



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Elizabeth Kikkert MLA (Chair), Michael Pettersson MLA (Deputy Chair),
Andrew Braddock MLA

Inquiry into ACT Budget 2021–22
ANSWER TO QUESTION TAKEN ON NOTICE
20 October 2021

Asked by JO CLAY MLA on 20 OCTOBER 2021: ANDREW BARR MLA took on notice the following question(s):

Ref: Hansard Transcript 20 October 2021 – Page 27

In relation to:

MS CLAY: I do. Thank you, Chair.

I asked a question last time, and I would like to get an updated answer on it this time and add a bit more.

I was interested in how much ACT government is investing in fossil fuel companies and companies with significant exposure to fossil fuel? But I would also like to update that with companies that have—that manufacture weapons or that are weapons adjacent? We have found quite a lot of the companies that are not directly providing weapons contracts to government are perhaps specialising in laser systems and weapons guidance systems. And we would consider those to be weapons manufacturers and ...(indistinct)... [3.34.26] companies.

Are you able to provide an update on that, perhaps on notice, or now?

Mr Barr: Look, we can—yes, we can certainly provide some detail on those. But Mr McAuliffe has, I think, some headline information now.

Mr McAuliffe: Yes, so since we last spoke, Ms Clay, we have been through, you know, some further reviews of the policy with the Chief Minister. And what we are in the process of actually implementing at the moment is amending a number of the criteria we have around our investment exclusions. And one of those is to move towards no fossil fuel reserves at all.

Now we are in the process of actually implementing that here and now. So I expect by the end of this calendar year that that will be implemented.

MS CLAY: That sounds like excellent financial policy as well as excellent economic policy, yes.

Mr McAuliffe: So that is—and to your question around who much we have got? It is around about 1 per cent of our total portfolio. So there is not a lot there. And I think we spoke about some of the numbers last time. So we are in the process of implementing that now.

In terms of the munition side, as you are probably aware, at the moment the screens we have exclude, you know, cluster munitions and landmine manufacturers. And again, what we are in the process of implementing around there, is actually we have expanded that criterion to effectively to controversial weapons manufacture. So that I suspect will pick up the types of other weapon manufacturers that you referred to.

MS CLAY: That probably would. And how are you, sort of, defining what controversial weapons manufacturers are, because as I have said, some of our research has indicated that there is a lot of companies where they have one branch is perhaps directly involved in weapons, but the other branches are involved in something quickly closely adjacent. They are very closely financially related.

And, you know, maybe one of them is laser guidance systems, that goes on the top of the tanks, but they are not doing the tanks. And I would consider that to be involved in weapons manufacturing. But I am not sure if that would trigger your test?

Mr McAuliffe: Well we use the MSIESG research to help us define that criterion, because we need to have some very, you know, clear rules around that. So I have not got right into that detail. But we are expanding that criterion to capture the controversial weapons category that they apply across, you know, all of their types of indexes that they develop, that might be in this sort of a space, so.

MS CLAY: That would be—could I get some detail on notice, on that one?

Mr Barr: Yes. Yes, we can provide some information there.

Now this will always end up being a very tricky area, because there will be some companies that the predominance of their work is, for example, in the space industry and that is, you know, associated with launching satellites and that sort of precision platforms and systems.

That though, in theory, could be utilised for targeting other things. So we have to always be a little bit cautious around how and where we draw the line here. But I acknowledge certainly the intent of the government's policy has been well articulated by Mr McAuliffe. But I appreciate that the devil will be in the detail for many.

MS CLAY: Thank you.

Mr McAuliffe: In terms of the actual definition of that criteria, I can tell you what that is. So it is companies that have any ties to the cost of munitions, land mines, biological chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or non-detectible fragments.

ANDREW BARR MLA: The answer to the Member's question is as follows:—

The Government's Responsible Investment policy framework currently addresses controversial weapons through excluding investment in companies involved in the manufacture of cluster munitions and landmines.

While there is no comprehensive definition of what types of weapons are controversial versus conventional, the Government has recently considered our investment approach to controversial

weapons including which weapons should be targeted and what types of involvement or business activities should be excluded from investment.

We are broadening our negative investment screening criteria to identify weapons categories that are subject to widespread ban or restriction by international treaty or convention.

The revised controversial weapons investment screening criteria will exclude investment in any company where there is strong evidence of involvement in relation to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments as follows:

- Cluster Munitions - Companies that manufacture cluster munitions whole weapons systems, components, or delivery platforms.
- Landmines - Companies that manufacture landmines whole systems or components.
- Biological/Chemical Weapons - Companies that manufacture key biological and chemical weapons components and that manufacture biological and chemical weapons, including weapons that use pathogens such as viruses, bacteria, and disease-causing biological agents, toxins, or chemical substances that have toxic properties to kill, injure, or incapacitate.
- Depleted Uranium Weapons - Companies involved in the production of depleted uranium (DU) weapons, ammunition, and armour, including companies that manufacture armour piercing, fin stabilised, discarding sabot tracing rounds (APFSDS-T); Kinetic Energy Missiles made with DU penetrators; and DU-enhanced armour, including composite tank armour.
- Blinding Laser Weapons - Companies that manufacture weapons utilising laser technology that causes permanent blindness to the target.
- Incendiary Weapons – Companies that manufacture incendiary weapons using white phosphorus.
- Non-detectable fragments – Companies that manufacture weapons that use non-detectable fragments to inflict injury to targets.

It is anticipated the revised investment screening criteria will be implemented in December 2021.

Approved for circulation to the Standing Committee on Public Accounts.

Signature: 

Date: 5.11.21

By the Treasurer, Andrew Barr MLA