

Exposure Draft

**Financial Management (Ethical Investment)  
Legislation Amendment Bill 2010**

September 2010

## The Ethical Investment Bill:

The Financial Management (Ethical Investment) Legislation Amendment Bill 2010 will amend the *Financial Management Act 1996* and the *Territory Superannuation Provision Protection Act 2000* provides a clear set of standards and priorities for the investment of public money.

This is a technical and complicated issue and a range of options and their consequences need to be considered. It is an area that should rightly be the subject of considerable community debate and requires considerable community consultation to ensure that any change does reflect the community's views.

## How the Bill will progress:

The Bill represents a significant change to our current investment practices. It is anticipated that the Bill will be the subject of an Assembly Committee inquiry. Following the Committee inquiry and other community consultations it is planned that the Bill will be introduced into the Assembly in the March 2011 sittings.

## Why is legislative reform necessary?

Whilst progress has been made on this issue - we have adopted the UN Principals of Responsible Investment and have a risk analysis framework designed to address environmental, social and governance (ESG) issues - no tangible changes to the Territory portfolio have been made as a result.

The Territory is now more aware of the issues but has no framework in which to act on the community's concerns. The Territory continues to invest in practices such as weapons manufacturers, notably cluster bombs, tobacco companies and animal testing for cosmetics.

Investment funds that reflect ethical values are now mainstream. More than \$1.2 trillion worldwide has been invested in environmentally sustainable industries since 2007. The majority of evidence suggests that these funds deliver returns at least as good as if not slightly better than industry averages.

## The main objectives of the Bill are to:

- Set out industries or practices that ACT public money should not be invested in.
- Set the industries or activities that it is desirable for public money to be invested in.

The purpose of this legislation is to identify and prohibit investment of government money in industries or activities that do not reflect the views and values of the community and to promote investments that deliver financial benefits as well as long term social and environmental benefits.

## Consultation

The public consultation period will run until 28 February 2011. Comments should be sent by 28 February 2011 to:

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