

## **Frequently asked questions about fossil fuels divestment**

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[www.unitingearthweb.org.au](http://www.unitingearthweb.org.au)

September 2013

### **What is divestment?**

Divestment is a strategy whereby for ethical reasons, investors pull their money out of corporations who are engaged in a certain industry, who use certain employment/social/environmental practices and/or who operate in a certain geographical area.

### **Why should organisations divest from fossil fuels?**

Globally, fossil fuel reserves are worth trillions of dollars on corporations' balance sheets, assets which they fully intend to exploit. However, to have a reasonable chance of avoiding the two degree "tipping point" of catastrophic global warming, the vast majority (some 80%) of fossil fuel reserves will need to remain in the ground or under the sea. Realising the supposed economic value of these "assets" is wrecking the climate.

Divestment aims to place moral and economic discussions about climate change squarely into the mainstream of our society. If it is wrong to wreck the climate, then it is wrong to profit from that wreckage. Institutions that choose to divest from corporations engaged in the extraction of coal, coal seam gas and oil are choosing not to profit from climate change.

Further, as governments move to control carbon emissions, fossil fuel "assets" will have to be written off. As it stands, the current valuation of fossil fuel reserves poses huge market risks, like the dot.com boom and the credit crunch of years past. Even global financial institutions such as the World Bank, Citibank and HSBC are warning of a "carbon bubble". Divestment also helps to draw attention to the risks associated with the carbon bubble and prompts discussions about how to reduce these risks.

Details about the carbon budget and the carbon bubble are discussed in the following reports:

- "Unburnable Carbon: Are the world's financial markets carrying a carbon bubble?", available at <http://www.carbontracker.org/wp-content/uploads/downloads/2011/07/Unburnable-Carbon-Full-rev2.pdf>
- "Unburnable Carbon: Australia's carbon bubble", available at <http://www.climateinstitute.org.au/unburnable-carbon.html/section/478>

### **What is the situation with fossil fuels in Australia?**

Australia has one of the highest per-capita carbon footprints in the world, and contributes further to climate change by exporting fossil fuels. However, far from moving away from fossil fuels, Australia is in the midst of massive increase in fossil fuel extraction. Already the world's second biggest coal exporter, with exported coal contributing more to greenhouse gas pollution than our entire domestic emissions, planned mine expansion could see Australia double its output. Likewise, the rate of expansion of coal seam gas extraction, mainly in south eastern Queensland and northern NSW, is astonishing. Despite their rhetoric of 'tackling climate change', no coal or coal seam gas mine application has ever been rejected by the NSW or federal government on the basis of climate impacts.

More information:

- For more information about Australia’s fossil fuel reserves and how they relate to the global carbon budget, download the report “Unburnable Carbon: Australia’s carbon bubble” from <http://www.climateinstitute.org.au/unburnable-carbon.html/section/478>
- For detail about planned fossil fuel projects in Australia, visit [www.unitingearthweb.org.au/explore/gofossilfree](http://www.unitingearthweb.org.au/explore/gofossilfree) (see rationale)

### **Why should religious organisations divest?**

From their various perspectives, the world’s religions agree that we have a responsibility to live with love, care and respect in creation. There are a growing number of statements, both in Australia and internationally from religious leaders and religious organisations drawing attention to the moral dimensions of climate change – the ramifications for creation, and the particular vulnerability of the world’s poor and future generations to a crisis not of their own making – and calling for a just response from governments, communities, institutions and individuals. Australia’s religious organisations are significant asset owners, and can take a lead in addressing climate change – not only in their advocacy, but also in the actions that they take, by choosing to forgo profits from the exploitation of fossil fuels.

For statements from religious organisations and leaders about climate change, see:

- ARCC for Australian statements: <http://www.arrcc.org.au/your-religion>
- FORE for international statements: <http://fore.research.yale.edu/climate-change/statements-from-world-religions/>

### **Is divestment really an effective tactic to drive a shift away from fossil fuels?**

Divestment has a proven record of helping to bring about political change. A well-known example is the divestment campaign targeting South African companies in the 1980s, which is credited with having played a role in the downfall of apartheid.

Divestment is not a stand-alone strategy. It is one campaign tactic among many in the effort to curb climate change. In Australia, campaigns continue to target Australia’s domestic emission reduction pledges, international climate change negotiations, renewable energy policies, regulation concerning new fossil fuel mines, individual fossil fuel mines and more. These also supplement the important efforts taken by individuals and groups on the ground to reduce their energy consumption and to switch to renewable energy.

Hear Archbishop Desmond Tutu talk about the importance of divestment:

<http://www.youtube.com/watch?v=SR-xBzs09D8>

### **But even if hundreds of institutions divest, won’t other investors simply step in and buy the stock that they sell?**

Divestment is a symbolic, prophetic action. The impact on the fossil fuel industry of each individual institution’s divestment is negligible. The main value of divestment is the public attention it brings to the urgency of acting on climate change, the need to leave fossil fuels in the ground, and the immorality of profiting from climate change. Every extra organisation that joins the Go Fossil Free campaign plays a role not only in pressuring fossil fuel companies, but also in bringing these issues to the fore in public discussion.

### **Shouldn’t we just talk/negotiate with fossil fuel corporations, rather than divest from them?**

Fossil fuel companies have put millions of dollars into undermining climate change science and stalling the progress of climate change policy for many years. Profiting from the exploitation of fossil fuels is their core business and they have shown that they are prepared to continue to do so even though it is literally costing the Earth. In the words of Bill McKibben (founder of 350.org, which launched the Go Fossil Free campaign), there is no flaw in these corporations' business plan, "the flaw *is* their business plan." The power of fossil fuel corporations operating in Australia has also been apparent in their successful lobbying against the mineral resources rent tax. Fossil fuel corporations are not going to shift away from exploiting their asset base without significant public pressure.

For more information about the amount of money that fossil fuel corporations have put into stalling progress on climate change policy in the USA, see the following articles/sites:

- <http://www.nationalmemo.com/documentary-hits-fossil-fuel-industry-funded-climate-change-deniers/>
- <http://thinkprogress.org/climate/2013/02/19/1611441/secretive-donors-trust-pumps-far-more-money-into-climate-denial-and-inaction-than-kochs-and-exxon-mobil-combined/>
- <http://thinkprogress.org/climate/2013/07/11/2289051/new-infographic-the-anti-science-climate-denier-caucus/>

For more information about how fossil fuel corporations are wielding their power in Australia, see the books and other writings of Guy Pearse, <http://www.guypearse.com>.

**There is a public perception that religious organisations should be poor. I am concerned that, by publicly divesting, my organisation will be criticised for holding investments in the first place?**

Like all contemporary institutions, religious organisations have running costs that they need to cover. While religious organisations draw on large amounts of volunteer labour, they have people in ministry that they need to fund, employees that they need to wage, buildings that require maintenance, causes that they support financially, social services that they run and so on. For many religious institutions, investments are one such source of revenue. Donations from their membership are another. Contracts from government for providing welfare services are a third.

A religious organisation may choose to divest but not to do so publicly. There is still value in this. However, the main benefit of divestment is the public attention it brings to the urgency of acting on climate change, the need to leave fossil fuels in the ground, and the immorality of profiting from climate change. While it isn't pleasant to be criticised, criticism and debate are a normal part of life in a healthy democracy. One way to respond to negative reactions that may arise from publicizing a divestment decision is to welcome the opportunity to demonstrate that your religious organisation is concerned about issues of the common good, not simply about its own maintenance and internal concerns.

**My organization relies on fossil fuels for its operations (e.g. electricity, transport etc). Isn't it hypocritical to divest from fossil fuels?**

Our society is deeply dependent on fossil fuels at all levels – individuals and families, institutions, even our governments' budgets. However, we are now at a crisis point where the status quo is threatening the well-being of God's beloved creation, including humanity. It is precisely because of this that advocacy to shift away from fossil fuels is needed. That advocacy inevitably begins from a compromised position given our structural reliance on

fossil fuels. Efforts for individuals and organisations to reduce their ecological footprint are important, but they are not a substitute for advocating for structural change.

### **What about the loss of jobs?**

Transitioning away from a fossil fuel economy presents many challenges. However, it also offers the prospect of benefits for communities who don't only benefit from fossil fuel industries through employment and other revenues, but who also suffer the ill-effects of the industry. Research suggests that renewables would generate more jobs per dollar invested than the current fossil fuel industry (reference for this?). Compensation and income support is required in the transition, and environmental groups and unions continue to work together on these issues. Religious groups also have a role in advocating for "just transitions" and in supporting individuals and communities on the ground as they deal with the transition.

For more information about "just transitions", see:

- Centre of Full Employment and Equity, "A Just Transition to a Renewable Energy Economy in the Hunter Region, Australia", policy report commissioned by Greenpeace Australia Pacific, [http://www.energy.nsw.gov.au/sustainable/renewable/solar/solar-scheme/sustain-renew-fit-subs/sustain\\_renew\\_fit\\_subs\\_greenpeace\\_australia\\_pacific\\_attach\\_a.pdf](http://www.energy.nsw.gov.au/sustainable/renewable/solar/solar-scheme/sustain-renew-fit-subs/sustain_renew_fit_subs_greenpeace_australia_pacific_attach_a.pdf)
- Geoff Evans, "A Just Transition to a clean, renewable energy economy is urgent – and possible", available <http://www.isf.uts.edu.au/pdfs/whatwedo/Justtransitionsarticle.pdf>

### **Who has joined the "Go Fossil Free" campaign so far?**

Growing numbers of mainstream institutions, such as universities, religious organisations and councils, are signing up to the global "Go Fossil Free" campaign by pledging to withdraw from stocks and shares in coal, oil and coal seam gas companies. To date the majority of these have been in North America. The Uniting Church in Australia (UCA) Synod of NSW and the ACT is among the first mainstream Australian institutions to pledge to divest.

For a list of organisations that have pledged to divest and/or where there are currently divestment campaigns underway, visit <http://campaigns.gofossilfree.org> and <http://gofossilfree.org/australia/> (and click on "find a campaign").

### **How should my organisation actually divest?**

The Go Fossil Free campaign calls upon institutional investors to:

- Cease any new investment in fossil fuel companies, and
- Divest from direct ownership and any commingled funds that include fossil fuel investments within the next five years.

However, the details will vary from organization to organization. For example, the wording of the UCA Synod of NSW/ACT's divestment resolution is available at <http://www.unitingearthweb.org.au/explore/gofossilfree>.

How you should actually go about getting a commitment from your organisation to divest, and how to implement this commitment will depend on the structure of your organisation, how decisions are made, who manages your organisation's finances, what level of support for action on climate change exists and from whom etc. Go Fossil Free provides campaign resources to help you (see <http://gofossilfree.org/aus-resources/>). You may also find

campaign strategy resources from The Change Agency helpful ([http://www.thechangeagency.org/01\\_cms/details.asp?ID=57](http://www.thechangeagency.org/01_cms/details.asp?ID=57)).

### **Which corporations should my organization divest from?**

The Go Fossil Free campaign is targeting the top 200 global fossil fuel companies. These companies are listed on the Go Fossil Free website, at <http://gofossilfree.org/companies/>. The major companies that are operating in Australia are contained in the “Unburnable Carbon: Australia’s carbon bubble” report, available <http://www.climateinstitute.org.au/unburnable-carbon.html/section/478>.

### **Where can I access resources to start a divestment campaign in my organisation?**

The Go Fossil Free website has a range of resources to help you to start a divestment campaign in your organisation. Visit <http://gofossilfree.org/aus-resources/> to access them.

Further resources:

- Multi-faith organization Australian Religious Response to Climate Change (ARRCC) has Go Fossil Free campaign resources for religious institutions. See <http://www.arrcc.org.au/go-fossil-free> and <http://www.arrcc.org.au/go-fossil-free-collectively>
- The written rationale accompanying the UCA Synod of NSW/ACT’s divestment proposal as available at <http://www.unitingearthweb.org.au/explore/gofossilfree>. A blog post about the “insider story” of this resolution is also available from this page. If you would like to speak with somebody from the Synod’s campaign, contact Uniting Earthweb, <http://www.unitingearthweb.org.au/contact/>
- Bill McKibben, founder of the Go Fossil Free campaign, is a committed Christian (Methodist). See an inspiring sermon from him at [http://www.youtube.com/watch?v=geIni\\_BwjGw&feature=youtu.be](http://www.youtube.com/watch?v=geIni_BwjGw&feature=youtu.be)
- For general resources to engage your religious group in relation to climate change, ARRCC has prepared a Christian Climate Change Action Toolkit. Hindu, Islamic, Jewish and Buddhist kits are currently being developed. Visit <http://www.arrcc.org.au/climate-action-kit> to access the kits.

### **My organisation doesn’t have stocks and shares. Can we still join the Go Fossil Free campaign?**

If your organisation banks with one of Australia’s big four banks, then your organisation is investing in fossil fuel projects. You can be a part of the Go Fossil Free campaign by telling your bank to stop funding fossil fuel expansion and, if they take no action, commit to shifting to a better bank. For more information and campaign resources, see <http://gofossilfree.org/aus-banks/>

You can also ask the individual members who are part of your organisation to engage their own banks as well as their superannuation funds. Over half of the world’s superannuation is invested in high-carbon assets while less than 2% is invested in clean energy. For more information and campaign resources, visit <http://gofossilfree.org/super/>

### *Acknowledgment*

*Some material in this FAQs sheet was drawn from:*

- Go Fossil Free website: <http://gofossilfree.org>, especially <http://gofossilfree.org/faq/>
- 350.org Australia’s Go Fossil Free campaign leaflet

- 350.org document *“Fossil Fuel Divestment: A guide for institutional investors”*
- *Massachusetts Conference UCC Frequently Asked Questions* document regarding the *Resolution Urging Divestment from Fossil Fuel Companies, UCC General Synod, June-July 2013*: <http://bit.ly/144wZCc>