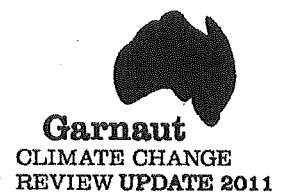
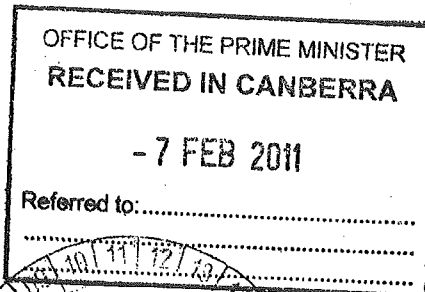
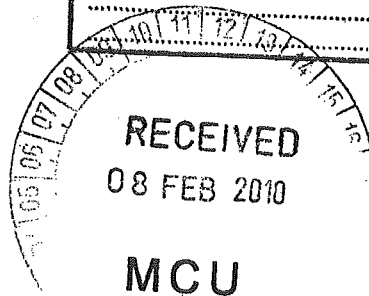


C11/8116



3 February 2011

The Hon. Julia Gillard MP
Prime Minister
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600



Dear Prime Minister

Release of Update Paper 1: *Weighing the costs and benefits of climate change action*

I am pleased to enclose a copy of my first paper for the Garnaut Climate Change Review – Update 2011, which is to be released on 3 February.

This paper, titled *Weighing the Costs and Benefits of Climate Change Action*, discusses the decision-making framework of the Review and responds to key issues which have been raised with the Review's approach since the Final Report was delivered in 2008.

Specifically, it:

1. revisits the framework for determining the costs and benefits of climate change mitigation
2. re-opens the discussion on the choice of discount rate used to measure future costs and benefits, and confirms that the Australian case for action is robust to the choice of discount rate
3. finds that the presence of uncertainty in the climate science strengthens, rather than weakens, the case for emissions reduction
4. argues that the Review's approach to the treatment of developing countries as part of a global response remains a robust and ethical basis for a long-term solution
5. affirms that there remains a compelling case for Australia to encourage international agreement on an effective climate response, and
6. argues that while the current and prospective realities of damaging climate change warrant effective efforts on adaptation, this does not weaken the case for a strong focus on mitigation.

The Review will release eight Update Papers between now and the end of March 2011. Next week, I will be releasing another two papers, copies of which will be forwarded to you. These are *Progress Towards Effective Global Action on Climate Change*, to be released on Monday 7 February, and *Global Emissions Trends*, to be released on Friday 11 February.

Please don't hesitate to contact my office on (02) 6159 7106 should you have any queries.

Yours sincerely,

Professor Ross Garnaut