



4 December 2020

Dear [REDACTED]

Thank you for your request for a “copy of any estimate you have of the cost of global warming as a percentage of GDP”.

The role of the Climate Change Commission is to provide successive governments with a range of independent expert advice including:

1. making recommendations on emissions budgets and the direction for the Government’s emissions reduction plan;
2. monitoring, reviewing and reporting on progress towards New Zealand’s 2050 target, emissions budgets and reductions plans and the implementation of National Adaptation Plans;
3. recommending emissions pricing policies; and
4. from 2026, preparing the National Climate Change Risk Assessments;

In addition, the Minister for Climate Change has requested additional advice from the Commission on:

1. potential reductions in biogenic methane emissions which may eventually be required under the Paris Agreement; and
2. a review of Aotearoa’s first Nationally Determined Contribution under the Paris Agreement and its compatibility with the goal of limited global average temperature rise to 1.5 degrees above pre-industrial levels.

Assessing the cost of the impacts of climate change is an evolving science. While there are estimates available, economists consider these estimates to significantly underestimate the damage climate change will cause.

<https://www.lse.ac.uk/GranthamInstitute/publication/the-missing-economic-risks-in-assessments-of-climate-change-impacts/>.

New Zealand scientists are amongst those contributing to better understanding the costs of climate change.

[Estimating financial costs of climate change in New Zealand - An estimate of climate change-related weather event costs \(treasury.govt.nz\)](https://ideas.repec.org/a/spr/climat/v162y2020i2d10.1007_s10584-020-02729-y.html) and the subsequent paper [https://ideas.repec.org/a/spr/climat/v162y2020i2d10.1007\\_s10584-020-02729-y.html](https://ideas.repec.org/a/spr/climat/v162y2020i2d10.1007_s10584-020-02729-y.html).

The Commission will continue to monitor the science and economics on this topic and use the most up-to-date science to inform our advice. Some of this will be considered in our advice on emissions budgets. That advice is in preparation and will be released as part of our consultation process which will run from 1 February to 14 March 2021.

Thank you for your enquiry. I trust that this answers your questions. If it does not, please feel free to approach us again.

Please also be aware that it is our intention to proactively publish our responses to questions such as this. Now that our new website has been launched, a copy of this letter will be published on it shortly – with your name and contact details removed to protect your privacy.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jo Hendy', written in a cursive style.

Jo Hendy  
Chief Executive  
Climate Change Commission