



MP for Epsom

Deputy Prime Minister (from 31 May 2025)

Minister for Regulation

Associate Minister of Education (Partnership Schools)

Associate Minister of Finance

Associate Minister of Health (Pharmac)

Associate Minister of Justice (Treaty Principles Bill)

06 MAR 2025

Hon Simon Watts
Minister of Climate Change
Parliament Buildings

Dear Simon

I am writing to follow up on our engagements to date relating to the Budget 2025 Baseline Savings Programme.

I invited you – along with a group of other Ministers – to submit baseline savings for Budget 2025. My invitation reflected our earlier engagements, including my commissioning letter to you in December 2024, our discussion in January 2025, and the line-by-line expenditure information I requested to help assess the expenditure growth your portfolio has experienced.

I reiterated the challenging nature of the fiscal context our Government is currently operating in throughout our engagements. This includes the OBEGAL deficit, which is expected to increase to \$17.3 billion in 2024/25 and remain in deficit across the forecast. Alongside this, net core Crown debt is expected to reach \$234.1 billion by 2028/29, with core Crown finance costs forecast to exceed \$12 billion in the same year. Spending restraint is a non-negotiable in this context.

Since 2016/17 there has been a \$54m increase in annual expenditure within the gross base for Climate Change. I invited savings from the \$73.2 million average annual expenditure in the Climate Change portfolio. In addition to what was submitted through the Grants and Funds process, you have submitted savings of \$0.716 million average operating per annum. In light of the fiscal conditions our country faces, I ask that you revisit this exercise and 'sharpen your pencil'.

Your line-by-line review of the Climate Change Response Act 2002 sounds promising, given legislative change should not be a constraint when proposing savings options. However, I would encourage you to bring forward any potential efficiencies and savings already identified, rather than waiting until Budget 2026.

Where there are opportunities for further savings, I would welcome a discussion with you.

I have asked Treasury to proceed with their assessments of the submitted initiatives. From this, I will be presenting a package of baseline savings to Budget Ministers in late March.

I look forward to continuing to work with you throughout the Budget process.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Seymour', with a stylized flourish at the end.

Hon David Seymour
Associate Minister of Finance

cc James Palmer, Chief Executive, Ministry for the Environment