



Institutional Investors Group on Climate Change

The Hon. Greg Combet, AM MP
Minister for Climate Change and Energy Efficiency
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

16th June 2011

Dear Minister,

The Institutional Investors Group on Climate Change (IIGCC) is a European-wide forum for leading asset owners and asset managers to promote the assessment and active management of the investment risks and opportunities with climate change. As long term investors, we are concerned both with the overall economic costs of climate change and climate policy as well as their impact on individual investments. The IIGCC currently comprises 72 members with assets under management of around EUR6.5trillion.

Evidence from leading economists including Sir Nicholas Stern and your own Professor Ross Garnaut, have clearly articulated the potential costs of inaction and the economic case for reducing emissions to avoid dangerous climate change. As whole of economy investors, this is evidence we must respond to.

Credible and effective climate policy is critical for protecting and enhancing the value of our investments on behalf of our clients and beneficiaries. Large amounts of financing are required to solve the climate challenge and this can only be delivered if the right financing mechanisms are put in place.

We believe that a market mechanism that prices carbon is an important part of the solution to the climate challenge. A market mechanism has the potential to produce incentives for companies to consider and optimise their carbon efficiency and to allow investors to build a carbon price into their investment analysis for the sectors covered by the scheme. A well-functioning market with transparent rules that supports a long-term price signal is critical for investment to shift gradually from high to low-carbon assets.

In order to provide investors with the confidence to deliver the required shift in investment, we are therefore in favour of Australia commencing its low-carbon transition via a market mechanism, moving towards a full emissions trading scheme as soon as possible. We welcome a continued dialogue with the Commonwealth Government on its current proposals to reduce its greenhouse gas emissions and encourage it to provide investors with clear, credible and long-term policy frameworks on climate change.

Yours sincerely,

On behalf of the IIGCC,

A handwritten signature in black ink, appearing to read 'Ole Beier Sørensen', is written over a light blue horizontal line.

Ole Beier Sørensen

Chairman, IIGCC, and Chief of Strategy and Analysis, ATP

CC: Hon Julia Gillard MP, Prime Minister