

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: F298

Type of question: Written

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

Number of pages: 1

Question:

Since the Future fund's mandate focuses on "maximising long-term returns" I'd like to ask you about whether you're tracking the carbon risk of your investments.

1. Firstly, have you specifically tracked the risk of a carbon bubble affecting the value of taxpayers' investments?
2. In March this year (2014) the oil company Exxon Mobil agreed to monitor and report on how the risk of stranded fossil fuel assets might affect its shareholders. Former Liberal leader Malcolm Fraser has effectively said that the Fund is in denial about the risks posed by stranded assets due to a carbon bubble. If individuals like that are warning you about these risks, what other evidence are you waiting for?

Answer:

1. The Fund considers a wide range of risks and opportunities related to the portfolio and this includes consideration of the question of carbon exposures in the portfolio.
2. There are a range of views about the issues and risks outlined. 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 in accordance with its legislation and mandate.