

Sustainability Matters

12th October 2017

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.**

The Quest for Prosperity: How can New Zealand Keep Living Standards Rising for All?

"It is time for action on inequality and the environment, according to Chartered Accountants Australia and New Zealand.

"The industry body has released a report 'The Quest for Prosperity: How can New Zealand keep living standards rising for all?' written by international think tank the Legatum Institute.

"New Zealand tops the Legatum Institutes Prosperity Index for 2016 - primarily due to its scores for its open economy and strong social capital.

"But while it recognises strong economic progress the country has made since 2007, it concludes that inequality, particularly in education, is the biggest issue facing the country. It also highlights concern about housing affordability and the degradation of the environment.

"We think it is important we engage on these broader social issues as well as on classic areas like tax or financial regulation', said Peter Vial, New Zealand country Head of CA ANZ. 'If we're not sharing prosperity then we are all the poorer for that.'

"It was important business and business leaders addressed these issues, he said.

"The paper shows New Zealand is, by world standards, in a good position to deal with inequality – the fundamental economic, business and governance settings are all strong, as is the country's social capital.

"However, as a starting point, everyone needs to recognise inequality makes us all poorer.

"Measured against its 2007 index rating, New Zealand had improved in terms of business environment, macroeconomic performance, governance and health, the Legatum study showed.

"But it had dropped sharply on access to education and natural environment.

"Those two areas are particularly worrying because we are slipping further behind other countries that we like to compare it to', Vial said.

"Based on the results, CA ANZ had identified three education housing and the environment as the three key challenges.

"Although Vial notes it is an apolitical organisation the body does put forward some broad policy suggestions for Government.

"On education these include

"On housing affordability they recommend

"On global competitiveness and the environment they advocate

More: www.charteredaccountantsanz.com/news-and-analysis/insights/future-inc/the-quest-for-prosperity plus <https://liff.blob.core.windows.net/liff/docs/default-source/default-library/pdf6e9c52ff15736886a8b2ff00001f4427.pdf> 64 pages, 2.83Mb

Source: Karen McWilliams, 11th Aug, Tim Marshall, 19 Sept. ❖

The Crisis of Democracy

Kofi Annan, Former UN Secretary-General.

"I have been a tireless defender of democracy all my life because I am convinced it is the political system most conducive to peace, sustainable development, the rule of law and the respect for human rights, the three pillars of any healthy and democratic society. As the UN Secretary General, I oversaw the creation of Democracy Day and the UN's Democracy Fund, to support grassroots democracy around the world. Since leaving the UN, I have set up the Electoral Integrity Initiative with a group of concerned organisations and individuals who seek to promote the legitimacy of elections as a fundamental pillar of democratic practice. The Kofi Annan Foundation and its partners have just held regional conferences in Latin American and Southeast Asia, which highlighted the challenges democracy faces in those regions, but also peoples' commitment to its ideals.

"We have to admit that democracy is experiencing a crisis of confidence. Not only does it face increasingly assertive opponents, but growing numbers of its beneficiaries either take it for granted, or else doubt its merits. Even in democracy's historic heartlands, we are witnessing a shift in the perceptions and practice of democracy evidenced by ever lower levels of voter participation, falling membership of political parties and declining trust in politicians and institutions. According to Pew, less than a fifth of the American population trust their federal government to 'do the right thing most of the time'. It used to be three fourths in 1958. Congress, for its part, has a 69% negative rating. This is based on the perception that democracy isn't delivering. Governments appear powerless in the face of such challenges as the Euro crisis, the migration crisis, or the debt crisis. This has set the scene for the resurgence of populism – charismatic individuals or fake prophets promising simplistic solutions to people's grievances through radical policies that dismiss institutions and laws as either irrelevant or inconvenient.

"What are the factors driving these challenges to democracy? I see at least three.

"So rather than looking for alternatives to liberal democracy, we should instead seek to reform our systems through concrete measures in at least three areas.

"First, we need to make our democracies more effective. ...

"Second, we need to tackle inequality, both economic and political. Governments must work to fairly redistribute the benefits of globalisation by restricting tax avoidance and evasion schemes, and most importantly, discouraging tax havens.

"Third and finally, we need to champion democracy.

"Athenian democracy illustrates that practice never meets the ideal – women could not vote and slavery was common practice. We should remember that democracy is always a work in progress. We must cherish, reform and defend democracy, or else it may be lost for future generations. As another great democrat who drew inspiration from ancient Athens, Thomas Jefferson, put it, 'the price of liberty is eternal vigilance.'

More: www.linkedin.com/pulse/crisis-democracy-kofi-annan

Source: LinkedIn, 20th September. ❖

SUSTAINABILITY GROUP EVENTS

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



Announcements in 'due course'. ❖

Right Under Your Feet: Soil Health and the Climate Crisis

"We're already beginning to see what a warmer future has in store for us – and it's not a pleasant sight.

"A major impact of the climate crisis that's often overlooked is its effect on soil health. While it's unlikely to inspire a telethon, over time the toll of erosion, pollution, losses in organic matter, and other soil impacts of the climate crisis imperil a very basic human need – to eat.

"A global challenge needs a global solution. Download our latest e-book, *Right Under Your Feet: Soil Health and the Climate Crisis*, to learn more about climate change's impact on soil health, as well as what you can do to support a world where we can provide our booming population with fresh, healthy food grown sustainably.

"In the e-book, you'll learn:

- The role of water in a healthy soil ecosystem
- The risks to global food supplies posed by climate change.
- The basics behind carbon sequestration and 'no-till farming'
- The steps you can take to improve soil health
- And much more.

More:

[www.climaterealityproject.org/sites/clipaterealityproject.org/files/Soil Health and Climate Change.pdf](http://www.climaterealityproject.org/sites/clipaterealityproject.org/files/Soil%20Health%20and%20Climate%20Change.pdf) 8.48Mb, 18 pages

Source: Kit Withers, 18th September 2017. ❖

The Bentley Effect

"When the coal seam gas industry staked a claim on the Northern Rivers shire of Australia, alarm bells rang out. A critical mass of people from all walks of life – farmers, landowners, mums, dads, activists, scientists – organised themselves to rally against the unconventional gas invasion. Despite the enormous public opposition, the gas industry and the State Government were determined to see their gas plan through. A series of dramatic blockades ensued, before the final battle lines were drawn in the peaceful farming valley of Bentley. Thousands of people flocked to the site to stare down the threat of 850 riot police, ordered in to break up the protest. What happened next set an historic precedent.

"Filmed over five years, *The Bentley Effect* documents the highs and lows of the battle to keep a unique part of Australia gasfield-free. This timely story of a community's heroic stand shows how strategic direct action and peaceful protest from a committed community can overcome industrial might and political short-sightedness. It celebrates the non-violent 'Eureka Stockade' of our time and chronicles one of the fastest growing social movements we have ever witnessed.

"*Gasland* showed us the problem – *The Bentley Effect* points us to the solution and poses the question 'what is truly valuable?'

More: www.documentaryaustralia.com.au/films/2861/the-bentley-effect, plus www.thebentleyeffect.com/screenings

Source: Tieke: ECO Alerts & Events 20th September 2017

Editor: Touring NZ from 24th Sept. to 12th Nov. ❖

Solar Thermal Power Plant Another 'World First' for South Australia

"South Australia's Labour government state premier Jay Weatherill has announced a 150-megawatt (MW) solar thermal power plant has been secured for Port Augusta, in yet another major renewable energy coup for the state. Construction of the \$650 million plant will start in 2018.

"Mr Weatherill said the Aurora Solar Energy Project would be ready to go in 2020 and would supply 100% of the state government's power needs.

"ABC News reports the government will pay a maximum of \$78 per megawatt hour for the electricity.

"Mr Weatherill said the solar thermal plant was 'the biggest of its kind in the world'....

More: <http://economics.com.au/55113/solar-thermal-power-plant-another-world-first-for-south-australia/>

Source: eco-News, 15th August 2017. ❖

Rod Oram: In Search of Unconventional Solutions

"*Rod Oram explains in his first column for Newsroom how a trebling of the world's population since he was born is changing economies, business and the environment. And how it will shape his columns for Newsroom.*

"Given this is my first column for Newsroom, I should give you an idea of where I'm coming from. Hopefully, we'll keep company for a long while. I tend to stick around. Two newspapers account for 34 years of my journalism to date.

"One fact explains a lot about the issues I focus on. We humans have trebled to 7.5bn since I was born; and we'll grow by a further 2.5bn or so before our global population starts to plateau around 2050.

"The second half of the twentieth century is unique in the entire history of human existence on Earth', Will Steffen and colleagues from the Stockholm Resilience Centre wrote in their 2004 book *Global Change and the Earth System: A Planet Under Pressure*.

"Many human activities reached take-off points sometime in the twentieth century and have accelerated sharply towards the end of the century. The last 50 years have without doubt seen the most rapid transformation of the human relationship with the natural world in the history of humankind.'

"These socio-economic trends and the resulting impact on the Earth are captured in these charts from their book showing exponential rises in a range of variables from population to fertiliser use and greenhouse gas emissions. ['Awesome' graphs]

More: www.newsroom.co.nz/2017/08/05/41364/rod-orams-first-weekly-column-for-newsroom

Source: SBN 15th August 2017. ❖

Green Living: Hemp Village Nearly Complete

"An entire cohousing village made of hemp is now in the final stages of being built in the Great Southern region of Western Australia.

More: <https://www.facebook.com/decohousingdenmark/> plus www.abc.net.au/news/2016-02-25/denmark-hemp-village/7199776 and <http://decohousingdenmark.wixsite.com/home>

Source: Lisette Rawson, 7th October 2017. ❖

Twenty Years of Ecosystem Services: How Far Have we Come and How Far Do we Still Need to Go?

"Abstract: It has been 20 years since two seminal publications about ecosystem services came out: an edited book by Gretchen Daily and an article in *Nature* by a group of ecologists and economists on the value of the world's ecosystem services. Both of these have been very highly cited and kicked off an explosion of research, policy, and applications of the idea, including the establishment of this journal. This article traces the history leading up to these publications and the subsequent debates, research, institutions, policies, on-the-ground actions, and controversies they triggered. It also explores what we have learned during this period about the key issues: from definitions to classification to valuation, from integrated modeling to public participation and communication, and the evolution of institutions and governance innovation. Finally, it provides recommendations for the future. In particular, it points to the weakness of the mainstream economic approaches to valuation, growth, and development. It concludes that the substantial contributions of ecosystem services to the sustainable wellbeing of humans and the rest of nature should be at the core of the fundamental change needed in economic theory and practice if we are to achieve a societal transformation to a sustainable and desirable future.

More: www.robertcostanza.com/wp-content/uploads/2017/02/2017_J_Costanza-et-al.-20yrs.-EcoServices.pdf, 16 pages, 1.28Mb

Source: Robert Costanza, 4th October 2014. ❖

Whitewash: The Accountancy Sector is Trying to Gloss Over its Role in Tax Avoidance

"A new report on how much tax accountancy and law businesses pay fails to give the whole picture on the tax avoidance industry.

"The global tax avoidance industry is dominated by accountants and lawyers – and at the big accountancy firms, staff are trained to design, sell and implement complex avoidance strategies to enable giant corporations and wealthy elites to dodge taxes.

"It's a very lucrative trade. But also deprives elected governments of much needed public revenues to provide education, healthcare, security, pensions and decent social infrastructure.

"Despite [UK] parliamentary inquiries and a public outcry the firms have not shown any remorse. Instead, the firms have used their resources on propaganda wars.

"Last week [1st week August] we saw the latest evidence of that: a report prepared by PwC and published by TheCityUK, a body representing the UK-based financial and related professional services industry.

"The report, covered uncritically by many news outlets, claims that in 2015/16, the UK's 60,470 accountancy and law businesses, ranging from giant global firms to sole traders generated £15.5bn in taxes. But the headline is not what it seems....

More: <https://leftfootforward.org/2017/08/whitewash-the-accountancy-sector-is-trying-to-gloss-over-its-role-in-tax-avoidance/> plus www.thecityuk.com/assets/2017/Reports-PDF/Total-tax-contribution-study-for-UK-legal-and-accounting-activities.pdf 24pages, 3.74Mb

Source: CSEAR, 27th September, Page 10. ❖

Got It Figured?

figure.NZ is a charity which deals with figures. Lots of figures. They process data from many disparate formats and turn it into standardised machine-readable form. The data is published in multiple formats, so you can use what works best for you. They have tens of thousands of charts and create as many as they can from each dataset because most people find them easier to use than raw data. All charts are presented in a consistent form and adhere to standards, including all relevant metadata.

"Each of us only sees a tiny slice of the world. Measurements and numbers enable us to interpret patterns and trends that are broader and deeper than anything we can directly experience. This includes seeing how the country's [NZ's] active sand dune extent has declined since the 1950s. [Graph]

"Data challenges us to pop up from our individual vantage points and see more clearly what's around us. It enables us to understand how our experiences may be different from others. Although numbers alone don't solve anything, they are a vital piece of the puzzle and working with data is often a good first step to understanding a situation's context and complexity.

"Yet few New Zealanders use data. Tens of thousands of datasets offer insights into the nation's health and wellbeing, but they are difficult to find and too hard to use for most people.

"Figure.NZ exists to enable everyone to make sense of data and see Aotearoa clearly. Our dream is that when every New Zealander wants to use data, can get their hands on it, and knows how to use it effectively, the nation will be able to shift away from a culture of binary debate and arguments over what the situations are. Instead we can debate where we want to head to and how we can get there based on where we are now.

More: <https://figure.nz/>

Source: Tim Marshall, 22nd August 2017. ❖

Save the Children – 2016 Annual Report

"In 2016, Save the Children reached more than **157 million children**, including more than 56 million children directly. We worked in **120 countries**, including the United States, where we reached **683,000 children**.

"Together, with the tremendous support of our donors, partners and all champions for children, we are transforming children's lives and the future we share.

More: www.savethechildren.org/site/c.8rKLXMGIpI4E/b.9284701/k.9353/Annual_Report.htm. 34 pages, 5.96Mb

Source: Save the Children, 3rd October 2017. ❖

The UK has Endorsed Recommendations for Financial Reporting of Climate Risks – But Are Voluntary Guidelines Enough?

"Climate change risk disclosure is making headlines in the financial press.

"Last month [August] investors of the Australian Commonwealth Bank launched a landmark lawsuit saying that the bank had failed to adequately disclose its exposure to climate change risk in its 2016 annual report. Earlier this month a new survey by HSBC showed that two-thirds of institutional investors are planning to increase their climate-friendly investments but half of those surveyed lacked adequate information on climate risk. And last week, a coalition of institutional investors representing \$1tn in assets has sent letters to 60 of the world's largest banks demanding more information about their exposure to climate-related risks.

"These investors add to the group of voices seeking increased financial disclosure from companies hot on the heels of the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD). Published at the end of June, the recommendations outlined voluntary guidelines for how private companies should report to their investors on climate-change related risks.

"Yesterday, BEIS minister Claire Perry announced the creation of a new Green Finance Taskforce, as part of her announcement she confirmed that the UK is officially endorsing the voluntary recommendations of the TCFD.

"However, encouraging voluntary disclosure may not be enough.

"Disclosure needs to be consistent, relevant, and widespread across companies, which will likely require making these disclosures a mandatory part of existing financial disclosure rules.

"The TCFD recommendations are designed to help companies understand and manage their climate change risks

"The Financial Stability Board, an international body under the G20 that monitors the global financial system, created the TCFD in 2015 in light of growing concerns about how companies might be affected by climate change risk.

"These include transition risks from moving away from high-carbon high emissions fuels and processes, for example coal companies' stock prices may be affected by technological or policy change that reduces demand for coal; liability risks such as companies being held legally responsible for the impact of their greenhouse gas emissions; and physical risks from the impacts of climate change, for example insurance companies facing higher claims for damages as a result of more frequent extreme weather events.

"Overall, the TCFD's recommendations are a good start, but the challenge will be implementation. There are no shortcuts to such an approach. This will likely require the formalisation of the voluntary disclosures into financial disclosing requirements, which will have to be applied on a national level. But just as important will be the shift in culture and discourse puts climate change risk firmly within the mainstream: considering it not as an environmental or PR issue, but as part of good management practice.

More: www.lse.ac.uk/GranthamInstitute/news/the-uk-has-endorsed-recommendations-for-financial-reporting-of-climate-risks-but-are-voluntary-guidelines-enough/

Source: Antony Vallyon, 23rd Sept 2017. ❖

PRI-coordinated Engagement on Corporate Tax Responsibility

"PRI invites signatories to join a global collaborative engagement on corporate tax responsibility focusing on healthcare and IT companies.

More: <https://www.unpri.org/group/pri-coordinated-engagement-on-corporate-tax-responsibility-2827>

Source: CSEAR, Page 9, 27th September 2017. ❖

State of Our Atmosphere and Climate

"New Zealanders will soon have access to a comprehensive report on the state of our atmosphere and climate, with the release of the *Our atmosphere and climate 2017* report on 19th October.

"*Our atmosphere and climate 2017* is the latest in the Environmental Reporting Series delivered by the Ministry for the Environment and Stats NZ. It is the first in the series to focus specifically on atmosphere and climate, with the aim of tracking change over time.

"The report highlights what we believe are the top stories New Zealanders should care about for their atmosphere and climate.

"The report covers:

- New Zealand's emissions profile and changes in greenhouse gas sources over time
- Changes to the marine environment from greenhouse gas emissions
- The state of our ozone and how it relates to UV levels
- Trends in New Zealand's climate and the social and economic impacts these may have in the future
- Climate change projections for New Zealand.

A full list of the measures included in the report and the atmosphere and climate chapter covered in *Environment Aotearoa 2015*, which it builds on, can be seen at;

More:

www.stats.govt.nz/browse_for_stats/environment/environmental-reporting-series/indicators-for-atmosphere-climate-2017.aspx plus www.mfe.govt.nz/more/environmental-reporting/atmosphere-and-climate

Source: Auckland Conversations, (Auckland Council), 28th September 2017. ❖

Future-proofing the New Zealand Economy

"Responding to climate change doesn't require choosing between profit and fairness or between economic gain and doing the right thing.

"However we do need to evolve our economy and it's up to each of us as individuals, as cities and government, as organisations and businesses, to take action.

"At an unprecedented pace, cities and nations around the world have started to do well by doing good – creating healthier people and places while delivering sustained wealth and value.

"How can we boost New Zealand's productivity, get a grip on our rising emissions, and ensure we transition to a resilient, inclusive and future-focused economy?"

"Sector leaders will debate that very question. They will share real examples of how we are innovating and starting to transition, where there are ripe opportunities for transformation, and what we must seriously commit to in order to deliver a better, stronger and fairer Auckland and New Zealand.

"The event follows the launch of the Ministry for the Environment and Stats NZ *Our Atmosphere and Climate 2017* report, which will provide context for a transition starting point. This conversation will unequivocally challenge all sectors to find sturdy common ground to lay the foundation of a new economy.

Conversationalists; David Woods, Chairman, Impact Enterprise Fund. Helen O'Sullivan, Chief Executive, Ockham Residential. Jim Quinn, Chief of Strategy, Auckland Council. Martin McMullan, Connected Journey Solutions Director, NZTA. Rangimarie Hunia, Ngati Whatua. Vicky Robertson, Chief Executive, Ministry for the Environment.

When/Where: 5:00-7:00pm, Thursday 19th October, Shed 10, Queens Wharf, Auckland. Plus live stream, or on-demand, listen, or download the transcript,

More:

<https://conversations.aucklandcouncil.govt.nz/events/future-proofing-new-zealand-economy>

Source: Auckland Conversations, (Auckland Council), 28th September 2017. ❖

Meet the 25-year-old Entrepreneur Whose Winning Business Idea is so Simple You'll Wish YOU Thought of it First

"Ryan Everton was drinking his third beer at a rugby game when – while staring at the plastic cups piled up next to his seat – a revolutionary business idea dawned on him.

More: www.dailymail.co.uk/news/article-4860482/Entrepreneur-25-investing-millions-end-single-waste-use.html

Source: Editor, 9th September 2017. ❖

Six Things to Remember While Working Towards the Global Sustainable Development Goals

"The SDGs are all the rage in the sustainability space, but how exactly do we go about achieving them? Florian Nebel from sustainability consultancy thinkstep shares six bits of advice gleaned from recent workshops held in New Zealand.

"Everyone talks about the Sustainable Development Goals (SDGs) but does anyone know what they really mean or how they work?"

"Here are six things to bear in mind when working towards the SDGs, based on reflections from a workshop featuring Alison Howard, Meridian Energy, Lisa Martin from seafood company Sanford Limited, Kate Alcock of the Sustainable Business Council, and Barbara Nebel from thinkstep;

1. Don't be daunted
2. Use your value chain
3. You don't need to focus on all 17 goals at once
4. How the SDGs add business value
5. The SDGs are not yet another framework
6. Businesses and universities are driving the agenda

"As a result it's hard for businesses to judge where to put their focus to achieve the most impact for New Zealand. Our government has been slow to move and has not yet reported on our combined contributions.

"But activity is underway in other sectors. A cross-sectoral working group including Victoria University of Wellington, AUT, Hui E!, the United Nations Association of New Zealand and Sustainable Business Council are shaping a summit for 300 delegates to inform, excite and mobilise the SDGs in New Zealand. It will be held on 23rd April at Victoria University and is an opportunity to discuss what SDGs should be prioritised for New Zealand.

"Hopefully this will be the kick start our government needs. The feeling is that the longer we wait until we join the significant number of countries (113 in total) which have already reported, or committed to report in 2018, the harder it will be for us to catch up.

"The UN SDGs are an exciting opportunity for government, civil society, NGOs, and very importantly business, to work together towards common goals to make the world a better place, for everyone, everywhere, forever.

"So get stuck in, choose a goal, make a start and grab a slice of the \$12 trillion opportunity. It doesn't have to be perfect, just give it a go! Any action we take towards these goals takes us closer to the opportunity to live in a better world.

More: www.eco-business.com/opinion/6-things-to-remember-while-working-towards-the-global-goals/ plus www.greenbiz.com/article/6-things-keep-mind-when-applying-sdgs and <http://businesscommission.org/news/release-sustainable-business-can-unlock-at-least-us-12-trillion-in-new-market-value-and-repair-economic-system>

Source: Florian Nebel, 5th October 2017. ❖

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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