



## MEDIA RELEASE

### Increased Certainty in Carbon Scheme Welcomed by Markets

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The Australian Financial Markets Association (AFMA) represents direct participants in Australia's financial markets, including banks, brokers, generators, and financial institutions. Our members include major participants in the electricity and environmental products markets who will be significantly involved in the future carbon market as both purchasers and suppliers of permits, financiers and brokers.

AFMA views today's release of the details of the Government's Climate Change Plan as a welcome step towards the establishment of a viable carbon market that can assist Australia achieve its emissions reductions targets. The details released provide a measure of certainty that will aid the development of new power generation and environmentally linked infrastructure.

In particular, AFMA welcomes the certainty of the fixed date of 1 July 2015 for a transition to a floating price period.

This is an important change from the draft proposal and accords with a key recommendation made by AFMA in its representations to Government.

The clear fixed date for the transition to a floating price that the Government has announced is critical to allowing a viable forward market to develop. This market can now evolve over the floating price period during the fixed price period. A fixed date reduces the risk premium required for forward trades and so allows investment in lower carbon technology to proceed sooner and with lower costs.

AFMA also notes the sensible move by the Government to exempt permit supply from GST. AFMA had argued for this exemption as it will lower transaction costs and implementation costs for financial businesses with minimal revenue impact for Government.

We also welcome the commitment of the Government to pursue international linkages in particular to New Zealand and the EU, and imports and exports of permits as in Australia's interests. Interaction with international markets will ensure lower costs for Australian businesses and more liquid markets.

There is a lot of detail in the package, including some welcome developments and we will be seeking to work through that detail with our members in the coming days.

We look forward to continue working with the Government as further details of the plan are finalised to ensure a successful carbon trading market is established.

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**Notes for Editors:**

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.