

Sustainability Matters

7th July 2016

A fortnightly selection of topical **news and views** about economic, social and environmental issues.
Designed especially for accountants and those who use the services of accountants.

Sustainability Matters is;

- Compiled and published by Ray Skinner of *Sustainability Matters*, providers of specialist services relating to sustainability and business support. **Business achieving a tomorrow for tomorrow's children.**

ACCA and CA ANZ Agree Landmark Strategic Alliance

"ACCA, the Association of Chartered Certified Accountants, and CA ANZ, the Chartered Accountants Australia and New Zealand, today [28th June] announced a strategic Alliance which will add value to members locally and globally.

"The Alliance brings together the resources of the largest global professional accountancy body with one of the world's pre-eminent CA bodies, enabling both organisations to strengthen their reach, relevance and resources for members. By sharing expertise across geographies and sectors the Alliance will ultimately create a stronger voice on behalf of its 788,000 current and next generation professional accountants, comprising of 308,000 members and 480,000 students across 181 countries.

"The Alliance will:

- Increase the profile of both brands worldwide through their combined and unrivalled network of global offices, and enhanced support to members and other stakeholders.
- Work on initiatives for the overall development and benefit of the profession and business world including joint research and events.
- Provide access to resources, tools and educational products.
- Provide an opportunity for dual membership of both bodies. ACCA members resident in Australia and New Zealand will be invited to apply for CA membership and CA ANZ members will be invited to apply for ACCA membership, subject to meeting the eligibility criteria of the other body.
- Promote a strong proposition for accounting technicians globally to further widen access to the profession.

"The Alliance will offer a broader range of products and services to employers, as well as current and future members, ensuring they are truly future proofed. The Alliance is committed to upholding the highest ethical, professional and technical standards and to delivering public value in capital markets and economies around the world.

More: <http://charteredaccountantsanz.com/en/Site-Content/News-and-Updates/CA-ANZ-ACCA-Alliance.aspx> plus <http://members.accaglobal.com/en/home/acca-caanz.html>

Source: CAANZ 28th and Nick Shepherd (Canada) 29th June.

Editor: What may this eventually mean? One area could be possible enhancements to the education curricula for those aspiring to become CAANZ members? See an outline of ACCA's requirements at www.accaglobal.com/an/en/technical-activities/sustainability/acca-qualification.html. ❖

SUSTAINABILITY GROUP EVENTS

Next event – Date of webcast yet to be 'sorted'.



Announcements in 'due course'. ❖

A 'Magnificent' Collection of Articles

The Wellington-based team of Energy and Technical Services led by Geoff Bennett who produce the fortnightly newsletter 'SnippeETS' have put together a 'magnificent' collection of articles in their most recent edition. There is 'rich' content covering a broad range of material albeit with a theme of what needs to be done, what is being done and what should be done to improve the human induced complexities of our wonderful world. For example putting a stop to the horrendous number of deaths of people who seek to protect the places in which they live, the multi-dimensional actions being taken in China, exciting changes in the rust belt of USA and what can and is being done to improve NZ's land-based food production.

More: www.energyts.com/snippets/20160630/

Source: *SnippeETS*, 30th June 2016. ❖

Government Releases Foreign Trusts Inquiry and Steps to Strengthen International Tax Rules (Panama Papers)

"The Government today [27th June] released tax expert John Shewan's independent *Inquiry into Foreign Trust Disclosure Rules*, and the steps it is taking to strengthen tax rules as part of its work with the OECD to clamp down on base erosion and profit shifting (BEPS).

"Mr Shewan's inquiry noted that foreign trusts are legitimate vehicles and that New Zealand's tax treatment of foreign trusts is appropriate. However, it also recommends disclosure arrangements should be strengthened, including by:

- Strengthening the initial registration requirements for foreign trusts, and allowing regulatory agencies to search the register.
- Requiring foreign trusts to file an annual return, including their financial statements and details of distributions.

"It also recommended a number of changes to anti-money laundering rules.

More: www.beehive.govt.nz/release/govt-releases-foreign-trusts-inquiry-and-steps-strengthen-international-tax-rules plus www.treasury.govt.nz/publications/reviews-consultation/foreign-trust-disclosure-rules/pdfs/report-gifttr-27jun2016.pdf

Source: ActionStation, 28th June 2016. ❖

Do You Derive Benefits from Sustainability Matters?

If you do, you may wish to consider making a donation to support the back-office costs and hours of effort. Every contribution is much appreciated. How much? You choose. As a suggestion \$46 would be very welcome. GST receipts provided.

Bank account details are;

A/c No. 123 011 0249104 00

That's at the ASB Bank, Queen Street branch. ❖

How Accountants Can Help Save the Planet

"Accountants count.... and can help redesign corporates to count intellectual, human, social and natural capital as well as financial capital. Stock markets around the world are asking their listed companies to prepare integrated reports addressing these capitals, and from November this year, 700 of the EU's biggest companies will have to issue sustainability reports. Listen to this [22' 06"] excellent interview [29th June] with the brilliant Jane Gleeson-White about the new corporate accounting, based on her recent book, *Six Capitals: The Revolution Capitalism Has to Have - or Can Accountants Save the Planet?*

More:

www.radionz.co.nz/national/programmes/ninetonoon/audio/201806311/redesigning-corporates-to-count-more-than-just-dollars

Source: Clare Feeney, LinkedIn, Sustainable Business Leaders in New Zealand, 2nd July 2016.

NOTE: Reference to a discussion [about 28th June] with Rod Drury (CEO of Xero) who apparently agreed of a need to collect 'sustainability' data via accounting systems. ❖

Getting Your Strategy Sorted

"For 5 years the *Adding Sustainable Value* course has been supporting managers and business owners to develop a strong, future-focused strategy that makes sense of sustainability as a commercial opportunity. Of the 107 companies which have done the course, all are strong advocates saying how it helped them simplify complex sustainability issues, improve their ability to communicate with and inspire others, as well as developing a clear business strategy and plan to move forward. At the end of the course, participants felt they had earned a badge of honour for their business, had really added tangible value and would continue to provide ongoing benefits.

"What's involved:

- 4 x full day practical workshops in Auckland CBD
- 1-on-1 coaching and implementation support
- For each person registered, up to 3 colleagues are encouraged to attend (at no extra cost) to build a team and momentum
- The registered person earns a NZQA Certificate in Sustainable Practice.

"The course outputs are:

- Robust sustainability strategy and policy content
- 12 month prioritised implementation plan
- Business case for a key project.

"This is an ideal course and learning programme for executives, managers and team members of organisations that want to adopt a meaningful, effective and measurable approach to sustainability.

When/Where: Starts 21st July, registrations by 14th, Auckland

More: www.naturalstep.org.nz/index.php/adding-sustainable-value-2/

Source: Simon Harvey, 24th June 2016. ❖

Our Children's Trust Initiative Growing

"OUR CHILDREN'S TRUST has launched strategically placed and youth driven legal proceedings in federal and state courts and agencies, and in many other countries. Our youth simply ask their governments to establish enduring protection for our atmosphere through enforceable science-based Climate Recovery Plans...

"Check their site and watch the 4 minute movie of the guys in the van and tell us that's not inspiring!

More: <http://us7.campaign-archive2.com/?u=5cc26d7111f4fdb41110fa9598&id=a4c76c97bf&e=55d70eb12d> plus <http://ourchildrenstrust.org/>

Source: *Wise Response Update*, 30th June 2016. ❖

Cracks Appear in the Neo-liberal Consensus

"For so long mainstream economists and policymakers have denied the very existence of such a thing as neoliberalism, dismissing it as an insult invented by gap-toothed malcontents who understand neither economics nor capitalism. Now here comes the IMF, describing how a 'neoliberal agenda' has spread across the globe in the past 30 years.

"...The results, the IMF researchers concede, have been terrible. Neoliberalism hasn't delivered economic growth – it has only made a few people a lot better off. It causes epic crashes that leave behind human wreckage and cost billions to clean up..."

More: <http://us7.campaign-archive2.com/?u=5cc26d7111f4fdb41110fa9598&id=a4c76c97bf&e=55d70eb12d> plus www.theguardian.com/commentisfree/2016/may/31/witnessing-death-neoliberalism-imf-economists

Source: *Wise Response Update*, 30th June 2016. ❖

The Master

"Through disruption and distress one sector keeps winning.

"Welcome to the reality of food's greatest success story.

"ORGANIC – Long-term Success

"What other sector is so profitable with strong growing demand and constrained supply and over such a long period of time?

"What other sector has all these performance advantages and yet historically has been ignored, denied or derided.

"Investor Jim Rogers has pointed out previously that when they ridicule your idea you are probably on the right track. No wonder the organic market is looking so good.

"The outperformance of the organic sector has been on-going for at least 16 years (arguably 20) and the compelling variables driving that performance are unlikely to change anytime soon. The global organic market even grew during the 'great recession'.

"From an investment perspective there have been regional and enterprise specific investment successes. These have been almost exclusively achieved by industry participants. Institutional investors have largely yet to take advantage of this investment theme in any significant size.

"Recent US organic market news illustrates the strength of the sector:

- Whole Foods Market sales increased \$3.7bn in the second quarter of 2016, largely driven by the rapidly expanding demand for organic food amongst American consumers
- \$43.3bn is spent on organic products annually in the US of which \$39.7bn is on organic food
- Organic in the US is projected to grow at an annual rate of return of 16% through to 2020
- The overall US food market grew only 3% last year
- Fruit and veg is the largest category with \$14.4bn, representing around 13% of all fruit and veg sold in US
- Fruit, veg and dairy (the second biggest category) account for more than half of total organic food sales in the US
- Dairy achieved sales of \$6bn, a 10% increase on the previous year
- On a global scale the market for organic, functional allergen-free and 'better for you' foods will reach a record \$1 trillion in 2017. ...

More: <http://agro-ecological.com/the-master/>

Source: *Agro-Ecological Intelligence*, 8th June 2016. ❖

India's 'Plastic Man' Turns Litter Into Paved Roads

"... Much of India's garbage is made up of plastic – a scourge of the nation's new consumer economy. The country's Central Pollution Control Board says more than 15,000 tons of plastic waste is generated daily. Although the nation's per capita consumption of plastic is low compared with that of the U.S, it's expected to double over the next five years as India continues to develop. This poses huge environmental, social, and economic challenges. As the Supreme Court of India recently observed: 'We are sitting on a plastic time bomb.'

"Vasudevan sees an opportunity. A professor of chemistry at Thiagarajar College of Engineering, near Madurai, he insists that plastic gets a bad rap. Rather than an incipient environmental calamity, plastic, in Vasudevan's opinion, is a 'gift from the gods'; it's up to humans to use it wisely. And he's devised a way to transform common plastic litter – not only thicker acrylics and bottles but also grocery bags and wrappers – into a partial substitute for bitumen in asphalt.

"Substitute of up to 15% of bitumen. Stones at 150°C have plastic melted on to them. When the plastic is melted directly onto the stones the plastic adhered better and more uniformly. This reduced air pockets in the tar and limited water penetration, contributing to stronger roads – coated stones then have bitumen applied since then 5,000km of roads have been completed.

More: www.bloomberg.com/news/articles/2014-07-10/indias-plastic-man-chemist-turns-litter-into-paved-roads plus https://en.wikipedia.org/wiki/K._Ahmed_Khan and <http://timesofindia.indiatimes.com/city/ahmedabad/New-rules-encourage-use-of-plastic-waste-in-making-roads/articleshow/51556268.cms>

Source: Rob Skinner, 21st June 2016. ❖

G20 Nations Fail to Agree Phase Out of Fossil Fuel Subsidies

"The world's richest nations failed to set a deadline for the phase out fossil fuel subsidies, a move campaigners say is vital to accelerate the rollout of renewable energy and prevent dangerous global warming.

"Hopes were high that the G20 group of nations would set a deadline for eliminating fossil fuel subsidies during a meeting [29/30 June 2016] in Beijing.

"However, despite the best efforts of Chinese and American diplomats and an appeal from more than 200 non-governmental organisations, ministers failed to agree a deadline.

"US Energy Secretary Ernest Moniz told reporters in Beijing that although the G20 agrees there should be a reduction in fossil fuel subsidies; disagreements remain about how 'fast and aggressive' the reductions can be. He added while a firm deadline had not been set, the US expected there to be 'substantial progress' on the issue within the next 10 to 15 years. Last month at a meeting in Japan the G7 countries, Canada, France, Germany, Italy, Japan, the UK and the US, committed to phasing out 'inefficient' fossil fuel subsidies by 2025, and urged all countries to aim to do the same.

"The failure of G20 ministers to reach a decision drew criticism from anti fossil fuel campaigners.

"A 2015 report by Oil Change International, in collaboration with the Overseas Development Institute, calculated that the G20 major economies subsidise fossil fuel production by \$444 billion each year.

More: <http://economics.com.au/51066/g20-nations-fail-to-agree-phase-out-of-fossil-fuel-subsidies/> plus www.canadianprogressiveworld.com/2016/07/01/g20-ignores-global-publics-call-eliminate-fossil-fuel-subsidies/

Source: *eco-News*, 4th July 2016. ❖

Care Provision Fit for a Future Climate

"Climate change is expected to result in hotter, drier summers with heatwaves of greater frequency, intensity and duration. The implications for older people in care [old folks] homes are serious, as they are vulnerable to negative health effects from excessive heat. This study examined how far care settings in the UK are fit for a warming climate, and considered the care sector's preparedness, drawing on four case study schemes.

"Key points:

- The prevalent perception was that 'old means cold', associated with providing warmth as part of good care services. There was less recognition that excessive heat also presents a health risk.
- There was a mismatch between overheating risks predicted in climate modelling and those measured through environmental monitoring. Climate modelling indicated limited overheating risks to the 2050s, but environmental monitoring revealed occurrences of overheating in care schemes already in 2015.
- Lack of standardised overheating criteria and thresholds across the built environment and health sectors causes confusion. It hinders development of long-term resilience strategies in care schemes to combat heat-related illness and death and improve comfort during hot weather.
- The case studies lacked effective heat management because of design and management issues, including: unwanted heat gains from pipework, lack of investment in long-term strategies to tackle overheating (e.g. external shading), conflicts between cooling strategies and occupants' requirements, and separation of roles in care organisations creating confusion over responsibilities in managing heating controls.
- Awareness of the health risks that heatwaves pose to older occupants needs raising. Better preparedness and adaptation strategies require input from designers, development teams and care home staff, plus support through enhanced regulations, standards and guidance from care sector bodies and government departments.

"**Conclusion:** Overheating risks are likely to be exacerbated because of climate change. Yet there is little awareness and implementation of long-term strategies to provide adaptation methods and increase resilience within the care sector. Such strategies require input from designers, care home commissioners and development teams, asset/service managers, and care home managers and staff. They also need support, through focused regulations, standards and guidance, from key national care sector bodies and government departments. Most urgently, however, the care sector needs a culture change, to prioritise the health risks of excessive heat alongside those from cold.

"**Recommendations:** ...

More: www.jrf.org.uk/report/care-provision-fit-future-climate

Source: *CSEAR Newsletter*, March 2016, Page 9, 14th June. ❖

Bonuses Paid Coal Executives while Rank-and-File Gets Health Benefits Cut

"Corporate bankruptcies are painful for companies, especially the labourers who may lose jobs or have their health and pension benefits cut. That's especially true in the coal industry, which has been seeing a decline in the demand for its product but a greater demand that it pay up for the environmental scars it has left behind.

More: www.environmentalleader.com/2016/06/20/bonuses-paid-coal-executives-while-rank-and-file-gets-health-benefits-cut/

Source: *Environmental Leader*, 21st June 2016

Editor: Although some logic, never-the-less very unfair ❖

Support: Growing Your Small Business

"Setting up and running a small business can sometimes feel isolating, not to mention hard work. Building a support network can help. We drop in for dinner with the heads of five successful businesses with their own support network to find out more.

"A recent Thursday night in central Auckland saw five mates sharing a few work stories over dinner. They meet for dinner every few months for a catch up. Nothing out of the ordinary, except that these mates are the founders and owners of some of New Zealand's most successful small businesses – all of them with sustainability at their core – and their meet-ups have in a small way helped their success.

"Meet Chris Morrison, co-founder of All Good Organics and Karma Cola; James Crow, co-founder of Tommy & James; Mike Murphy, Managing Director of Kokako Organic Coffee; Ben Bell, creator of Hungry Bins; and Steve Rickerby, founder of We Compost.

"They recognised setting up and running your own business can at times be lonely and that there's much to be gained from sharing experiences. So they formed an informal support group through which they meet to share news, contacts and ideas – and simply enjoy each other's company.

"While the main focus is mutual support rather than anything commercial, collaborations have emerged. For example, at Kokako Mike has trialled new compostable coffee bin liners from Steve's We Compost.

"Why do they meet? ...

"Each had an inspiring piece of news to share

"Want to know more?[Includes seven great tips from www.inc.com/thehartford/seven-tips-from-successful-small-business-owners.html]

"Who can help grow your small business?

More: <http://sustainable.org.nz/sustainability-news/support-groups-growing-your-small-business>

Source: SBN 14th June 2016. ❖

Don't Demonise Those Who Help Avoid Tax Legally: Tax avoidance should be made illegal – then CEOs and companies can be legitimately prosecuted.

"As the revelations in the Panama papers continue to make ever greater waves across the world, we must ask how those bankers, accountants and lawyers who help rich people and large corporations avoid taxes can live with themselves.

"The best clue is found in an email sent by one Mossack Fonseca employee: 'Is there any kind of indemnity that stop[s] us as employees of Mossack Fonseca from being prosecuted? We are getting a bit worried.'

"For four years I have been interviewing bankers and financial professionals in London, Amsterdam, Frankfurt and Tokyo, and if you want to know the moral outlook of people in finance today this email tells you all you need to know.

"The bankers' own term for that outlook is 'amoral' and they all insist that this is fundamentally different from immoral. The latter is what the Wolf of Wall Street does: get rich by knowingly selling other people shares in companies that do not exist. This, financial professionals will tell you, is immoral: you deliberately break the law. Amoral, by contrast, is to take the law as your ethical framework

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and say; 'If what I do is not illegal, then I must

be innocent'.....

"Now, what do you expect those corporations – banks among them – to do? They see an opportunity to make a lot of profit by offering 'tax-optimising services' to clients. If they do not offer them, their competitors will. As long as those services are legal, how is it possible to stop them?

"This is why the way forward is not to ostracise and demonise individual bankers or even banks. It is, first, to change the law so 'all this stuff' – in Obama's words – becomes illegal. The second step is to prosecute those bankers breaking the law – and not just the grunts at the coalface but those at the top. CEOs who demand to be paid tens of millions as 'compensation' for bearing the 'responsibility' for their companies should be held fully accountable if those companies break the law. ...

More: www.theguardian.com/sustainable-business/2016/apr/15/panama-papers-legally-avoid-tax-help

Source: CSEAR Newsletter, March 2016, page 13, 14th June 2016. ❖

EU Muddling on Glyphosate Fuelled Brexit Populism

"Calls for the European Union to dramatically change its decision making and get closer to citizen's daily concerns have piled up in the wake of Britain's shock decision to leave the EU.

"The reaction to the British vote cannot be 'business as usual'. 'Europe needs change.' 'Nothing would be worse than the status quo.'

"Heartfelt catchphrases like those were heard all across Europe as EU leaders gathered in Brussels for a crisis summit earlier this week [last week of June] following Britain's shock decision to leave the European Union.

"Yet, business as usual is exactly what happened at the very moment those slogans were being uttered.

"On Wednesday (29 June), as EU leaders were meeting for a second day of post-Brexit EU summitry, the European Commission did what it felt obliged to do, and decided to extend the licence of glyphosate for another 18 months.

"This drew heavy criticism from the Greens in the European Parliament, who said the decision showed the Commission's 'disdain' for the opposition by the public and EU governments to the controversial toxic herbicide.

"As perhaps the first EU decision after the UK referendum, it shows the executive is failing to learn the clear lesson that the EU needs to finally start listening to its citizens again', said Bart Staes, a Belgian Green MEP. ...

More: www.euractiv.com/section/science-policy/news/eu-muddling-on-glyphosate-fuelled-brexit-populism/ plus <https://actions.sumofus.org/a/stop-the-bayer-monsanto-mega-merger/> and www.euractiv.com/section/agriculture-food/news/commission-prolongs-glyphosate-licence-by-18-months/

Source: SumOfUs, 5th July 2016. ❖

Something to Think About

Do not put your faith in what statistics say until you have carefully considered what they do not say.

– William W. Watt

Source: *Beestings*, 24th May 2016. ❖

Contributions and feedback are welcomed.

Send your news items, handy hints, case studies, suggestions, comments and questions to Ray Skinner of *Sustainability Matters*.
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