



CPRS delay pushes substantial economic risk to later years

The Investor Group on Climate Change (IGCC), representing investors of over \$500bn, today expressed its frustration and disappointment at the prospect of further delays to the implementation of a framework for pricing Greenhouse Gas emissions beyond 2012.

IGCC considers that the Rudd Government's decision to delay the Carbon Pollution Reduction Scheme is at odds with the urgent need to address climate change; for a steady low-emissions economic transition in Australia; and, the call from local investors for a framework to price emissions risk into investment decisions.

Investors understand that the impasse in the Senate has delayed passage of the CPRS, but were seeking continued Government commitment to the policy, including taking it to the next election.

Regulatory certainty

Investors have repeatedly stated that they need clear rules to make sound investment decisions on climate change risks. An open-ended delay to implementation of a framework for pricing emissions puts investors in the difficult position over where to direct their capital.

Frank Pegan, Chair of the IGCC said: "The practical consequence of policy delay will be less investment in low emissions technologies and more investment in emissions intensive assets."

"The delay sends the message that investors should not risk substantial investment in a low-emissions economy because the rules may not be implemented. This is a bad outcome for the economy and adds to future investment risks."

Transition to a low emissions economy

Investors consider that early commencement of emissions trading is necessary to allow a steady transition to a low emissions economy.

Early commencement was especially necessary if emissions reductions of significantly more than 5% were to be reached by 2020 at least cost.

Knowing that there would be a framework for pricing emissions that could adjust to 15% or 25% emissions reduction targets had provided comfort to investors around the rules that would be used to manage this transition.

"The longer Australia waits to implement a market mechanism and aims for an inadequate 2020 target, the more expensive it will be for the economy and for investors to adjust later," Mr. Pegan said.

Investors think that an economy-wide market based approach is still the best approach for Australia. Investors do not want governments to pick winners and urges the Government not to try to compensate for shelving the CPRS with a range of costly, short-term policy measures.

For questions phone Nathan Fabian: 0412 128 486

About the IGCC

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors with over \$500 billion in funds under management, who recognise that the financial return of an investment has the potential to be impacted by climate change. As such, the IGCC aims to ensure that the risks and opportunities associated with climate change are incorporated into investment decisions for the ultimate benefit of individual investors. For further information on IGCC please see www.igcc.org.au or email secretariat@igcc.org.au