The Accountancy profession in Australia is engaging with the green agenda and issues related to sustainability and sustainable development. The sections below document the ten most important recent initiatives of CPA Australia in this area.

1. CPA Australia ran a series of feature articles in the March 2001 edition of the Australian CPA journal. The intention was to update members on recent developments (and non developments) in this area. The feature included a wide range of material presented by both private and public sector organisations. CPA Australia aims to continue to present case study information as it becomes known and available. In April 2002 (see Journal p.24) another feature was produced on the theme of sustainable development. It concentrated on a different approach through a range of topical articles, for example on the Urban Land Corporation and the Victoria Market initiatives in Melbourne. The idea was to demonstrate different initiatives being undertaken and all being linked back to improving the Sustainable Development of the organisation.

2. CPA Australia is continuing to indicate to members that they should not wait for legislation, accounting standards and other regulatory guidelines before they act but, instead, should be proactive and develop a report – either separate reports on how they are managing environment and social factors in their organisations, or as elements within the main annual report. As there are no real benchmarks and multiple guidelines are available the big difficulty is convincing CPA’s that there is a business benefit if their organisation embraces sustainable development as a policy. The common argument is “show me the benefit and I might be convinced.” There appears to be no immediate prospect of an accounting standard as accounting standard setters have other priorities. This coupled with debate surrounding the metrics and the measurement difficulties in environmental reporting provide opportunities for accountants to delay action. CPA Australia argues that there is benefit in adopting internal benchmarks so that improvements in aspects of the environment and social issues are monitored and managed. In this way the organisation can obtain a demonstrable competitive advantage. Less emphasis should be place on a dollar value (or cost) of each metric or criteria.

3. CPA Australia in conjunction with CMA Canada has released a business management guideline on this theme entitled “Writing and Evaluating Sustainable Development and Environment Reports”. It is a practical “how to” publication and, while there may well be other guidelines an organisation may wish to follow, such as the Global Reporting Initiative approach, this provides a very good road map for an organisation to follow if they seek to
produce such a report. The CPA Australia publication is not dissimilar to the Global Reporting Initiative’s (GRI’s) guidelines in terms of important criteria and measures to manage and monitor to achieve sustainable development however it goes further than the GRI in relation to methods and style of reporting. It identifies some practical yet simple guidelines for organisations to adopt to provide a degree of prominence regarding sustainable development in their reports. There has been a very good response in terms of sales and also feedback on the content of the publication.

4. CPA Australia’s Professional Development programs on performance measurement include reference to sustainable development issues within the theme of the balanced scorecard. That is to say, environmental and social indicators are added to the other 4 quadrants of the balanced scorecard in order to produce a comprehensive performance evaluation process.

5. As Strategic Business Management Adviser, the author is involved in a working group with Standards Australia which is exploring the possibility of producing a standard, or at least some better practice guidelines, on relationships and links between risk management, corporate governance and performance (along the broader theme of sustainable development). This project is in progress and is set to undertake research into organisations in order to explore the incidence of these links.

6. CPA Australia provided input into another guideline produced by a consulting firm along with Standards Australia and Ethical Investment Services. The guideline is associated with capturing value from environmental and social performance. It was launched in mid August 2001 and CPA Australia was asked to assist in marketing the launches in three states. CPA Australia also had its Financial Planning and Superannuation advisers read and comment on the draft as it has an impact on both of those areas. The theme is that financial success for business is increasingly linked to good environmental and social performance. The publication is freely available from Environment Australia. It contains some compelling arguments to support the notion that demonstrated sustainable development awareness and monitoring does provide competitive advantages in numerous ways for the organisation.

7. CPA Australia and the Finance and Research Unit of Victoria University have set up a discussion group on the sustainable development (SD) theme. Regular meetings are held and guest speakers are invited to present material to the group on SD issues, case studies etc. A think tank operation is in place at the moment to look at projects that cut across a number of our Centres of Excellence eg Public Sector, Strategic Business Management, Small Business, Financial Planning and Superannuation to name a few. The aim will be to link the issues arising from the different viewpoints. This initiative has progressed to the stage of Victoria University having submitted a proposal to do some project work with CPA Australia on this theme.

8. Both major accounting bodies (CPA Australia and the Institute of Chartered Accountants in Australia) made a joint submission in 2001 to the Victorian Public Accounts and Estimates
Committee hearing into Environmental Accounting and Reporting. The Accountancy bodies reported the current low priority for a standard to be developed on the theme of environmental accounting, whilst at the same time stressing that more significant benefits to users, preparers and regulators of financial reports could be reaped if the Committee and other State and Territory Governments across Australia were to work closely with the accounting standards setting Boards and the Accountancy bodies in developing reporting requirements in this area, including the audit thereof. Nevertheless, in the interim, until detailed standards are developed, “best practice” guidelines could be developed by establishing a working party comprising representatives from Governments, the Accountancy Bodies and other interested groups. Note that the Guidelines referred to in point 3 above are an example of the material already available in this area.

9. The main approach supported is for organisations to be convinced that they are no worse off by monitoring and managing their sustainable development performance. The probability is that they are likely in the future to be better off from a number of different angles. There is emerging evidence that banks and insurance companies do provide preferential service to organisations that demonstrate adherence to sustainability criteria. This is where risk management becomes an important issue and organisations need to demonstrate they are risk management from an enterprise wide perspective (ie they are aware that sustainable development involves business risk that needs to be managed).

10. Finally, CPA Australia has had several approaches from organisations who have either developed software products or who are keen to develop software products that capture sustainable development criteria within the balanced scorecard theme. This provides an indication of the potential take up of the sustainable development theme by organisations and counters the often used argument that the monitoring is difficult because limitations in tracking the criteria with existing information systems frameworks. The advancement of these software products is seen as a necessary breakthrough before more organisations adopting sustainable development principles. Of course, as warned at the beginning, failure to address the issues could well lead to an enforced requirement to act and report on sustainable development performance.

Conclusion:

CPA Australia is helping its members to adjust towards greener thinking where is provides a monetary benefit by encouraging environmental and social reporting, integrating environmental issues in its professional development courses, and opening up discussions with interested parties (eg Standards Australia). It also is setting an example to its members through a working group set up to improve its own triple bottom line.

Can CPA Australia do more? Can it do it differently? If you think so, then send your comments to Ian at: ian.nash@cpaaustralia.com.au.