

Simon Griffiths - Fri 18th March - Avon Pension Fund

I address this committee as a resident of Bath, one whose partner has a pension with the Avon Pension Fund.

While you are no doubt aware of your responsibilities in the administration of this fund, I ask you to consider these duties within the context of resilient investment portfolios, ones which are able to withstand the long-term challenges posed by climate change.

Historically, fossil fuel investments have been highly profitable, however, given that the link between fossil fuel use and climate change is now a scientifically and politically accepted reality, we can no longer assume that fossil fuels are a sound investment.

The tendency of asset managers to look at historic returns is especially wrong in the context of climate change. We are moving to a very different, low-carbon world. In this new world fossil fuel companies will end up with stranded reserves and over-valued shares.

We need to ask how such companies are addressing the challenges of this low-carbon world, and whether they are companies we really want to hold over a 5 to 20 year period?

This new world, and the new normal of extreme weather conditions are clearly visible in the flooding of Bath city centre, and the Somerset levels, over the Christmas of 2013.

While the council is to be congratulated on it's vision with the Bath Quays Waterside Project, which acknowledges and responds to the new reality of climate change, it's also worth noting the fact that planning policy requires this project to take into account the increased risk of flooding due to climate change.

So, in order for the redevelopment of the Lower Bristol Road area to proceed, the project must reduce the risk of flooding from a 1 in 50 chance to a 1 in 100 chance.

Is there not, however, an inherent contradiction in building flood defences that acknowledge and mitigate the worst effects of climate change, while also exposing this pension fund to the risks now associated with fossil fuel investments?

I do not believe we have the luxury to both acknowledge and deny the reality of climate change. I believe that such cherry picking will prove to be financially irresponsible.

A major reallocation of the Avon Pension fund, away from fossil fuels, and into climate resilient sectors, is both necessary and possible. I ask that today you show such vision and begin this reallocation.