



JOURNAL OF THE ASIA PACIFIC CENTRE FOR ENVIRONMENTAL ACCOUNTABILITY

VOLUME 11, No. 1, MARCH 2005

Contents	Page No.
Editorial	3
Feature Articles	
Public Sector Business Assistance Programs: A Useful Tool To Promote Green Enterprises? <i>Michael Schaper</i>	4
Mandatory corporate environmental reporting: Does it really work? <i>Karen Bubna-Litic</i>	8
WANTED – Sustainable Campuses in the Asia Pacific <i>Roger Burritt and Tricia Stanton</i>	16
Report on a Master of Commerce Thesis	
Philanthropic Reporting by Australian Companies: <i>Graham R. Jones and Carol A. Tilt</i>	22
Regular Features	
Environment Extra!	25
CSEAR – web site / A- CSEAR 2005	26
Poetic Corner <i>Simon Lenthen</i>	28
Call for Papers on Sustainability Accounting, Special Edition of <i>Business Strategy and the Environment</i>	29

Published by the School of Business and Information Management, The Australian National University,
Canberra, Australia.

Sponsored by CPA Australia ACT Division

Level 8 Colonial Building, 161 London Circuit, CANBERRA, ACT 2601
Phone: 02 62678585 Fax 02 62678555 www.cpaonline.com.au

Copyright, March 2005
ISSN 1442-1224

EDITORIAL

This is the first edition of the *APCEA Journal* for 2005. We welcome Tricia Stanton, University of Newcastle and Sumit Lodhia, The Australian National University, to the Editorial Board. Tricia Stanton and Roger Burritt will co-edit the Journal in 2005.

We thank Gary O'Donovan and Trevor Wilmshurst for their editorship of the Journal in 2004. We would like to thank Barbara Geno University of the Sunshine Coast, Australia for her past contribution to the editorial board. Barbara is now living in Stanthorpe, Queensland and we wish her all the best for the future.

The *first article* is written by Professor Michael Schaper who has just commenced duties as the ACT Small Business Commissioner. He initially discusses four broad strategies for business assistance programs by government in the promotion of green enterprises. Michael then turns his discussion towards a range of ways in which effective outcomes can be achieved, including through environmental accounting.

Second is an article by Karen Bubna-Litic, a timely review of mandatory corporate environmental reporting, reproduced here with kind permission.

Next is an article by the editors, Roger Burritt and Tricia Stanton, raising the flag on sustainable campuses, including the

Copernicus Virtual Campus in Europe.

Other features include information about the A-CSEAR conference, a call for papers on Sustainability Accounting and a welcome Poetic Corner.

Readers wishing to contribute articles or news, should contact:

Dr Roger Burritt

Editor, APCEA Journal

Email: roger.burritt@anu.edu.au

Ph: +61 2 6125 3670

Fax: +61 2 6125 5005

Articles should be submitted in word format as an email attachment. A *pro forma* is available for this purpose on request.

Articles are subject to independent peer review by members of the Editorial Board prior to acceptance for publication.

APCEA Editorial Board:

Patricia Stanton (Joint Editor) – Newcastle Business School, The University of Newcastle

Roger L Burritt (Joint Editor) – The Australian National University

Lorne Cummings – Macquarie University, Australia

Geoff Frost – The University of Sydney, Australia

Kathy Gibson – University of Tasmania, Australia

Sumit Lodhia – The Australian National University

Professor M.R. (Reg) Mathews – Charles Sturt University, Australia

Gary O'Donovan – University of Tasmania, Australia

Jean Raar – Deakin University, Australia

PUBLIC SECTOR BUSINESS ASSISTANCE PROGRAMS: A USEFUL TOOL TO PROMOTE GREEN ENTERPRISES?

Michael Schaper, Small Business Commissioner for the Australian Capital Territory; Adjunct Professor, Curtin University of Technology.

Introduction

Businesses need advice and information about many aspects of their operations, ranging from the traditional areas of management (such as the basics of recordkeeping, financial control, marketing, legal structures, human resources and operations management) through to highly specialised activities (such as strategies for overseas expansion, new product development, intellectual property protection and access to credit and debt facilities). Although the popular image of the business owner-manager is that of a self-sufficient entrepreneur, in most cases proprietors need to look outside the firm for such specialised counsel.

Since the 1980s, there has been an increased recognition of the important role that government can play in providing such assistance programs. This is especially important for small and medium-sized firms, since they represent at least 95% of all private sector organisations in most developed economies (and even more in developing nations). Whilst large corporations usually have access to in-house

experience and the resources to pay for external advice, many SMEs do not.

Most countries today have a range of public policies and programmes in place to encourage such activities. Singapore, for example, has an “SME Masterplan”, whilst the Malaysian government has adopted a series of five-year assistance plans for the development of their small and medium-sized enterprises. In Australia, all state, territory and federal governments also offer assistance in various forms and through a variety of different agencies.

These programs are usually targeted towards achieving specific macro-level goals. Common targets include increasing the number of jobs generated by the private sector, raising the level of exports and/or reducing imports, encouraging the adoption of electronic commerce, and encouraging economic development in certain disadvantaged areas.

However, whilst government assistance has been quite extensive in the fields of traditional business activities (such as issues relating to startup, day-to-day management and growth), there are still several areas in which there is little, if any, formal assistance. One of these is the issue of sustainability and environmental performance.

Numerous studies have shown that many business owners actually have quite strong environmental sympathies, yet their firms do not always produce sustainable outcomes (Hillary, 2000). Clearly, if business assistance programs can be reconfigured to take environmental issues into account, then it is likely that greener enterprises may emerge as an end result.

In What Ways Can Government Provide Business Assistance?

In a general sense, governments can assist business owners and entrepreneurs to develop new business opportunities, improve the efficiency of their operations, and to grow existing businesses, through one of the following four frameworks:

1. Macro-level policies

Although it is not conventionally regarded as assistance, government at all levels plays an important role in establishing the overall framework in which the private sector operates. For example, one fundamental aspect of a functioning market economy is the creation and maintenance of laws and regulations. Another is the economic policies that government adopts: in general, those that promote an open economy, trade liberalisation, greater marketplace competition, and which reduce unnecessary regulation tend to encourage the creation and growth of private enterprise.

2. Generic business programs

Most government assistance, however, tends to be developed and delivered at the individual firm level. This is the point at which assistance can be most usefully provided, and it is also easier for governments to identify. Over the last fifteen years, a variety of different assistance tools have been used by governments. These

have included the provision of small business advisory centres (such as the national network of Business Enterprise Centres), funding and construction of business incubators (purpose-built facilities to house nascent ventures), subsidised access to specialist consultants, export facilitation (including trade delegations, credits and market analysis), mentoring (business advice from existing operators), business planning skills development, specific-purpose grants, and education programs.

Clearly, both of these areas are important. Without a suitable macro-level environment, new and enterprising firms cannot flourish: they need the right mix of appropriate regulation, open markets, access to a skilled workforce, well-developed capital markets, and physical infrastructure, amongst other things. Equally, the provision of suitable advice and assistance programs, correctly targeted and delivered at the time when firms need them, can also help entrepreneurial ventures to flourish and grow.

3. Specific green-friendly programs

Neither of these strategies detailed above have had a sustainability focus until now. One area that is currently lacking is the development of specialised environment improvement programs for firms. Although some steps have been taken in this direction by a few agencies, in general most business assistance programs have omitted sustainability. This is a curious gap, since most advocates of greener business practices have consistently argued that enhanced environmental performance also leads directly to improved business performance. For example, reducing input costs (by operating at higher levels of efficiency)

reduces not only consumption levels, but also the cost of goods sold for most firms.

4. Leadership and rhetoric

Finally, governments affect entrepreneurs not just by the assistance programs they fund, but also by the examples that they provide. When governments celebrate and extol the work of green entrepreneurs, then they also provide a possible source of new ideas and inspiration to other businesspeople, and help establish a climate in which budding entrepreneurs feel more inclined to “give it a go” than might otherwise be the case. For example, the 2003 presentation of the Prime Minister’s Environmentalist of the Year award to John Walmsley, founder of the market-based conservation firm Earth Sanctuaries Ltd, sent a clear message to both conservationists and firms that the federal government recognised and was willing to encourage commercial solutions to wildlife issues. Another is the recent championing of triple-bottom line reporting by some state government leaders, such as Western Australian Premier Geoff Gallop. Although it many respects it is still a rather symbolic action, it nevertheless provides recognition by government that such issues matter.

Of the four broad strategies discussed above, it is perhaps items 2 and 3 that are most immediately conducive to environmentally-friendly programs. Adapting existing programs to include a sustainability focus need not be a difficult job – for example, it would require only a minor amendment to most business planning frameworks to incorporate consideration of the firm’s environmental impacts, input costs and wastes. And there are many opportunities to provide specific green programmes. A number of US business incubator agencies,

for example, have begun to operate centres that focus on eco-friendly businesses.

Where To From Here?

Marking out the way in which business assistance programs can produce greener firms is one thing; it is altogether another to be able to effectively deliver outcomes. Many business assistance strategies start off with noble aims, but not all actually work, and many fail to have much of an impact on private firms. If a greener assistance strategy is to be effective and of practical relevance, it will require:

Increased co-ordination between environmental and economic development programs. Most governments have both environmental and economic agencies, yet the dialogue between these two branches has only just begun. Environmental departments have the skills and knowledge about how to improve business performance, but it is the economic development wings of government which have the capacity to deliver these tools directly to businesses, and in a language which business owners know and understand.

Skills training of business advisers. In order to recognise and develop commercial sustainability opportunities, there will be a need to develop the skills of business advisers and trainers. Few, if any, have specific skills in environmental management. Like a GP, most business advisers tend to serve as a gateway for business owners: they can help a client understand his or her business problem, diagnose the issue, and treat basic symptoms. However, if more specific information is needed, then they will frequently need to refer the client to a specialist in a certain field. Business

advisers, then, need an elementary knowledge of environmental information, so that they can feed ideas for simple improvements to their clients; but they also need to be plugged in to the broader network of environmental specialists if they are to provide real help for their clients.

Start-up firms or existing ones? The needs of the start-up firm are fundamentally different from those of an existing enterprise (Schick, Marxen & Freimann 2002). The nascent entrepreneur needs information about the whole gamut of business commencement activities, whereas existing operators generally only turn to advisers for help in a specific area. Properly constructed environmental assistance programs for start-ups need to span the range of business needs, and provide a unique opportunity to “hard wire” a green perspective into the firm from day one. On the other hand, existing firms tend to have greater resources, and may be more willing to invest dollars and time into projects that can produce both tangible environmental improvements as well as improved organisational efficiencies.

An industry-specific focus? Assistance programs that address one particular sectoral group of firms have both advantages and disadvantages. Focusing on particular industries can be useful in delivering results and developing environmental strategies appropriate to firms in that sector. However, dividing up the economy into industry groups often means that there are numerous firms who fall “in between the cracks” because they are multi-operational or multi-market.

Understanding the special challenge of home-based micro-firms. Most government assistance programs are delivered to small or medium-sized firms operating from

conventional commercial premises, and employing a reasonable number of staff. However, over two-thirds of all businesses are home-based, and 80% of all firms are micro-sized (that is, they employ less than five people) (Australian Bureau of Statistics 2002, 2004). Home-based micro-businesses are difficult to reach and produce only minimal individual outcomes, yet collectively represent the bulk of all firms. Reaching this group is a perennially difficult task.

Measuring outcomes. No assistance program can be monitored effectively unless systems are devised to measure in a meaningful way both inputs and outputs. Whilst governments traditionally focus on inputs (such as the amount of money they provide in grants or assistance), it is also equally important to gauge what outcomes are generated. These can include both conventional commercial indicators of financial and market performance (such as turnover, net profit, return on investment, and sometimes market share), as well as environmental indicators (such as the level of waste outputs, energy consumption and resource reduction). Most businesses are geared towards collecting and analysing financial and marketing information, but few entrepreneurs or business advisers currently possess the skills to measure environmental outcomes. This is a field in which environmental accounting – and the accounting profession in general – can potentially have an important role to play, by devising and disseminating measurement systems that businesspeople can easily use.

Recognising the limitations of formal business assistance. An often-overlooked fact is that the vast bulk of business advice does not actually come from the formal public sector. Most SMEs actually rely on

either their own personal networks (such as families, friends and other colleagues in business) or the private sector (through intermediaries such as accountants) (Jay and Schaper 2002). If government is serious about producing outcomes throughout the private sector, then it must effectively work with formal private providers. It must also attempt to reach out to the elusive informal networks that most businesspeople rely on, although this is much harder to do.

Conclusion

Governments will always have an important role to play in business development, and will perhaps always attempt to channel their assistance programs into the areas that they deem most significant. For those who believe that environmental considerations and sustainability are important, and who would prefer to see greater government assistance to firms seeking to “go green,” the challenge is two-fold: first, they must be able to win the public and policy debate that influences the priorities of government. A second, equally important, challenge then emerges: to ensure that the types of government programs provided are effective. As this article has shown, several steps still need to be taken if effective,

commercially viable and sustainable assistance programs are to become embedded within the Australian tradition of public sector business assistance.

References

Australian Bureau of Statistics (2002) *Small Business in Australia 2001* Cat.no.1321.0 Canberra: Australian Bureau of Statistics

Australian Bureau of Statistics (2004) *Characteristics of Small Business, Australia* Cat.no.8127.0 Canberra: Australian Bureau of Statistics

Hillary, R. (2000) (ed.) *Small and Medium-Sized Enterprises and the Environment* Sheffield: Greenleaf.

Jay, L. & Schaper, M. (2003) “Which Advisers Do Micro-Firms Use? Some Australian Evidence” *Journal of Small Business and Enterprise Development*, Vol.10 No.2, pp.136-143.

Schick, H.; Marxen, S. & Freimann, J. (2002) “Sustainability Issues For Start-Up Entrepreneurs” *Greener Management International* No.38, pp. 59-70.

MANDATORY CORPORATE ENVIRONMENTAL REPORTING: DOES IT REALLY WORK?

Karen Bubna-Litic, Senior Lecturer, Law Programmes, University of Technology Sydney.

Introduction

This article analyses the results of the beginning of a longitudinal study, begun in 1999 (Bubna-Litic and de Leeuw, 2000), which looks at the compliance of companies

reporting on their environmental performance under mandatory corporate law requirements. The two reports in this study are known as the Thin Green Line reports, 1999 and 2002.

There is increasing evidence to show that environmental damage caused by a company can have financial effects on the company. Other than these financial effects, do the directors see their responsibility as being guardians of the earth on which they operate? That is, are we seeing a move toward sustainability?

This study, conducted in both 1999 and 2002, concludes that more directors of the top 100 companies are recognising some responsibility under the obligatory reporting requirement. In 1999, 71 per cent of companies reported and, in 2002, 90 per cent of companies reported. There has been a two per cent increase in the reporting of positive effects and a four per cent drop in the reporting of negative effects. This may mean the companies are either not reporting negative incidents or their work in environmental management has reduced negative incidents.

In both North America and Europe, mandatory environmental reporting requires reporting by some companies, some of the time. Generally companies are obligated to report when they trip usage or emission thresholds under various licensing regimes. In the United States, the Toxic Release Inventory requires all companies with more than ten full-time employees to submit data on their use, manufacture and/or emissions of approximately 600 different toxic chemicals to the Environmental Protection Agency. This information is freely accessible by the public.

In Europe, the EU Directive on Freedom of Access to Environmental Information requires all public authorities with responsibilities for the environment to make environmental information available to any person who requests it. OECD countries are also party to the Pollutant Release and Transfer Registers (PRTR) which call for firms to report periodically on the release and transfers of a variety of substances considered high risk. Although the PRTR system is not compulsory, it exerts a powerful incentive for companies to reduce releases and transfers through making this information available to the public.¹

Individual European countries, including the Netherlands, Denmark, Norway and Sweden have passed legislation which aims to increase environmental reporting.² France introduced new rules requiring all publicly quoted firms to include data on environmental and social impacts in their annual financial reports in 2002³ and the CORE Bill currently before the UK parliament calls for legally enforceable environmental and social reporting from British companies annually turning over more than five million pounds.

The UK has also recently introduced an assurance standard AA1000 relating to sustainability reporting for business. Australia and Norway⁴ are the only two countries to have introduced a mandatory requirement for all public companies to report annually on their environmental performance in their directors' reports.

In Australia, s 299(1)(f) was introduced into the Corporations Law by the *Company Law Review Act 1998* (Cth), in an attempt to encourage greater accountability and transparency in a company's environmental performance. The first year of reporting was

the 1998/1999 financial year. Until 2002, the section read:

Section 299(1):

General information about operations and activities:

The Directors' Report for a financial year must:

(f) if the entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory — details of the entities performance in relation to environmental regulation.

This unamended version of s 299(1)(f) did not include a verb which initially caused major concerns in boardrooms around the country.⁵ The legislation was also criticised for not defining 'significant'. It was amended in 2002 to include a verb; however, both Thin Green Line studies were based on the top 100 companies reporting under the old version of the section. In the first reporting year, the majority of Australia's top 100 companies understood it to require them to report on their environmental performance, where their performance is subject to environmental regulation.⁶ Ever since it was introduced, industry has argued that it shouldn't be in corporations legislation. They said that the appropriate place is in environmental legislation. The fact that it remains mainstreamed in the Corporations Act is testament to parliament's resolve to put environmental issues on the boardroom agenda.

Three years on, the number of companies reporting their environmental performance is

increasing, particularly in industry sectors which have voluntary environmental reporting codes. The resource sector, for example, developed The Minerals Industry Code in 1996, and 43 companies are currently signatory to this voluntary environmental management code.

Aims of the project

This article compares the response of Australia's top 100 companies to s 299(1)(f) in 1999 and 2002. The study addressed the following questions:

- How many of the top 100 Australian companies reported under this legislation?
- How did they report under this legislation?
- Was the information reported useful to the relevant stakeholders, such as shareholders, creditors, bankers, employees, community, and government?

An additional question in the 2002 study relates to the separate environmental reports published by some companies:

- How does separate environmental reporting by the top 100 companies in 2002 compare to the criteria detailed in the Global Reporting Initiative guidelines and Public Environmental Reporting framework?

Methodology

The companies' response to s 299(1)(f) were assigned to one of the following six categories:

Table 1: Categories of s 299(1)(f) and other environmental reporting

<i>Category</i>	<i>Description of Category</i>
1	No mention in directors' report
2	Minimum requirement
3	Minimum and some extra detail
4	Minimum and positive detail
5	Minimum plus positive and negative detail
6	Minimum plus positive and negative detail, plus a mention elsewhere in the annual report or in a separate report

The categories described above are a generally hierarchical ranking system. The categories comment on whether reporting has occurred and the level of detail included in that reporting. Generally, the higher the categorical ranking the more comprehensive the reporting statement by a company. However, it is possible that a company ranked category five contains more comprehensive environmental reporting than that of a company ranked category six. For example, the reporting by a company which produced a separate report and so received a six may be inferior to that of a company which received a five, as it did not have a separate report, although it included comprehensive environmental information in its directors' report.

Category one companies had no mention of environmental regulation or performance in their directors' reports, contravening s. 299(1)(f). Companies rated category two provided the minimum requirement with no legislative detail. Category three-rated

companies provided the minimum requirements together with some extra detail, such as relevant environmental laws. Companies rated category four contained category-three information, plus details of positive environmental activities. A company achieved a category five rating if it provided category-four information with the addition of details of non-compliance, or a recognition by the company that even if there has been no non-compliance with regulation, there may still be negative impacts from a company's activities. Companies rated category six provided category-five information and additional information contained either in the annual report or in a separate environmental report. Twelve companies provided separate environmental reports and seven provided an additional environmental section in their 2002 annual report.

Results

Summary of 1999 report

In the 1999 reporting year, many companies found s 299(1)(f) difficult to come to grips with. They didn't understand what was meant by 'particular' and 'significant'. They were not sure whether they were affected and, as monetary values were not included, they were unsure what was. They also questioned the significance of including this information in the directors' report. According to one major industry body, the Australian Industry Group, 'the intent of the section is to convey to stockholders, investors and stakeholders the environmental exposures the company or organisation faces in its day-to-day operations and how it manages its risks'.⁷

General guidelines were issued by ASIC in relation to the environmental reporting requirements under s 299(1)(f) as follows:

- Prima facie, the requirements would normally apply where an entity is licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation.
- The requirements are not related specifically to financial disclosures (for example, contingent liabilities and capital commitments) but relate to performance in relation to environmental regulation. Hence, accounting concepts of materiality in financial statements are not applicable.
- The information provided in the directors' report cannot be reduced or eliminated because information has been provided to a regulatory authority for the purposes of any environmental legislation.
- The information provided in the directors' report would normally be more general and less technical than information which an entity is required to provide in any compliance reports to an environmental regulator.

ASIC declared it would take a hands-off approach to enforcement of s 299(1)(f) when it was first introduced and it continues to do so.

Despite this uncertainty, in 1999, 71 per cent of the top 100 Australian companies included a statement of their environmental performance in their directors' report and 53 per cent included more than a minimum response. However this left 29 per cent of the top 100 Australian companies who did

not respond to s 299(1)(f) and made no mention of their environmental impacts or responsibilities in their directors' reports.

The response to s 299(1)(f) in 2002

Before comparing the results from 2002 with the results from 1999, it should be noted that the composition of Australia's top 100 companies has changed. Of the top 100 companies in 1999, only 59 were in the top 100 in 2002. The property trusts sector saw the largest number of new entrants. The number of property trusts in the top 100 companies significantly increased, from eight in 1999 to 19 in 2002.

This 2002 investigation of the top 100 Australian companies has indicated a raised corporate consciousness of environmental responsibility demonstrated by the larger number of companies that have made reference to environmental reporting in their directors' reports. In 2002, 90 of Australia's top 100 companies reported, compared with 71 of the top 100 companies in 1999. Notably, more companies provided some extra detail (category three) with their statement of environmental performance: 25 companies in 2002 compared to 18 in 1999.

Of the companies that did not include a statement responding to s 299(1)(f) in their directors' report, one company, Rio Tinto, provided a separate environmental and social report. Two companies from the financial sector chose not to include a statement of their environmental performance in their directors' report. Argo Investments and Computershare, Publishing and Broadcasting Limited (PBL), Lihir Mining, Foodland, Coal and Allied, AXA Australia Diversified Property Trust, Westfield America Trust and Westfield Trust were the other non-disclosers, although Westfield Holdings, the parent

company of the Westfield Trusts, did provide a category-three statement.

Table 2: Comparison of the results in reporting from 1999 and 2002

<i>Category</i>	<i>1999</i>	<i>2002</i>
One	29	10
Two	18	25
Three	18	25
Four	8	12
Five	10	9
Six	17	19
Total reporting	71	90
Those not reporting	29	10

Environmental risks and/or performance of a negative nature were highlighted by a small number of companies. This is in contrast to the results in 1999 when the percentage of category-five companies out of the total number reporting was 14 per cent. In 2002, the percentage was 10 per cent. The significance of this difference is clearly seen

in Table 3 which compares the change in each category of reporting in 1999 and 2002 and notes the total percentage increase or decrease. It should be noted that in this table the percentages are based on the companies which actually reported. It doesn't include those companies which did not report.

Table 3: Change in reporting category of the companies that reported

Category	Percentage Top 100 reporting in 1999 in each category	Percentage Top 100 reporting in 2002 in each category	Percentage increase or decrease
2	25.4%	27.7%	+2.3%
3	25.4%	28%	+3.4%
4	11%	13%	+2%
5	14%	10%	-4%
6	23.9%	21.1%	-2.8%

Why has the number of companies falling into category five dropped? There are a number of possible reasons for this. Companies may prefer not to disclose their negative environmental impact because of fear of reputation damage. Reporting negative detail such as non-compliance with regulation may also have a perceived negative financial impact, or it may be perceived that costs outweigh the benefits.

Companies may be uncertain about possible repercussions from the regulators, or they may consider that they would lose a competitive advantage. Companies may also have been uncertain whether stakeholders are even interested in information about a company's negative environmental performance, or how the company is planning to improve its performance. Further research needs to be undertaken to

determine why the number of companies reporting on their negative environmental impacts has decreased in 2002 compared with 1999.

Analysis of the results

Meaning of 'significant'

The mandatory reporting requirement under s 299(1)(f) is activated when an entity's operations are subject to any particular and significant environmental regulation under the law of the Commonwealth or of a state or territory. The legislation does not provide any indicators to the completeness, accuracy and amount of detail required in the information to be provided.

The only guidance in relation to the meaning of 'particular and significant' from ASIC is their guideline (a) which states: 'Prima facie, the requirements would normally apply where an entity is licensed or otherwise subject to conditions for the purposes of environmental legislation or regulation'. These general guidelines on environmental performance disclosure are in contrast to the guidelines ASIC has recently developed to assist in complying with the new clause in the *Financial Services Reform Act 2004* (Cth), which requires disclosure on the extent to which labour standards, and environmental, social and ethical considerations are taken into account in the selection, monitoring or disposal of underlying investments in a fund's portfolio.⁸ These latter guidelines are very prescriptive and perhaps a similar approach to s 299(1)(f) would result in more comprehensive and useful information being disclosed.

Section 299(1)(f) has been described as 'deficient, vague and uncertain'.⁹ In 1999,

companies focused their response to s 299(1)(f) in terms of what was 'significant' on listing legislation and licences to which they were subject. Thirty-two companies out of 53 in categories 3-6 regarded as significant regulation any licences that they were subject to and any legislative requirements that applied to them. This would have been of little value to their shareholders. Some expanded on this by detailing which of their activities were regulated. The analysis from the first Thin Green Line report found that what was important to stakeholders was 'how the company manages its risks, what positive environmental activities it is involved in, and if there have been incidents of non-compliance, how they have rectified the problem and what is in place to prevent future incidents'.¹⁰ From the analysis of the companies reporting in 2002, it seems that there has been a shift towards this and a move away from simply listing legislation to which they are subject. In 2002, there seems to be a large focus on the issues of non-compliance, breaches and fines. Forty-five of the top 100 companies mentioned this. Many companies talked about their risk-management processes, including environmental management systems (EMS), having environmental performance monitored by their boards, environmental audits, both internal and external, and risk assessments. Others talked about environmental incidents, community complaints, community involvement and examples of remediation. One noticeable change from the 1999 report was the inclusion by one company of its supplier policy and a number of companies had independent verification of their statements. The results from 2002 indicate a trend for companies to focus on their positive environmental commitment and it was rare for companies not to take the opportunity to

report and focus on the positive aspects of their environmental performance. This is no better highlighted than when looking at the category-two companies' often brief statements. For example, NRMA, while 'not subject to any...', stated that it had 'adequate systems in place' as did Bendigo Bank. APN News & Media, as well as not being 'subject to...', stated that they were 'committed to compliance'. Under category 4, Metcash also highlighted 'staff education programs'.

Conclusion

Section 299(1)(f) imposes a reporting obligation on companies. However, it can be concluded that many companies, mindful of misinterpreting their obligations, are including only the most minimal of comment, which may be well short of details that could be considered useful to stakeholders. The 1999 report concluded that references to regulations and licences are too general to be useful and that what is necessary is the effect that such regulations and licences have on a company's activities. Stakeholders also need to be satisfied of a company's risk management, its positive environmental initiatives and, if there were breaches, how they have been assessed, by whom and how they have been rectified. In 2002, individual companies' self-introduced severity ratings were, as in 1999, one of the most valuable items of information. There also appears to be a trend towards companies developing environmental risk-management strategies. The increased reporting by the banks was an encouraging result. The 2002 study has found that more companies are tending to emphasise the positive and are focusing less on the negative, which is a change in direction from the 1999 report. One of the most encouraging findings of this second report is

the reporting by companies of the focus on environmental matters at board level, specifically through audit and compliance committees of the board.

It is well recognised now that stakeholders incorporate a wide grouping comprising shareholders, creditors, bankers, employees, the public, contractors and suppliers and that these stakeholders have an expectation that companies are transparent in their operations and will report annually on their environmental performance. The public environmental reporting (PER) guidelines released by Environment Australia in 2000 aimed to provide companies with a framework for environmental reporting. Although these guidelines do not focus specifically on s 299(1)(f) and are not mandatory, they provide an indication of what Australian regulators consider best practice for company environmental reporting. However, the analysis in this report has led us to the conclusion that the PER guidelines have had little discernable impact on the quality of environmental reporting under s 299(1)(f). The quantity of environmental reporting by Australian companies has increased over the past four years, indicating support for continued regulation of environmental disclosure of publicly listed companies. Perhaps stronger, more prescriptive regulation would have an even greater net positive effect on company environmental reporting.

For further information on The Thin Green Line reports, Karen can be contacted at Karen.Bubna-Litic@uts.edu.au.

This article is reprinted with permission from the November 2004 issue of *Keeping good companies*, the official journal of Chartered Secretaries Australia.

Notes

- 1 Emtairah, T, 'Corporate Environmental Reporting — Review of Policy Action in Europe', Report of the International Institute for Industrial Environmental Economics, Lund University, Sweden, 2002, p 19.
- 2 ibid.
- 3 ibid.
- 4 Rudd, A, 'Environmental disclosures through financial reporting in Norway: Does it make a difference?', Paper presented at the 10th International Conference of the Greening of Industry Network, Gutenberg, 2002.
- 5 Bubna-Litic, K and de Leeuw, L, 'The Thin Green Line- 1999 Annual Reporting of Section 299(1)(f) Environmental Reporting', UTS Faculty of Law Report, Sydney 2000 (ISBN 186 36558322000).
- 6 ibid.
- 7 Australian Industry Group, 'Information to Assist in Complying with Section 299(1)(f) Corporations Law: Mandatory Environmental Reporting', Paper presented at the Mandatory Environmental Reporting Conference, Menzies Hotel, Sydney, 18 May 1999.
- 8 Walsh, M, 'ASIC Guidelines on Ethical Investment Policy Have Arrived', Ethical Investor, Issue 31, March 2004, p 28.
- 9 The Parliamentary Report of the Joint Statutory Committee on Corporations and Securities, 21 October 1999
- 10 Bubna-Litic and de Leeuw, op cit.

WANTED – SUSTAINABLE CAMPUSES IN THE ASIA PACIFIC

Roger L Burritt, School of Business and Information Management, The Australian National University and Tricia Stanton, Newcastle Business school, University of Newcastle.

1. Introduction

In December 2002, resolution 57/254 on the United Nations Decade of Education for Sustainable Development was adopted by the United Nations General Assembly and UNESCO was designated as lead agency for the promotion of the Decade (<http://portal.unesco.org>). This year, 2005, marks the beginning of the Decade and provides universities throughout the world with an important challenge. A draft International Implementation Plan is in

place and is outlined in the next section which is taken from the Executive Summary (<http://portal.unesco.org/education>).

2. International Implementation Plan

“The Decade of Education for Sustainable Development (DESD) is a far-reaching and complex undertaking. Its conceptual basis, socio-economic implications, and environmental and cultural connections make it an enterprise, which potentially touches on every aspect of life.

The overall goal of the DESD is to integrate the values inherent in sustainable development into all aspects of learning to encourage changes in behavior that allow for a more sustainable and just society for all.

The basic vision of the DESD is a world where everyone has the opportunity to benefit from education and learn the values, behaviour and lifestyles required for a sustainable future and for positive societal transformation. This translates into five objectives, to:

1. Give an enhanced profile to the central role of education and learning in the common pursuit of sustainable development;
2. Facilitate links and networking, exchange and interaction among stakeholders in ESD;
3. Provide a space and opportunity for refining and promoting the vision of, and transition to sustainable development – through all forms of learning and public awareness;
4. Foster increased quality of teaching and learning in education for sustainable development;
5. Develop strategies at every level to strengthen capacity in ESD.

This plan presents three key areas of sustainable development – society, environment and economy with culture as an underlying dimension.

Society: an understanding of social institutions and their role in change and development, as well as the democratic and participatory systems which give opportunity for the expression of opinion, the selection of governments, the forging of consensus and the resolution of differences.

Environment: an awareness of the resources and fragility of the physical environment and the affects on it of human activity and decisions, with a commitment to factoring environmental concerns into social and economic policy development.

Economy: a sensitivity to the limits and potential of economic growth and their impact on society and on the environment, with a commitment to assess personal and societal levels of consumption out of concern for the environment and for social justice.

The values, diversity, knowledge, languages and worldviews associated with culture strongly influence the way issues of education for sustainable development are dealt with in specific national contexts. In this sense, culture is just not a collection of particular manifestations (song, dance, dress, ...), but a way of being, relating, behaving, believing and acting through which people live out in their lives and that is in a constant process of change.

ESD is fundamentally about values, with respect at the centre: respect for others, including those of present and future generations, for difference and diversity, for the environment, for the resources of the planet we inhabit. Education enables us to understand ourselves and others and our links with the wider natural and social environment, and this understanding serves as a durable basis for building respect. Along with a sense of justice, responsibility, exploration and dialogue, ESD aims to move us to adopting behaviours and practices that enable all to live a full life without being deprived of basics.

ESD mirrors the concern for education of high quality, demonstrating characteristics: such as:

Interdisciplinary and holistic: learning for sustainable development embedded in the whole curriculum, not as a separate subject;

Values-driven: sharing the values and principles underpinning sustainable development;

Critical thinking and problem solving: leading to confidence in addressing the dilemmas and challenges of sustainable development;

Multi-method: word, art, drama, debate, experience, ... different pedagogies for modelling processes;

Participatory decision-making: learners participate in decisions on how they are to learn;

Applicability: learning experiences are integrated in day to day personal and professional life;

Locally relevant: addressing local as well as global issues, and using the language(s) which learners most commonly use.

ESD will be shaped by a range of perspectives from all fields of human development and including all the acute challenges the world faces. ESD cannot afford to ignore their implications for a more just and more sustainable process of change. The plan notes the important perspectives provided by: human rights, peace and human security, gender equality, cultural diversity and intercultural understanding, health, HIV/AIDS, governance, natural resources, climate change, rural development, sustainable urbanisation, disaster prevention and mitigation, poverty reduction, corporate responsibility and accountability, and the market economy.

ESD is for everyone, at whatever stage of life they are. It takes place, therefore, within a perspective of lifelong learning, engaging all possible learning spaces, formal, non-formal and informal, from early childhood to adult life. ESD calls for a re-orientation of educational approaches – curriculum and content, pedagogy and examinations. Spaces for learning include non-formal learning,

community-based organisations and local civil society, the workplace, formal education, technical and vocational training, teacher training, higher education educational inspectorates, policy-making bodies, ...and beyond.

It is true to say that everyone is a stakeholder in education for sustainable development. All of us will feel the impact of its relative success or failure, and all of us affect the impact of ESD by our behaviour, which may be supportive or undermining. Complementary roles and responsibilities devolve to a number of bodies and groups at different levels: local (sub-national), national, regional and international. At each level, stakeholders may be part of government (or intergovernmental at regional and international levels), civil society and non-governmental organisations, or in the private sector. The media and advertising agencies will support broad public awareness. In addition, indigenous peoples have a particular role, having an intimate knowledge of the sustained use of their environments, and being particularly vulnerable to unsustainable development.

Seven interlinked strategies are proposed for the Decade: advocacy and vision building; consultation and ownership; partnership and networks; capacity building and training; research and innovation; information and communication technologies; monitoring and evaluation. Together they form a coherent approach to the incremental increase over the Decade of the promotion and implementation of ESD. They will ensure that change in public attitudes and educational approaches keep pace with the evolving challenges of sustainable development.

DESD implementation will depend on the strength of stakeholder commitment and

cooperation at local (sub-national), national, regional and international levels. Networks and alliances will be the crucial element, forging a common agenda in relevant forums. A small but dynamic and high-quality ESD Hub at national level will bring energy to promotion and implementation, receiving input regularly from a multi-stakeholder ESD Consultative Group. At the regional and international levels, an ESD Caucus and DESD Inter-Agency Committee respectively will push the ESD agenda forward through focused meetings and events responding to particular concerns. A high-profile international group of ESD Champions, well known and committed personalities, will serve to spearhead the movement.

The outcomes of the DESD will be seen in the lives of thousands of communities and millions of individuals as new attitudes and values inspire decisions and actions making sustainable development a more attainable ideal. For the DESD process as such, eleven expected outcomes are derived from the DESD objectives and relate to changes in public awareness, in the education system and in the integration of ESD into all development planning. These outcomes form the basis for indicators used in monitoring and evaluation; however, stakeholder groups at each level will decide specific indicators and the kinds of data needed to verify them. Qualitative indicators must figure equally with quantitative indicators to capture the multiple connections and societal depth of ESD and its impact.

And so the scene is set by UNESCO for a Decade of active involvement by Universities in the implementation of sustainability knowledge in society.

However, other initiatives should not be forgotten. First the Talloires Declaration.

3. The Talloires declaration

Members will be well aware of the Declaration by University Presidents for a Sustainable Future (the Talloires Declaration) which was introduced in October 1990 with the following rationale:

“Higher education is beginning to recognize the need to reflect the reality that humanity is affecting the environment in ways which are historically unprecedented and which are potentially devastating for both natural ecosystems and ourselves. Since colleges and universities are an integral part of the global economy and since they prepare most of the professionals who develop, manage and teach in society's public, private and non-governmental institutions, they are uniquely positioned to influence the direction we choose to take as a society. As major contributors to the values, health and well being of society, higher education has a fundamental responsibility to teach, train and do research for sustainability. We believe that the success of higher education in the twenty-first century will be judged by our ability to put forward a bold agenda that makes sustainability and the environment a cornerstone of academic practice.” (<http://www.ulsf.org/about.html>).

As at March 17 2005 there are 314 signatories. Each signatory commits to the following actions:

1. Increase Awareness of Environmentally Sustainable Development

Use every opportunity to raise public, government, industry, foundation, and university awareness by openly addressing the urgent need to move toward an environmentally sustainable future.

2. Create an Institutional Culture of Sustainability

Encourage all universities to engage in education, research, policy formation, and information exchange on population, environment, and development to move toward global sustainability.

3. Educate for Environmentally Responsible Citizenship

Establish programs to produce expertise in environmental management, sustainable economic development, population, and related fields to ensure that all university graduates are environmentally literate and have the awareness and understanding to be ecologically responsible citizens.

4. Foster Environmental Literacy For All

Create programs to develop the capability of university faculty to teach environmental literacy to all undergraduate, graduate, and professional students.

5. Practice Institutional Ecology

Set an example of environmental responsibility by establishing institutional ecology policies and practices of resource conservation, recycling, waste reduction, and environmentally sound operations.

6. Involve All Stakeholders

Encourage involvement of government, foundations, and industry in supporting interdisciplinary research, education, policy formation, and information exchange in environmentally sustainable development. Expand work with community and nongovernmental organizations to assist in finding solutions to environmental problems.

7. Collaborate for Interdisciplinary Approaches

Convene university faculty and

administrators with environmental practitioners to develop interdisciplinary approaches to curricula, research initiatives, operations, and outreach activities that support an environmentally sustainable future.

8. Enhance Capacity of Primary and Secondary Schools

Establish partnerships with primary and secondary schools to help develop the capacity for interdisciplinary teaching about population, environment, and sustainable development.

9. Broaden Service and Outreach Nationally and Internationally

Work with national and international organizations to promote a worldwide university effort toward a sustainable future.

10. Maintain the Movement

Establish a Secretariat and a steering committee to continue this momentum, and to inform and support each other's efforts in carrying out this declaration.

Universities have a partial but a significant responsibility for the education of future generations and will educate many future leaders of governments, industry and society. For example, at The Australian National University, a signatory of the Talloires Declaration, important contributions are being made to address environmental and societal aspects related to the goal of sustainable society. Efforts are made individually, in separate academic silos, as well as through cross-cutting activities through the Institute of the Environment and ANUgreen, the University's environmental management program, run by the Facilities and Services Division and offering advice, support and practical solutions for recycling, establishing

a greener office, stormwater pollution prevention, heating and cooling advice, water saving ideas and transport tips (<http://www.anu.edu.au/facilities/anugreen/about.html>).

Universities are important social actors and need to combine their strengths in the quest for sustainability and a sustainable future.

A lesser known organisation in the Asia Pacific is a network for Sustainability that has been established in Europe called Copernicus.

3. The Copernicus Campus

The Copernicus Campus is a Virtual Sustainability Campus designed to help introduce Sustainable Development in higher education institutions in Europe (see <http://www.copernicus-campus.org>). It has a particular focus on the area of lifelong learning and the management of the university, where the capacity to foster change in attitudes and procedures is greatest. The role of the Copernicus Campus relates to the question of what universities can do to help society meet the challenge of sustainable development. The organisation perceives itself as a partner of industry, governments, international organizations and other associations in a common effort to raise awareness for making sustainability a major focus of higher education. Hence it concentrates upon:

- The generation of new knowledge on sustainability;
- Spreading of knowledge on sustainability through education, training and awareness raising;
- Spreading of knowledge on sustainability to other stakeholders;
- The implementation of sustainable management practices at university level.

The Copernicus University Charter for Sustainable Development has been signed by 319 members in Europe.

Signature constitutes a commitment to secure the support of their university, teachers and students alike, in adopting and implementing environmental guidelines which are consistent with the Charter.

Like the Talloires Declaration it has ten principles of action:

1. Institutional commitment: Universities shall demonstrate real commitment to the principle and practice of environmental protection and sustainable development within the academic milieu.
2. Environmental ethics: Universities shall promote among teaching staff, students and the public at large sustainable consumption patterns and an ecological lifestyle, while fostering programmes to develop the capacities of the academic staff to teach environmental literacy.
3. Education of university employees: Universities shall provide education, training and encouragement to their employees on environmental issues, so that they can pursue their work in an environmentally responsible manner.
4. Programmes in environmental education: Universities shall incorporate an environmental perspective in all their work and set up environmental education programmes involving both teachers and researchers as well as students - all of whom should be exposed to the global challenges of environment and development, irrespective of their field of study.

5. Interdisciplinarity: Universities shall encourage interdisciplinary and collaborative education and research programmes related to sustainable development as part of the institution's central mission. Universities shall also seek to overcome competitive instincts between disciplines and departments.
6. Dissemination of knowledge: Universities shall support efforts to fill in the gaps in the present literature available for students, professionals, decision-makers and the general public by preparing information didactic material, organizing public lectures, and establishing training programmes. They should also be prepared to participate in environmental audits.
7. Networking: Universities shall promote interdisciplinary networks of environmental experts at the local, national, regional and international levels, with the aim of collaborating on common environmental projects in both research and education. For this, the mobility of students and scholars should be encouraged.
8. Partnerships: Universities shall take the initiative in forging partnerships with other concerned sectors of society, in order to design and implement coordinated approaches, strategies and action plans.
9. Continuing education programmes: Universities shall devise environmental educational programmes on these issues for different target groups: e.g. business, governmental agencies, non-governmental organizations, the media.
10. Technology transfer: Universities shall contribute to educational programmes designed to transfer educationally sound and innovative technologies and advanced management methods.

Comment

As academics with an interest in resolving conflicting social, environmental and economic issues for the benefit of present and future generations we are all participants in the lifelong promotion of education for sustainable development. Let us know how you think we can best contribute towards the Decade. Does a similar organisation to the Copernicus Campus exist in the Asia Pacific? Should one be established? Or is the Talloires Declaration sufficient for our purposes?

Comments to: Roger Burritt at roger.burritt@anu.edu.au or Tricia Stanton at cmpas@cc.newcastle.edu.au.

REPORT ON MASTER OF COMMERCE THESIS: PHILANTHROPIC REPORTING BY AUSTRALIAN COMPANIES

Graham R. Jones and Carol A. Tilt, School of Commerce, Flinders University. Graham Jones is a Lecturer in

Accounting; Carol Tilt is an Associate Professor of Accounting and supervisor for the project.

Introduction

There has been little research undertaken in Australia in the area of corporate philanthropic reporting, but Graham Jones has recently completed a Master of Commerce thesis in this area. For the purposes of the thesis the term 'corporate philanthropy' was defined as 'giving for the sake of giving' and gifts to the arts, sport and education were excluded as these may represent 'cause-related marketing'.

Philanthropy

In the United States there has had a long history of philanthropic giving, and business leaders in their own right, were the significant givers to worthy charitable causes. Over the past ten years however, corporate philanthropy has diminished, notwithstanding that corporations' profits have been increasing (Buchholtz *et al.*, 1999).

Corporate Australia is being urged to change with regard to its attitude to philanthropy. The Prime Minister, John Howard, in his 1999 Corporate Public Affairs Oration to the Centre for Public Corporate Affairs, claimed that in order for Australia to become a fairer place, not only must governments act with fairness towards all sections of society, but corporations must act responsibly, returning to the community, by way of support for charitable causes, some of the profit that they have derived from the community.

Those charities who have traditionally taken corporate support for granted are seeking to understand the corporate decision making process, and thus the reporting of such practices becomes important if they are going to maximise the benefit from corporate philanthropic donations (Burch, 1997). These reporting practices were analysed in the thesis.

Method

The thesis used the BRW (Business Review Weekly) Top 1000 list for the year 2001 as the sampling frame, selecting the top 100 companies by turnover for analysis. The annual reports of the companies were analysed for all disclosure relating to philanthropy using a simple content analysis, with number of words as the unit of analysis. The resulting reporting levels were tested for the influence of a number of variables, including: size, industry, number of employees, and profit. Descriptive statistics, correlations and some simple non-parametric modelling were used to determine the significance of these variables, which have all been found to be significant to varying degrees in at least some of the previous functionalist studies of CSR.

Results and Conclusions

The amount of reporting on philanthropic activity in annual reports in Australia appears to be extremely low. While 67% of companies in the sample reported some philanthropic information in their annual report, the number of words ranges from 27 to 1109 (average 173 words). When only the 67 companies that do report were considered, the average number of words increased to 260. When compared with the total words in the entire report this represents around half of one percent of the annual report being dedicated to philanthropy.

The correlations showed that there is no relationship between any of the size measures and number of words reported but that reporting levels do have some relationship to reported after-tax profit and to industry classification. Statistical tests (binary logistic regression) showed that

only profit is significant (albeit weakly) in predicting whether a company is likely to produce high or low levels of reporting. There are two interesting issues that arise from the analysis in this thesis, that have implications for further research in this area.

It appears there may be two distinct decisions being made, which in turn may be influenced by different factors: First, the decision whether or not to report, and second, once a decision to report has been made, how much to report. The analysis did not shed much light on what factors influence these decisions as all the variables tested appear to have little or no influence. Other factors that may be important for consideration include the influence of the Board of Directors and CEO of each company, there being some evidence in previous work undertaken by the thesis author that personal values play a role in this area of decision making (Jones, 1999).

Another issue to arise from the thesis is that the characteristics of companies that have traditionally been shown to explain the social reporting practices of companies do not appear to be the same for philanthropic reporting. Whereas in most studies of corporate characteristics and CSR, industry has been an important factor, for philanthropy the industry variable was not found to be very important. Only profit, which has most often been insignificant in other CSR studies, had any influence on disclosure levels. This could be explained by suggesting that either more profitable companies have more money to donate, or that more profitable companies have less conflict between donating and maximising shareholder wealth, and are thus not reticent about reporting their donations in their annual reports. Furthermore, profit only appeared to help to explain levels of

disclosure of those who do report something in their annual report (and was a weak explanator). The modelling undertaken indicated profit is a poor predictor of whether a company will, or will not, disclose at all.

Conclusions

Prior studies that consider the (statistical) relationship between disclosure and corporate characteristics generally classify all 'social' disclosures into one group. These studies may be missing some distinctions between the reporting of different types of social information. This thesis concludes that more research is warranted that disaggregates social reporting and analyses them in more detail. This could include work into reporting on Energy, Human resources, Products and Community Involvement. While much work has been done on the Environment, the other 'social' areas have only rarely been considered independently.

Finally, studies have shown that over time environmental disclosure has increased rapidly, and this study found that the proportion of companies including community disclosures in their annual reports has also increased. This suggests that we need to look further into the motivations for philanthropic reporting in Australia.

Limitations

One possible reason for the low level of disclosure in the year analysed is that it was the year of the Sydney Olympic Games and many large companies acted as sponsors. This may have resulted in resources being directed away from traditional charities for the year in question in order to report more on their Olympic sponsorships. The data revealed that a number of the organisations

in the sample dedicated substantial sections of their annual report to the Olympics, but longitudinal analysis is needed to determine whether it was a factor affecting reporting levels in the thesis.

References

Buchholtz A.K., Amason A.C. & Rutherford M.A. (1999) "Beyond Resources: The Mediating Effect of Top Management Discretion and Values on Corporate

Philanthropy", *Business and Society*, 38(2), pp. 168-187.

Burch N. (1997) "Corporate Giving: A Dialogue", *Philanthropy*, pp 16-17.

Jones G.R. (1999) "The Decision to Donate: Australian Corporate Philanthropy – Putting Values in to the Equation", Masters Qualifying Thesis, Flinders University.

Further information is available from Graham at Graham.Jones@flinders.edu.au

ENVIRONMENT EXTRA!

Environmental Sustainability Index.

2005 Environmental Sustainability Index: Benchmarking National Environmental Stewardship

Esty, et al., Daniel C.

World Economic Forum -Global Leaders of Tomorrow Environment Task Force

Yale Center for Environmental Law and Policy Center for International Earth

Science Information Network

European Commission - Joint Research Centre

New Haven, CT: Yale Center for Environmental Law and Policy, 2005, 408p.

Abstract: The Environmental Sustainability Index (ESI) is the most comprehensive global report comparing environmental conditions and environmental performance across nations. It was created to satisfy a critical need for substantive, impartial data for national and global environmental decision-making. Countries have recognized the impact that environmental quality has on citizen welfare, land productivity and overall social health. But until now, there has been

no concrete way to scientifically examine environmental performance and compare progress toward environmental goals. The Environmental Sustainability Index (ESI) is a measure of overall progress towards environmental sustainability, developed for 142 countries. The ESI scores are based upon a set of 20 core "indicators," each of which combines two to eight variables for a total of 68 underlying variables. The ESI permits cross-national comparisons of environmental progress in a systematic and quantitative fashion. It represents a first step towards a more analytically driven approach to environmental decisionmaking. The documents made available here provide in-depth details on the analytical framework, quantitative methodology, and data sources that underlie the ESI .

Contents: Executive summary; The need for an environmental sustainability index; Key results; Our approach; Main findings; Relationship to economic performance; Our factors associated with environmental sustainability; Comparison to other sustainability indicators; Evolution in the ESI methodology; Challenges to measuring

environmental sustainability; Conclusions and next steps; Annex: 1. Evaluation of the variables; 2. ESI methodology; 3. Imputing missing values; 4. Component and indicator scores; 5. Country profiles; 6. Variable descriptions and data.

URL: <http://www.yale.edu/esi/>

Notes: Available online in pdf.

CPA Australia Pre-Budget Submission January 2005. Sustainability and TBL Reporting. Extract from p.9 of submission.

“SUSTAINABILITY AND TRIPLE BOTTOM LINE REPORTING

In 2004, CPA Australia in conjunction with one of Australia’s leading research-oriented universities focused its research efforts towards:

- developing a comprehensive understanding of the extent and mode of Triple Bottom Line (TBL) reporting among Australian corporations, GBEs and public sector departments/agencies, and
- providing a market based foundation of knowledge upon which measurement and disclosure practice can be more coherently built.

The research findings indicate, against international trends, relatively low levels and duration of adoption of sustainability/TBL type reporting in Australia. Moreover,

reporting against available reporting frameworks was sporadic and verification or assurance of such reports was frequently absent.

The low and fragmented level of penetration of sustainability reporting does not, in CPA Australia’s view, warrant as yet a shift towards the mandating of specific practices. To ensure that Australian business remains on par with international trends and developments in this area, CPA Australia considers there is a leading role for the Federal Government to play through the auspices of ASIC and the Department of the Environment and Heritage in fostering significant advancement in the adoption, quality, and assurance of sustainability oriented reporting to stakeholders

Specific funding at an appropriate level should be provided to enable Australian agency and industry participation in the international promulgation of foreshadowed guidances. These guidances are being developed generally for industry practice with specific focus on sustainability performance reporting to shareholders, stakeholders and the wider investment market.

CPA RECOMMENDATION: Funding to be provided to ensure Australia’s participation in the development of international guidances on sustainability and TBL.

CSEAR – WEB DETAILS

The Centre for Social and Environmental Accounting Research (CSEAR) was established in 1991 as networking institution which gathers and disseminates information

about the practice and theory of social and environmental accounting and reporting. CSEAR provides an important mechanism for academics and practitioners to make

contact and support each other. It currently has over 300 members in over 30 countries.

CSEAR has been located at St Andrews University since 2004 and has seen a change

to its web site. The site map is located at <http://www.st-andrews.ac.uk/management/csear/sitemap.html>. Do you like the music?

A- CSEAR SUMMER SCHOOL – DEAKIN UNIVERSITY, GEELONG

30 March – 1 April 2005

16th International Conference on Social and Environmental Accounting Research (4th Australasian CSEAR Conference)

**Location: Deakin Management Centre
Deakin University, Waurn Ponds Campus, Geelong**

The following plenary presenters will be at the conference:

- Professor Markus J. Milne (University of Otago)
- Professor Craig Deegan (RMIT University)
- Professor James Guthrie (Macquarie University)

Professors Milne, Deegan and Guthrie are internationally recognised accounting researchers, noted for their work in social and environmental accounting. Professor Guthrie is founding co-editor of the Accounting, Auditing and Accountability Journal.

Who should attend?

The Conference is normally a deliberately informal gathering of researchers, teachers, students, and practitioners concerned with research, teaching and practice in social and environmental accounting in the very widest sense. Normally limited to a maximum of around 40 delegates, the

emphasis is on a high level of interaction, discussion and debate in a friendly, supportive and relaxed atmosphere. Attendees at the conference include academics, practitioners, and doctoral students at all levels of experience, and involved with all aspects of social, environmental and sustainability accounting, reporting, theory and practice.

The Academic Organising Committee consists of Professor Zahirul Hoque, Professor Carol Adams and Associate Professor Philip Hone.

Registration

The registration fee is \$700 per person for the duration and includes accommodation, all meals, morning and afternoon teas. A discount of \$150 will be offered to full time PhD students and level A staff.

Inquiries and further information

General inquiries about the Conference, registration, and accommodation should be directed to:

Petra Van Nieuwenhoven

Telephone +61 3 9244 6358

Fax +61 3 9244 6283

Email petrav@deakin.edu.au

Address: School of Accounting, Economics and Finance, Deakin University 221 Burwood Highway, Burwood, Vic 3125

POETIC CORNER

The colour of the sky

The colour of the sky is changing

Childhood. The sky, rich and deep,
Blue as the ocean soft asleep,
calm, loose, steady.

Everything was fresh, exciting and new
much to learn, much to do,
energetic, eager, ready.

But as years quickly folded by
I noticed changes in the sky
paler, harsher, polluted.

Experience coloured my knowledge, I'm jaded
The sky's lustre has slowly faded
rich blue – muted.

I now dismay at the haze
regret my laziness, humanity's careless ways
washing out the air.

The future comes, the blue lost
Too late humanity counts the cost
The sky sits weakly there.

**Simon Lenthén, Associate Lecturer,
School of Accounting, University of
Western Sydney s.lenthen@uws.edu.au**

CALL FOR PAPERS - SUSTAINABILITY ACCOUNTING - SPECIAL EDITION OF BUSINESS STRATEGY AND THE ENVIRONMENT

The Journal "Business Strategy and the Environment" invites contributions for a special issue on "**SUSTAINABILITY ACCOUNTING**" which addresses the development of theoretical and practical perspectives.

A growing number of businesses are considering questions addressing the issue of how to create useful management information about corporate sustainability. The term sustainability accounting is used to describe new information management and accounting methods which attempt to create and provide high quality information which supports corporations with regard to sustainable development.

This special issue of *Business Strategy and the Environment* invites academic papers that provide discussion about how to address sustainability issues in corporate accounting practices and information management systems.

The aim of this special issue is to sharpen our vision, to provide a reference point for the essential as well as the potentially innovative yet implementable approaches and topics of sustainability accounting and performance measurement. A spirited beginning has been made and is reflected in questions such as: What is the state of the art? What are limits and opportunities of sustainability accounting? What approaches to sustainability accounting and information management are effective and

efficient? Beyond this is a search for value added from sustainability accounting for society, the environment and corporations which leads to questions like: What should be accounted for and to whom? What kind of crucial sustainability relevant decisions require what kind of sustainability information? How can sustainability accounting be introduced and developed in a company? Are there special issues associated with small and medium sized enterprises, developing and emerging economies, public sector businesses? How is sustainability accounting linked to reporting, decision making and communication activities? How should sustainability accounting be organized internally?

The Journal's special issue is intended to provide a qualified overview of the most recent developments and the state of the art in sustainability accounting, information management and performance measurement.

Contributors with ideas for papers are encouraged to communicate with the co-editors before submission by e-mail. Abstracts are due by 30 June. The paper submission deadline will be 31 August 2005.

Full papers are invited to be considered for publication in the journal special issue. Paper submissions should be between 4,000 and 6,000 words, for theoretical papers and

broad empirical studies, and between 2,500 and 4,000 words for case studies and should follow the editorial guidelines for "Business Strategy and the Environment", (<http://www.erpenvironment.org/journals/bse.html>).

Editors and contact information:

Prof. Dr. Stefan Schaltegger
Centre for Sustainability Management
(CSM)

University of Lüneburg, Germany
E-mail: schaltegger@uni-lueneburg.de

Dr. Roger Burritt
School of Business and Information
Management
The Australian National University,
Canberra
E-mail: roger.burritt@anu.edu.au