



## **Carbon price passage will end investor uncertainty**

The Investor Group on Climate Change (IGCC), responsible for investments of \$700 billion, today welcomes passage of the Carbon Price Bills through the House of Representatives.

"Today marks the beginning of certainty on carbon pricing and the end of the uncertainty that has delayed critical investment in Australian energy infrastructure," said Nathan Fabian, Chief Executive of the IGCC.

"For the first time, emissions costs and how to avoid them will move beyond theoretical discussion to actual investment decision-making," Mr Fabian said.

Emissions costs will become part of the regular conversation between investors and emissions exposed companies, with the incentive for these companies to adjust now in place.

As the financial impact of the scheme is small for almost all companies in the early years of the scheme, there will be little change in investment allocations right away and companies have time to adjust and plan for a clean future. Based on recent company announcements to the Australian Stock Exchange, few if any stocks will be re-rated because of the carbon price.

Investors will assess the carbon footprint of their portfolios and carbon liability will become a portfolio exposure to manage along with exposure to different asset classes or sectors.

Investors' expectations for reporting timelines and assurance from companies will increase, as will expectations that companies find emission reduction opportunities.

A round of research and due-diligence will be initiated on low-carbon and renewable energy investment and investors will prepare for projects to begin after the carbon price and complementary measures commence.

Without a way to price greenhouse gas emissions, none of these important steps to break the link between economic growth and emissions growth would take place in capital markets.

Carbon pricing, as a low cost emissions reduction policy, is the economically prudent response to meeting Australia's international emissions reductions obligations.

IGCC congratulates members of Parliament who have supported carbon pricing for their economic and policy foresight.

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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 \$700 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](http://www.igcc.org.au) or email [secretariat@igcc.org.au](mailto:secretariat@igcc.org.au).