



Cabinet Policy Committee

POL Min (01) 32/14

Minute of Decision

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Climate Change: Institutional Arrangements for Inventory, Registry and Crown Trading Functions

On 28 November 2001 the Cabinet Policy Committee:

Background

- 1 **noted** that on 8 October 2001 Cabinet noted that officials would report back with proposals:
 - 1.1 inviting the Minister of Energy to issue drafting instructions to Parliamentary Counsel Office for an Act I Climate Change Protection Bill (the Bill) for ratification of the Kyoto Protocol;
 - 1.2 covering the fiscal and institutional implications of both the inventory and registry functions and Crown trading functions that will be necessary under the Protocol [CAB Min (01) 31/11];

Legislation and Regulatory Impact Statement

- 2 **noted** the regulatory impact statement attached to the paper under POL (01) 338 that has been prepared for the Bill;
- 3 **invited** the Minister of Energy to issue drafting instructions to Parliamentary Counsel Office with a proposal for an Act I Climate Change Protection Bill for ratification of the Kyoto Protocol;
- 4 **noted** that New Zealand compliance with the international requirements for inventory and registry functions is a requirement for trading on the international market in emission units;

Inventory Function

- 5 **noted** that the Ministry for the Environment currently has responsibility for New Zealand's inventory obligations under the United Nations Framework Convention on Climate Change (UNFCCC);
- 6 **agreed** that for the time being the Ministry for the Environment act as the inventory agency, pending any reconsideration by the Cabinet Policy Committee (POL) of institutional arrangements which might be necessitated by Act II policy measures;

- 7 **noted** that the Bill will provide for the appointment by the Prime Minister of a Minister responsible for inventory functions;
- 8 **agreed** that the Ministry for the Environment will be responsible for the enforcement of the regulations made under the Bill that require information to be provided to the inventory agency;
- 9 **noted** that the Environment Act 1986 may need to be amended to allow for the Ministry for the Environment to undertake enforcement of regulations made under the Bill;
- 10 **agreed** that in carrying out the enforcement functions, the Chief Executive of the Ministry for the Environment may appoint as enforcement officers its own employees, officers exercising powers under other legislation and employees of other Government departments, and any other officers who are employees of a Crown Research Institute within the meaning of the Crown Research Institutes Act 1992;

Registry Function

- 11 **noted** that the Bill will provide for the appointment by the Prime Minister of a Minister responsible for registry functions;
- 12 **noted** that there are synergies to be gained by locating the registry within the Ministry of Economic Development, given its experience in the provision of registries and the development of electronic and internet based registers such as the personal properties securities register;
- 13 **agreed** that for the time being the Ministry of Economic Development be the department responsible for the operation of the registry, pending any reconsideration by POL of institutional arrangements which might be necessitated by Act II policy measures;

Trading Function

- 14 **noted** that the nature of the trading function and its overall importance will vary, from being relatively unimportant to being critically important, depending on which Act II policy measures are chosen;
- 15 **noted** that it is proposed that, if the Prime Minister agrees, the Minister of Finance be the Minister responsible for the time being for carrying out any Crown trading function, pending any reconsideration by POL of institutional arrangements which might be necessitated by Act II policy measures;

Future Arrangements and Funding

- 16 **noted** that institutional arrangements for inventory, registry and Crown trading functions will need to be re-examined in the context of the development of Act II legislation;
- 17 **noted** that:
 - 17.1 depending on the policies implemented for Act II legislation, funding requirements for these institutional arrangements may change;
 - 17.2 in the case of the trading function, fiscal implications could be significant depending on the level of trading the Government expects to undertake;

18 **noted** that:

18.1 there is no immediate need for funding of these institutional arrangements; and

18.2 departments will seek any additional funding required to perform these functions as part of the appropriate budget process to ensure the proposals and their costings are adequately reviewed and considered in light of actual Act II policy decisions;

19 **noted** that further work on cost recovery options will be undertaken as part of the policy development process for Act II legislation.

Andrew MacKenzie
Secretary

Reference: POL (01) 338

Present:

Hon Dr Michael Cullen (Acting Chair)
Hon Steve Maharey
Hon Phil Goff
Hon Sandra Lee
Hon Trevor Mallard
Hon Margaret Wilson
Hon Parekura Horomia
Hon Laila Harré
Hon Dover Samuels

Officials present from:

Department of the Prime Minister and Cabinet

Copies to:

Cabinet Policy Committee
Chief Executive, DPMC
Nicola White, DPMC
Martin Harvey, DPMC
Chief Executive, Ministry of Economic Development
Secretary to the Treasury
Secretary of Foreign Affairs and Trade
Secretary for Justice
Director-General of Conservation
Director-General, Ministry of Agriculture and Forestry (Agriculture)
State Services Commissioner
Chief Executive, Ministry of Economic Development (Energy)
Chief Executive, Ministry of Research, Science and Technology
Chief Executive, Ministry of Fisheries
Director-General, Ministry of Agriculture and Forestry (Forestry)
Chief Executive, Te Puni Kokiri
Minister for Land Information
Chief Executive, Land Information New Zealand (LINZ)
Minister of Commerce
Chief Executive, Ministry of Economic Development (Commerce)
Minister for the Environment
Secretary for the Environment
Minister of Transport
Secretary for Transport
Minister of Statistics
Government Statistician