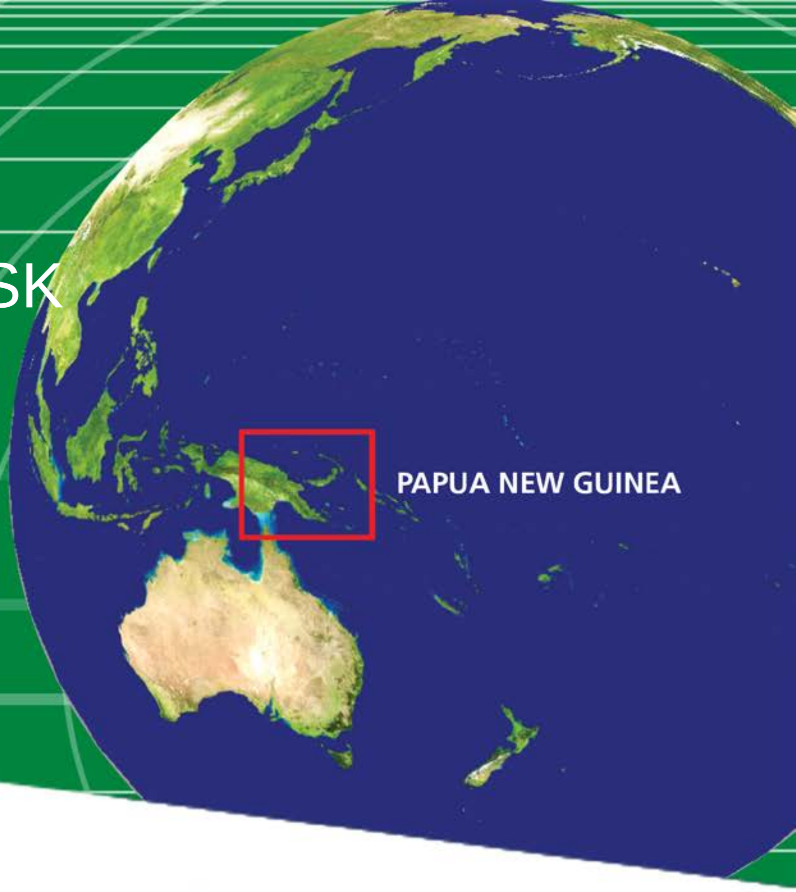
CURRENT AND FUTURE TROPICAL CYCLONE RISK IN THE SOUTH PACIFIC



COUNTRY RISK PROFILE: PAPUA NEW GUINEA

JUNE 2013

- *Papua New Guinea has been affected by devastating cyclones on multiple occasions, e.g.1997 tropical cyclone Justin, 2007 tropical cyclone Guba. The current climate average annual loss due to tropical cyclones represents about 0.24% of the country's GDP.*
- *End-of-century climate projections indicate an increase in losses from tropical cyclones compared to the current climate. Average annual losses are projected to increase from 22.7 million USD to 23.8 million USD by mid-century and to 24.0 million USD by end-of-century, an increase of 5.0% and 5.8%, respectively (2010 dollars).*
- *By 2100, larger increases in losses are projected for more extreme events, with losses for 1-in-50 year cyclones projected to increase by 14.2%, and by 66.3% in the worst case climate change scenario.*
- *Compared to the current climate, end-of-century average annual losses for buildings and infrastructure are projected to increase by 10.1% and 17.6%, respectively.*
- *The proportion of the population affected by end-of-century tropical cyclones increases compared to the current climate.*
- *The main contributor to current and future building and infrastructure losses is wind, with only minor contributions from storm surge and flood.*
- *Maximum wind speeds produced by tropical cyclones in Papua New Guinea are projected to increase slightly by end-of-century.*

Pacific Catastrophe Risk Assessment and Financing Initiative
in collaboration with
Pacific-Australia Climate Change Science and Adaptation Planning Program

Australian AID

BETTER RISK INFORMATION FOR SMARTER INVESTMENTS

PROJECT GOAL

Contributing to the third phase of the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI), this project is supported by the Pacific-Australia Climate Change Science and Adaptation Planning (PACCSAP) Program with co-financing from the Global Fund for Disaster Risk Reduction. The primary goal of the project is to improve understanding of the risks posed by tropical cyclone hazards (winds, floods, and storm surge) to key assets in the Pacific region, under current and future climate scenarios. A clearer understanding of the current level of risk in financial terms – and the way that risk will change in the future – will aid decision makers in prioritising adaptation measures for issues such as land-use zoning, urban infrastructure planning, and ex-ante disaster planning.

EXPOSURE AND POPULATION

The building assets considered in this study include residential, commercial, public and industrial buildings, while the infrastructure assets include major ports, airports, power plants, bridges and roads. The major crops in Papua New Guinea are banana, oil palm, yam, and coffee, among others.

Table 1: Summary of Population and Exposure in Papua New Guinea (2010)

Total Population	6,406,000
GDP Per Capita (USD)	1,480
Total GDP (million USD)	9,480.0
Total Number of Buildings	2,393,279
Number of Residential Buildings	2,261,485
Number of Public Buildings	43,258
Number of Commercial, Industrial, Other Buildings	88,536
Hectares of Major Crops	1,350,990

As estimated and detailed in the previous phase of the project, the replacement value of all assets in Papua New Guinea is 49.2 billion USD, of which about 80% represents buildings and 13% represents infrastructure. This study did not take into account future economic or population growth. Table 1 includes a summary of the population and exposure in the islands.

AIR TROPICAL CYCLONE MODEL

AIR has developed a South Pacific catastrophe parametric model to evaluate the tropical cyclone risk for 15 countries in the region. Historical data was used to build a stochastic catalogue of more than 400,000 simulated tropical cyclones, grouped in 10,000 potential realisations of the following year's activity in the basin. The catalogue provides a long-term view of tropical cyclone activity in the region. It was built to physically and statistically reflect the most credible view of current risk based on the historical record, including frequency, intensity and track evolution. The model estimates hazard (wind speeds and flooding levels) and damage (losses) for all events in the catalogue.

CURRENT CLIMATE

The northern part of Papua New Guinea is close to the equator where tropical cyclones are rare. The southern part, however, has been affected by severe tropical cyclones on multiple occasions during the past few decades. For example, tropical cyclones Justin and Guba, in 1997 and 2007, caused between 180 and 260 fatalities, brought torrential rains that produced widespread flooding and landslides, and damaged buildings, crops and infrastructure with about 300 - 500 million USD in combined losses.

The country's current tropical cyclone risk profile has been derived from an estimation of the direct losses to buildings, infrastructure and major crops, as caused by wind and flooding due to rain and storm surge. 'Losses' in this report refers to the direct costs needed to repair or replace damaged assets *plus* the emergency costs that governments may sustain as a result of providing necessary relief and recovery efforts (e.g. debris removal, setting up shelters for those made homeless, or supplying medicine and food).

The average expected losses per calendar year are referred to as *Average Annual Loss* or *AAL* (see Appendix). The current climate AAL value is 22.7 million USD. The percentage distribution for the different assets considered is shown in Figure 1.

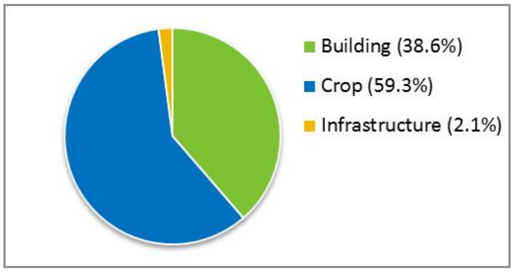


Figure 1: Contribution to total Average Annual Loss (AAL) from the three types of assets considered

The model also estimates losses from more infrequent tropical cyclones that are stronger and more damaging such as 50, 100 and 250 year return period (RP) events (see Appendix). The current losses from such events are: 218.8 million USD (50 year RP), 432.0 million USD (100 year RP) and 777 million USD (250 year RP), respectively.

FUTURE CLIMATE

As part of the project, Geoscience Australia (GA) analysed general circulation model outputs from a total of 11 different Global Climate Models (GCMs), from two successive generations of GCM experiments referred to as CMIP3 and CMIP5. The models in the two frameworks are forced by different emission scenarios: the A2 scenario[1] for CMIP3 models and the RCP 8.5 scenario[2] for CMIP5 models. Both A2 and RCP 8.5 represent high emission scenarios.

Results from the latest generation CMIP5 models, for which no dynamical downscaling was required, indicate that these models tend to perform better at replicating the behaviour of tropical cyclones in the current climate, especially for the Southern Hemisphere. Thus, more confidence should be placed in the results from the CMIP5 framework. The results outlined in the following sections are based on the CMIP5 models.

The Mean Estimate reflects results obtained after averaging output over all five models under the same climate framework. Figure 2 displays the relative frequencies for different storm categories, for both current and Mean Estimate future climate.

[1]http://www.ipcc.ch/ipccreports/sres/emission/index.php?idp=98
[2]http://link.springer.com/content/pdf/10.1007%2Fs10584-011-0148-z.pdf

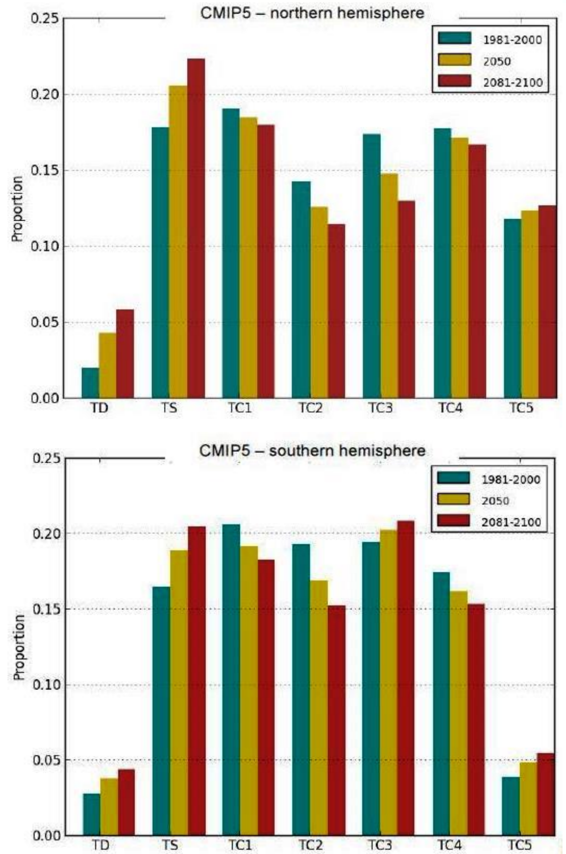


Figure 2: Mean Estimate relative proportion of TC intensity – multi model ensemble for CMIP5 models in the Northern and Southern Hemispheres. Classification is based on central pressure using a Cp-based Saffir-Simpson Hurricane Intensity Scale

For both hemispheres, there is an expected future increase in the relative frequency of tropical depressions, tropical storms, and category 5 storms and a general decrease in the number of storms in the other categories. Most notable is the increase in category 5 storms (and category 3 storms in the southern hemisphere) which may have a measurable impact on observed losses in the region. There is also a slight equatorward movement of tropical cyclone tracks in the northern hemisphere and poleward movement of tropical cyclone tracks in the southern hemisphere.

Future loss projections

Of the five individual models analysed, generally one model suggests large increases in losses, two models suggest decreases in losses and two models show relatively small changes when compared to the current climate losses. The significant divergence in the individual model results indicates a large range of model estimates.

Figure 3 shows end-of-century individual model projections for Exceedance Probability (EP – see Appendix) (blue) along with the current climate EP (green).

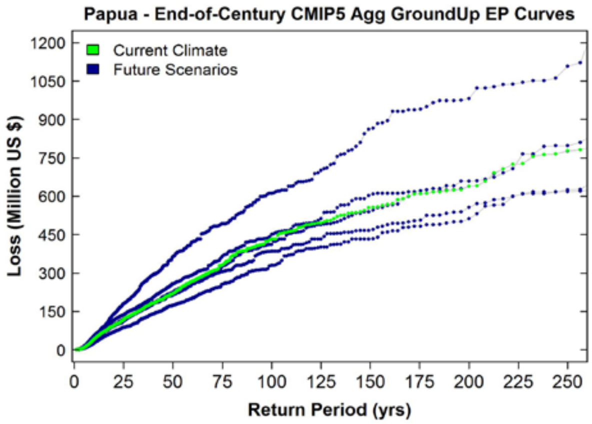


Figure 3: End-of-century EP-curves for individual CMIP5 models compared to the current climate EP-curve (green curve)

Any analysis of future model projections should consider estimates of the ensemble mean (the 'Mean Estimate' of all models), the full range of model results, and the worst case climate change scenario.

The individual model that projects the greatest increase in losses as compared to the current climate defines the worst case scenario for the country. In general, there is an increase in losses projected from tropical cyclones for the future climate. Figure 4 contrasts the end-of-century Mean Estimate projection with the current climate.

The two EP-curves reveal increases in future losses from about the 20 year return period onward. Lower frequency events (> 50 year return period) are projected to observe slightly larger increases in losses in the future climate.

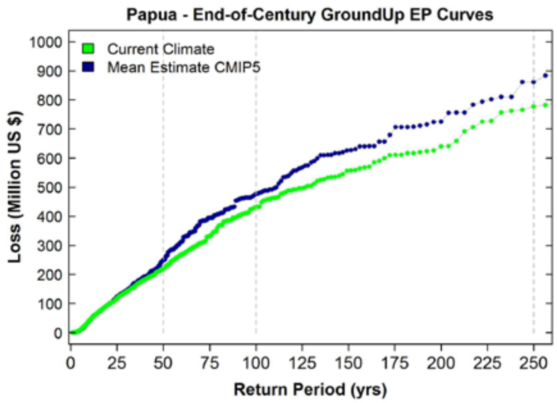


Figure 4: End-of-century EP-curve for the future Mean Estimate (blue curve) compared to the current climate EP-curve (green curve)

End-of-century Mean Estimate projections indicate that losses from 1-in-50 year events will increase 14.2% compared to the current climate, while the worst case scenario suggests a much more significant increase in loss of 66.3%.

Table 2: Loss estimates (USD) for current climate and future end-of-century Mean Estimate and worst case scenario

CMIP5 (Total Loss)	AAL	50yr RP	100yr RP	250yr RP
Current Climate	22,695,879	218,189,711	431,582,447	777,194,083
Future Mean Estimate	24,011,887	249,189,300	476,219,732	860,931,310
Future Worst Case	32,837,548	362,839,606	611,267,878	1,107,241,964

Table 2 contrasts current climate losses with the future Mean Estimate and worst case climate change scenario estimate across different return periods. The worst case scenario consistently projects significant loss increases when compared to the current climate across all return periods considered as well as the AAL.

Mid-century v end-of-century future loss projections by different assets

Projected future losses from tropical cyclones were examined for mid-century and end-of-century across different assets (buildings, infrastructure, crops and population). For Papua New Guinea, there is an increase in the end-of-century losses compared to current climate. The total AAL increases from 22.7 million USD to 23.8 million USD by mid-century and to 24.0 million USD by the end-of-century, for an increase of 5.0% and 5.8%, respectively.

Table 3 contrasts the AAL and the 50, 100 and 250 year RP losses from current and future climates, for both 2050 and 2100 time periods, across the different assets at risk. The total loss (AAL) represents the sum of the building, infrastructure and crop AALs.

Larger end-of-century loss increases occur for buildings and infrastructure while smaller increases are observed for crops, across different return periods. More people are likely to be affected (in terms of fatalities and casualties) by the end-of-century tropical cyclone risk than under the current climate.

Note that no adjustment to account for future economic or population growth was considered for any of the assets.

Table 3: Percent changes between future climate loss projections for mid-century and end-of-century, and the baseline, for different return periods, by different assets. Baseline loss numbers are expressed in USD

Mean Estimate		AAL	50yr RP	100yr RP	250yr RP
Total Loss	Current Climate	22,695,879	218,189,711	431,582,447	777,194,083
	Future 2050 (%)	+5.0	+1.9	-1.9	+0.6
	Future 2100 (%)	+5.8	+14.2	+10.3	+10.8
Building	Current Climate	8,756,211	77,067,846	166,096,791	407,364,018
	Future 2050 (%)	+11.5	+1.8	+8.5	-7.9
	Future 2100 (%)	+10.1	+6.1	+18.2	+15.1
Infra-structure	Current Climate	486,927	2,410,220	9,825,120	27,794,300
	Future 2050 (%)	+0.6	-7.3	+1.9	-7.3
	Future 2100 (%)	+17.6	+6.9	+16.4	+26.2
Crop	Current Climate	13,452,741	142,007,107	240,721,741	439,000,000
	Future 2050 (%)	+0.9	-2.8	+8.8	+2.4
	Future 2100 (%)	+2.5	+1.8	+14.0	+4.8
Population Affected	Current Climate	242	2,489	4,735	8,105
	Future 2050 (%)	+2.6	+1.4	-1.7	+2.0
	Future 2100 (%)	+4.7	+12.7	+9.4	+9.7

Wind, flood and surge contributions to total loss estimates

The analysis captures the effects of three hazards associated with tropical cyclones: strong winds, precipitation-induced flooding and coastal flooding due to storm surge. Tropical cyclone winds can be very destructive and in most cases they are the main cause of damage and subsequent losses.

Unlike the wind, which decreases in intensity as the storm moves inland, the intensity of storm-related precipitation and accumulated runoff can increase in inland regions and consequently also lead to significant damage to property.

The storm surge represents the sea water forced ashore due to the rise in sea level accompanying any approaching intense storm. A significant storm surge event can have devastating effects on-shore.

Both sea level and precipitation changes under future climates are not considered in this study.

The main contributor to building and infrastructure loss is wind, with only minor contributions from storm surge and flood. Figure 5 explores the *relative changes* in contributions to total loss split by hazard between the current and Mean Estimate future climate.

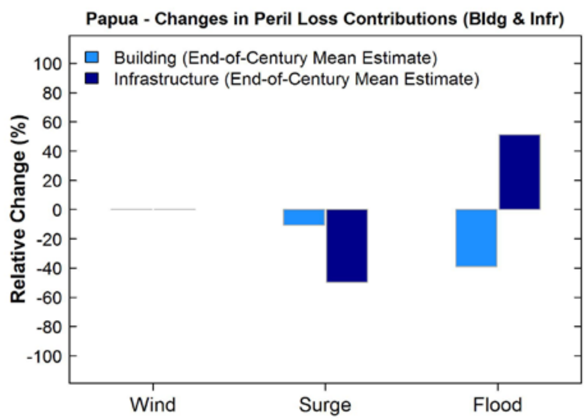


Figure 5: Percent changes between the end-of-century future climate and the current climate for Wind, Surge and Flood loss contributions to total loss, for buildings (light blue) and infrastructure (dark blue)

The future climate projection estimates a decrease in the storm surge and flood contributions to the total building loss compared to the current climate. Conversely, the contributions to total infrastructure loss are negative for storm surge and positive for flood. However, it is important to note that the reported changes for flood and storm surge are calculated between very small initial numbers and, ultimately, wind remains the main contributor to total loss for both assets.

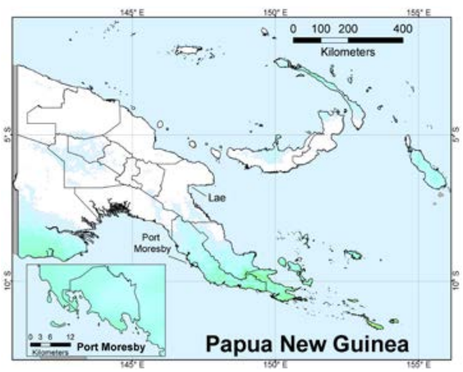
Wind hazard maps for end-of-century climate compared to current climate

The wind hazard increases slightly for the 100 year return period under future climate, as shown in Figure 6. The 100-year return period winds, which represent an event that has a 40% chance of being equalled or exceeded once in 50 years, are capable of generating severe damage to buildings, infrastructure, and crops with consequent large economic losses.

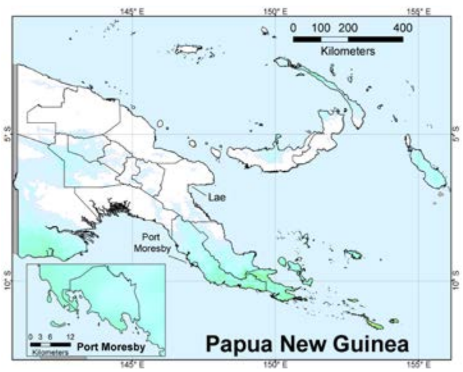
Figure 6 depicts the end-of-century 100 year mean RP wind speed, expressed as maximum 1-minute sustained winds in km/h, for the current climate (top panel) and future projection (bottom panel).

For example, on the coast near Port Moresby, the 100 year RP wind speed increases from 109.1 km/hr to 111.5 km/hr by the end of century.

The wind level changes are less dramatic than the changes in total losses, because a small change in wind speed can result in significantly larger damage costs. The current climate wind patterns in Papua New Guinea are generally maintained under future climate projections.



Current Climate



Future Climate

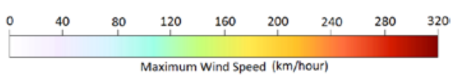


Figure 6: 100 year mean return period winds (maximum 1-minute sustained winds in km/h) for the current climate (top panel) and the future climate (bottom panel)

SUMMARY

The evaluation of the current and future climate tropical cyclone risk in the South Pacific region was carried out using Geoscience Australia's analysis of tropical cyclone activity along with AIR's catastrophe model developed specifically for the region. The risk model allows for the translation of the climate change induced effects observed in the frequency, intensity and path of tropical cyclones into direct loss results for the region and individual countries.

For both hemispheres, numerical models predict a future increase in the relative frequency of tropical depressions, tropical storms, and category 5 storms and a general decrease in the number of storms in the other categories (Figure 2). Most notable is the regional increase in category 5 storms.

The financial impacts are measured using metrics such as the Average Annual Loss (AAL) or the 100 year return period loss. For planning purposes, it is useful to understand both average annual losses as well as possible losses from extreme events.

The Mean Estimate (Table 3) projection suggests increased future losses compared to the current climate. Larger increases in losses are projected for lower frequency events (> 50 year RPs - Figure 4).

For 1-in-50 year events the end-of-century Mean Estimate suggests an increase in loss of 14.2% compared to the current climate, while the worst case scenario suggests a more significant increase in loss of 66.3% (Table 2).

The largest end-of-century loss increases tend to occur for buildings and infrastructure with crops exhibiting smaller loss increases (Table 3). A higher proportion of people are affected by end-of-century tropical cyclone risk compared to the current climate.

The main contributor to total losses to buildings and infrastructure is wind, with only minor contributions from storm surge and flood. There is a decrease in the storm surge contribution to total loss (Figure 5). Similar to the current climate, the wind hazard remains the main contributor to loss for both assets.

The end-of-century Mean Estimate projects slightly stronger winds compared to the current climate (Figure 6). The current climate general wind hazard patterns are maintained across the country.

Models from both the CMIP3 and CMIP5 global climate model runs were analysed in this project. The CMIP5 models demonstrated greater skill and performance in replicating current climate conditions, and reporting of damage and loss has therefore focused on results from the CMIP5 framework.

There is consistent divergence, in the resulting EP-curves for individual models under the same framework (Figure 3) indicative of significant model uncertainty. The mean changes in future losses compared to the baseline are too small to be considered statistically significant when measured against the range of model estimates.

There is also the uncertainty associated with the risk model itself that needs to be accounted for. A statistical quantification of the uncertainty around each estimated EP-curve reveals that generally the separation between the baseline and the future projection is not large enough to be considered statistically significant.

APPENDIX

Classification of tropical cyclones

A tropical cyclone represents an atmospheric low-pressure system with a spiral arrangement of thunderstorms that produce strong winds and heavy rain. The table below describes the categorisation of storms based on maximum sustained winds and minimum central pressure as used in this study.

Classification	1-minute sustained wind speed (km/h)	Minimum central pressure (hPa)
Tropical Depression (TD)	<= 62	>= 1005
Tropical storm (TS)	63-118	1005-995
Category 1 (TC1)	119-153	995-980
Category 2 (TC2)	154-177	980-965
Category 3 (TC3)	178-208	965-945
Category 4 (TC4)	209-251	945-920
Category 5 (TC5)	>= 252	< 920

Definition of key metrics used to describe future risk changes

Several key metrics are utilised in order to evaluate the change in losses/risk between the current climate and the future climate: Average Annual Loss (AAL), Return Period (RP) Loss, Exceedance Probability (EP) curve.

- Average Annual Loss (AAL). AAL represents the sum of all losses observed in the domain divided by all realisations of next-year activity (10,000 years); AAL thus refers to the average loss that can be expected to occur per year.
- Return period (RP) loss. The X-year return period loss is the loss that can be expected to occur or be exceeded on average once every X years. Highlighted for this analysis are the 50 year (2.0% exceedance probability), 100 year (1.0% exceedance probability) and 250 year (0.4% exceedance probability).
- Exceedance Probability curve (EP-curve). An EP-curve represents the probability curve that various levels of loss will be exceeded. By inverting the exceedance probability to obtain corresponding return periods, the EP-curve then represents the various levels of loss associated with different return period events. An EP-curve is obtained by sorting all losses largest to smallest observed over a domain, assigning a rank to all entries (1 being the largest loss, 2 being the second largest loss etc.), and then dividing the ranking by the total number of years (10,000).

Loss and damage

The 'losses' referred to in this report represent the 'damages'; (i.e., the direct ground up-losses before the application of insurance (zero deductible)), plus an estimation of the emergency losses (i.e., debris removal, setting up shelters for those made homeless, or supplying medicine and food). All estimates of current and future losses in this report are in 2010 dollars.

Australian Government

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