



**Australian Government**  
**Department of Health and Ageing**

**SECRETARY**

Ms Christine McDonald  
Secretary  
Standing Committee on Finance and Public Administration  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Ms McDonald

**Inquiry into the Government Investment Funds Amendment (Ethical Investments) Bill 2011**

Thank you for your letter of 25 June 2012 inviting the Department of Health and Ageing to provide a submission regarding the Ethical Investments Bill currently being considered by the Standing Committee on Finance and Public Administration.

The Department of Health and Ageing is not responsible for advice on decisions in respect of the *Future Fund Act 2006*. The Department notes that, in accordance with subsection 18(10) of the Act, "in the performance of its Future Fund investment functions, the Board must seek to maximise the return earned on the Fund over the long term, consistent with international best practice for institutional investment". This responsibility is subject to any directions given by the responsible Ministers under subsection 18(1) of the Act, with those directions known as the *Future Fund Investment Mandate*.

In this context, the Future Fund Board is clearly responsible for deciding how to invest the assets of the Fund, in accordance with the Act and its Investment Mandate.

The Department notes that, should the proposed Ethical Investments bill be passed, its intent to specify prohibited financial assets, including investment in tobacco companies, would accord with the World Health Organization's (WHO) *Framework Convention on Tobacco Control* (FCTC), to which Australia is a party, specifically Article 5.3 of the FCTC which relates to the protection of public health policies with respect to tobacco control from commercial and other vested interests of the tobacco industry.

Recommendation 7.2 of the Guidelines to Article 5.3 states:

"Parties that do not have a State-owned tobacco industry should not invest in the tobacco industry and related ventures. Parties with a State-owned tobacco industry should ensure

that any investment in the tobacco industry does not prevent them from fully implementing the WHO Framework Convention on Tobacco Control.”

Yours sincerely

Jane Halton PSM  
Secretary

2 July 2012