



Capraro Consulting Pty Ltd
is a CPA Practice
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ECO-ANXIETY: WHAT IT IS AND HOW ACCOUNTANTS CAN HELP

The devastation of the 2019-20 bushfire season and other climate events have left many of us feeling worried and even depressed about what we can do about climate change. The term “eco-anxiety” has been coined to describe this feeling of ecological dread.

Mental health studies from Australia and other countries show there has been a surge in people reporting anxiety about the climate in recent times.

Support for climate action is building in the corporate sector, but is it happening fast enough? Can we transform our eco-anxiety into action that moves the dial? What role does the accountancy profession have to play in all of this?

Shifting from challenge to opportunity

Ellie Mulholland, director of the non-profit Commonwealth Climate and Law Initiative and a senior associate in the climate risk governance team at commercial law firm Minter Ellison, says corporate professionals such as accountants have a significant role to play in mitigating climate change and creating a more sustainable future for the planet.

“Today doesn't look like the past and the next decade will look vastly different to today. The risks and opportunities are different, and we need to think afresh about how we're assessing it to make sure capital is allocated to meet the global goals we've set to transition to a sustainable economy.”

Fundamental to this work, Mulholland says, are the corporate finance & governance professionals who can integrate the larger concerns of climate change into new ways of looking at the economy and operating successful enterprises.

“We need to integrate these really transformational concepts that are coming out of climate science into our roles as professionals, as investors, as financial regulators, and we need to do it well,” she says.

Mulholland says the acknowledgement of eco-anxiety is something that can fuel this transition to a new economy, both from individuals within corporations who feel empowered to drive change as well as from external stakeholders, like investors, who can apply pressure to make change happen.

She says it is crucial people don't fall into despondency and inertia about climate change. Instead, they need to look for opportunities within their roles where they can have a positive influence on the outcomes.

Increased support for climate initiatives

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) released guidelines on climate-related financial disclosures. Since then, this framework has received ever greater support from companies globally.

In October 2020, the latest TCFD report found that:

- 42% of companies with a market capitalisation greater than US\$10 billion disclosed at least some information in line with each TCFD recommendation in 2019.
- Nearly 60% of the world's 100 largest public companies support the TCFD, report in line with the TCFD recommendations, or both.
- Expert users of disclosure identified the impact of climate change on a company's business and strategy as the “most useful” information for financial decision-making. Notably, this information has the lowest level of disclosure across the recommendations, with just 1 in 15 companies making this disclosure.
- The continually growing support for accountability frameworks such as the TCFD guidelines is a reflection of the broader support climate initiatives have enjoyed in recent years.

It's in this sphere that professionals are playing a pivotal role in reframing discourse and implementing practical improvements to tasks like corporate reporting.

Professional response to climate initiatives

CPA Australia has taken a strong stance on climate action and the organisation was one of 14 signatory bodies to *Accounting for Sustainability's Call to Action in Response to Climate Change* accord statement. That pledge and other initiatives show the profession is taking the climate challenge seriously.

CPA Australia policy adviser ESG, Dr John Purcell says enacting change at a practical level involves rethinking some foundational finance concepts around risk, wealth and asset management.

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"Change is threatening. Change undermines your expectations about your future and your future security. If you put that into a corporate context, you might have to ask, 'will my business be able to adapt to a new world which is complex and threatening?' To turn that around, you have to be able to see that this also presents a significant economic opportunity, not just a challenge to your business.

"The view is we have only a decade to address runaway global warming, and when we tie that to its interaction with ecosystem damage and biodiversity loss, no wonder we have the phenomenon of eco-anxiety.

"These may seem to be large, esoteric issues which are remote to what accountants do and think, but these are issues that are moving very rapidly at the moment."

Change makers

The climate threat may seem overwhelming at times. Eco-anxiety is one of our psychological responses to this external threat to our wellbeing. Using technical skills and professional insights, accountants can play a key role in tackling climate change by identifying risks, quantifying costs and mapping out a more sustainable future.

In the process, at both an individual and corporate level, the psychological dial is shifted from despondency to hope.

Extract - Engel Schmidl; CPA In the Black (January 2021)

ATO DATA-MATCHING

The ATO is more resourceful when it comes to identifying those 'driving' the cash economy!

The ATO has gazetted a Notice of a data-matching program – Motor vehicle registrations 2019-20 to 2021-22, which will enable it to acquire motor vehicle registry data from State and Territory motor vehicle registry authorities for this period. The ATO estimates records relating to approximately 1.5 million individuals will be obtained each financial year. Information the records will identify includes:

- a vehicle has been transferred or newly registered during the 2019–20 to 2021–22 financial years, and
- the purchase price or market value is equal to or greater than \$10,000.

A document describing this program is available at ato.gov.au/dmprotocols which also notes other data

matching collection programs, including Cryptocurrency trading, real estate transactions, life-style assets and online selling.

FINANCIAL PLANNING

We have an association with Mia Taylor and Kathryn Fitch-Daniels from Evalesco (part of the Australian Advice Network) whom can assist with all your financial planning needs.

They provide a more personal services and empower Clients not only in terms of wealth strategies, but are also mindful we also need healthy and happy lives. Feel free to contact our office to arrange an initial appointment.

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FINANCE, MORTGAGES & LOANS

With current low levels of interest rates, now is a good time to refresh your mortgage and arrange a health check on all existing loans. Ensure you're saving with your loan by talking to our recommended broker.

No Fuss Home Loans strive to simplify the home loan process. They listen to your needs and offer sound and friendly advice. No Fuss Home Loans will provide you with a FREE report outlining relevant lenders and products to suit your situation. There is no obligation to commit and there are no fees payable by you for our service. Contact our office or Kathy direct.

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IMPORTANT UPCOMING DATES

- Business January 2021 monthly declaration for JobKeeper claim due by 14 February 2021
- January 2021 monthly IAS/BAS due 22 Feb 2021
- December 2020 BAS due 2 March 2021

*"I remind myself every morning:
Nothing I say this day will teach me anything.
So if I'm going to learn, I must do it
by listening."*

— Larry King

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