

# Think local, act global

Kiwi businesses are looking to Europe and North America for cues on sustainability. How do we stack up? The answer to that question is elusive. By **JEHAN CASINADER**

**'JOY IS** about creating more from less.'

That's the last line of Piers Scott's email sign-off. Alongside it is a picture of fluffy white clouds against a rich blue sky. It's an ad for BMW's fuel-efficient technology. Seriously? Has the sustainability debate become a love-fest? Scott, BMW New Zealand's corporate communications and sustainability manager, didn't design the ad, but he's willing to have a laugh about it. He reckons BMW doesn't build cars; "we build joy".

The company knows that in New Zealand sustainability still commands value for premium products like luxury cars. Overseas, however, it's a different story. Some firms are accused of 'greenwashing' consumers by preaching sustainability without practising it. In many industries, 'sustainability' has been rejected from the corporate lexicon in favour of a new term: 'responsible competitiveness'. It's about becoming a progressive, future-focused business. Same message, different buzzwords? Perhaps.

But beyond the rhetoric, BMW is putting its eco-strategy in motion. Zero-emissions vehicles are on the way, but buyers must wait until 2015 for a fully electric model. In the meantime, BMW's local sales team have decided to only import and sell cars that are fitted with fuel-efficient systems. As a result, the price of the vehicles has risen in New Zealand. Scott doesn't regret it.

"For many New Zealand businesses," he says, "sustainability is synonymous with the response to climate change. In fact, the purest definition of sustainability is 'the ability to endure'. For a business, that requires smart management of resources, strong strategy, and positive stakeholder relationships."

BMW New Zealand is pursuing sustainability because it's part of the company's global strategy. Scott has lobbied the government to introduce fuel-economy standards. He has defended the Emissions Trading Scheme, and wants higher road user charges on vehicles that aren't fuel efficient. A car maker, calling for more regulations on its own industry? It's unusual. But Scott says we're falling behind other countries.

In 2003, the government launched Sustainable Development for New Zealand, a 'programme of action' to sow the seeds of sustainability. A major catalyst for the strategy was the World Summit on Sustainable Development in 2002, where participating states were implored to develop sustainability programmes at home, to put them in a better position to tackle tough global issues.

Over the past seven years, New Zealand has contributed to environmental action in areas like energy, biodiversity and marine conservation. These choices, however, have largely been limited to a domestic setting. Has New Zealand contributed solutions to the 'pressing global issues' that were at the heart of the sustainability movement back in 2002? Scott doesn't think so, and he uses the issue of used-car imports to illustrate the point.

"New Zealand has become a dumping ground for used cars from Japan, even though Australia has a ban on used imports. And now we've made Samoa a secondary dumping ground for cars which don't even meet New Zealand standards. We're palming off our poor-quality used cars to the Pacific. What does that say about sustainability?"

A new take on sustainability is that if a country is willing to reap the benefits of trade, it must take responsibility for promoting sustainable business in the wider international community. It seems the future of sustainability is no longer just about balancing profit imperatives with social goals; rather, it's about balancing New Zealand's needs with the needs of its neighbours, particularly in the Pacific. The problem is, it's difficult to compare sustainable economies across different countries.

The 2007 Responsible Competitiveness

Index was the first attempt at creating a thorough international analysis of corporate responsibility. The index compared 108 countries across three key domains: policy drivers (including treaties, workers' rights and the tax environment); business actions (such as the value of branding, ethical standards, the quality of auditing, and staff training); and 'social enablers' (including corruption, customer perspectives, press freedom, transparency and civil liberties).

The result for New Zealand is not too shabby. The country placed seventh out of the 30 high-income countries. We're behind Sweden, Denmark and Britain, but ahead of Ireland, Australia and Canada. The index suggests New Zealand has built a strong sustainable outlook without limiting the focus to solely environmental considerations. But, according to the Waikato Management School's Dr Eva Collins, if New Zealand wants to keep its high ranking, we need to improve sustainability among our small and medium-sized enterprises.

"Big businesses can say 'look at all the things we accomplished by adopting sustainability strategies'," she says, "but for SMEs, it's not easy. They see sustainability as costly, time consuming and skill driven. Yet, in many ways, SMEs are in a great position to make changes, because of their size. New Zealand's sustainable future relies on SMEs, but many of them have not latched on yet."

Collins is frustrated by the lack of comparative data about how well New Zealand companies apply sustainable principles across the business environment. A US expat, she says New Zealand has not grasped the opportunity to promote green

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jobs and green initiatives — ideas that have been embraced in North America.

But for Kiwi companies with an international focus, global trends are hard to ignore. Auckland Airport's sustainability adviser, Martin Fryer, leads a forum of 11 staff who are responsible for achieving sustainability goals. Auckland Airport has been declaring its emissions profile for many years. Fryer says firms should be transparent, but the airport finds it tough to benchmark itself against other airports that have failed to account for the economic and social dimensions of sustainability.

"Sustainability reports always seem to be incredibly positive," he says, "but consumers are getting cynical, because businesses aren't providing true reflections of their performance. You quickly lose credibility if you claim to have achieved every sustainability target. It's easy for international airports to skew their environmental reports and turn them into 'sustainability reports'. But for us, it's about being honest about how well we're doing, across 16 sustainability targets within the company."

Auckland Airport is part of an international working group on the Global Reporting Initiative that is examining sustainability within the airline sector. Fryer, a former environmental manager for Fletcher Building and Landcare, says New Zealand can make an active contribution to global best practice. But he also knows consumers' goodwill may run out, and the sustainability boom may go bust. For now, he says, the solution is to strengthen the economic and social case for sustainability.

That case is being made strongly in Europe and North America. Then again, New Zealand has enough challenges of its own: an ageing workforce, public debt, high emigration and infrastructure problems. Sustainability is intended to address those challenges, by minimising inequalities, boosting skills and building trust in institutions. But does it really matter whether we're in sync with the rest of the world? Companies like BMW and Auckland Airport are banking on the fact that we will be.