



LOCAL GOVERNMENT LEADERSHIP ON FOSSIL FUEL DIVESTMENT

A report into the growing movement
of councils divesting from fossil fuels

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“ Lismore is on the frontline of the fight against the coal seam gas industry. Moving council money away from financial institutions that support the fossil fuel industry is a practical and sensible way for councils to ensure we are doing everything we can to leave this industry behind. ”

Councillor Jenny Dowell
Mayor, Lismore City Council

FINDINGS IN SUMMARY

This is a report into the growing movement of councils that are divesting from banks that fund fossil fuels to banks and financial institutions that do not. A shift that is taking place as part of the global movement to divest from fossil fuels.

The total amount of money managed by local governments that have adopted divestment motions is **\$5.5 billion and growing**. What's more, the number of councils committing to divest has increased exponentially — **from two councils at the end of 2014 to 14 councils at the time of writing**.

The type of local governments committing to divest has also expanded. August this year saw the **Australian Capital Territory** divest. As the territory and local government for Canberra, this decision marked the divestment of Australia's capital city, making **Canberra the first capital city in the world** to divest from fossil fuels. **Newcastle City Council**, home to the biggest coal port in the world, also divested in August this year. And last month **the City of Melbourne** joined the ranks of councils going fossil free.

Finally, a sign of the mainstream appeal of the movement, divestment was also raised as an agenda item at the **Local Government NSW Annual Conference** last month.

For a more detailed analysis into local government leadership on divestment, see the full report below. For a regularly updated list of divestment commitments, visit: gofossilfree.org.au/whos-divested/

“ All Greens, Labor, and Liberal Councillors voted for divestment which shows the strong support it has across council and within the community. ”

Councillor Rochelle Porteous
Mayor, Leichhardt Municipal Council

WELCOME

A growing number of councils are ensuring that council money does not fund the fossil fuel industry, as part of their broader efforts to mitigate dangerous climate change.

For many councils, mitigating climate change isn't a choice—it is a necessity, as climate change will have a direct impact on their local government areas. Rising sea levels will damage coastal real estate. More frequent and more severe cyclones are already taking a toll on recovery budgets. Dry bushland creates tinderbox conditions for destructive and costly bushfires.

In combination with their existing climate change programmes, many councils are now leveraging their financial power—to reshape the funding practices of the banks responsible for funding fossil fuels and climate change.

Most Australian councils cannot invest in shares, meaning that they have no direct investments in fossil fuel companies. However, most councils have exposure to fossil fuels via their term deposits with the big four Australian banks—who have funded \$36 billion dollars worth of coal and gas projects across the country¹.

Projects funded by these banks include giant coal ports along our iconic Great Barrier Reef², coal seam gas rigs near the headwaters of the Manning Valley³, and power stations fueled by dirty brown coal—including the controversial Hazelwood Power Station in rural Victoria⁴.

Collectively, councils are significant customers for these banks. That is why local government leadership is beginning to influence the funding practices of these banks—though councils moving their money to banks and financial institutions that do not fund fossil fuels.

1 <http://www.marketforces.org.au/campaigns/banks/>

2 <http://www.marketforces.org.au/financing-reef-destruction/>

3 <http://www.marketforces.org.au/trackingthemoney/agl>

4 <http://www.marketforces.org.au/banks/map/#hazelwood>



— THE BANKS OF THE MURRAY RIVER IN ALBURY, NSW

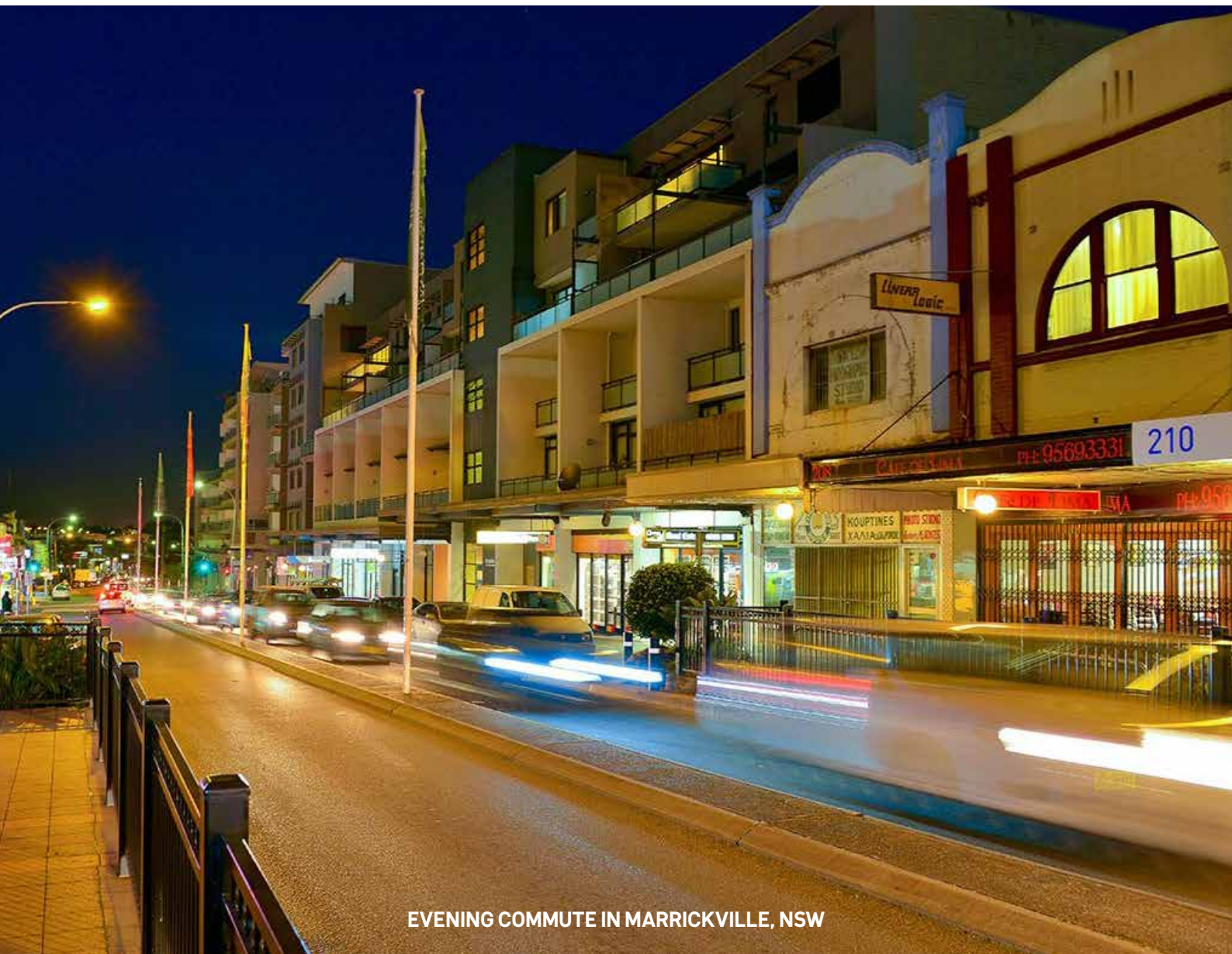
“ Several Councils around Australia have made similar decisions and more are looking at divesting from fossil fuels. Residents are also thinking more carefully about where their money is invested and what the consequences of that are. This divestment is a reflection of that. ”

Councillor Henk van de Ven
Mayor, Albury City Council

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“ Murrickville Council has a strong commitment to combating climate change, with programs aimed at cutting emissions. We should back that up to ensure the financial institutions we use are not funding coal mines or coal seam gas projects. ”

Councillor Max Phillips
Councillor, Murrickville Council



EVENING COMMUTE IN MARRICKVILLE, NSW

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THE MONEY IS MOVING

The movement of councils divesting from fossil fuels has resulted in a growing pool of local government money that is covered by divestment motions. At the time of writing, this pool is at **\$5.5 billion and growing**. The breakdown of these numbers can be found below.

Table 1: Total divested Local Government funds under management

Local Government	Investments Under Management
City of Fremantle	\$100,184,940.00
Moreland City Council	\$39,212,931.00
Marrickville Council	\$55,000,340.00
Shire of Goomalling	\$1,000,000.00
Leichhardt Municipal Council	\$79,702,199.00
Lismore City Council	\$50,017,029.00
Gloucester Shire Council	\$6,419,922.00
ACT (Canberra)	\$4,505,315,000.00
Newcastle City Council	\$286,104,501.00
Byron Shire Council	\$75,962,424.40
City of Melbourne	\$12,596,568.68
Banyule City Council	\$93,640,000.00
Albury City Council	\$81,190,223.00
Armadale City Council	\$122,248,041.00
TOTAL	\$5,508,594,119.08

These funds under management are in the process of being divested. **On average, two fifths (41.75%)** of council money is with banks and financial institutions that do not fund fossil fuels. This percentage is growing rapidly and prompting the major Australian banks to respond, with Westpac Chairman Lindsay Maxsted weighing into the debate around the time of Newcastle City Council's divestment⁵.

However, the average percentage above is based only on those councils that have disclosed their investments publicly. Hence, this does not include the ACT or Banyule City Council.

⁵ [Westpac Chairman Lindsay Maxsted says Divestment Ill-Advised](#), The Australian Financial Review, 26th August 2015.

GROWING, AND GATHERING PACE

The growth in investments under management covered by divestment motions is driven almost entirely by the growth in the number of councils joining the divestment movement. At the end of last year, only two councils had gone fossil free. **At the time of writing, there are 14 local governments that have adopted divestment motions.** Plotted against time, it is clear that the number of councils joining the divestment movement is increasing.

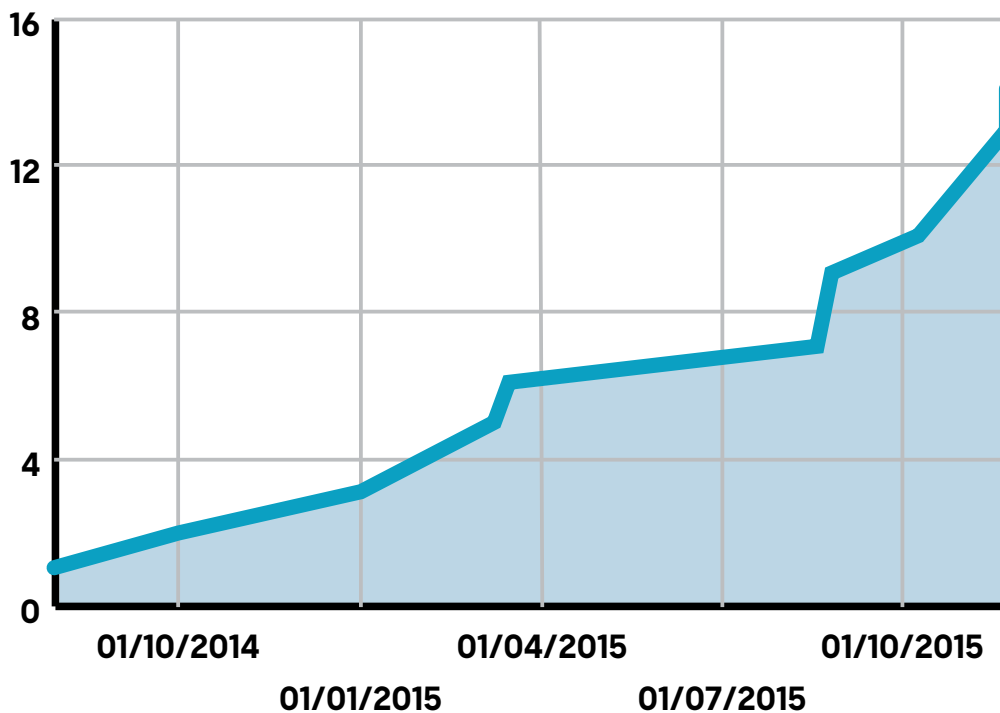


Figure 1: Number of councils divested over time

This growth is driven by a multitude of factors. Environment groups and committees have been encouraging council divestment. Councillors have been taking initiative and putting forward divestment motions. Divestment was also raised as an agenda item at the Local Government NSW Annual Conference last month.



“ It’s the responsibility of our banks, superannuation funds, and governments that have custody of our money to use this money to protect, and not damage, our environment. ”

Dr Brad Pettitt
Mayor, City of Fremantle

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GROWING ACROSS AUSTRALIA

The growth of council divestment has also increased across Australia, with divestment motions being adopted by councils from a wide range of political and geographic backgrounds. Some examples are included below, but for a regularly updated list of council divestment commitments, visit: gofossilfree.org.au/whos-divested/

Shire of Goomalling

One of the first councils to divest in 2015, the Shire of Goomalling is a rural service centre for the wheatbelt of Western Australia. The decision to divest was championed by a local councillor concerned about the impact of climate change on Australia's agricultural industry now and into the future.

Australian Capital Territory (Canberra)

On the 22nd of August, the Australian Capital Territory government divested from fossil fuels. As the territory and local government for Canberra, this decision marked the divestment of Australia's capital city. This also made Australia home to the first capital city in the world to divest from fossil fuels.



DIVESTMENT ACTION ON VALENTINES DAY IN CANBERRA, ACT

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“ By moving our council’s money away from the fossil fuel industry, we send a message that it’s time to transition away from this dangerous industry. I would encourage all councillors to join the growing movement of local governments aligning council money with council values. ”

Councillor Daniel Kagoy
Deputy Mayor, Leichhardt Municipal Council

Newcastle City Council

Just days after the ACT committed to divest, Newcastle City Council adopted a motion opting for banks and financial institutions that do not fund fossil fuels over banks that do. As home to the biggest coal port in the world, this decision attracted criticism from the Federal Government, including former Prime Minister Tony Abbott. However, both an online straw poll hosted by the Newcastle Herald and a telepoll from The Australia Institute found that residents of Newcastle overwhelmingly supported the decision⁶. The decision was even forced to a rescission vote but the council voted to keep the divestment motion.

Gloucester Shire Council

The local government for a community currently under pressure from AGL’s coal seam gas expansion plans, the Gloucester Shire Council divested a week before Newcastle City Council made similar moves. The Shire went public with the divestment decision after it was claimed by Federal Government members that no other council in the Hunter Valley or surrounds would follow Newcastle’s moves.

Melbourne City Council

Most recently, the Melbourne City Council divested from fossil fuels, also calling on its default superannuation fund, Vision Super, to follow suit and create a fossil free option for its members.

It is worth noting that these council divestments have been buoyed by the many council divestment moves from local governments that have been leading the way on climate change mitigation for years.

⁶ [Novocastrians Back Council Divestment](#), The Australia Institute, 8th September 2015

WANT TO JOIN THE MOVEMENT?

If you would like support with encouraging your council to divest, please contact 350.org Australia at info@350.org.au.

Alternatively learn more by downloading [ALIGNING COUNCIL MONEY WITH COUNCIL VALUES: A guide to ensuring council money isn't funding climate change.](#)



COAL SEAM GAS PROTEST NEAR WOLLONGONG, NSW

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CONCLUSION

The movement of councils divesting from fossil fuels is growing. What's more, banks that fund fossil fuels are taking notice. In 2016 we can expect the number of councils joining the divestment movement to increase, with councils from a range of backgrounds going fossil free.

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APPENDIX ONE: THE COMPILATION METHOD

Most councils publish their investments monthly and the information is included with Ordinary Council Meeting minutes. This usually includes a breakdown by term deposits of council investments. The information in this report was compiled by analysing publicly available information from councils known to have adopted divestment motions. Additionally, only councils that have adopted permanent divestment motions were included, as some councils are trialing divestment.

The only exceptions to this were requests for information about the investments of the Shire of Goomalling and Melbourne City Council, which were provided by the councils.

A request for information was sent to the ACT government, which provided the total amount of investments covered by their divestment policy - in the Superannuation Provision Account (SPA) and the Territory Banking Account (TBA). However, \$507mil was deducted from the total as this is the sum of SPA money invested in the TBA. This information was provided directly by the ACT government during the request for information. The ACT government declined to provide information on the fossil fuel and fossil free investment breakdown.

Similarly the Banyule City Council did not make the breakdown of their investments publicly available but the total amount of their funds under management is available.

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We would like to thank:

Cover: Leichhardt Town Hall: Maeve_F

IFC: Farmland in the Liverpool Plains, NSW: Lock the Gate Alliance

p3: Murray River: KnitSpirit

p4: Marrickville: 350.org Australia

p7: Fremantle: moises.gonzalez

p8: Canberra GDD Launch 2: 350.org Australia

p10: Illawarra protest against coal seam gas: Stop CSG Illawarra

p11: Solar panels on roof: 100% Renewable

BC: Doongmabulla Cattle Station, Galilee Basin, Queensland: Tom Jefferson

APPENDIX TWO: INVESTMENT REPORTS

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