



# MEDIA RELEASE

**Senator the Hon Penny Wong**

*Minister for Climate Change and Water*

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## **THE GARNAUT REVIEW**

The Australian Government welcomes the draft report of the Climate Change Review conducted by Professor Ross Garnaut.

Professor Garnaut's report makes it absolutely clear that the time for playing short term political games is over.

We must act on climate change.

This report is a timely reminder that the world is warming and this is causing more droughts, water shortages and extreme weather.

Scientists have consistently warned that Australia is particularly vulnerable to climate change, given our already hot and dry conditions.

Professor Garnaut has advised that Australia faces a 92 per cent reduction in irrigated agriculture in the Murray Darling Basin, catastrophic destruction of the Great Barrier Reef and critical water shortages.

These are reasons enough to act.

But in addition, Professor Garnaut has confirmed that unless we take strong and decisive action, there is a high probability that by 2100 Australia faces:

- A reduction of GDP of 4.8 per cent (some \$425 billion);
- A reduction of household consumption of 5.4 per cent; and
- A reduction in real wages of 7.8 per cent.

Professor Garnaut has advised that the impact could be even more severe than these estimates.

The report shows Australia's international terms of trade will be worse affected by climate change than any other country, driven by declines in demand from our major export markets.

This confirms the Government's view that if we take action now, the cost will be far less than if we delay.

Indeed, action on climate change is necessary for Australia's long term prosperity and to ensure a decent future for our kids.

The Australian Government believes that every nation must do its fair share to tackle climate change – and we are working to help shape a long term global solution.

In achieving that long term global solution, it is clear that unless developed countries demonstrate leadership, developing countries will not commit to the required reductions in greenhouse pollution.

Professor Garnaut has also provided valuable advice on the design of the Emissions Trading Scheme.

The ETS is the best way to reduce greenhouse pollution and protect our economy.

It will encourage investment in the clean economy of the future and help reduce greenhouse pollution at the lowest possible cost to industry, businesses and families.

This month, the Government will release a Green Paper on the ETS, and Professor Garnaut's views will be taken into account.

The Green Paper will facilitate further consultation ahead of a White Paper and draft legislation later this year.

In designing the ETS, the Government has made it clear that it is applying a number of important principles:

- Every cent received from the ETS will be used to help Australian families, pensioners, carers, and businesses to help them cope with costs and invest in clean energy choices.
- The Government is mindful of the impact of the ETS on industry, including firms that are emissions intensive, trade exposed, and we have said that we will make provisions to assist.
- The Government is committed to introducing a market based model.

The Government thanks Professor Garnaut and his team for their excellent work.

They have made a major contribution to Australia's understanding of climate change and our preparations to tackle it.

The Government looks forward to the Garnaut Review's final report later this year.