

Lesson/Unit Plan

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| Subject/Course | Economics and Business / Commerce |
| Topic | Ethical Investment and Divestment |
| Year Level | Year 10 |
| Time allowance | Up to 6 x 50 minute lessons |

Learning Goals

| Curriculum Content Description |
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| <ul style="list-style-type: none">The ways that governments manage economic performance to improve living standards (ACHEK052) |
| <ul style="list-style-type: none">Factors that influence major consumer and financial decisions and the short- and long-term consequences of these decisions (ACHEK053) |
| <ul style="list-style-type: none">The ways businesses respond to changing economic conditions and improve productivity through organisational management and workforce management (ACHEK054) |

| Elaborations |
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| <ul style="list-style-type: none">identifying examples of government intervention that aim to redistribute income (for example, pensions, youth allowance and job search), and goods and services such as health care and education |
| <ul style="list-style-type: none">identifying examples of externalities (that is, costs or benefits associated with the production or consumption of goods and/or services that affect the wellbeing of third parties or society more generally) and exploring the ways governments can influence or regulate these impacts to ensure prices reflect external costs |
| <ul style="list-style-type: none">identifying and explaining factors that influence major consumer decisions (for example, price, availability and cost of finance, marketing of products, age and gender of consumer, convenience, ethical and environmental considerations) |
| <ul style="list-style-type: none">evaluating the outcomes of buying (for example, a car, using criteria such as the effect of loan repayments on disposable income, depreciation, maintenance and insurance costs compared with the benefits of independence, convenience and social status) |
| <ul style="list-style-type: none">identifying the difference between minor and major consumer and financial decisions and listing examples of each |
| <ul style="list-style-type: none">identifying ethical and unethical workplace practices and investigating the impact of these practices on individuals |

| Catholic Social Teaching | |
|--------------------------|--|
| • | Care for our Common Home: We are responsible for looking after the world we live in. We must all respect, care for and share the resources of the earth, which are vital for the common good of people. |
| • | Subsidiarity and Participation: All people have the right to participate in decisions that affect their lives. Subsidiarity requires that decisions are made by the people closest and most affected by the issues and concerns of the community. The role of people in positions of power is to look after the good of all. |
| • | Solidarity: We all belong to one human family, regardless of our national, religious, ethnic, economic, political and ideological differences. Everyone has an obligation to promote the rights and development of all peoples across communities, nations, and the world, irrespective of national boundaries. |
| • | Common Good: Every person should have sufficient access to the goods and resources of society so that they can completely and easily live fulfilling lives. The rights of the individual to personal possessions and community resources must be balanced with the needs of the disadvantaged and dispossessed. The common good is reached when we work together to improve the wellbeing of people in our society and the wider world. |

| Glossary | |
|------------------------|--|
| Divestment | In finance and economics, divestment or divestiture is the reduction of some kind of asset for financial, ethical, or political objectives or sale of an existing business by a firm. A divestment is the opposite of an investment. |
| Ethical Investing | The practice of using one's ethical principles as the primary filter for the selection of securities investing . Ethical investing depends on an investor's views. |
| Financial Transparency | Making information as accessible as possible. Financial transparency means timely, meaningful and reliable disclosures about a company's performance. You are not actively hiding anything. |

| Websites | |
|----------|---|
| • | Caritas Australia- principles of Catholic Social Teaching : https://www.caritas.org.au/learn/cst |
| • | Future Fund: https://www.futurefund.gov.au/ |
| • | Legislation: https://www.legislation.gov.au/Details/F2017L00597 |
| • | Our Future Fund campaign: https://ourfuturefund.org.au/ |

Part 1: Defining the terms

Task: Define the terms ‘Divestment’, ‘Ethical Investing’ and ‘Financial Transparency’.

Suggested thinking routing: [Making Meaning](#) By Ron Ritchhart

A routine for constructing collective meaning of words, ideas, concepts, or events.

A word, concept, or event is identified as the focus for this routine. Groups then work through each of the following prompts, recording their responses on chart paper to make collective meaning.

Taking turns, each person responds to the chosen focus with a single word. Each person’s word must be unique so that it adds to the collective meaning.

Each person adds on to someone else’s word with an additional word or phrase so as to elaborate in some way.

Each person records a question that arises about the topic of focus based on what is emerging.

Based on the group’s “Making Meaning discussion” on chart paper, each individual now writes their own definition of the word, topic, concept, or event being explored.

Extension task: Students provide an example for each of their definitions.



Part 2: Government interventions and fossil fuels

Task: Students identify examples of government interventions that aim to redistribute income that relates to fossil fuels. For example, tax-based subsidies, direct contributions and public finance. Students create an infographic on one or more areas.

<https://reneweconomy.com.au/global-fossil-fuel-subsidies-reach-5-2-trillion-and-29-billion-in-australia-91592/>

<https://www.marketforces.org.au/campaigns/ffs/>

Did you know?

Globally, more money is spent subsidising the fossil fuel industry than on health services.

The Australian government invests public money in fossil fuels. Each year, the Australian government spends billions of dollars to subsidise coal, gas and oil programs as well as provide direct contributions to finance fossil fuels through our national export credit agency (called EFIC), as well as through our involvement with international financial institutions. In addition, the government provides another \$11 billion AUD of fossil fuel subsidies each year.

Source: [Market Forces](#)

Australia's Future Fund- The Future Fund is our national sovereign wealth fund, representing \$154 billion of public money. With limited transparency it is hard to know how much of the fund is investing in fossil fuels but it is over \$1 billion.

Source: [Our Future Fund](#)

What are some of the benefits of fossil fuels?

“Over the past two years our resources exports are up a remarkable \$91 billion... To put that in context... The extra \$91 billion a year of exports could build almost 100 hospitals or fund the Gonski education reforms for more than 35 years.”

“Australia's coal exports are helping other nations reduce their own emissions through the use of high-quality, energy-rich coals. Our coal is the envy of the world and we should promote it proudly – not only does it create less pollution in other countries, it supports the jobs of thousands of hard-working Australians.”

Source: <https://www.afr.com/opinion/australias-economic-recovery-rides-on-fossil-fuels-20181009-h16e3l>

Part 3: What's the cost?

Task: Consider the long-term advantages and disadvantages of continued financial support for both fossil fuels and renewable energy infrastructure. Students list the pros and cons of each and use these to form an argument as to which area should be the focus of future investment.

Extension Suggestions

Visit the Caritas Australia [website](#) to learn about the State of the Environment reports which bear witness to the stark reality that millions of people in small islands states are suffering the impacts of climate change, though they did very little to contribute to it.

Use the [Circle of Viewpoints](#) thinking tool to see things from different perspectives. Students could be assigned a 'role/viewpoint'. E.g. A young person who is concerned about climate change, a coal miner, a farmer, Torres Strait Islander affected by climate change, a super fund manager who needs to ensure high returns for their members.

The costs of climate change

The potential damages from climate change to Australia at current global emissions patterns are quantified as:

- \$584.5 billion in 2030
- \$762 billion in 2050
- more than \$5 trillion in cumulative damages from now until 2100.

These costs are conservative – they exclude the bulk of costs of floods and bush fires, pollution, damage to environmental assets and biodiversity losses. Conversely, the national costs of effective emissions reduction – based on a carbon price or renewables target – are estimated at \$35.5 billion from 2019 to 2030, or 0.14% of cumulative GDP; a negligible impact.

Source: Kompas, T., Witte, E. and Keegan, M. 2019, [Australia's Clean Energy Future: Costs and Benefits](#), MSSI Issues Paper 12, Melbourne Sustainable Society Institute, The University of Melbourne. June 2019

Example Fund Position- [Catholic Super Fund](#)

The Fund believes that divestment from fossil fuel assets is not an effective way to achieve positive change in this transition process for two main reasons. Firstly, investors can have more influence over companies and their behaviour if they stay invested; once an investor sells a company they lose influence. Secondly, fossil fuels will retain an important share of global energy markets at least for a number of decades. Accordingly, the prospect is for a re-pricing of some 'at risk' high carbon assets and a reduction in the proportional contribution which fossil fuels make to meeting the growing global demand for energy as renewable energy sources and new technologies continue to grow.

Source: [Catholic Super Fun Climate Change Policy 2017](#)

Part 4: A Catholic perspective- Caring for our Common Home

Task: Student debate – Catholics have a moral imperative to divest from fossil fuels.

Resources:

- Everyone's Business: Developing an inclusive and sustainable economy, Australian Catholic Bishops Conference, 2017 Social Justice Sunday Statement:
<https://www.socialjustice.catholic.org.au/files/SJSandresources/2017-SJS-Statement.pdf>
- Catholic Divestment: Access the Catholic ethical investment guide and see the organisations that have chosen to divest from fossil fuel investments.
<https://catholicclimatemovement.global/divest-and-reinvest/>
- Catholic Investment Principles: https://www.arrcc.org.au/catholic_investment_principles_today
- Pope Francis Encyclical: [Laudato Si': On care for our common home, 2015.](#)

We need a conversion of economics and politics – away from an obsession with short-term and self-centred financial or electoral gains, and toward a true appreciation of the common good.

Pope Francis, [September 2016](#)

Civilization requires energy, but energy use must not destroy civilization!

Pope Francis, [June 2018](#)

Carbon dioxide emissions and atmospheric concentrations of greenhouse gases remain very high. This is disturbing and a cause for real concern. Yet even more worrying is the continued search for new fossil fuel reserves, whereas the Paris Agreement clearly urged keeping most fossil fuels underground.

Pope Francis, [June 2018](#)

There is an urgent need to develop policies so that, in the next few years, the emission of carbon dioxide and other highly polluting gases can be drastically reduced, for example, substituting for fossil fuels and developing sources of renewable energy.

Pope Francis, June 2015, [Papal Encyclical](#)

We need to reject a magical conception of the market, which would suggest that problems can be solved simply by an increase in the profits of companies or individuals.

Pope Francis, June 2015, [Papal Encyclical](#)

We know that technology based on the use of highly polluting fossil fuels - especially coal, but also oil and, to a lesser degree, gas - needs to be progressively replaced without delay.

Pope Francis, June 2015, [Papal Encyclical](#)

Part 5: Australia's Future Fund

The Future Fund is Australia's national sovereign wealth fund. Its mission is to invest for the benefit of future generations of Australians. It invests in global shares, real estate, commodities and bonds on our behalf – currently about \$154 billion dollars' worth. It is not a superannuation fund, but an intergenerational national wealth fund, owned by all of us.

Task: Write a position paper on whether the Future Fund should or shouldn't divest from fossil fuels addressing both ethical and financial factors and the mission of the fund.

Resources

- Future Fund: <https://www.futurefund.gov.au/>
- Our Future Fund campaign: <https://ourfuturefund.org.au/>

Suggested assessment criteria

- collecting data and information from a variety of sources relevant to the issue or event being investigated
- representing data and information in a format to aid interpretation and analysis (for example, a graph)
- determining the source and reliability of data and information and explaining assumptions or missing information in sources that may affect reliability
- categorising and interpreting data and information collected into a form that shows multiple perspectives around an issue/event
- explaining relationships identified in data (for example, the relationship between standards of living, infant mortality and access to health services)
- analysing information to make informed choices (for example, when purchasing goods and services)
- using economics and business terms and concepts such as indicators, economic performance, business cycle, organisational structure, workforce management, interest rates
- communicating findings of the investigation in appropriate formats (for example, web pages, financial statements, spreadsheets, graphs and reports)
- developing texts for different audiences such as peers, businesses, the public, a business manager/entrepreneur, and for different purposes (for example, to persuade or inform)
- discussing the outcomes of a decision, identifying those that were intended and unintended and reflecting on strategies that may address the unintended consequences

Note: It is important to allow enough time for students to take effective action in order for them to be empowered by what they have learned. If learning about Australia's investment in fossil fuels through the Future Fund concerns your students, then they might like to write to Mr Peter Costello who is Chair of the Future Fund's Board of Guardians. Equally, if students have concluded that Australia needs to continue to invest in fossil fuels, then they could write a letter of support instead.

OUR FUTURE FUND

Our public funding shouldn't be used to support the fossil fuels industry.

The Future Fund is our national sovereign wealth fund, representing \$154 billion AUD of our public money. It's currently investing in fossil fuels, which means it's actively fueling the destruction of the environment on which our future depends. It's time to clean up our Future Fund and make it work for our future!

Who is responsible for the Future Fund?

The Board of Guardians is responsible for developing the strategy of how to invest assets of the Future Fund. The Chair of the Board is the Honourable Peter Costello AC.

Who are the change makers?

Us! We can use people power to ensure Australia is making investments that are smart, responsible and good for our future.

You can call on the Chairman of the Future Fund, Mr Peter Costello, to ensure Australia's sovereign wealth fund divests from fossil fuels and invests in renewable energy infrastructure. See example letter on the right.

Or write your own letter to your MP.

Dear The Hon Peter Costello, CC: The Hon Josh Frydenberg MP

I am calling on the Future Fund to drop its investments in the fossil fuel industry, starting with companies that mine, explore for and burn coal.

Right now, public money is being invested in areas that harm people and the planet and do little to modernise our economy.

The Future Fund has already made future-thinking investment decisions like refusing to invest in tobacco and certain armaments. Internationally, countries such as Norway and Ireland have committed their sovereign wealth funds to fully divest from fossil fuels.

That's why I am calling on the guardians of the Future Fund— including you, Peter Costello – to make another decision for Australia's future.

The Future Fund should:

1. Commit to divesting the Future Fund's \$200 billion in assets from all fossil fuels by 2030 as part of a low carbon, climate-aligned investment portfolio.
2. Create a Climate Fund that invests heavily in Australia's transition towards a 100% renewable, accessible and affordable energy system.
3. Adopt and join initiatives for climate investment, including the G20's Taskforce on Climate-related Financial Disclosures.
4. Give transparency in all the investments made by the Future Fund. The Future Fund is investing on behalf of every person in Australia, and our citizens deserve to know how public money is being used.