

# *Information Supporting the Supplementary Estimates*

## *Vote Climate Change*

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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 1.3 - Trends in the Vote

#### Summary of Financial Activity

	2011/12				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
<b>Appropriations</b>					
Output Expenses	23,894	(6,358)	4,992	(1,366)	22,528
Benefits and Other Unrequited Expenses	-	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-
Other Expenses	921,432	-	663,970	663,970	1,585,402
Capital Expenditure	1,231	-	-	-	1,231
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
<b>Total Appropriations</b>	<b>946,557</b>	<b>(6,358)</b>	<b>668,962</b>	<b>662,604</b>	<b>1,609,161</b>
<b>Crown Revenue and Capital Receipts</b>					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	379,130	N/A	(163,456)	(163,456)	215,674
Capital Receipts	-	N/A	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	<b>379,130</b>	<b>N/A</b>	<b>(163,456)</b>	<b>(163,456)</b>	<b>215,674</b>

## Part 2 - Details and Expected Performance for Output Expenses

### Part 2.1 - Departmental Output Expenses

#### Administration of the Emissions Trading Scheme (M12)

##### *Scope of Appropriation*

This appropriation is limited to undertaking the Emissions Trading Scheme functions.

##### *Expenses and Revenue*

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	487	(251)	236
Revenue from Crown	487	(264)	223
Revenue from Other	-	13	13

##### *Reasons for Change in Appropriation*

This appropriation will decrease by \$251,000 to \$236,000 in 2011/12. This decrease is due to merging of this appropriation with Non-Departmental Output Expenses: Emissions Trading Scheme. The functions of this appropriation were transferred to the Environmental Protection Authority in December 2011.

#### Climate Change MCOA (M12)

##### *Scope of Appropriation*

##### **Domestic Climate Change Programme**

This output class is limited to policy advice, development, implementation, and review and monitoring of tools, frameworks and institutions and ministerial servicing in relation to domestic climate change.

##### **International Climate Change Programme**

This output class is limited to developing policy advice on international climate change issues, negotiating positions for climate change agreements and development of carbon markets and ministerial servicing; undertaking implementation, reporting, monitoring and compliance activities in line with existing international obligations and processes for climate change.

##### *Explanation for Use of Multi-Class Output Expense Appropriation*

These output classes grouped together under this MCOA contribute to the outcome of ensuring New Zealand becomes a successful low-carbon society that is resilient to climate change impacts on its climate, economy and lifestyle. These output classes share a particular focus on decreasing New Zealand's net emissions of greenhouse gases below business as usual levels in a cost-effective way.

*Expenses and Revenue*

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
<b>Total Appropriation</b>	10,930	(1,907)	9,023
Domestic Climate Change Programme	7,487	(2,236)	5,251
International Climate Change Programme	3,443	329	3,772
<b>Revenue from Crown</b>	10,875	(2,287)	8,588
Domestic Climate Change Programme	7,432	(2,486)	4,946
International Climate Change Programme	3,443	199	3,642
<b>Revenue from Other</b>	55	380	435
Domestic Climate Change Programme	55	250	305
International Climate Change Programme	-	130	130

*Reasons for Change in Appropriation*

Significant priorities that have been progressed in 2011/12 include considering the recommendations of the Emissions Trading Scheme (ETS) Review Panel and continuing to participate in international negotiations on a post-2012 international climate change agreement. Following the Conference of the Parties in Durban in 2011, the Government is considering decisions on the nature of any international commitments to 2020, including whether to sign up to a second commitment period under the Kyoto Protocol.

As a result of balancing the above priorities with those in Vote Environment, and undertaking various initiatives to improve the effectiveness of the Ministry, this Multi-Class Output Appropriation will decrease by \$1.907 million to \$9.023 million in 2011/12.

*Output Performance Measures and Standards*

Performance Measures	2011/12		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
<b>All Classes of Outputs Within this Appropriation</b>			
Percentage of all Regulatory Impact Statements that fully or partially meet quality assurance criteria.	At least 80% (for 'fully met' only)	63% (for 'fully met' only)	At least 90%
<b>Ministerial Servicing</b>			
Percentage of responses to parliamentary questions that are completed within required timeframes.	100%	100%	100%
Percentage of responses to Ministerial correspondence submitted to the Minister within agreed timeframes.	95%	95%	95%
Percentage of responses to ministerial correspondence accepted first time by the Minister.	New measure	90%	90%
Percentage of responses to departmental Official Information Act requests sent within statutory deadlines.	New measure	100%	100%
Percentage of briefing notes accepted first time by the Minister.	New measure	90%	90%
Overall Ministerial satisfaction as surveyed quarterly.	New measure	Average 4 out of 5	Average 4 out of 5

## Land Use and Carbon Analysis System (M12)

### *Scope of Appropriation and Expenses*

Type, Title, Scope and Period of Appropriations	Appropriations, Adjustments and Use	\$000
<b><i>Land Use and Carbon Analysis System (M12)</i></b>		
This appropriation is limited to developing a national carbon accounting system that will contribute to meeting of New Zealand's greenhouse gas reporting obligations under the Kyoto Protocol and the UNFCCC.  Commences: 1 July 2010  Expires: 30 June 2014	Original Appropriation	28,981
	Adjustments to 2010/11	600
	Adjustments for 2011/12	(15,131)
	Adjusted Appropriation	14,450
	Actual to 2010/11 Year End	6,350
	Estimated Actual for 2011/12	8,100
	Estimated Actual for 2012/13	-
Estimated Appropriation Remaining	-	

### *Revenue*

	Budget \$000
Revenue from the Crown to end of 2012/13	14,450
Revenue from Others to end of 2012/13	-
Total Revenue	14,450

### *Reasons for Change in Appropriation*

This appropriation will decrease by \$15.131 million in 2011/12 due to the merging of Votes Climate Change and Environment and a transfer of funding to a new Multi-year appropriation under Vote Environment from 2012/13. The total spending across the years remains unchanged.

### *Output Performance Measures and Standards*

Performance Measures	2011/12		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The LUCAS Programme progresses according to schedule.	New measure	Achieved	Achieved
The LUCAS system is available for use by Ministry for the Environment and the Department for Primary Industries (as provided for in the Memorandum of Understanding).	New measure	Over 99%	99% during business hours
The land use and land-use change and forestry, and Kyoto Protocol portions of the National Inventory Report are completed to quality specifications and submitted on time.	Achieved	Achieved	Achieved

## Part 2.2 - Non-Departmental Output Expenses

### Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
<b>Impact:</b> Decrease New Zealand's net emissions of greenhouse gases below business as usual levels in a cost-effective way.	Emissions Trading Scheme (M12)

### Emissions Trading Scheme (M12)

#### *Scope of Appropriation*

This appropriation is limited to the implementation and operation of the New Zealand Emissions Trading Scheme and maintenance of a register to enable the holding and transfer of climate change units.

#### *Expenses*

	2011/12		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	4,992	4,992

#### *Reasons for Change in Appropriation*

This appropriation was approved during the year to fund the New Zealand Emissions Trading Scheme (NZ ETS) functions which were transferred to the Environmental Protection Authority.

With the establishment of the Environmental Protection Authority:

- the Ministry for the Environment transferred its Departmental Administration of Emissions Trading Scheme functions, and
- the Ministry of Economic Development transferred its Departmental Emissions Trading Implementation and Provision of Climate Change Unit Register and Information functions.

#### *Output Performance Measures and Standards*

Performance Measures	2011/12		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Application summaries for allocations are processed within 4 weeks of receiving the signed application summary.	New measure	90%	90%
Number of application decisions revoked or varied on review as requested by applicant.	New measure	0	0

## Part 5 - Details and Expected Results for Other Expenses

### Part 5.2 - Non-Departmental Other Expenses

#### 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.

##### *Reasons for Change in Appropriation*

This appropriation will increase by \$649.970 million to \$1,558.975 million in 2011/12. This is primarily due to:

- an expense transfer from 2010/11 to 2011/12 for the allocation of units to pre-1990 forestry sector, and
- changes in the accounting treatment of expenditure with the allocation of New Zealand Units recognised earlier.

#### Impairment of Debt Relating to the New Zealand Emissions Trading Scheme (M12)

##### *Scope of Appropriation*

This appropriation is limited to the impairment and write-down of debt arising from the collection of revenue under the New Zealand Emissions Trading Scheme.

##### *Reasons for Change in Appropriation*

This appropriation will increase by \$14 million to \$15 million. This is due to the likelihood that the Crown will not receive a percentage of amounts owed by participants for the surrender of units, penalties issued and interest on those penalties.

In the past year, the Crown has encountered instances where participants in the Emissions Trading Scheme have been obliged to surrender units and have not done so and have subsequently entered receivership. To reflect historical collection experience, this appropriation has been increased.