

22 May 2024

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PARLIAMENT BUILDINGS

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Tēnā koe Minister

### **He Pou a Rangi Climate Change Commission – Response to your 2024/25 Letter of Expectations**

Thank you for setting out your expectations of the Commission for the 2024/25 financial year in your letter of 4 March 2024. I have also shared and discussed your letter with other Commissioners.

This letter outlines how the Commission intends to meet your expectations in the year ahead.

We acknowledge the Government's commitment to take action to deliver on Aotearoa New Zealand's climate change targets as set out in the Climate Change Response Act 2002, and Aotearoa New Zealand's first Nationally Determined Contribution to the Paris Agreement. Thank you also for signalling that the Government will focus equally on adaptation and mitigation, and that a national Climate Adaptation Framework will be developed.

#### **Delivering on our statutory responsibilities and delivering fiscal sustainability**

The Board, and I as its Chair, take our governance role seriously, including the need to be prudent in the use of public funds. We note the letter from the Minister of Finance and Minister for the Public Service earlier this year on the importance of delivering fiscal sustainability and ensuring the best use of Crown funding to deliver high quality services. We acknowledge the important role of the Board in achieving this.

The Commission is sharply focused on what is required to fulfil our statutory responsibilities. The Climate Change Response Act 2002 defines what we are required to deliver and, in some important respects, how we go about our work.

We are roughly halfway through our first multi-year cycle of delivery under the Act, and we are poised to deliver five pieces of advice before the end of the calendar year. Through the 2024/25 financial year the Commission will increasingly shift priorities and resources to fulfil its prescribed monitoring role on emissions and adaptation plans. We will also advance our wider adaptation functions including preparing for the second national climate change risk assessment. This expansion of our work will progress alongside our other ongoing statutory responsibilities.

As part of the Commission's maturity, the Board, through the Chief Executive, is focused on continuous improvement and streamlining how we work to ensure efficient use of resources. The Commission has been steadily reducing its reliance on contractors and consultants and moving towards building and



maintaining stable, in-house capability. Due to the broad scope and the complex technical nature of the Commission's statutory work programme it is not cost effective to have all necessary specialist knowledge retained in-house, which means that specialist contractors will continue to be required at times.

### *Delivering value to New Zealanders*

The value to New Zealanders of the services we deliver stems from our role as independent, impartial, expert advisors to Government on the opportunities and choices the country has to take climate change action.

It is important that our work is grounded in the best available evidence and analysis that enhances its quality. This means continuously expanding our knowledge on current scientific understanding of climate change and adaptation to its impacts, as well as the newest available technologies, policies and approaches that can reduce emissions in each sector of the economy, enhance removals and manage the risks from climate change.

The Climate Change Response Act 2002 requires the Commission to proactively undertake public engagement, participation and consultation to inform our functions. It also requires us to consider the Crown-Māori relationship, te ao Māori and specific effects on iwi and Māori. Listening to people across the country helps us to develop advice that reflects the real world, is grounded in their experience and insights, and is practical.

Through 2024/25 we will continue to seek efficiencies in our engagement with stakeholders and with iwi/Māori, and at the same time aim to meet with people in the places that make engagement efficient for them.

In August 2024 we will deliver the first of our biennial progress reports on the National Adaptation Plan. This progress report is required under the Climate Change Response Act 2002 to consider barriers to the implementation and effectiveness of the National Adaptation Plan, and to make recommendations for how those barriers might be addressed.

The development of this progress report is underway, and we expect it will contain insights that will be useful as the Government develops a national Climate Adaptation Framework. As we move increasingly into developing the Commission's adaptation function there may be other opportunities to support the development of the Climate Adaptation Framework. The Commission will stay in contact with you as well as the Ministry for the Environment (MfE) on this.

Thank you for acknowledging the section 5K request from the previous Minister of Climate Change to the Commission for advice to inform Aotearoa New Zealand's second Nationally Determined Contribution under the Paris Agreement. The Commission had indicated at the time that progressing this request was conditional on additional funding being made available. With no additional funding available, and as you have noted, this request has not been progressed. The compressed timeframes now prevent delivery of the original request by 31 December 2024 due to the large statutory load on the Commission this year. We are working with MfE to put before you a revised scope of work for the Commission's contribution to Government decision making in regard to the next NDC.

### *Funding decisions*

We note that the funding previously appropriated to the Commission to support a possible function advising on agricultural emissions pricing will be returned to the centre from 2024/25 while further policy work is undertaken. We also note the decision to reduce the Commission's baseline funding by 7.5% from 2025/26.

We appreciate the advance notice of the baseline funding reduction, and we are in the process of assessing the impact of these reductions for 2024/25 and out-years, while ensuring our statutory deliverables as described in the Climate Change Response Act 2002 are met, as well as our obligations as a Crown entity and an employer.

We will consider the implications that a reduction in funding has on our statutory deliverables, both in resourcing for immediate delivery and preparing for future delivery, and provide you with further advice, including trade-offs, where relevant.

### **Upholding good governance practices to ensure ongoing accountability**

Our work through 2024/25 will continue to align with the government-wide expectations that are set out in the 23 April 2024 Enduring Letter of Expectations and the Crown Entities Act 2004. This includes engaging constructively and openly with you and our monitoring agency, MfE, and operating on a 'no surprises' basis. To this end, we are working with MfE to develop a Performance Monitoring Framework, building upon the new guidance from Te Kawa Maataho Public Service Commission.

The Board is held accountable through our annual set of performance measures which are anchored in the quality of our advice. We will continue to provide meaningful performance information through our formal accountability documents, as well as regular and robust quarterly performance reporting.

I also note the expectation that there will be regular evaluations of the Board and of individual Commissioners. The Board also sets annual Key Performance Indicators for the Chief Executive and assesses their progress on a six-monthly basis.

The Board and I look forward to continuing our work with you in the period ahead.

Ngā mihi nui



Dr Rod Carr  
**Chair of He Pou a Rangi Climate Change Commission**