**ETHICAL INVESTMENTS & FOSSIL FUELS**

That the Synod:

Noting:

1. its previous resolution on climate change, which called for creation care to be integrated into all aspects of the church's worship, witness and service;
2. the clear evidence that the threat of climate change is not being adequately addressed by our state and federal governments, or the international community;
3. that rapid expansion of fossil fuel mining (particularly coal and coal seam gas) in Australia is directly threatening agricultural land, human health and biodiversity;
4. that its Ethical Investment Principles call for divestment from companies whose activities "*involve substantial change to the environment, which is not or proposed to be made good at the conclusion of the activity*"
5. that to avoid more than a 20% chance of global temperatures rising beyond the 'extreme danger benchmark' of 2 degrees, 80% of the known coal, oil and gas reserves will need to remain untouched;
6. the global "Go Fossil Free" campaign to divest from fossil fuel corporations, which is based on the very successful global divestment and sanctions campaign against South Africa during the apartheid years;

Resolves to:

7. request the Ethical Investment Monitoring Committee (EIMC) place corporations engaged in the extraction of fossil fuels on its Excluded Stock List; and
8. request all Uniting Church investing bodies immediately freeze any new investments and divest from existing holdings (including indirect holdings through comingled share funds) within 12 months

Rationale

In 2008 the NSW.ACT Synod Standing Committee noted that there was "*overwhelming scientific consensus that human activity is responsible for rapid climate change*" and "*a commitment to ecological sustainability is an essential part of the church's discipleship*", resolving to *"integrate creation care into all aspects of its worship, witness and service."* (Standing Committee Minute 249/08SC).

The "human activity responsible for rapid climate change" is the release of greenhouse gases (primarily carbon compounds) into the atmosphere, primary from the burning of fossil fuels, and secondarily from agriculture, forestry and land-use changes. **Australia has one of the highest per-capita carbon footprints in the world**[1] and 74% of domestic emissions can be traced back to burning fossil fuels[2]. Australia contributes further to climate change by exporting coal to other countries and

[1] Garnaut, Ross (2008) "The Garnaut Climate Change Review," Chapter 7: Australia's emissions in a global context, Available: http://www.garnautreview.org.au/chp7.htm, accessed 1 April 2013.

[2] Figure 3, Australia's 2009 emissions profile, in Australian Government Department of Climate Change and Energy Efficiency (undated) "Australian National Greenhouse Accounts: National Inventory Systems Overview," Available: http://www.climatechange.gov.au/climate-change/emissions/~/media/climate-change/emissions/factsheets/NGA-FactSheet-1-NationalInventoryOverview-20120213-PDF.pdf, accessed 1 April 2013.

is in the midst of **massive increase in fossil fuel extraction**. Already the world's second biggest coal exporter[3], with exported coal contributing more to greenhouse gas pollution than our entire domestic emissions[4], planned mine expansion could see Australia more than double its output by 2025[5]. The world's largest coal port of Newcastle NSW has already doubled its capacity in the last 15 years and plans to double it again[6]. Mega-mines that are on the cards in the Galilee Basin in central Queensland would more than quintuple ship movements across the Great Barrier Reef, to over 10,000 coal ships per year[7]. If the proposed Galilee Basin mines were fully developed today, the annual carbon dioxide emissions caused by burning their coal alone would exceed those of the United Kingdom or Canada[8].

Likewise, the rate of **expansion of coal seam gas** extraction, mainly in south eastern Queensland and northern NSW, is astonishing. There are currently about 4,000 coal seam gas wells in Queensland[9], there could be approximately 40,000 by 2030[10].

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[3] Australia exported 284Mt of coal in 2011, following Indonesia, which exported 309Mt. From World Coal Association (2012) "Coal Statistics," Available: http://www.worldcoal.org/resources/coal-statistics/, accessed 1 April 2013.

[4] Estimated emissions from the combustion of coal exported in 2011 was 711 megatons of CO2-equivalent, compared with 551 megatons of domestic emissions (excluding emissions from land use, land use change and forestry) for the year to June 2012 (Hepburn, John (2012) "Implied cumulative emissions commitments from existing and planned fossil fuel infrastructure investments in Australia," paper presented at the Second Australian Earth System Outlook Conference Australian Academy of Science, Canberra, 26- 27 November 2012).

[5] As estimated by the Australian Government's Bureau of Resource and Energy Economics (BREE) (2012) "Australian bulk commodity exports and infrastructure – outlook to 2025," Available: http://www.bree.gov.au/documents/publications/_other/Export-Infrastructure-Report.pdf, accessed 1 April 2013.

[6] The export capacity of the Newcastle coal port (Port Waratah Coal Services, PWCS) was 66 megatons per annum in 1997. Following further expansion by PWCS and the development of a new coal terminal by the Newcastle Coal Infrastructure Group (NCIG), current export capacity is 166 megatons per annum (113Mtpa PWCS and 53Mtpa NCIG) (see Port Waratah Coal Services (undated) "Newcastle and the history of coal" Available: http://www.pwcs.com.au/pages/history.php, and NCIG (undated) "History," Available: http://www.ncig.com.au/Home/History/tabid/89/Default.aspx, both accessed 1 April 2013). Capacity is projected to be 330 megatons per annum in 2020 if a fourth terminal (T4) is developed by PWCS (see Hunter Community Environment Centre (2012) "Sick of Coal," Figure 2, p.6, Available: http://www.hcec.org.au/sites/default/files/Sick_of_Coal_web.pdf, accessed 1 April 2013). For details of approved expansions and the proposed T4 project, see NCIG (undated) "Current Expansion: Stage Three - 66 Mtpa," Available: http://www.ncig.com.au/ProjectDevelopment/tabid/142/Default.aspx, PWCS (undated) "Kooragang Expansion," Available: http://www.pwcs.com.au/pages/projects/kooragang_expansion.php, and PWCS (undated) "PWCS Expansion – Project T4," Available: http://www.pwcs.com.au/pages/projects/t4.php, all accessed 1 April 2013.

[7] Greenpeace (2013) "Cooking the Climate, Wrecking the Reef: The global impacts of coal exports from Australia's Galilee Basin," p.47.

[8] "Cooking the Climate, Wrecking the Reef," p.12.

[9] APPEA (2013) "CSG Industry data, Q4 2012," p.2, Available: http://www.appea.com.au/csg/about-csg/fact-sheets.html, accessed 1 April 2013.

The implications of such unfettered expansion, not only for the global climate, but also locally for farmland, forests, human health and aquatic life, are severe.

Despite their rhetoric of 'tackling climate change' no coal or CSG mine application has ever been rejected by the NSW or federal government on the basis of climate impacts[11].

The destructive impacts of climate change are already being **experienced now**, with only 0.8 degrees Celsius increase in global temperature[12]. The Australian Government's Climate Commission has just released a report about the extreme weather events dominating the 2012/2013 Summer, asserting that "*Australia's Angry Summer shows that climate change is already adversely affecting Australians. The significant impacts of extreme weather on people, property, communities and the environment highlight the serious consequences of failing to adequately address climate change*."[13] One of the latest reports on current impact of climate change globally is the German Potsdam Institute report to the World Bank at the end of 2012 entitled, "*Turn down the heat – why 4°C warmer world must be avoided.*" It notes the following heat wave and drought impacts of climate change:

- The past decade has seen an exceptional number of *extreme heat waves* around the world that each caused severe societal impacts. Examples of such events include, the European heat wave of 2003, the Greek heat wave of 2007, the Australian heart wave of 2009, the Russian heat wave of 2010, the Texas heat wave of 2011, and the U.S. heat wave of 2012. These heat waves often caused many heat-related deaths, forest fires, and harvest losses. (p.13)

- *The drought conditions* associated with the Russian heat wave in 2010 caused grain harvest losses of 25 percent, leading the Russian government to ban wheat exports, and about $15 billion (about 1 percent gross domestic product) of total economic loss. (p.15)

- These climatic trends accumulated to produce four consecutive dry years following 2006 in *Syria, with the 2007–08 drought* being particularly devastating. As the vast majority of crops in this country are non-irrigated, the region is highly vulnerable to meteorological drought. In combination with water mismanagement, the 2008 drought rapidly led to water stress with more than 40 percent of the cultivated land affected, strongly reducing wheat and barley production. The repeated droughts resulted in significant losses for the population, affecting in total 1.3 million people (800,000 of whom were severely affected), and contributing to the migration of tens of thousands of families. (p.16)

The future outlook is bleak, with global emissions rising faster than the "worst case scenario" projected by the Intergovernmental Panel on Climate Change and the likelihood of avoiding 'tipping

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[10] ABC News (2012) "What's the promise of coal seam gas?," see heading "How big is the CSG industry?" Available: http://www.abc.net.au/news/specials/coal-seam-gas-by-the-numbers/promise, accessed 1 April 2013.

[11] Personal communications with Greenpeace, Sunrise Project and Frontline Action on Coal campaigners.

[12] Potsdam Institute for Climate Impact Research and Climate Analytics (2012) "Turn down the heat: Why a $4^0$C warmer world must be avoided." Washington: The World Bank, p.xiv-xv, Available: http://climatechange.worldbank.org/sites/default/files/Turn_Down_the_heat_Why_a_4_degree_centrigrade_warmer_world_must_be_avoided.pdf, accessed 1 April 2013.

[13] Climate Commission (2013) "The Angry Summer," p.1, Available: http://climatecommission.gov.au/report/the-angry-summer/, accessed 1 April 2013.

points' (that will accelerate and lock in warming) becoming ever smaller[14]. The "*Turn down the heat"* report notes that "**there is no certainty that adaptation to a 4°C world is possible.**"[15]

The current **"Ethical Investment Principles and Procedures"** for our Synod state:

*In examining investments, all bodies within the Uniting Church will take into account unacceptable levels of social injury, resulting from activities that:* [inter alia]

> *03 Involve substantial change to the environment, which is not, or proposed to be, made good at the conclusion of the activity;*

Companies and oil and gas extraction companies cannot 'make good' their changes to the climate through global warming. There is no known way to turn back the clock.

Research by the Carbon Tracker Initiative has found that **80% of known fossil fuel reserves must stay in the ground or sea** if we are to avoid exceeding a 2 degree rise in global temperatures[16]. This means; put another way, the *basic purpose of fossil fuel companies is now a threat to humanity.* As Bill McKibbon (founder of 350.org, which has launched the 'Go Fossil Free' campaign) notes, there is no flaw in their business plan, **"the flaw *is* their business plan."[17]**

This proposal (and timetable) is part of the global 'Go Fossil Free' campaign of divestment from fossil fuel companies, launched by the leading international grassroots climate NGO, 350.org[18]. The campaign deliberately draws on the experience of boycotts, sanctions and divestment of South African companies (and companies operating in South Africa) during the apartheid years. Already hundreds of universities and some cities in the USA have begun to divest in these companies or are considering doing so. The United Church of Christ in the USA will consider a similar proposal to ours at their next general assembly, to be brought by the Massachusetts Conference[19].

In our view, our church's "*commitment to ecological sustainability"* must be expressed not only in words/pronouncements but also in the **embodying of those words** in the life *and actions* of the church. In the words of James, we are called to be "*doers of the word, and not hearers* [or pronouncers] *only*" (James 1:22). And Christ himself commended "*everyone… who hears these words of mine and acts on them*" (Matt 7:24). This proposal seeks to align our church's professed commitment to ecological sustainability with our actions in the world.

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[14] Plumer, Brad (2011) "Global CO2 emissions rising faster than worst-case scenarios," The Washington Post, 4 November 2011. Available: http://www.washingtonpost.com/blogs/wonkblog/post/global-co2-emissions-outpacing-worst-case-scenarios/2011/11/04/gIQA74r1mM_blog.html, accessed 4 April 2013.

[15] "Turn down the heat", p.xviii

[16] Carbon Tracker Initiative (2012) "Unburnable carbon: are the world's financial markets carrying a carbon bubble?" p.2, Available http://www.carbontracker.org/wp-content/uploads/downloads/2012/08/Unburnable-Carbon-Full1.pdf, accessed 1 April 2013.

[17] As quoted in Clark, Pilita (2013) "US pension fund eyes selling oil holdings," The Financial Times, 30 January 2013. Available http://www.ft.com/cms/s/0/73fedbf2-6af2-11e2-9871-00144feab49a.html#axzz2PAg1XLMG, accessed 1 April 2013.

[18] http://gofossilfree.org, accessed 1 April 2013. Information for religious institutions is available at http://gofossilfree.org/religious-institutions/.

[19] Go Fossil Free (2013) "MA United Church of Christ passes divestment resolution," Available: http://gofossilfree.org/ma-united-church-of-christ-passes-divestment-resolution/, accessed 1 April 2013.