



Cabinet Economic Growth and Infrastructure Committee

EGI Min (10) 16/3

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Minute of Decision

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Crown Land and Forestry in the New Zealand Emissions Trading Scheme and the 1 Hectare Mapping Standard for Pre-1990 Forest Land

Portfolio: Climate Change Issues

On 21 July 2010, the Cabinet Economic Growth and Infrastructure Committee:

Guidelines for Ministers administering Crown forest land

- 1 **agreed** that Ministers should not apply for an allocation of New Zealand Units for pre-1990 forest land;
- 2 **agreed** that Ministers should be permitted to apply for a less-than-50 hectare exemption for pre-1990 forest land, following advice on a case-by-case basis from the department administering the land, in consultation with the relevant Treasury Vote analyst;
- 3 **agreed** that Ministers should be permitted to apply for a tree weed exemption for liabilities arising from deforestation of pre-1990 forest land;
- 4 **agreed** that Ministers should not participate independently in the New Zealand Emissions Trading Scheme (NZ ETS) as post-1989 foresters;
- 5 **agreed** that Ministers should retain their ability to partner with private investors to earn New Zealand Units from post-1989 forests on Crown land;
- 6 **noted** that the guidelines for Ministers' participation in the NZ ETS with respect to forestry will decrease recorded expenses by approximately \$15.5 million by the end of 2012 (and \$32.5 million after 2012);
- 7 **agreed** that the guidelines for participation in the NZ ETS with respect to forestry should not apply to other public sector bodies, including Crown entities, State Owned Enterprises, and local and regional councils;

Mapping standard for pre-1990 forest land

- 8 **agreed** to incur a \$13.5 million fiscal cost to the end of 2012 (and approximately \$30.0 million after 2012) as a result of the proposed *1 Hectare Mapping Standard*;

- 9 **noted** that the net effect of the above decision will be to reduce appropriated expenditure by around \$2.0 million to the end of 2012, and by \$2.5 million after 2012 once the guidelines for Ministers administering Crown land are taken into account;

Financial implications

- 10 **approved** the following changes to appropriations to reflect the net impact of the treatment of Crown land and the *1 Hectare Mapping Standard*, with a corresponding impact on the operating balance and no impact on the Between Budget Contingency:

Climate Change Minister for Climate Change Issues	\$m – increase/(decrease)				
	2009/10	2010/11	2011/12	2012/13	2013/14
Non-Departmental Other Expenses: Allocation of New Zealand Units	-	(2.029)	-	-	-

- 11 **agreed** that the proposed changes to appropriations for 2010/11 above be included in the 2010/11 Supplementary Estimates;
- 12 **noted** that the final allocation of costs over time is uncertain, and that joint Ministers may amend these appropriations at future baseline updates to reflect the actual phasing of costs.



Janine Harvey
Committee Secretary

Reference: EGI (10) 147

Present:

Hon Bill English (Chair)
Hon Gerry Brownlee
Hon Simon Power
Hon Anne Tolley
Hon David Carter
Hon Tim Groser
Hon Steven Joyce
Hon Phil Heatley
Hon Kate Wilkinson
Hon Maurice Williamson
Hon Peter Dunne

Officials present from:

Office of the Prime Minister
Officials Committee for EGI

Distribution:

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Secretary to the Treasury
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Liz MacPherson, MED
Secretary for the Environment (Climate Change)
Director-General, MAF (Forestry)
Paul Stocks, MAF
Chief Executive, Te Puni Kokiri
Controller and Auditor-General