Hon Simon Watts

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

Dear Mayors, Chairs and Chief Executives,

I am writing regarding the use of climate change assumptions in council planning, infrastructure investment, asset management, and regulatory decision-making.

The Government expects councils to continue planning for climate risks and ensuring communities are resilient to future climate impacts. Climate adaptation remains an important responsibility of local government.

However, the Government is increasingly concerned that some climate-related planning and investment decisions may be relying on high-end emissions scenarios in a way that results in unnecessary costs being imposed on ratepayers, businesses, and communities.

Recent international assessments indicate that SSP5-8.5 and its predecessor RCP8.5 are best regarded as less likely, high-impact emissions scenarios that are useful for stress testing and contingency planning. They should not automatically be treated as the central or most likely future when making decisions that affect infrastructure investment, land use, property rights, or rates.

New Zealand faces significant infrastructure challenges. Every dollar spent on resilience measures is a dollar that cannot be spent on fixing roads, upgrading water infrastructure, improving community facilities, or reducing pressure on rates. Councils must therefore ensure climate-related decisions are proportionate, evidence-based, and represent value for money.

Accordingly, the Government expects councils to:

- Use a range of credible climate scenarios when assessing infrastructure and planning decisions, including medium and high-end scenarios.
- Clearly identify which scenario has been adopted as the primary planning assumption and explain why.
- Demonstrate the additional costs associated with higher-end climate assumptions and disclose the impact on rates, debt, and long-term affordability.
- Prioritise adaptive pathways and staged investment approaches wherever practical, rather than defaulting to immediate construction of infrastructure designed solely around worst-case assumptions.

Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand | +64 4 817 6814 | s.watts@ministers.govt.nz

- Ensure that regulatory decisions affecting landowners, businesses, and communities are supported by robust evidence and are proportionate to the risks being managed.
- Subject major climate-driven capital expenditure proposals to rigorous cost-benefit analysis and independent challenge.

The Government's expectation is clear: councils should plan for climate risks, but they must also plan for affordability.

High-end scenarios such as SSP5-8.5 remain useful for testing resilience and understanding extreme risks. However, the Government does not consider it appropriate for worst-case assumptions to become the default basis for investment decisions that impose significant costs on current and future ratepayers.

Councils should be able to demonstrate that climate-related investments are necessary, proportionate, and represent the best use of scarce public resources.

The Government will work with the sector to improve consistency and transparency in climate-related planning and infrastructure decisions. I have directed officials to undertake a stocktake of current council practices and provide advice on whether additional national direction, reporting requirements, or legislative changes are required to ensure climate-related decisions appropriately balance resilience, affordability, and value for money for ratepayers.

New Zealanders rightly expect councils to prepare for future risks. They also expect councils to avoid unnecessary gold-plating, focus on practical solutions, and exercise discipline when spending ratepayer money.

I encourage elected members and council executives to review their current planning assumptions and decision-making frameworks considering these expectations.

Yours sincerely,

Hon Simon Watts
Minister of Climate Change

Cc: **Hon Chris Bishop**
Minister Responsible for RMA Reform