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Investors call on the Senate to pass CPRS legislation

During their appearance before the Senate Standing Committee on Economics inquiry into the exposure drafts of the legislation to implement the Carbon Pollution Reduction Scheme, the Investor Group on Climate Change (IGCC) called for the CPRS legislation to be passed without delay.

Frank Pegan, Chair, IGCC and CEO, Catholic Super told the Committee that "delay in passing the CPRS legislation or to the Scheme start date will be detrimental for investment in Australia. The investment community requires certainty in order to protect and enhance the retirement savings of Australians. And we cannot emphasise strongly enough the importance of passing the CPRS legislation in creating that certainty and maintaining long term investment."

Mr Pegan reminded the Committee that members of IGCC, many of them large, mainstream, institutional investors, are part owners of many of Australia's largest companies; some of the same companies that are arguing narrow self interest over longer term economic and environmental prosperity. He noted that IGCC does not support the views of these companies that the CPRS will be damaging to the Australian economy and to Australian jobs in the longer term.

"We believe that the costs of the CPRS to the Australian economy are manageable and rather than the costs to the economy and society from further delay to the introduction of the CPRS will be significant" stated Mr Pegan

Some of the potential costs associated with delay to the passing or implementation of the CPRS outlined in IGCC's submission to the inquiry included:

- Increased and ongoing investor uncertainty which results in a reduction in investment and economic activity;
- Inability to harness the opportunities from transitioning to a low emissions economy;
- Higher costs associated with the physical impacts of climate change eg agriculture, tourism and adaptation; and
- Australia's position in the international community which is committed to addressing climate change.

Steve Gibbs Director, Government and Industry Liaison, IGCC highlighted to the Committee the potential opportunities to arise from the CPRS. "Our view is that the CPRS will result in job creation by providing certainty for private and government sector investment. The CPRS is a key policy instrument for creating investment certainty and shifting investment capital to technologies and industries that facilitate the transition to the low carbon economy."

IGCC fully supports the principles of the CPRS and noted that while there has been recent speculation regarding a carbon tax, the most efficient and effective mechanism to tackle climate change at least cost to the Australian economy is through the CPRS.



“IGCC supports many of the design features of the CPRS outlined in the draft Bill and while there are some design features that we believe could be improved, we are nevertheless of the view that the passing of the legislation should not be blocked nor the introduction of the Scheme delayed due to disagreement in relation to various aspects of the Scheme. Rather the legislation should be introduced and should contain sufficient provision for the review and amendment of the Scheme once it is in operation to ensure it delivers on its objectives efficiently and effectively” stated Mr Gibbs.

ABOUT INVESTOR GROUP FOR CLIMATE CHANGE (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. The IGCC seeks to raise awareness of the potential impacts on investments, both positive and negative, resulting from climate change and to provide information and tools to assist the investment industry to understand and incorporate climate change into investment advice and investment decisions.

For further information on IGCC including a list of our members please see: www.igcc.org.au

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