

Performance Information for Appropriations

Vote Climate Change

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister for Climate Change Issues (M12)

ADMINISTERING DEPARTMENT: Ministry for the Environment

MINISTER RESPONSIBLE FOR MINISTRY FOR THE ENVIRONMENT: Minister for the Environment

Part 1 - Summary of the Vote

Part 1.1 - Overview of the Vote

The Minister Responsible for Climate Change Issues is responsible for appropriations in Vote Climate Change for the 2009/10 financial year covering the following:

- A total of nearly \$10 million for the development of a national Carbon Accounting System.
- A total of over \$471 million for the allocation of New Zealand emission units to the New Zealand economy.
- A total of over \$14 million for international negotiations under the Kyoto Protocol, development and implementation of the Emissions Trading Scheme and other climate change policy measures.
- A total of \$300,000 for policy advice on energy efficiency and conservation issues.
- A total of \$227,000 for New Zealand's contribution to the United Nations Framework Convention on Climate Change.
- A total of \$300,000 for New Zealand's contribution to the Climate Change Development Fund to support international projects addressing climate change impacts.
- A total of over \$3 million for the issue of New Zealand Assigned Amount Units (NZ AAU) to Permanent Forest Sink Initiatives participants.
- A total of nearly \$4 million for the purchase of Projects to Reduce Emissions (PRE) emission units by the Crown from the PRE portfolio.

Details of these appropriations are set out in Parts 2-6 below.

Part 1.2 - High-Level Objectives of the Vote

The output expenses in Vote Climate Change will contribute to the Government's overarching goal of economic transformation with a strong focus on environmental sustainability. This vote supports Government's engagement with businesses and community groups and aims to reduce New Zealand's Greenhouse Gas emissions and meet international obligations under the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol.

Government Priorities and Outcomes - Links to Appropriations

Government Priorities	Government Outcomes	Appropriations
Theme: Responsible International Citizen	Reduce emissions in ways that result in the least cost to New Zealand's society and economy(Speech from the Throne, December 2008)	Policy Advice - Climate Change (M12) Carbon Monitoring Programme (M12) Climate Change Development Fund (M12) Kyoto Protocol - Forecast Liability (M12) Purchase of Projects to Reduce Emissions (PRE) Units (M12) Allocation of New Zealand Units (M12) Framework Convention on Climate Change (M12) Issue of New Zealand Assigned Amount Units to Permanent Forest Sink Initiative Participants (M12)
Theme: Responsible International Citizen	Honour Kyoto Protocol obligations and work to achieve further global alliances that build on the goals agreed to at Kyoto (Speech from the Throne, December 2008)	Policy Advice - Climate Change (M12) Carbon Monitoring Programme (M12)
Theme: A Stronger Economy	Better living conditions and a stronger society for New Zealanders (Speech from the Throne, December 2008)	Policy Advice - Energy Efficiency and Conservation (M12)

Part 1.3 - Trends in the Vote

Summary of Financial Activity

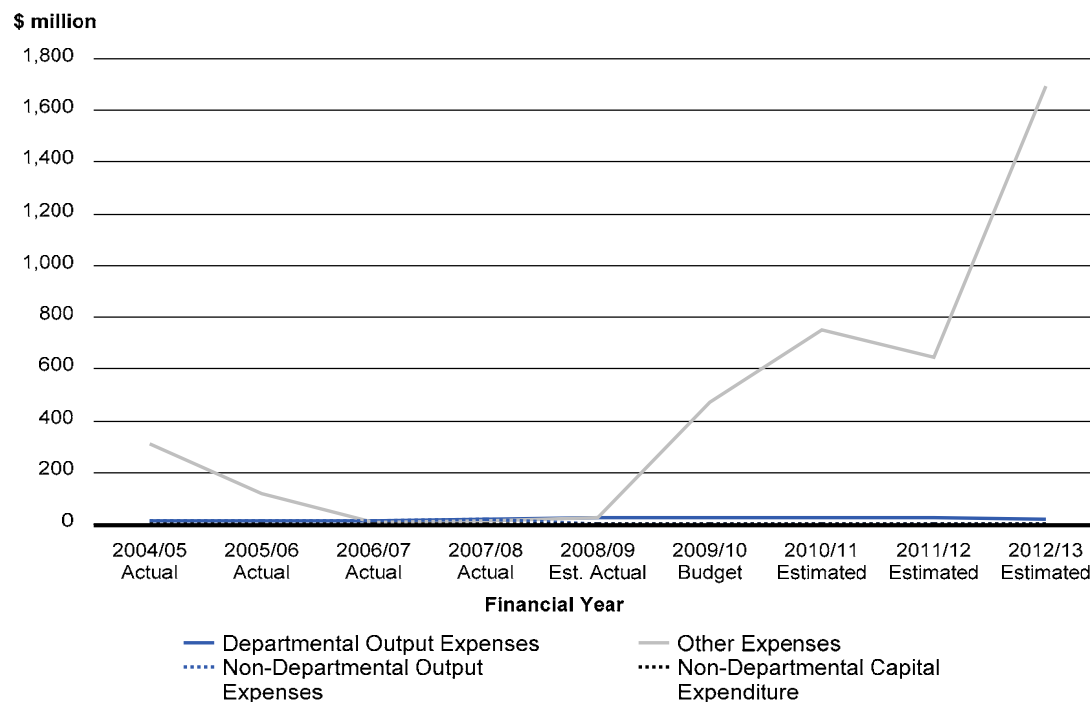
	2004/05	2005/06	2006/07	2007/08	2008/09		2009/10			2010/11	2011/12	2012/13
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	23,702	24,458	28,489	39,607	24,924	23,124	24,256	-	24,256	23,803	23,392	18,019
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	313,733	117,640	6,132	10,448	23,957	23,957	-	474,988	474,988	750,193	644,757	1,696,074
Capital Expenditure	2,000	1,242	1,221	2,000	3,500	3,500	-	3,500	3,500	3,500	-	-
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Total Appropriations	339,435	143,340	35,842	52,055	52,381	50,581	24,256	478,488	502,744	777,496	668,149	1,714,093
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	368,103	809,798	809,798	N/A	320,865	320,865	720,525	901,699	1,377,167
Capital Receipts	1,088	1,226	1,252	1,377	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	1,088	1,226	1,252	369,480	809,798	809,798	N/A	320,865	320,865	720,525	901,699	1,377,167

New Policy Initiatives

Policy Initiative	Appropriation	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
Approved by Current Government						
Review of the Emissions Trading Scheme	Policy Advice - Climate Change Departmental Output Expenses	-	2,100	1,600	1,600	1,600
Ongoing NZETS Policy Development, International Negotiations and Linkages to NZETS	Policy Advice - Climate Change Departmental Output Expenses	-	3,700	3,700	3,700	3,700
Issuing NZ AAUs Under the Permanent Forest Sink Initiative	Issue of NZ AAUs to PFSI Participants Non-Departmental Other Expense	625	3,437	6,250	9,062	11,875
Total Initiatives		625	9,237	11,550	14,362	17,175

Analysis of Significant Trends

Figure 1 - Vote trends in actual expenses and capital expenditure by appropriation type



Source: Ministry for the Environment

Part 1.4 - Reconciliation of Changes in Appropriation Structure

2008/09 Structure - Appropriations that have been Changed	2008/09 (Current) \$000	Appropriations to which Expenses (or Capital Expenditure) have been Transferred	Amount Moved \$000	2009/10 Structure - Appropriations affected by the Changes in Appropriation Structure	2008/09 (Restated) \$000	2009/10 \$000
Non-Departmental Output Expenses						
Contribution to Climate Change Development Fund	300	Transferred to Climate Change Development Fund (Change in title only)	300	Climate Change Development Fund	300	300

Explanations of the reasons for changing the appropriation structure are noted in the details of each appropriation in Parts 2-6.

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome - Decisions on the management and use of natural and physical resources are guided by appropriate and effective legislation, regulations, policies, strategies, guidelines and advice.	Carbon Monitoring Programme (M12)
Outcome - New Zealanders, their communities and environment are prepared for, and adapt to, the impacts of changing environmental conditions.	Policy Advice - Climate Change (M12)
Outcome - New Zealanders increasingly commit to, and benefit from, the sustainable development and use of natural and physical resources.	Policy Advice - Energy Efficiency and Conservation (M12)

Carbon Monitoring Programme (M12)

Scope of Appropriation

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.

Expenses and Revenue

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	12,081	10,281	9,612
Revenue from Crown	12,081	10,281	9,612
Revenue from Other	-	-	-

Reasons for Change in Appropriation

The decrease in appropriation is in line with the scheduled deliverables as detailed in the business case which was approved by Cabinet on 14 February 2007.

Output Performance Measures and Standards

Performance Measures	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
The supplementary Kyoto Protocol tables are complete and submitted in the annual national inventory.	N/A	N/A	Achieved

Conditions on Use of Appropriation

Reference	Conditions
Good Practice Guidance for Land Use, Land-Use Change and Forestry (GPG-LULUCF)	The guidance is the response to the invitation by the United Nations Framework Convention on Climate Change (UNFCCC) to the Intergovernmental Panel on Climate Change (IPCC) to develop good practice guidance for land-use, land-use change and forestry (GPG-LULUCF). GPG-LULUCF provides supplementary methods and good practice guidance for estimating, measuring, monitoring and reporting on carbon stock changes and greenhouse gas emissions from LULUCF activities under Article 3, paragraphs 3 and 4, and Articles 6 and 12 of the Kyoto Protocol.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
Complete development of the NZCAS to meet the Kyoto Protocol requirements.	2005/06	7,309	4,452	5,427	6,509	6,098
Carbon Monitoring Inventory System.	2003/04	2,778	2,778	2,778	2,778	2,778
Carbon Monitoring Programme.	2003/04	622	622	622	622	622

Policy Advice - Climate Change (M12)

Scope of Appropriation

This appropriation is limited to policy advice and implementation, operational costs and fulfilling international obligations to support the Government's commitment on Climate Change under the Kyoto Protocol; and Ministerial servicing.

Expenses and Revenue

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	12,703	12,703	14,344
Revenue from Crown	12,648	12,648	14,289
Revenue from Other	55	55	55

Reasons for Change in Appropriation

The increase in appropriation in 2009/10 is due to funding received in 2009/10 for the review of the Emissions Trading Scheme.

Output Performance Measures and Standards

Performance Measures	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Legislation to change the Climate Change response Act 2002 is introduced to the House of Representatives in 2009 and supported through all stages of the House.	N/A	N/A	Achieved
All international submission and negotiating timelines for New Zealand's position on Climate Change are met.	100% of deadlines	100% of deadlines	100% of deadlines
New Zealand Emissions Trading Scheme implementation milestones met for the entry of the stationary energy and industrial processes in 2010 and planned milestones met for inclusion of remaining sectors in 2011 (liquid fossil fuels) and 2013 (agriculture, waste and other) in accordance with the Climate Change Response Act 2002.	Achieved	Achieved	Achieved
Compliance with the Quality Standards for Analysis and Advice (refer to conditions on use of appropriation), as assessed by the Minister through satisfactory completion of Cabinet's Regulatory Impact Assessment requirements.	100%	100%	100%
Policy advice and analysis assessed through an annual independent external policy quality audit, review and benchmarking process.	Achieved	Not Achieved	Achieved
Complete parliamentary questions within required timeframes and quality standards.	100%	100%	100%
Complete ministerial correspondence within agreed timeframes.	95%	80%	95%

Conditions on Use of Appropriation

Reference	Conditions
Quality Standards for Analysis and Advice	<ul style="list-style-type: none"> • Identifies the problem, relevant options, costs and benefits, and risks. • Is rigorous, logical, factually accurate and provides supporting evidence. • Demonstrates that it is based on appropriate consultation and engagement across government and with affected parties. • Is practical, action-oriented and considers implementation. • Demonstrates an understanding of the needs of the target audience. • Is clear, concise, professional and presented in plain language. • Is provided within agreed timeframes and budgets. <p>Note - All aspects of the standards may not apply to specific pieces of policy advice, given considerations of urgency or the particular nature of the advice to be provided. For instance, some of our work is second-opinion advice on other departments' proposals often undertaken under tight time pressures.</p>

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
Review of the Emissions Trading Scheme.	2009/10	-	2,100	1,600	1,600	1,600
Ongoing NZETS Policy Development, International Negotiations and Linkages to ETS.	2009/10	-	3,700	3,700	3,700	3,700
Further the New Zealand Emissions Trading Scheme Policy Development.	2008/09	2,725	-	-	-	-
International Negotiations and Linkages to the New Zealand Emissions Trading Scheme.	2008/09	1,000	-	-	-	-
Implementation of Climate Change Adaptation Measures.	2008/09	250	250	250	250	250
Moving the Public Sector towards Carbon Neutrality (now discontinued).	2007/08	7,100	2,100	-	-	-
Establishment of a Climate Change service industry in New Zealand.	2004/05	133	133	133	133	133
Contracted New Zealand Scientists as authors for Intergovernmental Panel on Climate Change.	2004/05	178	178	178	178	178
Inventive Programmes Climate Change.	2003/04	533	533	533	533	533
Advice and Implementation Climate Change.	2003/04	4,469	4,469	4,469	4,469	4,469
Policy Advice - Climate Change.	2003/04	2,676	2,676	2,676	2,676	2,676

Policy Advice - Energy Efficiency and Conservation (M12)*Scope of Appropriation*

This appropriation is limited to policy advice on energy efficiency and conservation issues.
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Expenses and Revenue

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	140	140	300
Revenue from Crown	140	140	300
Revenue from Other	-	-	-

Output Performance Measures and Standards

Performance Measures	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Case studies to assist councils to implement energy efficiency in households.	Up to 3 case studies	1 case study	Up to 3 case studies
Partnerships with industry to develop business opportunities relating to provision of energy efficient products and services to households.	Develop up to 3 business partnerships	0	Develop up to 2 business partnerships

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
EnergyWise Package: Vote Climate Change and Energy Efficiency Components.	2007/08	300	300	300	300	300

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome - New Zealanders, their communities and environment are prepared for, and adapt to, the impacts of changing environmental conditions.	Allocation of New Zealand Units (M12)
Objective - To support international projects addressing climate change in developing countries.	Climate Change Development Fund (M12)
Objective - To fulfil financial and participatory requirements for subscriptions to the United Nations Framework Convention on Climate Change.	Framework Convention on Climate Change (M12)
Outcome - New Zealanders, their communities and environment are prepared for, and adapt to, the impacts of changing environmental conditions.	Issue of New Zealand Assigned Amount Units to Permanent Forest Sink Initiative Participants (M12)

Allocation of New Zealand Units (M12)

Scope of Appropriation

This appropriation is limited to the granting of New Zealand Units to sectors of the New Zealand Economy.

Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	22,844	22,844	471,240

Reasons for Change in Appropriation

This increase in appropriation is due to the introduction of a new appropriation in 2008/09 for the granting of New Zealand Units to sectors of the New Zealand economy. This appropriation was re-forecast to be in line with the preliminary projected balance of emissions units during the first commitment period of the Kyoto Protocol for 2008 (also known as the net position report) which included accounting for the impact of the Emissions Trading Scheme.

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Transfer of New Zealand Units to Emissions Trading Scheme sectors.	N/A	N/A	1 sector

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
A New Zealand Emission Trading Scheme: 2007 Decisions.	2008/09	597,000	477,000	477,000	477,000	477,000

Climate Change Development Fund (M12)*Scope of Appropriation*

This appropriation is limited to supporting international projects to assist developing countries address climate change issues.

Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	300	300	300

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of funding distributed to international projects addressing climate change according to priority criteria (leverage, impact, continuity, consistency, visibility).	100%	100%	100%

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
Contribution to the Climate Change Development Fund.	2005/06	300	300	300	300	300

Framework Convention on Climate Change (M12)*Scope of Appropriation*

New Zealand's contribution to the United Nations Framework Convention on Climate Change.
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Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	227	227	227

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
New Zealand's financial commitment to the United Nations Framework Convention on Climate Change is met.	100%	100%	100%

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
Framework Convention Climate Change.	2003/04	102	102	102	102	102

Issue of New Zealand Assigned Amount Units to Permanent Forest Sink Initiative Participants (M12)

Scope of Appropriation

This appropriation is limited to the granting of New Zealand Assigned Amount Units to Permanent Forest Sink Initiative participants for eligible afforestation.

Expenses

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	586	586	3,221

Reasons for Change in Appropriation

The increase in appropriation in 2009/10 reflects the anticipated level of NZ AAUs to be claimed by Permanent Forest Sink Initiative participants in that financial year.

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
All eligible participants in the Permanent Forest Sink Initiative that claim them, receive NZ AAUs for increases in carbon stocks within their eligible forests covenanted under the initiative.	100%	100%	100%

Conditions on Use of Appropriation

Reference	Conditions
Forest (Permanent Forest Sink) Regulations 2007 under the Forests Act 1949.	Eligibility criteria for participants are set out in sections 3 to 5 of the Forests (Permanent Forest Sink) Regulations 2007 (SR 2007/354) (as at 14 April 2008).

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
Vote Climate Change: Appropriations for the Issue of NZ AAUs under the Permanent Forest Sink Initiative.	2008/09	625	3,437	6,250	9,062	11,875

Reporting Mechanisms

Appropriation	Reporting Mechanism
Allocation of Units	Annual Report of the Ministry for the Environment
Contribution to Climate Change Development Fund	Not required
Framework Convention on Climate Change	Not required
Issue of New Zealand Assigned Amount Units to Permanent Forest Sink Initiative participants	Annual Report of the Ministry for the Environment

The above table indicates the mechanisms to be used for reporting actual performance for each non-departmental other expenses appropriation.

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.2 - Non-Departmental Capital Expenditure

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome - New Zealanders, their communities and environment are prepared for, and adapt to, the impacts of changing environmental conditions.	Purchase of PRE Units (M12)

Purchase of PRE Units (M12)

Scope of Appropriation

Purchasing of PRE emission units by the Crown from the Projects to Reduce Emissions (PRE) portfolio.
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Capital Expenditure

	2008/09		2009/10
	Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	3,500	3,500	3,500

Expected Results

	2008/09		2009/10
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Purchase up to 800,000 emission units from Projects to Reduce Emissions (PRE) participants within the price criteria set by Cabinet.	N/A	N/A	Achieved

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2008/09 Budgeted \$000	2009/10 Budget \$000	2010/11 Estimated \$000	2011/12 Estimated \$000	2012/13 Estimated \$000
Purchase of up to 800,000 PRE Emission Units.	2008/09	3,500	3,500	3,500	-	-

Reporting Mechanisms

Appropriation	Reporting Mechanism
Purchase of PRE Units	Annual report of the Ministry for the Environment

The above table indicates the mechanisms to be used for reporting actual results for each non-departmental capital expenditure appropriation.