

# Counting cost of a green-friendly city

Perth is accused of being one of the most environmentally unfriendly cities in the world. Can business save the day? **Kim Macdonald** reports



**The writing's on the wall if no action is taken.**

**Gary Martin**



**Smart businesses of the future are green.**

**Brad Pettitt**



**Customers and cost are the drivers.**

**Philip Kemp**



**It's important to look at environmental impact across the supply chain.**

**Tim Scott**

Climate change has largely been calculated in terms of clean-up costs and taxes, ever since warnings that drought-prone Perth risked becoming the first ghost metropolis of the 21st century.

But there is a growing belief business can prosper from new green-friendly industries, with entrepreneur Richard Branson once labelling climate change the "biggest growth and job creation opportunity of our generation".

But is WA's business community embracing the environmental agenda in such a way that can enable it to reap the rewards of an increasingly green society?

And just how many customers are prepared to pay the surcharge for environmentally friendly alternatives anyway?

Answers revealed in a CEO Voice series this week, hosted by the Australian Institute of Management WA and *The Weekend West*, found there was plenty of room for improvement on both fronts, but some inspiring leaders and positive trends are starting to emerge.

AIM WA chief executive Gary Martin said the well-documented environmental degradation in this State meant a lack of action would result in some dire economic and environmental problems.

Average temperatures have increased 0.8 per cent in the past century in WA and sea levels had risen at double the global average.

Changing rainfall patterns had seen a 15 per cent reduction in the South West since the 1970s, threatening shortages by 2030, and the Water Corporation does not expect to draw supplies from surface run-off in the future.

"The writing is on the wall — we can expect reduced crop production, a decline in tourism, flooding and a shortage of drinking water in years ahead if action is not taken," Mr Martin said. "There has never been a stronger case for sustainable or green business in WA."

The keynote speaker at the event, Brad Pettitt, Fremantle mayor and a former university sustainability lecturer, said

## THE CEO VOICE SERIES

WA's predilection for quarter acre blocks in the suburbs was part of the State's environmental undoing.

Sprawling utilities infrastructure such as water pipes — Perth has four times the length of water pipe network than Tokyo for only a fraction of the population — had created an inefficient system.

"We still build over 70 per cent of new dwellings on the urban fringe. We live in one of the few biodiversity hotspots on the planet and we are bulldozing it daily — 10 WACAs (WA Cricket Association grounds) a week," he said.

"Perth is 150km from end-to-end and that makes us one of the biggest cities in the world and one of the most environmentally unfriendly."

Dr Pettitt expected business would be key to two major solutions: it would facilitate urban infill, reducing the need for sprawling infrastructure, and would also encroach on government's traditional role as public transport provider, undermining the reliance on energy-guzzling cars.

Fundamental change was already under way with a huge uptake of rooftop solar panels. "With radically reducing costs, you are starting to see a hard-hitting revolution (involving solar panels)," he said.

"Potentially, it's a revolution that is going to be as big as the one with mobile phones a couple of years ago replacing the need for a landline and copper network. We are starting to see renewable energy . . . as being able to do that."

The key reason for the popularity of solar was its price and savings, which made a strong economic case that appealed even to those who did not believe in climate change.

All the forum participants agreed price sensitivity was the major factor affecting the infiltration of green alternatives into the mainstream.



Green revolution: From left to right: Greg Allen, Brad Pettitt (seated), Mike Enslin, Chris Palandri, Sue Murphy, Fred Chaney (seated), Gary Martin, Terry Agnew, Shane Cremin (seated), Tim Scott, James Coghill (seated) and Philip Kemp. Picture: Michael O'Brien

Price appears less of an issue in the bigger, more sophisticated companies, with Brookfield Multiplex managing director Chris Palandri claiming these businesses were willing and able to pay extra for sustainable offices for the proven benefits for staff health and well-being.

"In commercial real estate, (environmental values) are a given. You won't find a tenant or a building owner that can sell a building without very high ratings in those areas," he said.

In mid-tier companies, decisions were made on value-for-money rather than values.

James Coghill, technical director of Total Green

Recycling, said there was growing enthusiasm from employees who wanted to recycle their electronic waste but they sometimes failed to get the purchase past office bean counters who wanted the cheapest option possible.

Mr Coghill said his firm added extra services to the recycling in the knowledge that most business decisions were made on value-for-money analysis.

"There are people in every organisation who are just about cost," he said.

Price sensitivity becomes even more of a factor for individual customers.

Property development firm Psaros decided four years ago to cop the extra costs of making

solar power a standard and free feature on all apartments.

Managing director Mike Enslin said most customers valued the feature but only one in 10 were prepared to pay extra for it. The company decided to provide it free, based on its own environmental values, and a belief it would make its developments relevant in the future, when solar panels were expected to be as commonplace as wi-fi.

RAC boss Terry Agnew said the discrepancy between valuing solar panels, and valuing them enough to pay for them, was a reality of post-GFC life.

He said while Al Gore's documentary *An Inconvenient Truth* struck a chord in 2006,

these days people were more focused on ensuring they had a job rather than saving the planet.

Sue Murphy, Water Corporation chief executive, said most people had good intentions about saving the environment but were "inherently lazy" when it came to doing something about it.

Primary schoolchildren were proving more amenable to water-wise education than adults and surveys showed youngsters were often the ones to educate their parents about the matter.

The younger generation's ability to tackle climate change has a vote of faith from Fred Chaney, an architect who specialises in green-friendly

designs, especially as his 11-year-old daughter scolded him recently for returning from the supermarket with a plastic bag. "That is true of her generation," he said.

Business also has the ability to embrace the environmental agenda by ensuring it sources supplies from green-friendly origins.

Scott Print managing director Tim Scott said the firm had done so by ensuring every aspect of its business was green, from its vegetable-based inks to its recycling and waste reduction, despite surveys showing most customers cared only for price and quality, and had little interest in the environment.

Carnegie Wave's chief

operating officer Greg Allen said the renewable energy firm had stringent green policies within its own organisation but instilling them down the supply chain was sometimes too costly. While it recycled in-house, forcing its contractors at sea to carry three bins for waste disposal became a heavy compliance cost.

Representing the Master Builders Association, Philip Kemp said education was still an important issue on the road to a broader embrace of the environmental agenda.

Shane Cremin, managing director of Infinite Energy, said regulators took too long to change policy in support of businesses seeking to help make the world a greener place.



**The biggest opportunity is infill development.**

**Chris Palandri**



**Climate change is a slow moving emergency.**

**Terry Agnew**



**The politics around this has been woeful.**

**Shane Cremin**



**Only one in 10 customers are prepared to pay more for green products.**

**Mike Enslin**



**Most people are very price sensitive about green products.**

**Greg Allen**



**Water use at big businesses has halved in 15 years.**

**Sue Murphy**



**Business can show leadership by giving answers to regulators.**

**James Coghill**



**Younger generations have stronger environmental values.**

**Fred Chaney**

