

4 July 2008

Dear Kevin,

The Honourable Kevin Rudd MR Prime Minister of Australia Parliament House Canberra ACT 2600

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Garnaut Climate Change Review - Draft

As you are aware, the Review has reached an important milestone with the completion of the Draft Report.

The Draft Report does not make recommendations, though the tendency of the analysis is clear. The Draft Report begins by explaining my approach to the Review, and setting out a decision-making framework for climate change policy.

The early part of the Report considers the science and impacts of climate change, with a focus on the role of recent and continuing rapid economic growth.

The Draft Report presents the early results of the Review's modelling of the Australian economy over the 21st century in the presence of climate change and the absence of mitigation policies. A supplementary draft report at the end of August 2008 will present the outcomes of the modelling on the costs of climate change mitigation, and the benefits of avoided climate change. That analysis will be the basis of the Review's recommendations on emissions targets.

The Draft Report confirms the centrality of international cooperation, and puts forward suggestions for priority action. Sectoral agreements should be pursued, to ensure that the main trade-exposed, emissions-intensive industries face comparable carbon constraints across the world. International commitments should be sought for funding of new low-emissions technologies and for adaptation assistance.

The important question of adaptation to domestic climate change will be addressed in the Review's later reports - the nature of the challenge under different climate change scenarios and some adaptation policy options in key sectors and regions, including in relation to water.

Emissions mitigation policies are described in the later sections of the Draft Report. With the imminent release of the Federal Government's Emissions Trading Green Paper, I wish particularly to draw your attention to Chapter 15, which outlines the Review's suggested design features of an Australian scheme.

Thank you for the support you, your Ministers and officials have shown the Review over the last 12 months.

I look forward to your continued support.

Yours sincerely

Professor Ross Garnaut

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