

Divestment from Fossil Fuels

The call to withdraw investments from fossil fuels is based on compelling science that global climate change is caused by human activity and that burning fossil fuels poses a threat to humanity and the ecosystems of the earth.

The global 'Go Fossil Free' divestment campaign was launched by the international grassroots climate NGO, 350.org.¹ It has been followed by churches in the UK and is developing in NZ. Archbishop Desmond Tutu has a call to divestment on a utube video"²

Why Divest from Fossil Fuel Investments?

Divestment is proposed as an ethical call to support transitions to renewable energy. Divestment is to stop the expansion of fossil fuel industry by sending a signal of investor opposition to further extraction of fossil fuels – coal and oil.

Fossil fuels in reserves in company books amount to five times the amount of CO₂ that we can burn to keep climate warming to 2 degrees.

Global climate change will disproportionately affect the poor and vulnerable—significantly in the Pacific islands where sea level rise threatens island viability.

Climate change is one of the most serious challenges to global health and social justice in human history. The impact of climate change includes sea level rise, increased hazards, floods, variations in dry periods. Vulnerable people are least able to adapt to climate hazards and to the impacts of food shortages, health risks and forced migration.

In considering church divestment, we can consider personal divestment as well. Westpac has investments in Bathurst Coal, and some people are withdrawing their accounts for Westpac.



Divestment Action

- Churches consider selling stocks in 200 top international fossil fuel corporation. The top two in NZ are Contact and Bathurst.
- Request church investments be divested from fossil fuel companies over the next 5 years. It is easy to sell direct investments but most investments are in managed funds.
- Seek advice from fund managers, including a request for a risk analysis and look at Methodist exposure. This includes screening international investors and companies.
- There are managed funds that can support renewable energy
- At the fossil free website see list of religious orgs that have divested.

¹ Website: <http://gofossilfree.org>, accessed 2nd July 2013. Information for religious institutions is available at <http://gofossilfree.org/religious-institutions/>.

² Desmond Tutu, "Archbishop Desmond Tutu on Divestment", published online 26th April 2013. Website: <http://youtu.be/SR-xBzs09D8>, accessed 2nd July 2013.

Is there value in keeping investments in fossil fuel extraction companies?

The Investment Advisory Board Report to Conference advised against divestment on the basis that this removes the ability to lobby companies as a shareholder, and that church divestment won't stop companies proceeding with oil and gas extraction. It also notes that withdrawing from fossil fuel use will cause disruption which will impact on the poorest and most vulnerable.

For discussion:

- Check Churches who are proceeding with divestments in the UK and NZ
- Refer to the Investment Advisory Board paper presented to Conference by Greg Wright (see Appendix)
- This is an opportunity to discuss these issues and hear your views so that PIN, with Mission and Ecumenical and MTA can develop a position on divestment.

History and happenings for divestment

A few successful divestment campaigns in recent history, include Darfur, and Tobacco. The largest and most impactful was the issue of South African Apartheid.

By the mid-1980s, 155 campuses—including some of the most famous in the country—had divested from companies doing business in South Africa. 26 state governments, 22 counties, and 90 cities, including some of the nation's biggest, took their money from multinationals that did business in the country.

The South African divestment campaign helped break the back of the Apartheid government, and usher in an era of democracy and equality.

The call for divesting from fossil fuels began in the US in 2012 and is quickly spreading in Australia, New Zealand and Europe. So far 6 universities, 18 cities, and 17 religious organisations have decided to divest or investigate divestment. The Uniting Church of NSW & ACT, and 5 Anglican Diocese of New Zealand are among these. In addition to community institutions, large financial institutions and companies have begun to respond to public pressure. The World Bank, the European Investment Bank (the EU's lending arm, the US government and the governments of Denmark, Norway, Sweden, Finland and Iceland have all agreed in the past several months to stop new loans to coal power plants except in extreme cases where there are no alternatives.

