

Committee Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sir/Madam,

25 March 2009

Australian Ethical Investment Limited is an independent, ASX listed, Canberra based fund manager, specializing in environmental and socially responsible investment. The company serves more than 18,000 individual investors, with funds under management of around \$500m. Our funds have been long term investors in renewable energy industries.

As one of Australia's leading "green" investors, we have a keen interest in the drafted carbon pollution reduction scheme (CPRS), which has a direct impact on several of the sectors in which we invest.

Our concerns are as follows:

- The scheme lacks any grandfathering, or equivalent compensation for existing emissions trading schemes, such as the NSW Greenhouse Gas Reduction Scheme (GGAS). This un-necessarily penalises the early adopters and promoters of green house gas abatement – a highly unusual outcome for a national emissions trading scheme.
- The scheme risks creating a hostile investment environment for abatement industries. We have learnt anecdotally that coal miners would consider abandoning existing abatement facilities, and simply flaring waste gas. This is an example of how the scheme will have an adverse impact on the landfill gas and coal mine methane power generation industries.

While we view the creation of a national emissions trading scheme positively, we believe the implementation must reflect the work done to reduce emissions to date.

We would welcome the opportunity to discuss these issues with you in more detail.

Yours sincerely,



Martin Halloran - Chief Investment Officer
Australian Ethical Investment Limited