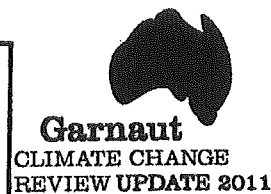
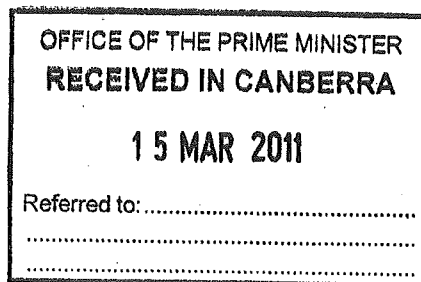


C11/19361

2 March 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 four for the Garnaut Climate Change Review – Update 2011

I am pleased to enclose a copy of Update Paper four for the Garnaut Climate Change Review – Update 2011, which was released on Tuesday 1 March 2011.

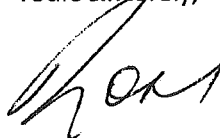
This paper, entitled *Transforming rural land use*, discusses the role that the land sector can play in climate change mitigation and the tremendous opportunities for both transforming the Australian mitigation effort and improving the economic prospects of rural Australia. Specifically, it notes that:

- International frameworks need to accommodate greater incentives for countries to reduce emissions and increase biosequestration.
- Movement toward comprehensive coverage of all Australian land sectors under a carbon pricing mechanism would yield economic and environmental benefits.
- The Government's proposed Carbon Farming Initiative will break new and productive ground for offset schemes. However, there is a case for reconsideration of the 'financial additionality' requirement, and for establishing a link with an emission trading scheme.
- While offset schemes, and a carbon price, will provide incentives for increased biosequestration activities, they should be supported by other incentives and regulatory safeguards to help encourage co-benefits, such as for biodiversity.
- Rising food prices present opportunities for Australian farmers to maintain production and profitability despite climate change, as well as a challenge for global development.

The remaining four Update Papers, *The science of climate change*, *Carbon pricing and reducing Australia's Emissions*, *Low emissions technology and the innovation challenge* and *Transforming the electricity sectors* will be released in the coming weeks, with the final Update Paper scheduled to be released on 29 March 2011.

I am happy to call on you to discuss any questions you may have.

Yours sincerely,


Ross Garnaut

