the Crown: Energy Efficiency and Renewable Energy Grants and Assistance	-	1.400	1.600	1.900	3.900
Total Operating	-	1.400	1.600	1.900	3.900
Total Capital	-	-	-	-	-

Additional Recommendations

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]

Vote: Climate Change and Energy Efficiency

Title: Moving the Public Sector Towards Carbon Neutrality

Description: The Government wishes to move towards a carbon neutral public sector, and once achieved, to continue to be carbon neutral into the future. Agencies will pursue emissions reductions in the first instance, and offset only those emissions which cannot be avoided cost-effectively.

Theme: Economic Transformation

Theme Objective: Sustainable, natural resources

Performance Information

Performance Text

Carbon neutrality in the core public sector could be achieved by starting with six key agencies for which we have good information and can proceed immediately. These agencies would, by February 2008, become retrospectively carbon neutral by 2012 by reducing their emissions and using New Zealand-based options to offset unavoidable emissions. All core public sector agencies would aim to become carbon neutral from the end of the first Kyoto Commitment Period (December 2012).

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Operating Balance Impact	-	1.200	7.100	2.100	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	1.200	7.100	2.100	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Departmental Output Expenses (General): Policy Advice - Climate Change (funded by Revenue Crown)	-	1.200	7.100	2.100	-
Total Operating	-	1.200	7.100	2.100	-
Total Capital	-	-	-	-	-

Vote: Climate Change and Energy Efficiency

Title: EnergyWise Package: Home Energy Rating Scheme Policy Development

Description: Design and pilot a home energy rating tool, and develop an implementation plan

Theme: Economic Transformation

Theme Objective: Improving security of energy supply and efficiency

Performance Information

Performance Text

A home energy rating tool has been developed and tested, with a subsequent report back to Cabinet on proposed implementation

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	0.250	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	0.250	-	-	-

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Non-Departmental Output Expenses: Energy Efficiency and Conservation	-	0.250	-	-	-
Total Operating	-	0.250	-	-	-
Total Capital	-	-	-	-	-

Vote: Climate Change and Energy Efficiency

Title: EnergyWise Package: Vote Climate Change and Energy Efficiency Components

Description: Multiple initiatives loaded to represent the agreed Energy Wise Package for Vote Climate Change and Energy Efficiency

Theme: Economic Transformation

Theme Objective: Improving security of energy supply and efficiency

Performance Information

Performance Table

	Unit of Measurement	Performance Specification				
		2006/07	2007/08	2008/09	2009/10	2010/11
Quantity						
Partnership with industry to develop new funding mechanisms	\$000's	0	150	150	150	150
Partnership with councils to help implement new Building Code requirements	\$000's	0	150	150	150	150
Expanded installer accreditation programme for new technologies.	\$000's	0	0	1000	1000	1000
Research programme on evaluating performance of energy efficient technologies	\$000's	0	500	500	500	500
Partnership with industry to promote efficient household technologies and practices	\$000's	0	150	150	150	150

Appropriation Changes

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11 & Outyears
Operating Balance Impact	-	0.950	-	-	-
Debt Impact	-	-	-	-	-
No Impact	-	-	1.950	1.950	1.950
Total	-	0.950	1.950	1.950	1.950

Initiative No: 4586

	\$m - increase/(decrease)				
	2006/07	2007/08	2008/09	2009/10	2010/11& Outyears
Departmental Output Expenses (General): Policy Advice - Energy Efficiency and Conservation (funded by Revenue Crown)	-	0.950	1.950	1.950	1.950
Total Operating	-	0.950	1.950	1.950	1.950
Total Capital	-	-	-	-	-

Additional Recommendations

[information deleted in order to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials]