



12 MAR 2025

Dame Patsy Reddy
Chair
Climate Change Commission
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Dear Dame Patsy

2025/26 Letter of Expectations for the Climate Change Commission

I am writing to outline my expectations to the Climate Change Commission (the Commission) for 2025/26. This letter should help with the Board's strategic planning and inform development of your 2025/26 Statement of Performance Expectations.

I want to thank the Board and wider Commission for their work in 2024/25. I appreciate the high volume of monitoring and advisory reports delivered at the same time as navigating the challenges of fiscal restraint and an organisational restructure.

I acknowledge the recent changes in Board membership and would like to see the Board maintain good governance practices throughout this transitional period. It is important for the Board to operate with transparency, accountability, and integrity while providing clear strategic leadership and setting objectives that align with government priorities. The Board should manage risks effectively and build and maintain strong relationships with stakeholders, including me, and the Ministry for the Environment (the Ministry), as your monitoring department. Regular Board performance reviews are an important tool for improving governance and decision-making, and I would appreciate you sharing the results of any future reviews with me and the Ministry. The Board must also have effective oversight of the Commission's executive management to ensure the organisation's strategic and operational goals are being effectively delivered.

The Government is determined to deliver better results and improve public services while managing within tight fiscal constraints. Please take account of the priorities outlined in the Minister of Finance and Minister for the Public Service's Enduring Letter of Expectations, including:

- achieving the greatest possible value from the funding received
- understanding cost drivers and reporting performance against key indicators
- taking a continuous improvement approach based on evidence and evaluation.

I strongly encourage the Board to remain focussed on the Commission's ongoing financial sustainability and avoid delivering deficit budgets in 2025/26 and subsequent years. Please ensure you can deliver your statutory work programme efficiently and effectively and manage cost pressures from within your baseline funding. I would like to see the Commission continue to reduce expenditure on contractors and consultants where possible.

The Board should ensure open and transparent communication with both me and the Ministry, keeping us informed about your performance, including any challenges, opportunities, and key risks. In line with the 'no surprises' principle, please provide timely updates on significant developments. I also would like quarterly reporting to be timely and

provide meaningful insights into the Commission's financial and non-financial performance, and progress toward its objectives.

The 2024 Government Workforce Policy Statement outlines expectations for an effective employment relations environment in the public sector that supports the delivery of high performing, trusted, and efficient public services. The Commission must have regard to the Statement. I would appreciate it if you could keep me updated on any actions taken to align workforce and employment strategies with the Statement through your quarterly reporting.

Further to my letter of 11 February 2025, thank you for the Commission's input to date into the Ministry's work to improve the operations of the Climate Change Response Act 2002 (CCRA). The purpose of the review is to ensure that the provisions of the CCRA deliver value in terms of the outcomes they seek, at a cost that is proportionate to those outcomes. You will likely have useful information on the possible impacts of a range of the proposed changes, and may have further suggestions on efficiency improvements. I would be grateful for the Commission's continued engagement with myself and Ministry officials as this work progresses.

Through its Climate Strategy, the Government has committed to delivering a fair and enduring adaptation system that helps New Zealand to be ready for climate change and provides clarity on costs. As you know, I am continuing to progress work to develop an adaptation framework. Thank you for your input to the Finance and Expenditure Committee Inquiry into Climate Adaptation last year.

I welcomed receiving the Commission's 2024 progress report on the National Adaptation Plan, and the insights it provides on progress towards, and barriers to, implementation. I look forward to hearing about the Commission's progress towards New Zealand's second National Climate Change Risk Assessment (NCCRA) this year, which is due by August 2026. This will improve our understanding of how the country may be affected by climate change and inform the next National Adaptation Plan. I encourage you to work with the Ministry to support the transition between the first and second NCCRA and to ensure the ongoing and long-term monitoring of risks.


I also welcomed receiving the Commission's first annual emissions reduction monitoring (ERM) report in 2024. The subsequent publication of the Climate Strategy, second emissions reduction plan, and amendment to the first plan, outline the Government's approach to prioritising cost-effective emissions reductions. I appreciate (as noted in your 2024 report) these were not available to the Commission during the report's development.

I look forward to receiving the next ERM report, and its assessment of implementation progress and further opportunities to reduce emissions, informed by the Climate Strategy and approach. I acknowledge this report will need to account for the final year of the first emissions budget and the associated plan, and the transition into the second emissions budget and plan. I encourage the Commission to consider this context when preparing its insights and findings.

Please note that I do not require your Statement of Intent to be refreshed in 2025/26.

Thank you for your dedication to providing high quality independent advice to the Government. I look forward to working with you in the year ahead.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Hon Simon Watts
Minister of Climate Change

cc Jo Hendy, Chief Executive, Climate Change Commission
jo.hendy@climatecommisison.govt.nz