

Sustainability



“We provide passionate expert solutions to our clients to implement sustainable environmental business practices”





Executive Summary

Sustainability is hard – because making money comes first, and because a delay of a day or a month doesn't seem to matter.

And sustainability sounds hard, because if taken to its logical conclusion it must mean recycling everything without generating any waste and without creating any greenhouse gas pollution.

This sounds like the domain of a radical 'back to nature' fringe group and not the place for mainstream business.

What should sustainability mean for mainstream business?

Firstly, sustainability is not an objective to be achieved by a target date.

Rather, it is a commitment to always be doing better.

Thus the question becomes one of how quickly one should move on the transition to sustainability?

For each organisation the drivers will be different. For some, priority will go to meeting a government mandated producer recycling scheme or a fleet fuel efficiency target, or managing to operate when a specific waste stream is banned from landfill.

For others it will be noting customer and competitor trends for the environmental attributes in their purchasing decisions.

How fast one should move will therefore be related to factors that include regulatory imperatives, marketplace trends and fashions and organisational resources.

Our practical and low cost advice for those starting out is simply:

- Note the trends that are evident (increasing sentiment for green products, increasing energy costs, increasing regulation of environmental impacts).
- Talk about it at Board level. Formulate a view and endorse a Sustainability Policy.
- At a minimum the Policy should require that all substantive decisions that are made by the organisation are first evaluated for sustainability opportunities and implications.

Do not underestimate the benefits of these simple initiatives.

Boards and policies do influence the culture and direction of organisations.

Every day staff are evaluating options.

It might be for a new product, or a new market to enter. It might be looking at branding or positioning.



It might be for a raw material purchase or a supplier agreement, or for office accommodation or office equipment. It can even be in HR areas such as staff retention and remuneration.

In all case thinking sustainably can be included incorporated into the process. Ask questions such as:

- What is the environmental implication of each alternative?
- Which is more energy efficient?
- Does one have a lower carbon footprint?
- Which results in less waste being generated, or is most amenable to recycling?
- Which option has the best environmental message or most sustainable features?
- What efficiency improvement can be achieved at what additional cost (payback)?

One does not even have to mandate that the most sustainable option be selected.

Rather time and again the value of this process is seen to come from the awareness that it raises.

People see and are reminded that many of their decisions do have implications for sustainability. And they also see that in many cases a more sustainable alternative has few downsides.

It often shows that the more sustainable choices also have other benefits that are non-monetary.

A sustainability initiative does not (and should not) involve relaxing payback hurdles. Projects must still stand on their own financial merits.

This is a first step in sustainability for a company.

Like profitability it needs to be continually considered, planned for, refined and reviewed.

As involvement and understanding grows, so to can the sophistication of sustainability initiatives and integration within the organisation.



OTEK is one of Australia's premier environmental consultancies, providing knowledge and practical expertise for almost 20 years.

Whatever your carbon goals, we will assess your situation and work with you to develop practical solutions to ensure that your organisation adapts to a carbon-constrained world.

Whilst the UN Climate Change Conference in Copenhagen in December 2009 and the attempted Australian CPRS legislation did not progress to function, it remains inevitable that the use of carbon will become more restrictive over time.

Know where you stand

One of the business world's biggest challenges is going to be adapting to new rules and regulations regarding carbon emissions.

The landscape is changing at a rapid pace. New legislation and guidelines are being introduced, discussion papers are being released and state and federal governments and the international community are progressing at different rates.

OTEK assists organisations to know what is relevant to their activities, what they need to do, and how.

	2010	2011	2012	2013	2014	
Kyoto	Kyoto First Commitment Period Australia's target is 108% of its 1990 emissions		Kyoto Second Commitment Period			Second commitment period yet to be ratified
NGER National Greenhouse & Energy Reporting Act	Corporate reporting threshold 350TJ	Corporate reporting threshold 200TJ (50kt)				Mandatory reporting of GHG emissions and energy consumption for companies exceeding certain thresholds
	Register and report for any individual facility that emits more than 25 kt (100TJ)					
	All organisations that use more than 0.5 PJ of energy per annum					
EEO Energy Efficiency Opportunities Act	Determine Participation	Registration Deadline	Assessment & reporting schedule	Complete first assessment	Complete remaining assessments & report	Large energy users must identify opportunities for savings and report publicly for 4 year paybacks
	End of first EEO cycle		Second 5 year EEO cycle			
Australian Economic Instruments		First proposed CPRS trading year (did not eventuate)	Revised CPRS commencement (did not eventuate)	Proposal commencement of Carbon Tax		Subject to passing of legislation

The purpose of the Carbon Pollution Reduction Scheme was to reduce carbon emissions by the lowest cost options. To do this organisations need to (1) understand their own carbon footprint, and (2) know the options and costs for reducing emissions. Now is not too early to start.

A Carbon Tax is similar to the CPRS in that it seeks to reduce carbon emissions by placing a cost on carbon. However, it differs from the CPRS in that organisations will not be able to receive credits for undertaking lower cost carbon abatement initiatives that are outside of their organisation.

In many cases reducing carbon also saves money. OTEK understands that organisations should only take steps that have a sound business basis.

Future Proofing

Prepare for coming changes to legislation & reporting requirements. Even if reporting isn't compulsory for your company, it's likely you will be a supplier to companies that

must report or trade.

Enhanced Efficiency

Identify areas where your business is using resources unnecessarily, and revise your business practices to operate more efficiently.

Save Money

There are many technologies that will reduce energy consumption. Find the ones with the highest net present value or most attractive return on investment.

Staying Competitive

Customers and shareholders are more environmentally aware than ever. Make sure you meet their expectations – legitimately – without "greenwash".

OTEK carbon consulting services

Our staff are qualified, highly experienced environmental professionals, and widely regarded as industry experts. We are technicians, engineers and scientists who take pride in being practical. Let us do what we do best so that you can do what you do best.

Whether your business needs a comprehensive carbon audit, some assistance in calculating a carbon footprint, advice on how to proceed, or extra capacity to meet a short term deadline, we can tailor a solution to assist. Some of

our carbon consulting services include:

- Carbon Footprint audits
- GreenStar building accredited assistance
- Technical quantification where default emission factors are inappropriate
- Scope 1, 2 and 3 Energy audits to AS 3598:2000

- NPI, EEO and NGER threshold determination / reporting assistance
- Project identification, costing and payback analysis
- Strategic advice on regulations, certification and policy
- Carbon neutrality, carbon offsets and life cycle management

NGERS

The National Greenhouse & Energy Reporting Scheme currently has the greatest impact on organisations.

OTEK has provided NGERS advice to a range of clients. In some cases we were able to confirm that their emissions were below the thresholds that required registering and reporting. We have also developed client specific methodologies to ensure the appropriate data is collected and reported as required by the Act.



Carbon Tax

The Australian Government announced on 24 February 2011 its intention to implement a Carbon Tax from July 1, 2012.

At this time details on the rate of tax, the industries to be covered or any compensation packages are unknown.

For many industries captured by the Carbon Tax, the effect on them will be largely the same as the effect of the CPRS would have been.

The major differences would be that under a Carbon Tax the price for emitting a tonne of carbon would be known in advance - as set by the rate of tax.

In contrast, under a CPRS the price per tonne of carbon would vary in line with market forces of supply and demand.

A second difference of a Carbon Tax is that, unlike the CPRS, organisations will not be able to trade to take advantage of lower cost carbon abatement opportunities that may be available outside of their own businesses than to may be experienced under a CPRS.

From the perspective of outcomes, a cap and trade system such as a CPRS provides much greater certainty about the level of carbon emission that does a Carbon Tax.

If the Carbon Tax is set at the wrong rate the amount of carbon abatement achieved will be more or less than what is intended.

This may necessitate adjustments to the rate of the tax (either up or down) in order to achieve the desired environmental outcome.

Whilst a price has not been set, it is likely to be in the range of \$20 to \$40 per tonne if carbon dioxide equivalent. There may be a lower price set for the initial 12 month period.



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