

Office of Hon Simon Watts

Minister of Climate Change
Minister for Energy
Minister of Local Government
Minister of Revenue



09 APR 2025

Hon David Seymour
Associate Minister of Finance
Parliament Buildings

Dear David

Thank you for your letter of 6 March following up on the Budget 2025 Baseline Savings Programme. I agree the fiscal context we are operating in is challenging and it is important to ensure government spending is aligned with our priorities and represent value-for-money.

In 2016/17 the climate change work programme was funded at \$18.7 million, and between 2016/17 to 2023/24 this funding increased year on year, including planned funding prior to Budget 24 decisions. This increase was driven by new legislative requirements introduced by the Climate Change Response (Zero Carbon) Amendment Act which provided a framework to develop and implement policies that reduced emissions and allowed New Zealand to adapt to the effects of climate change.

Since 2023/24, I have taken proactive steps with the Minister of Finance to find efficiencies in the climate change work programme resulting in substantial savings. As a result of the Budget 24 savings and proposed savings in Budget 25, the funding for the climate change portfolio is expected to be around 30% lower from 2026/27 than it would have been prior to Budget 24.

Additionally, I recently identified some potential additional savings in the Climate portfolio beyond the existing 30% reduction. These savings were unable to be realised through Budget 25, but the Minister of Finance's office has asked me to submit them for consideration in a future budget cycle.

Over the next year I will continue to direct my officials to consider areas for budget savings, including the previously mentioned work (already underway) to conduct a line-by-line review of the Climate Change Response Act. This review will ensure work required by the Act is efficient and delivering value for money. I intend to bring recommendations from the review to Cabinet in the second half of this year. I will then reforecast the funding position of the climate change work programme to reflect the changes agreed to by Cabinet in Budget 26.

I look forward to continuing to work with you throughout the Budget process and on the line-by-line review of the Climate Change Response Act.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'S. Watts', written over a light blue horizontal line.

Hon Simon Watts
Minister of Climate Change