



# LEAN AND GREEN

SUE WHITE SPOKE TO EXPERTS IN FINANCE, RETAIL AND TRANSPORT TO LEARN HOW THE GREEN MOVEMENT IS BEING AFFECTED BY THE FINANCIAL DOWNTURN.

When the financial world came crashing down last year, a lot changed very quickly. Superannuation balances shrank, putting retirement plans on hold for many and workers realised, almost overnight, that their "secure" jobs weren't really bulletproof. The idea of sustainability moved out of our vegie patch and onto our financial habits. But given that pre-crash the green movement had been tipping faster than the ice caps are melting, what might happen to our commitments to sustainable living now that money is tight?



## MONEY, MONEY

Given this whole collapse began with money, it seems a fitting place to start. As a Director of Australian Ethical Investment Ltd, James Thier is an expert in linking bank balances and issues of sustainability. "There's no question that people are currently very cautious and concerned about the financial situation," he says. "But it's interesting to note that they are making broader connections from the global financial crisis. It is elevating questions, just like *An Inconvenient Truth* did about the environment, about corporate ethics and corporate social responsibility."

He points out that ethical investments have held up much better in the financial downturn than traditional investments: "They're still negative like everyone else's, but they haven't fallen as much," he says.

It's just one fact that is starting to make investors reassess their approach to investing. "For a lot of

**Clockwise from above:** The green products that are succeeding in the current climate are the ones that save us money; the global financial crisis showed how something that starts in a small way can have a global effect; the market indicators suggest there are good opportunities ahead for ethical investors.

people, the crisis has opened their eyes to the fact that there are other ways of doing things," James adds. "They are starting to consider: 'By just looking at the single (financial) bottom line, am I actually damaging society?' As we're now seeing globally, the ramifications of that can be quite disastrous."

He adds that there's no doubt the crisis is linking sustainability and



finance in a new way. "The global financial crisis started off in a small way somewhere in America and it's had a global effect," he says. "It's elevating questions about corporate responsibility and it has brought to the fore that we just can't keep going on the same path."

Not surprisingly, James hopes that, as the crisis eases, investors will continue to question the status quo. "People now recognise there are companies doing the right thing," he says. "Not only are they making money but they are helping us make the transition to a non-fossil-fuel-dependent society, or improving efficiency of water use. People are recognising that those activities are available as an investment, either directly through the companies they can identify or through an ethical investment fund."

James believes that, for green investors, good opportunities lie ahead. "The changes coming to the fore in society will make good investments," he says. "The Rudd government talks about 20 per cent renewable energy by 2020. There's no way that will be achieved without significant productivity by the companies involved. They are going to benefit."

## RETAIL AND CONSUMABLES

**With the retail sector hit hard this year, one might expect that green consumables such as eco clothing or chemical-free cleaning products are being abandoned by consumers. But it seems this is not the full story. Todaye is Australia's largest provider of ecologically sustainable products through its two Sydney stores plus its online business. While it may not be business as usual during the financial crisis, CEO Danin Kahn says some interesting patterns are emerging.**

"There's no question spending in retail is down," he says. "We are seeing that in certain areas of the business. There is a slight slowdown on things such as shoes, which may not show a real financial payback. But we haven't seen a slowdown on items such as lighting, solar

and energy-saving products, where people get a fairly good financial return. If anything, it's picked up."

In Todaye's business, there are even segments where sales aren't just good, but great. "We are having record sales on our energy-saving products, energy meters, electricity monitors, power-saving devices and standby eliminators," Danin adds. "In the first quarter of 2009, we saw a far greater amount of discretionary spend on items that have a direct impact on our carbon footprint and on customers' wallets."

While Danin says their business began with hardcore greenies before the general public became interested in about 2006, he believes the psychology of a recession can work to reinforce people's green ethic.

"It's said that values shift in episodes such as wars or depressions and it's something we've already



noticed through our stores and from online customers' comments," he says. "They are saying: 'Things are tight and it's a stress, but this stuff is important and it's a strong value of mine to take responsibility for the environment.' It is encouraging to see people still think it's important. That's the reason we are still in business."

Ecostore founder, Malcolm Rands, agrees values are playing a bigger part in consumers' decision-making processes. "We are seeing people looking carefully at their spending and making values-driven decisions on what is important in their purchasing and what they can



**IT'S NO ACCIDENT THAT THE GREEN PRODUCTS SUCCEEDING NOW ARE THE ONES THAT SAVE YOU MONEY. SALES OF TODAYE'S GREEN LIGHTING SOLUTIONS ARE BOOMING AND SO ARE THEIR MANY PRODUCTS THAT OFFER INNOVATIVE WAYS TO MOVE AWAY FROM EXPENSIVE ITEMS SUCH AS BATTERIES.**

**Clockwise from left:** Energy-saving light globes are seeing record take-up rates; non-fossil-fuel-burning energy sources are the investment products of the future; sales of green products for the home are booming.





give up," he says. "Most Ecostore customers have decided they don't want to change back to the petrochemical alternatives and are, in fact, recommending us to friends and family."

As with *Todae*, Ecostore began as a business depending on the purchasing power of committed greenies, but on the strength of products such as its laundry powder being a best-seller in New Zealand, it eventually gained distribution through Australia's major supermarkets, surely a sign that green isn't leaving the mainstream any time soon.

"We are still experiencing almost 100 per cent growth across Australia and New Zealand after 17 years in the business," Malcolm says. "Woolworths picked up 14 new products from us in the past 12 months, so we're confident the trend is going to continue."

It's no accident that the green products succeeding now are the ones that save you money. Sales of *Todae's* green lighting solutions are booming and so are their many products that offer innovative ways to move away from expensive items such as batteries. Ecostore has always emphasised their cleaning products are concentrated, which makes the bottom line more attractive for consumers. But, mostly, Malcolm Rands is happy that the multinationals are being forced

to be more honest with their claims.

"The concentration issue has changed radically in the past year," he says. "Multinationals have been forced to stop playing the old game of watering down their product to fool consumers into thinking they are getting a bargain. Ecostore has never done this in its entire history, as it means more packaging, more transport costs and more waste. It's completely against our ethos."

### ON THE ROAD

**It's no secret that sales of new cars have tumbled in the past 12 months. But in terms of saving a few bucks on transport while doing the planet a favour, there is a range of easy solutions that don't involve buying a hybrid car such as a Prius.**

Many car drivers shudder at the thought of dealing with public transport, but they've shown that if the incentive is great enough they will do it in droves. When petrol prices went up, public transport use leapt significantly. While it's too soon to detect any national trend as to whether people are jumping on public transport to ease their general financial woes (or, if they are, it's not absolutely certain they'll keep doing it once things turn around), there is some evidence from car share companies that the crisis may be inadvertently encouraging greener transport choices.

"We are still experiencing 50 to 70 per cent year-on-year growth, especially from businesses who want to trim taxi costs or downsize their internal fleet," says Nick Lowe from Go Get, Australia's first car share company. "Overall, we think the financial crisis is giving our business a significant boost."

On two wheels, change is also in the air. While Australia does not have the same culture of scooter use as, say, Italy, motorised scooters have become increasingly popular in urban areas in the past few years. "The industry grew really healthily from 2005 to 2008," says Holly Black from the Australian Scooter Federation. "This financial year, sales of new scooters have dropped off, but for the same reasons as everything else."

As with public transport providers, scooter retailers experienced a boom when petrol prices skyrocketed: "When petrol prices went through the roof, about the time of Hurricane Katrina, it tripled our scooter sales," she adds.

For those in the right situation, scooters are an attractive financial option: parking is often free and filling the tank of a 50cc scooter is usually about \$5. They're also a greener choice than a car. A member

**Above:** While there are a few green cars on the market, there are transport options that don't have to involve the expense of buying a hybrid car: public transport, a motorised scooter and car share schemes are just some. **Below:** Before reaching for the car keys, think about alternative ways to get yourself there.

**WE ARE STILL EXPERIENCING 50 TO 70 PER CENT YEAR-ON-YEAR GROWTH, ESPECIALLY FROM BUSINESSES WHO WANT TO TRIM TAXI COSTS OR DOWNSIZE THEIR INTERNAL FLEET. OVERALL, WE THINK THE FINANCIAL CRISIS IS HELPING OUR BUSINESS. — NICK LOWE FROM GO GET, AUSTRALIA'S FIRST CAR SHARE COMPANY**



of the Australian Scooter Federation recently calculated the annual greenhouse emissions from a scooter at about 343kg, versus the 4.3 tonnes emitted by the average car (according to Green Fleet).

"A lot of people see scooters as a great alternative to a car in terms of their footprint on the road, fuel usage and parking. Scooters point in the right direction," Holly says.

One of the easiest ways to cut your transport costs is to look at the options available for getting around on a case-by-case basis, rather than mindlessly jumping in your car every time you need to go somewhere.

In a city, using public transport is usually far cheaper once you factor in the cost of parking, tolls and petrol (to say nothing of the wear and tear and maintenance costs of owning a vehicle) and, while there are legitimate complaints about the functionality of public transport in many Australian cities, incorporating more public transport usage into your transport mix can make a big difference both financially and environmentally. When you *are* driving, try to combine trips by grouping chores together. Not only will this save petrol and greenhouse emissions, it will actually save you time.

## IT'S ALL IN THE TIMING

Many of those interviewed for this article mentioned that installation of solar hot water or insulation is booming, despite the economic downturn. "We thought spending \$10,000 on solar panels would be one of the first segments of our business to go," says Todae's Danin Kahn. "But that part of the industry as a whole is really doing well."

No doubt, the large government rebates on these items (which differ slightly from state to state) are driving the boom, making them attractive for those in a financial position now to save money down the track.

"The subsidies are making them relatively inexpensive and, as energy costs increase, people see the payback time on these items reduce," adds James Thier. "There are people who say, 'I can't afford it now' but others who say, 'If I afford it now, in three, five or 10 years I will be better off.'"

For those working with smaller budgets, it's heartening to remember that some important sustainable acts make excellent financial sense. "With individuals, the first change in a recession is that people begin to monitor their bills more closely," says Doctor Michele John, Director of Curtin University's Centre of Excellence in



**Above:** With electricity costs rising and petrol costs always threatening to, the less sustainable lifestyle choices will be the ones to empty our wallets.

**Below:** Installing solar panels will attract government rebates and be a long-term money saver.

Cleaner Production. "Consumers buy less, so we put less in our bins and waste declines."

While he agrees it is possible that choices such as green power could suffer (because it costs more), the green mindset could win out in the end. "People might turn off the lights more readily," he says. "They're doing it to save electricity. But pulling back on consumption and use of energy overall is a good thing."

## USEFUL WEBSITES

[www.todae.com.au](http://www.todae.com.au) — sustainable products galore  
[www.ecostore.co.nz](http://www.ecostore.co.nz) — the real deal in green home products  
[www.greenfleet.com.au](http://www.greenfleet.com.au) — greener transport  
[www.austethical.com.au](http://www.austethical.com.au) — sustainable investment choices  
[www.greenpower.gov.au](http://www.greenpower.gov.au) — join the 877,000 Australian homes choosing green energy  
[www.easybeinggreen.com.au](http://www.easybeinggreen.com.au) — solar hot water in NSW & Vic

## GOVERNMENT REBATES

Between February and May 2009, more than 14,000 applications had been received nationally for the \$1600 solar hot water rebate, part of a \$3.9 billion federal package to improve the energy rating of Australian homes. Ceiling insulation rebates of \$1600 are being offered to home owners and \$1000 to landlords for their rental properties to help householders cut home energy use. More information at [www.environment.gov.au/energyefficiency](http://www.environment.gov.au/energyefficiency).

