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Carbon price provides much-needed certainty for super funds

The Australian Institute of Superannuation Trustees (AIST) has today welcomed the Gillard Government's new carbon pricing scheme and predicted the move will lead to greater investment in clean energy and clean technology.

AIST CEO Fiona Reynolds said the new carbon price scheme was a sensible and prudent reform that would provide long-term policy and investment stability for Australian super funds and serve as a catalyst for addressing climate change.

"The biggest risk in investing is uncertainty. Moving to a carbon price reduces this risk and means super funds – as long-term investors - can now start to properly manage climate change without having to speculate on the price of carbon pollution," Ms Reynolds said.

Ms Reynolds said the three-year transition period during which the Government would set the carbon price would give businesses and funds the necessary time to prepare for market-based pricing of emissions.

Ms Reynolds said Australia's \$1.4 trillion super industry had a significant allocation in their investment portfolios to climate-sensitive assets and were keenly aware of long-term climate risks to asset valuations.

A recent AIST/Climate Institute survey of 18 of Australia's largest super funds showed more than three quarters of the funds identified lack of certainty around climate policy (domestic and/or international) as a barrier to them acting collectively to fund clean energy and clean technology investments or portfolios.

The survey also found that 50 percent of funds identified climate change-related policy from government as key to encouraging climate change-related investments in general.

AIST is currently undertaking its second survey examining the carbon footprint of some of Australia's largest super funds, with results set for release in September.

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AIST is the peak industry body for the \$450 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.