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Senate Standing Committee on Environment and Communications
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The Australian Local Government Association (ALGA) appreciates the opportunity to comment on the Bills relating to the Carbon Farming Initiative.

The ALGA Board, in consultation with the state and territory local government associations, has developed a set of climate change principles that guides ALGA's policy approach to climate change initiatives. Among those is the belief that human activity is a primary cause for climate change and that it is necessary for governments across regions, states, nations and the world to be engaged in effective solutions.

Local government supports the need for the mitigation of carbon emissions to avert the worst effects of climate change and believes that the best way to mitigate carbon is to place a price on carbon. Until a mandatory market mechanism is in place, however, encouraging offsets and promoting greater public awareness of community actions is an important step towards a low-carbon economy.

Local government is concerned about the effect of climate change. Not only is it the level of government closest to local communities, but local government also must manage infrastructure, planning and community welfare issues related to climate change.

ALGA has been positively engaged by the Department of Climate Change and Energy Efficiency as it has developed the Carbon Farming Initiative (CFI). ALGA's key involvement was through a seat on the department's Landfill Technical Working Group.

ALGA made a submission which commented on the draft CFI legislation. ALGA notes that there are areas where the issues highlighted in that submission have been addressed. There are however, two specific policy issues which ALGA wishes raise during the consultative process on these Bills.

The first issue is whether there should be a prohibition on the import of Kyoto credits into Australia for a set period (of perhaps 5 years) following the introduction of a market-based carbon price. The primary reason for excluding such imports would be to ensure that the emerging carbon market in Australia has internal stability in order to have a chance at clear financial returns early-on.

The second issue is not covered by the proposed legislation. Currently there is uncertainty, whether 'local' government expenditure will be eligible for crediting under the CFI. Under the previous carbon offset generation program 'Greenhouse Friendly' local government facilities were recognised as offset generators. However, under this legislation the position of such operations is not clear. Local government was an enthusiastic supporter and participant in 'Greenhouse Friendly', and looks to the opportunity that the CFI would provide. The status of local government facilities requires considerable clarification within the legislation.

In addition, the legislation does not allow for proportional crediting of projects where there is partial funding or co-investment with government funds, ALGA believes this position ought to be reviewed.

While some clarification in relation to those issues is needed, ALGA is supportive of this program and wishes to see it implemented. This program will make a positive contribution in the fight against carbon emissions and climate change.