

Australia pension fund reviewing tobacco stake

October 25 2012

The Australian government's pension fund for public servants said Thursday it was reviewing its investment in tobacco shares following the passage of plain packaging laws in a bid to curb smoking.

The Future Fund, which manages some Aus\$80 billion in [retirement savings](#) for government workers, said its board had requested a review of tobacco holdings worth Aus\$219 million in the light of Canberra's new anti-smoking policies.

"We think it's important, particularly given the responsibility for managing such a large pool of capital for the long term, that we take a careful, methodical and considered approach to these kinds of issues," said Future Fund managing director Mark Burgess.

"This work has been started and will include consideration of the cost and implications of exclusion."

Tobacco products in Australia will have to be sold in drab, uniform khaki packaging with graphic health warnings from December 1 after smoking giants lost a High Court challenge to the measures in August.

The fund has come under growing pressure to dump the shares after it was revealed in the Senate last week that new stock worth almost Aus\$40 million was being bought at the same time the new policies were being pushed through.

Health groups and the left-wing Greens party have described the investment as inconsistent with public values.

The Australian government estimates there are 15,000 deaths nationally each year from tobacco-related illnesses and that smoking costs more than Aus\$30 billion a year in healthcare and lost productivity.

The Future Fund has holdings in major firms including British American Tobacco, Imperial Tobacco, Japan [Tobacco](#) Inc and Philip Morris—all of whom were parties to the High Court challenge to Australia's plain packet plan.

It has previously jettisoned holdings on ethical grounds, selling off its stock in 10 defence companies that manufactured cluster munitions and land-mines in 2011.

Similar moves against [tobacco firms](#) were taken by the Norwegian government's [pension fund](#) in 2010.

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