

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES 2014-15**

Finance Portfolio

**Department/Agency:** Future Fund  
**Outcome/Program:** General  
**Topic:** Future Fund's investments

**Senator:** Waters

**Question reference number:** F297

**Type of question:** Written

**Date set by the committee for the return of answer:** Friday, 11 July 2014

**Number of pages:** 2

**Question:**

1. Roughly how much of the Fund is invested in fossil fuel companies?
2. How much of the Fund is invested in coal and how much in renewable energy?
3. Part of the Future Fund's mandate is to plan for the future of our country, in line with international best practice for institutional investors. Given that it's well established that global warming caused by burning fossil fuels will have a dire impact on our way of life, has the Agency considered shifting the investments of the Fund away from fossil fuels?
4. In February 2013, the Fund pulled out its \$222 million investment in tobacco on the basis of its "damaging health effects, addictive properties and that there is no safe level of consumption". Since we know that global warming will cause widespread economic, health and environmental damage, and since we know there is no safe level of warming beyond 2 degrees celsius, why is Australian taxpayers' money still being invested such a dangerous industry?

**Answer:**

1. Entities in which the Future Fund invests will frequently have diversified operations, which may include activities related to fossil fuel, coal and/or renewable energy-related activities, as well other unrelated activities. It is therefore not a simple matter to identify with sufficient accuracy exposures using the broad categories provided and any data would risk being significantly misleading. It should also be noted that entities apparently not associated with the activities or sectors identified may nonetheless have exposure to them.
2. Refer 1.
3. The Future Fund's mandate is to adopt an average return of at least the Consumer Price Index (CPI) +4.5 to 5.5 per cent per annum over the long term as the benchmark return on the Fund.

The Fund has in place an investment strategy and associated investment policies, including a policy on Environmental, Social and Governance Risk Management, that provides a framework for managing the complex risks and opportunities related to environmental, social and governance issues both directly and through external investment managers. The Board applies this policy on an ongoing basis.

4. The Board's Environmental Social and Governance Risk Management policy provides a framework for consideration by the Board of environmental, social and governance issues related to the portfolio and for consideration of exclusions from the portfolio. The Board has published a list a entities excluded from the portfolio under that policy and has not identified any other exclusions as appropriate.