

Reference: 20180300

4 September 2018

Dear [REDACTED]

Thank you for your Official Information Act request, received on 26 July 2018. You requested the following:

*"I have a request for official information under the Official Information Act regarding the OECD public The economic consequences of climate change:*

- 1. Any advice or briefings you gave to ministers on the 2015 OECD report The economic consequences of climate change;*
- 2. Any communication with the OECD about that report; and*
- 3. Any analysis of the estimate of the cost of global warming as a percentage to Australia and New Zealand by 2060 contained in the report."*

On 23 August 2018, I wrote to you to extend the time limit for deciding on your request by an additional eight working days due to the consultations needed.

### **Information Being Released**

Please find enclosed the following documents relating to the third question of your request:

<b>Item</b>	<b>Date</b>	<b>Document Description</b>	<b>Decision</b>
1.	20 November 2017	Comments on Most Recent Version of Climate Change Paper	Release in part
2.	20 November 2017	Climate Change 100 day Cab Paper and Cover Briefing Note	Release in part
3.	23 November 2015	Notes on OECD Report – The Economic Consequences of Climate Change	Release in full

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under the following sections of the Official Information Act, as applicable:

- certain sensitive advice, under section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions,
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including the Treasury's website.

Some information has been deleted because it is not covered by the scope of your request. This is because the documents include matters outside your specific request.

### **No Information Held**

In regard to your first two queries, the Treasury has not prepared any advice or briefings to Ministers regarding the OECD report entitled "The Economic Consequences of Climate Change", nor have we undertaken any communication with the OECD about that report. Consequently, I have decided to decline part of your request under section 18(e) of the Official Information Act – the document alleged to contain the information requested does not exist or, despite reasonable efforts to locate it, cannot be found.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Natalie Labuschagne  
**Policy Manager, Transition and Regional Economic Development**

# OIA 20180300

## Information for Release

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1.	<a href="#">Email: Comments on Most Recent Version of Climate Change Paper</a>	1
2.	<a href="#">Email: Climate Change 100 day Cab Paper and Cover Briefing Note</a>	3
3.	<a href="#">Notes on OECD Report – The Economic Consequences of Climate Change</a>	4

Out of scope

**From:** Lindy Fursman [TSY]  
**Sent:** Monday, 20 November 2017 5:56 PM  
**To:** Paul Alexander; Janine Smith  
**Cc:** Lucy Nie; Emma Coker; Tamara Linnhoff; Kate Hodgkinson [TSY]; Gwen Rashbrooke [TSY]  
**Subject:** Comments on most recent (?) version of Climate change paper

[UNCLASSIFIED]

Hi Paul and Janine

Just a few additional comments on the latest draft of the Cab paper (the version that went to Grace late on Friday):

1. Out of scope



2. Para 22: OECD – costs of inaction.

- a. We were a little puzzled as to why the figure of 2% reduction in GDP was cited, in terms of the costs of inaction. Is this taken from the OECD's analysis of the macro consequences of climate change impacts, as described in Ch 2 of the 2015 report? In this report, the OECD notes that the costs of inaction of 2% GDP is a **global** average loss, but then goes on to say that the losses to OECD economies are much less. The OECD states that *"The economies of OECD countries are, on balance, much less affected, with losses in 2060 amounting to -0.2%, -0.3% and -0.6% for OECD Europe, OECD Pacific [NZ is included in this group] and OECD America, respectively, not least because many of these countries like in temperate climate zones."* (para 2.2.1, p53)
- b. We were also a little puzzled about the logic of including this 2% global average figure. This leads the reader to think that taking climate action in NZ would avoid us suffering a 2% GDP loss (or 0.3% loss based on the above para.) However, as NZ produces only a small proportion of global emissions, it is possible (and indeed likely) that even if NZ was to shift to net zero emissions tomorrow, we would still suffer the same macro impacts as we would if we continued to emit as we do now, the impacts of climate change that NZ experiences are not a result of NZ specific emissions.
- c. These concerns are in addition to our concerns with the underlying data that the OECD report is based on, with regard to the conflation of NZ and Australia – for two examples, some of the modelled losses are attributable to a) extreme events (incl heat waves and tropical cyclones) and b) impacts in the energy sector (especially oil, gas and coal) where there are clearly greater impacts for Australia than NZ.

3. Out of scope



Happy to discuss, and regards,  
Lindy

**Lindy Fursman** | Principal Advisor | Natural Resources | **The Treasury**  
s9(2)(k) | [Lindy.Fursman@treasury.govt.nz](mailto:Lindy.Fursman@treasury.govt.nz)

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OFFICIAL INFORMATION ACT

Out of scope

**From:** Lindy Fursman [TSY]  
**Sent:** Monday, 20 November 2017 6:05 PM  
**To:** Bryan Chapple [TSY]; Grace Campbell-Macdonald [TSY]  
**Cc:** Gwen Rashbrooke [TSY]; Kate Hodgkinson [TSY]  
**Subject:** RE: Climate Change 100 day Cab Paper and cover Briefing Note

Hi all

s9(2)(g)(i)

I've gone back to MfE to ask whether the figure they cite is taken from the OECD's analysis of the macro consequences of climate change impacts, as described in Ch 2 of the 2015 report. s9(2)(g)(i)

s9(2)(g)(i), as in the report, the OECD notes that the costs of inaction of 2% GDP is a **global** average loss, but then goes on to say that the losses to OECD economies are much less. The OECD states that "*The economies of OECD countries are, on balance, much less affected, with losses in 2060 amounting to -0.2%, -0.3% and -0.6% for OECD Europe, **OECD Pacific** [NZ is included in this group] and **OECD America**, respectively, not least because many of these countries lie in temperate climate zones.*" (para 2.2.1, p53) Of course, it is possible that there is some other analysis that I'm unaware of, s9(2)(g)(i)

s9(2)(g)(i)

including this 2% global average figure (even if it was correct for NZ)

s9(2)(g)(i) leads the reader to think that taking climate action in NZ would avoid NZ suffering a 2% GDP loss (or 0.3% loss based on the above para.) However, as NZ produces only a small proportion of global emissions, it is possible (and indeed likely) that even if NZ was to shift to net zero emissions tomorrow, we would still suffer the same macro impacts as we would if we continued to emit as we do now, as the impacts of climate change that NZ experiences are not a result of NZ specific emissions, but rather, global actions.

These concerns are in addition to our concerns with the underlying data that the OECD report is based on, with regard to the conflation of NZ and Australia – for two examples, some of the modelled losses are attributable to a) extreme events (incl heat waves and tropical cyclones) and b) impacts in the energy sector (especially oil, gas and coal) where there are clearly greater impacts for Australia than NZ. However, while we can think in theory about how NZ differs from Australia in these key areas, we don't have any data that we can use to provide NZ specific figures.

Regards,  
Lindy

**Lindy Fursman** | Principal Advisor | Natural Resources | **The Treasury**

s9(2)(k) | [Lindy.Fursman@treasury.govt.nz](mailto:Lindy.Fursman@treasury.govt.nz)

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**From:** Bryan Chapple [TSY]  
**Sent:** Monday, 20 November 2017 1:06 PM  
**To:** Lindy Fursman [TSY] ; Grace Campbell-Macdonald [TSY]  
**Cc:** Gwen Rashbrooke [TSY] ; Kate Hodgkinson [TSY]  
**Subject:** RE: Climate Change 100 day Cab Paper and cover Briefing Note

Another point from me on the draft Cab paper. The point about the OECD modelling of unavoidable costs – unless NZ's climate change actions will reduce these, they are just additional costs. s9(2)(g)(i)

s9(2)(g)(i)

Balance of document deleted as material not covered by your request

# OECD Report – The Economic Consequences of Climate Change

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23 November 2015

[OECD Report - The Economic Consequences of Climate Change \(Treasury:3346991v1\)](#) [Add to worklist](#)

## Key findings

- If no further action is taken to reduce GHG emissions, the impacts of climate change (“climate damages”) on global GDP are projected to be between 1.0% to 3.3% by 2060. This includes a central projection of 2.0%.
- All regions suffer negative GDP impacts, but regional differences are high. Asia and Africa suffer the most, whereas OECD countries are on balance less affected.
- The greatest GDP impacts are from damages to agriculture and human health leading to lower labour productivity.
- The report recommends an optimal mix of mitigation to reduce the negative impacts, adaptation to cope with damage, and residual damage.
- Each specific policy requires the normal cost-benefit analysis and should take into account the full benefits of avoiding long-term climate damages.

## Points of interest for New Zealand

- The OECD Pacific (incl NZ) is expected to suffer 0.3% GDP losses by 2060 (central projection). When NZ and Australia are disaggregated, the expected loss is around 0.9% GDP by 2060 (central projection).
- Pg 64 – the per capita consumption for the OECD Pacific is higher than all but OECD America now and projected into the future
- Pg 66 – even in countries where agriculture makes a small contribution to GDP, the contribution of agriculture to overall GDP loss is expected to be substantial because it is the sector projected to be most negatively affected by climate change (worldwide, not specifically NZ). The negative effect varies widely by crop, and can, in some cases, be significantly offset by positive CO2 fertilisation (Pg 71).
- Pg 94 – NZ is projected to be significantly less affected by heat stress compared to most other countries. NZ’s regional damages from climate change impacts also appear to be significantly lower than most countries (Pg 123).

### Points on the methodology

- NZ is aggregated with Australia, so it is difficult to know how much of the impact is driven by Australian impacts.
- The OECD uses a dynamic CGE model in which the World is connected through trade to model the impact of climate damages on regions and sectors to 2060. This is supplemented by use of an Integrated Assessment Model (IAM) to model post-2060 damages.
- Uncertainties in the CGE model include projections of GDP, population etc. Also the pace and scale of damages. Uses ranges and central projections to demonstrate uncertainty.
- Pg 34 – the model excludes the possibility to increase the size of irrigated agricultural land, an adaptation option that could be useful for areas with low water stress levels.
- Other uncertainties arise due to things that cannot be modelled, such as tipping points.
- The OECD expects that these uncertainties means the model underestimates the future costs of climate damages.

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