



## MEDIA RELEASE

### Financial Markets Welcome Carbon Price Floor Removal

**29 August 2012**

The Australian Financial Markets Association (AFMA) welcomes the changes to the design of the Australian emissions trading scheme announced yesterday by the Australian Minister for Climate Change and Energy Efficiency, the Hon Greg Combet MP.

Removal of the floor price will improve the design of the Australian carbon market, as it will simplify the implementation of the scheme and reduce costs for Australian companies and consumers.

The linking of the Australian Emissions Trading Scheme with the European Union Emissions Trading System will add depth to the Australian carbon market and is in line with calls from industry. Companies will now be able to start to manage their exposures for the floating price years.

With these changes, the Australian Emissions Trading Scheme in the floating rate period is better designed to promote abatement of carbon emissions in an economically efficient manner.

We have examined the floor price option in detail and given the complexity, costs and risks in implementing a floor price we believe the Government is correct in moving straight to a linked scheme.

The Government has now completed the design on a scheme that meets the challenge for creating a sound market for carbon management for Australian business.

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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.

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