



TE TAI ŌHANGA
THE TREASURY

Reference: 20230492

21 November 2023



Dear 

Thank you for your Official Information Act request, received on 24 October 2023. You requested the following:

Can I please have a copy of any advice, reports and discussions you hold concerning the financial risks (including risk of debt default) to the farming sector from climate change related impacts. The period of this request covers 2021-2023 inclusive.

We sought confirmation from you on 31 October 2023 regarding the scope of your request and confirmed with you on 3 November 2023 the following:

Any formal written advice and emails between the Treasury and the Minister of Finance's office on the risk of land-based agricultural sectors (beef, dairy, horticulture, and arable subsectors) getting into financial difficulty in the face of climate change related impacts between the period 2021 – 2023 inclusive.

The following document is partially covered by the request. The relevant excerpt from this Joint Report has been included in full below.

Date	Document Description
26 January 2022	The Treasury and Ministry for the Environment Joint report: Climate Economic and Fiscal Assessment Report

Excerpt:

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<https://treasury.govt.nz>

Summary of key messages in the paper

9. The economic and fiscal impacts of climate change are expected to be large, wide ranging and felt unevenly. Sectors such as land-based primary industry and the energy and transport sectors will be particularly exposed to both climate change and the low-emissions transition. Regions whose economies rely on industries that are emissions intensive or vulnerable to climate change, and those with high populations located in low-lying coastal areas are expected to be more affected. Impacts on consumer prices over time are likely to disproportionately affect lower-income households.
10. The combined effect of climate change and the transition to a low-emissions future on GDP is expected to be negative, based on recent modelling. While some new sectors are likely to be created (bringing economic and wellbeing benefits), some existing sectors are anticipated to shrink and, in some cases, disappear altogether, causing disruption for affected communities. However, over time, investments in low-emissions technologies could lead to cost savings and other co-benefits.
11. The economic and fiscal costs of physical climate change impacts will likely grow over time, thereby expanding New Zealand's already significant natural hazard risk profile. The future climate change New Zealand faces will be heavily dependent on global action since physical changes are a function of global emissions (of which New Zealand's emissions represent only a small amount).

We have previously directed you to the following two documents when we sought clarification from you on 31 October:

- Climate Economic and Fiscal Report, joint report from the Treasury and Ministry for the Environment: [Ngā Kōrero Āhuarangi Me Te Ōhanga: Climate Economic and Fiscal Assessment 2023 \(treasury.govt.nz\)](https://www.treasury.govt.nz/publications/cefr/2023)
- New Zealand Selected Issues Paper, Treasury provided feedback to the International Monetary Fund who was the lead drafter: [New Zealand: Selected Issues \(imf.org\)](https://www.imf.org/en/Publications/Selected-Issues-Papers/2023/01/2023-01-01-New-Zealand-Selected-Issues-Paper)

In addition, you might also be interested in this recently released report from the Reserve Bank: *Developments in the agricultural sector – Financial Stability Report: Developments in the agricultural sector - Financial Stability Report Nov 2023 (rbnz.govt.nz)*.

Please note that this letter (with your personal details removed) 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

P.P 

James Haughton
Manager, Natural Resources