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City of Melbourne steps up anti-coal push and education union divests



The fossil-fuel divestment movement has had a string of wins in the past year. And more local councils appear poised to join. [Bloomberg](#)

by Amanda Saunders

The City of Melbourne has formally outlawed investments in companies "aligned" with fossil fuels in its \$38 million portfolio, including the big four banks, and introduced a new fossil fuels screen on banking contracts up for tender.

It comes as the National Tertiary Education Union voted to divest fossil fuel holdings from its \$4 million investment portfolio – making it the first union in the country to do so. The union has also added a positive screen for investment in renewable energy.

Almost a dozen local councils are reviewing their investment policies, with Randwick in NSW, voting on divestment on Tuesday night, and Albury, also in NSW, up next.

In August, Newcastle, home of the world's biggest coal port, became Australia's seventh council to shun fossil fuels.

Melbourne City's 11 councillors on Tuesday night unanimously passed the motion, put by councillor Arron Wood, a noted environmental activist.

Mr Wood said the motion was "not intended to be a political protest", and was part of the council's effort to hit zero net emissions by 2020.

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"We have to get our own house in order at same time as asking others to do the same."

"The divestment movement is doing what they need to do, that is not where this is coming from: it is about how do we meet the targets that we've set?"

However, Melbourne does not hold any fossil-fuel, or "fossil fuel-aligned" investments in its \$38 million portfolio, so the motion "formalises what has occurred as a default, in written policy".

It also goes a step further by introducing a fossil-fuel-free superannuation option for staff.

The council will also screen banks on their fossil-fuel funding intentions when it puts its transactional banking services contract out for tender late next year.

The council "seeks to influence Australia's banking sector's corporate social responsibility performance and exposure to fossil fuel companies or fossil-fuel-aligned companies through the [proposed] screening approach".

BANK SURVEY REQUIREMENT

Banks will need to fill out a survey of "their exposure and support to the fossil fuel sector".

"When we release our transactional banking tenders, it is often only the big four that reply to those tenders," said Mr Wood, who is chairman of the council's environment portfolio.

"It is about sending a signal to the market that the City of Melbourne has very strong environmental targets and they are there for the world to see. But we want it be transitional, not a knee-jerk reaction."

He said it was important to send a message to the corporate sector that "there is a desire for products that aren't invested in fossil fuels".

The council would use a list compiled by activist group 350.org of about 200 companies "aligned" with fossil fuels for its negative screen in future investments.

Mr Wood said it was "a shame that local governments have to pick up the slack", given a lack of action on "transitioning away from the economy's heavy reliance on fossil fuels" at a state and federal level.

The council's superannuation balance under management by default provider Vision Super is at least \$55 million.

The National Tertiary Education Union told *Fairfax Media* it was the first Australian union to commit to screening out fossil fuel interests from its investment portfolio, after this month ratifying an ethical investment brief. The union has about 28,000 members.

National president Jeannie Rea said the science on climate change was "unequivocal".

"To ensure a safe future, we must keep fossil fuels in the ground; investment in coal,

oil and gas is not an option," she said. "The NTEU is proud to be the first union in Australia to join the movement of almost 400 institutions which are moving their money out of fossil fuels, in response to the climate crisis."

It is not clear how much of the union's \$4 million investment portfolio will fall foul of the new negative screen. The union will also target a post-inflation investment return target of 4 to 5 per cent a year.

The divestment movement, which is growing increasingly sophisticated, has had a string of wins in the past year. And more local councils appear poised to join.

Albury council's motion is up for public comment until this Friday. Eastern suburbs councils of Woollahra and Waverley in NSW are also being targeted by the divestment movement. Mount Alexander council, in the Victorian goldfields region, is also set to review its divestment policy.

In Western Australia, City of Perth and Stirling councils are expected to vote on divestment motions early next year. Cockburn, also in WA, is doing a six-month trial of divestment.

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