



Marginal investment impact from Government climate change policy

The Investor Group on Climate Change (IGCC), representing investors of over \$600bn, welcomes the recommitment of the Government to a market based mechanism to price emissions, but warns that today's announcements will only marginally influence investment decisions until the policy framework is resolved.

"The Government is right to re-state that a market based mechanism is the best policy framework to reduce emissions in Australia," IGCC Chief Executive Nathan Fabian said.

"We appreciate knowing where an ALP Government would head, but consultation processes don't drive investment decisions," Mr Fabian said.

Government announcements on emissions baselines and coal fired electricity generation are expected to provide only marginal signals to investors.

"This policy is heading in the right direction, providing incentive to some companies to reduce emissions, but clearly falls short of what is needed."

"Allowing emissions baselines to be calculated under the CPRS arrangements will reduce the incentive to delay existing abatement projects and this is welcome."

"In terms of driving significant investment into low-carbon technologies, or allowing investors to price emissions risks into their portfolios, clearly we are still in a period of waiting." Mr. Fabian said.

On achieving a consensus on climate change policies, investors believe that policy settings need to be long term and therefore do in fact require broad political acceptance.

"Although frustrated by delays, investors will contribute to any process necessary to advance understanding of the need to address climate change risks with market-based mechanisms."

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About the IGCC

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors with over \$600 billion in funds under management, who recognise that the financial return of an investment will 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.