Chapter 2
Benefits, opportunities and costs for Australia

2.1 Australia adopted the 2030 Agenda in 2015 along with the other UN member states. This chapter first summarises the evidence received about how the SDGs align with Australian values and then presents the evidence on the potential benefits of fully implementing the SDGs in Australia, including ensuring no one would be 'left behind' or miss out on social, environmental and economic developments. The committee heard that other possible benefits include greater scope for domestic policy planning, coherence, accountability and cross-sector collaboration. Submissions also identified that domestic implementation could enhance Australia's international reputation, and create a range of business opportunities. Some suggested that the possible costs may include the financial costs of implementation, risks to unsustainable businesses, increased reporting requirements and concerns regarding Australia's sovereignty.

Alignment with Australian values

2.2 The Australian Government and civil society contributed to the development of the SDGs, including supporting the inclusion of gender equality as a separate goal. Submissions agreed that the SDGs are aligned with Australian values and overlap with activities that are already being undertaken domestically. For example, the International Women's Development Agency (IWDA) suggested that the 'core message of the SDGs aligns with established values of the Australian community' including cooperation, a fair go, being a good neighbour and gender equality. The United Nations Association of Australia (UNAA) stated that Australia's commitment to achieving the SDGs:

…is a demonstration of our true national values. Only the branding name of the SDGs is new for Australia. All 17 SDGs, and many of their 169 targets, relate to issues on which Australian governments and organisations are already working.

2.3 In a 2018 speech, Senator the Hon Concetta Fierravanti-Wells, then Minister for International Development and the Pacific, reiterated that 'because the SDGs are so consistent with our national values, many of the priorities we are pursuing form part and parcel of the Australian Government's agenda both here and abroad'. Mr Chris Tinning, First Assistant Secretary, Department of Foreign Affairs and Trade (DFAT), said that 'the SDGs are not new in terms of the substance: we have done health,
education and agriculture for a long time’. These views were repeated in Australia's first voluntary national review (VNR), which highlighted:

The SDGs reflect things that Australians value highly and seek to protect, like a clean and safe environment, access to opportunity and services, human rights, strong and accessible institutions, inclusive economies, diverse and supportive communities and our Aboriginal and Torres Strait Islander cultures and heritage. Our support for political, economic, social and religious freedoms is underpinned by our commitment to promote liberal democracy, the rule of law and the rules-based international order.

2.4 It further stated that the SDGs:

…are consistent with Australian Government priorities and long-standing efforts across a range of sectors such as health, education, agriculture, water, the environment, the economy, and gender equality. Likewise, the Addis Ababa Action Agenda's emphasis on issues like domestic resource mobilisation, trade as an engine for growth, and the importance of investment in infrastructure and public services are in line with Australia's approach to driving growth and prosperity at home and abroad.

2.5 Some non-government submissions also noted examples of alignment, such as Oxfam Australia, which stated:

There are a number of areas where Australia's domestic policies and international aid program[s] are already delivering great impact against the SDG, such as in promoting gender equality (including reducing violence against woman and girls); disability inclusion; disaster preparedness and resilience; leadership (including Aboriginal and Torres Strait Islander women), governance and accountability; water and sanitation; and responding to humanitarian crises.

2.6 Some submissions also identified linkages between the 2030 Agenda and issues of importance for Indigenous peoples. The National Congress of Australia's First Peoples identified several examples of Indigenous peoples contributing to the SDGs internationally and in Australia, including the Kimberley Land Council, which is described as an exciting example of first peoples' environmental protection.

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6 Committee Hansard, 24 August 2018, p. 17.
7 Report on the Implementation of the Sustainable Development Goals, 2018, p. 6, [original emphasis removed].
8 Report on the Implementation of the SDGs, 2018, p. 6, [original emphasis removed].
9 Submission 18, p. 4.
10 National Congress of Australia's First Peoples, answer to question on notice, 7 December 2018 (received 20 December 2018), [p. 2]; Aunty Ruby Sims and Ms Donnell Davis, Submission 153.
11 National Congress of Australia's First Peoples, answer to question on notice, 7 December 2018 (received 20 December 2018), [p. 2].
Potential benefits

No one left behind

2.7 A key aspect of the 2030 Agenda is the pledge 'that no one will be left behind'. Many submissions agreed that a benefit of implementing the SDGs in Australia would be an improvement in the understanding, inclusion and responses to people and groups identified as disadvantaged in our community. For example, the Australian Human Rights Commission (AHRC) stated:

The SDGs provide a significant opportunity for government, business and civil society to align their efforts to achieve better human rights outcomes for all Australians. This includes by focusing on measures to address existing inequalities in Australia—be they on the basis of gender, race, indigenous status, geographical location or other status.

2.8 The Australian Council for International Development (ACFID) warned 'progress on the SDGs is not uniform across Australian society, and without corrective action we will fail on the SDGs' core principle of leaving no one behind'. It argued:

To achieve the SDGs' vision of ending poverty and injustice for all, we need to accelerate efforts to reach those who are hardest to reach – such as people with disabilities or indigenous populations, for example – and those with intersecting forms of disadvantage.

Aboriginal and Torres Strait Islander peoples

2.9 Australia's first VNR stated that though 'there is no SDG specific to indigenous peoples, all 17 SDGs are significant for Aboriginal and Torres Strait Islander peoples'. The City of Melbourne identified that 'Indigenous peoples globally are most affected by lack of progress on the SDGs'. The Sustainable Development Solutions Network (SDSN) Youth Australia/Pacific suggested that implementing the SDGs relating to good health and well-being, quality education, reducing inequalities and peace, justice and strong institutions could be of particular importance for young Indigenous Australians.

People with disability

2.10 Some submissions highlighted that people with disability can also benefit from the implementation of the SDGs. For example, Children and Young People with Disability Australia and Disabled People's Organisations Australia noted:

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12 UN, Transforming our world: the 2030 Agenda for Sustainable Development—Resolution 70/1.
13 Submission 138, p. 7.
14 Submission 135, p. 7.
15 ACFID, Submission 135, p. 11.
17 City of Melbourne, Submission 68, p. 3.
18 Submission 141, pp. 4–7.
People with disability are explicitly referred to in the targets of seven of the SDGs and all 17 goals are of relevance. For the majority of the SDGs, people with disability are disproportionately affected by the disadvantage that the goals aim to eliminate including poverty, poor health outcomes and less access to education.19

2.11 CBM Australia stated:

Although Australia's political leadership has shifted over the past decade, its political commitment to disability-inclusive development has been unwavering….This legacy should continue to spur action in solidarity with people with disabilities over the life of the SDGs.20

Young people

2.12 A number of submissions also emphasised that implementing the SDGs could have particular benefits for young people. SDSN Youth Australia/Pacific identified how implementation of the SDGs can benefit young people by addressing issues including:

- poverty, hunger and employment (Goals 1, 2, 8)
- access to quality education (Goal 4)
- gender and social inequalities (Goals 5 and 10)
- energy affordability and economic growth (Goals 7 and 8).21

2.13 Mr Clinton Moore, former Local Pathways Fellow and current Vice-President, Eastern Regional Organisation for Planning and Human Settlements (EAROPH) Australia, explained that the domestic implementation of the SDGs can empower 'young people to develop a greater sense of ownership and change within their communities and across the country'. 22 This aligns with the 2030 Agenda, which described children and young people as 'critical agents of change' who 'will find in the new Goals a platform to channel their infinite capacities for activism into the creation of a better world'.23

Overarching benefits

2.14 The 2030 Agenda sets out a vision of sustainable development that includes an end to 'poverty, hunger, disease and want'; 'universal respect for human rights and human dignity'; and 'sustained, inclusive and sustainable economic growth and decent work for all'.24 Forrest Primary School student Miles Maguire reflected:

20 Submission 93, p. 9.
21 Submission 141, pp. 4–7.
22 Submission 78, p. 4.
23 UN, Transforming our world, p. 12.
24 Transforming our world, pp. 3–4.
The SDGs are hope. They are a shining beacon for a world with more equality, less poverty and a healthier environment. The SDGs have made us realise we are not helpless.\textsuperscript{25}

2.15 The majority of submissions agreed that implementing the SDGs in Australia would bring broad benefits. World Vision Australia stated it will make Australia ‘more prosperous, fair and sustainable’.\textsuperscript{26} UNAA elaborated:

Realising the SDGs by developing and implementing policies and programs to tackle inequality, injustice, climate change and boosting resilience to natural disasters contributes to Australia’s economic prosperity, stability, accountability and sustainability…In addition to providing sustainable solutions for the future, the SDGs also address climactic threats…\textsuperscript{27}

2.16 The Australian Meteorological and Oceanographic Society agreed:

Benefits around participating in a global response to the SDGs in mitigating and avoiding dangerous levels of climate change to reduce Australia’s vulnerability to higher possible increases in extreme weather in the future would be of extreme benefit to Australia.\textsuperscript{28}

2.17 Sustainability consultants One Stone Advisors also argued that implementing the SDGs would have direct benefits for Australians ‘in the form of costs avoided, wellbeing and prosperity’, and suggested:

Investing in the goals is investing in prosperity, wellbeing, and sustainability for all Australians—it is about putting the long-term common good above short-term gains and vocal interest groups in return for social cohesion (e.g. reduced inequalities), intergenerational equity, future economic growth, and better management of issues (e.g. in line with UN Sendai agreement [for Disaster Risk Reduction]) that can undermine these.\textsuperscript{29}

2.18 Some submissions estimated how achieving particular goals and targets could benefit Australia more specifically, such as target 3.6 in relation to road safety:

Achieving the SDG target in Australia by 2020 would have saved more than 600 lives a year, reduce more than 20,000 personal injuries that include brain injury, quadriplegia and limb fractures and save an estimated $15 billion annually in financial and economic costs to the health, social welfare, corporate and insurance sectors on top of the personal impact to families and friends.\textsuperscript{30}

\textsuperscript{25} Submission 163, p. 8. See also Committee Hansard, 26 November 2018, p. 2.

\textsuperscript{26} Submission 25, p. 10.

\textsuperscript{27} Submission 47, p. 4.

\textsuperscript{28} Submission 80, [p. 1].

\textsuperscript{29} Submission 90, pp. 3–4.

\textsuperscript{30} Australasian College of Road Safety, Submission 160, p. 3.
Long term national planning

2.19 A number of submissions highlighted how Australia can improve decision-making by adopting the SDGs as a framework for long-term planning. For example, Mr Cameron Allen, Professor Graciela Metternicht and Associate Professor Thomas Wiedmann argued that 'there is very little long-term planning for the implementation of sustainable development in Australia', and Australia:

…lacks a national vision or long-term strategy document, as is the case in many other countries. Limited effort has been made to stimulate a cross-sectoral, national dialogue on where Australia is heading, and where we want to be as a country by 2030 or 2050…Regular coverage and analysis of Australia's progress is dominated by discourse on a small set of economic indicators such as growth in gross domestic product and unemployment and inflation figures, and the daily movement of financial markets, rather than the quality of life, wellbeing and living standards of Australians.31

2.20 They suggested that the SDGs could address some of these issues and 'present a considerable opportunity for advancing Australia's agenda for sustainable growth at the domestic level'.32 Mr Allen added that the SDGs are:

…really about focusing resources where they're most needed to address the real priorities that are there for Australia—they could be economic, environmental or social. It's really a framework about allocating resources more effectively in areas that are a greater priority for the country, or the world, rather than becoming a burden.33

2.21 The Monash Sustainable Development Institute (MSDI) similarly suggested that the SDGs:

…provide a process for decision-making that explicitly references economic, social, environmental and governance factors. This can help improve the decision making process by broadening the scope of issues that decision makers reference and expanding the range of options that they consider. They can also assist policy makers to focus on longer-term issues that go beyond short term political and business cycles.34

2.22 Professor John Thwaites, Chair of MSDI, told the committee that the SDGs:

…are a great opportunity for government, business and Australia to set some midterm goals and to have a common vision that we can work towards across the country and across the political divide, because both parties have committed to this.35

31 Submission 17, p. 3.
32 Submission 17, p. 3.
33 Committee Hansard, 2 November 2018, p. 10.
34 Submission 121, [p. 3].
35 Committee Hansard, 29 October 2018, p. 8.
Domestic policy coherence

2.23 Many submissions shared the view that adopting the SDGs as a planning tool would be useful for ensuring policy consistency not only over time but also between different policy domains. 36 For example, SDSN Australia/Pacific described the SDGs as a framework for 'helping us understand and address the interlinkages between the social, environmental and economic dimensions of the challenges facing us'. 37 CSIRO agreed that a major purpose of the SDGs is 'to obtain better policy coherence among the achievement of the many diverse aspects of global sustainability and human wellbeing'. 38 It outlined how the SDGs are interconnected, stating:

Interactions among the SDGs are likely to be non-linear but may be positive (i.e. synergies) or negative (i.e. trade-offs) (e.g. Schmidt et al. 2017). How to assess and manage these cumulative impacts, within and between industry sectors, remains a major gap, both technically and also from a governance perspective. In essence, understanding synergies holds out the prospect of accelerating delivery and achieving global outcomes at a significantly lower cost through thoughtful coordination of otherwise fragmented action, and identifying trade-offs potentially enables conflicts among goals to be managed before they become institutionalised. 39

2.24 ACFID noted that:

Governance mechanisms for the SDGs should be carefully designed to enable greater policy coherence across different departments and levels of government. Given the interconnected nature of the 17 goals, lack of progress in one area has the potential to undermine the whole. Implementing the 2030 Agenda will entail breaking down traditional silos for more cross-sectoral decision-making solutions. The adoption of the 2030 Agenda can be a catalyst for a renewed effort to promote policy coherence. The SDGs provide a common framework against which to test policies from different areas of government, to ensure efforts made in one area are not undermined by another. 40

2.25 It identified examples of current policy inconsistency, asserting that:

…the Australian Government's new defence export strategy demonstrates the potential for disconnect between policies from different areas of government. The strategy starkly contradicts the Foreign Minister's and

36 Mr Allen, Professor Metternicht and Associate Professor Wiedmann, Submission 17, pp. 3–4.
37 Submission 55, p. 3. See also Ms Alice Ridge, Acting Director of Policy and Advocacy, ACFID, Committee Hansard, 24 August 2018, p. 52.
38 Submission 85, p. 5.
40 Submission 135, p. 7. See also Centre for Policy Development (CPD), Submission 129, [pp. 2, 7]; Mr Lachlan Hunter, National Executive Director of UNAA, Committee Hansard, 24 August 2018, p. 6.
Defence Minister's declarations of support for the Women, Peace and Security agenda, which urge international actors to consider the gendered differences inherent in conflict when developing peacebuilding solutions.41

2.26 Fairtrade Australia and New Zealand raised the issue of policy coherence across trade agreements and anti-poverty efforts, suggesting that:

Australia should approach and negotiate all regional trade agreements in line with the SDGs framework to achieve policy coherence, and enable proposed agreements to achieve maximum benefit and minimum harm for developing country producers.42

2.27 The recent Organisation for Economic Co-operation and Development (OECD) review of Australian aid found a lack of convergence between the 2030 Agenda and Australia's development objectives and 'a range of policy positions related to finance, environment and security'.43 The review identified examples of policy coherence issues, including the high cost of sending remittances, 'tax breaks to the coal industry', coal exports, and the commitment to increase weapons exports.44

2.28 Some submissions, such as the City of Sydney, also suggested that the SDGs can improve consistency between the policies of federal, state, territory and local governments.45 It identified 'an extraordinary opportunity arising from the framework provided by the SDG to ensure policy alignment across all levels of government, particularly when it includes the adoption of ambitious but yet achievable targets'.46

2.29 Some submissions identified international examples, for example:

Denmark, Sweden and the Netherlands have successfully established institutional mechanisms to ensure policy coherence for development. In Sweden, the government produces a regular report on policy coherence which is scrutinised by a civil society platform. The experience suggests that regular government reporting, combined with strong civil society accountability mechanisms are crucial for effective policy coherence.47

Accountability

2.30 The committee heard that the SDGs 'provide a powerful tool for assessing Australia's progress across a comprehensive range of objectives and benchmarks that are important for a modern, sustainable society'.48 Despite the many goals, targets and indicators associated with the SDGs, the Department of the Environment and Energy

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41 Submission 135, pp. 7–8
42 Submission 63, [p. 3].
44 OECD, OECD Development Co-operation Peer Reviews: Australia 2018, p. 31.
45 Submission 54, p. 5.
46 Submission 54, p. 6.
47 Fairtrade Australia and New Zealand, Submission 63, [p. 2].
48 Mr Allen, Professor Metternicht and Associate Professor Wiedmann, Submission 17, p. 3.
(DoEE) noted that the 2030 Agenda provides 'a much simpler framework to track and benchmark national performance against core sustainable development issues' compared to some previous sustainability frameworks.  

2.31 Other submissions agreed that the SDGs and associated targets and indicators provide a framework for 'focussing action by providing a transparent and accountable way to track progress and identify and highlight areas [where] we are not performing well'. The City of Sydney reiterated that 'the setting of ambitious yet attainable targets is crucial to achieving outcomes', and noted that '[c]omparative performance assessment also becomes possible between cities and countries when an internationally agreed framework is in place', such as the SDGs.

Cross-sectoral approach to sustainable development

2.32 According to Monash University, numerous studies have suggested that 'Australia performs very poorly on measures of collaboration between the business, community, academia and government sectors'. The committee heard that the SDGs were developed through 'a very consultative process, including business' and 'have incredible buy-in around the world'.

2.33 Many submissions shared the view that implementing the SDGs domestically would have the benefit of mobilising different sectors to contribute to sustainable development consistently and collaboratively. The University of Sydney noted:

> The SDGs provide a unique opportunity to take an interdisciplinary, cross-sector approach to solving big complex challenges, such as poverty eradication, gender inequality, food and nutrition insecurity, disease outbreaks, natural resources management and environmental degradation.

2.34 SDSN Australia/Pacific described the SDGs as:

> ...a huge opportunity to mobilise new attention, partnerships and actions to address these often intractable issues…the SDGs provide a common vision that is supported by all world governments and also resonates with and inspires people across different countries and sectors.

2.35 Australia's first VNR observed that the SDGs 'present a new lens through which organisations can approach their strategic planning, projects, programs and a

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49 Submission 115, p. 5.
50 SDSN Australia/Pacific, Submission 55, p. 3. See also MSDI, Submission 121, [p. 3].
51 Submission 54, p. 6.
52 Submission 120, p. 3. They referred to the Department of Industry, Innovation and Science Australia, Australia 2030: Prosperity through Innovation, 2018.
53 Ms Andrea Spencer-Cooke, Partner at One Stone Advisors, Committee Hansard, 2 November 2018, p. 1.
54 Submission 52, p. 4.
55 Submission 55, pp. 2–3. See also Responsible Investment Association Australasia (RIAA), Submission 131, [p. 1]; Monash Sustainable Development Institute, Submission 121, [p. 4].
recognisable global platform to guide collaboration with others.\textsuperscript{56} The Global Compact Network Australia (GCNA) similarly stated that the SDGs:

\begin{quote}
...provide a simple, yet comprehensive framework to communicate significant global issues that must be addressed, and they provide a catalyst for society and business to start to evaluate the costs and benefits associated with their implementation.\textsuperscript{57}
\end{quote}

2.36 Mr Moore, former Local Pathways Fellow and current Vice-President of EAROPH Australia, also highlighted the value of the SDGs in 'developing a common language, framework, and understanding of sustainable development across tiers of government, civil society, business, and the broader community'.\textsuperscript{58}

\textit{International relations and reputational benefits}

2.37 The internationally-agreed SDGs will be 'a global reference point from here till 2030'.\textsuperscript{59} Professor Rod Glover noted that Australia’s performance against the SDGs is going to be the subject of international conversations throughout this period.\textsuperscript{60} The committee heard implementing the SDGs in Australia could improve its relationships with other nations. For example, UnitingCare Australia argued that in honouring its commitment to the SDGs, Australia 'strengthens its credentials as an international citizen, and models behaviour that produces global benefits—respect for an international, rules-based system'.\textsuperscript{61} One Stone Advisors similarly noted '[b]eing an SDG leader and role model has positive geopolitical knock-on effects for stability and cooperation in the Pacific region'.\textsuperscript{62}

2.38 The Institute for Human Security and Social Change at La Trobe University suggested that another benefit of domestic implementation is that it encourages regional consistency and consideration of how Australia's 'domestic policies impact on the ability of other countries to achieve the SDGs, and vice-versa'.\textsuperscript{63} For example:

\begin{quote}
...how issues of immigration, refugee and indigenous rights, trade treaties and climate change are treated domestically effect in important ways the soft power, legitimacy and influence Australia takes into its international relations and its voice in fora such as ASEAN and the United Nations.\textsuperscript{64}
\end{quote}

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\textsuperscript{57} \textit{Submission 130}, [p. 4]. \\
\textsuperscript{58} \textit{Submission 78}, p. 4. \\
\textsuperscript{59} Professor Rod Glover, \textit{Committee Hansard}, 29 October 2018, p. 15. \\
\textsuperscript{60} \textit{Committee Hansard}, 29 October 2018, p. 15. \\
\textsuperscript{61} \textit{Submission 94}, p. 1. \\
\textsuperscript{62} \textit{Submission 90}, p. 1. \\
\textsuperscript{63} \textit{Submission 77}, p. 2. \\
\textsuperscript{64} \textit{Submission 77}, p. 2.
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2.39 Strategic Sustainability Consultants cautioned that not adhering to the SDGs 'may damage our reputation internationally and strain our relationships with both our neighbours and our allies'.

UNAA argued:

If Australia wishes to remain prosperous, advance the rules-based international order and maintain its soft power as a good international citizen, we will need to demonstrate a more serious commitment to the SDGs than at present.

2.40 It warned:

...Australia's commitment and leadership will not be taken seriously if it cannot demonstrate its international commitments domestically. In recent years Australia has been criticised for its failure to adhere domestically to some international norms, and Australia's decline since 2015 in meeting the SDGs brings into question its commitment to achievement domestically.

2.41 Geoscience Australia also indicated that engagement with the SDGs as a shared global approach can ensure that Australia's data collection and reporting methods remain technically in-step with international approaches and best practice.

2.42 This section has outlined evidence received on the possible benefits of the SDGs, including sustainable development, policy coherence and reputational benefits. The committee also received a substantial amount of evidence on the possible benefits of the SDGs to business, summarised in the following section.

**Potential business opportunities**

2.43 Australia's first VNR stated that achieving the SDGs 'is in Australia's interests: it will contribute to lasting regional and global prosperity, productivity and stability'. Many submissions identified economic benefits and possible business opportunities related to the SDGs, such as the Australian Council of Superannuation Investors, which considered that:

The implementation of the SDGs represents an opportunity to create long-term value by encouraging sustainable economic growth, and provides Australian investors with a framework for assessing investment risk and opportunity.

2.44 The 2015 SDG Compass is an international, 'step-by-step guide for businesses to align their strategies with the SDGs and measure and manage their impacts'. The

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65 Submission 50, p. 2.
66 Submission 47, p. 4.
67 Submission 47, p. 4.
68 Submission 74, [p. 10].
70 Submission 92, [p. 1].
71 Business Council for Sustainable Development Australia (BCSDA) formerly Sustainable Business Australia, Submission 48, [pp. 2–3].
following sections list possible benefits to businesses as identified in the SDG Compass report and submissions to this inquiry.

**Identifying future business opportunities**

2.45 The SDG Compass report stated:

The SDGs aim to redirect global public and private investment flows towards the challenges they represent. In doing so they define growing markets for companies that can deliver innovative solutions and transformative change.\(^{72}\)

2.46 A number of submissions also argued that the SDGs open up new market opportunities, domestic and international collaboration and trade.\(^{73}\) Professor Glover suggested that the SDGs promote a different way of thinking and encourage entities to take a broader view 'that is helping businesses and organisations in their strategy planning'.\(^{74}\) He noted that the 'longer term perspective of the Sustainable Development Goals enables businesses and organisations to see possibilities that might not be there from a shorter term lens'.\(^{75}\)

2.47 The Centre for Policy Development (CPD) described potential opportunities related to the SDGs:

The massive investment gaps that need to be filled to deliver the SDGs are well known, and the funds being mobilised in this effort—while well short of what is needed to achieve the goals—are already creating significant momentum and opportunities...The SDGs have a vital role to play in this context, for example by helping to provide market clarity on sustainability standards and by underpinning specific innovations like SDG-linked bonds.\(^{76}\)

2.48 Responsible Investment Association Australasia (RIAA) described the SDGs as a 'compass pointing to new market opportunities worth trillions of dollars'.\(^{77}\) Many submissions cited the Business and Sustainable Development Commission report's estimation that achieving the SDGs opens up $12 trillion of opportunity from food, cities, energy and health sectors.\(^{78}\) That report further noted:

The total economic prize from implementing the Global Goals could be 2–3 times bigger, assuming that the benefits are captured across the whole

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\(^{72}\) Global Reporting Initiative (GRI), the UN Global Compact and the World Business Council for Sustainable Development (WBCSD), *SDG Compass: The guide for business action on the SDGs*, 2015, p. 4. See also BCSDA, *Submission 48*, [p. 4].

\(^{73}\) See, for example, UNAA, *Submission 47*, p. 5; Impact Investing Australia, *Submission 88*, p. 1.

\(^{74}\) *Committee Hansard*, 29 October 2018, pp. 9–10.

\(^{75}\) *Committee Hansard*, 29 October 2018, p. 10.

\(^{76}\) *Submission 129*, [p. 8].

\(^{77}\) *Submission 131*, [p. 1].

economy and accompanied by much higher labour and resource productivity.79

2.49 Chartered Accountants Australia and New Zealand reasoned that 'contributing towards the SDGs represents real opportunities for business develop[ment] solutions and if only some of that $12 trillion of market opportunities is in Australia, this is still significant.' RIAA also cited the report, and highlighted that 'these market opportunities, if realised, also promise significant job creation'.81 Referring to the same report, CSIRO stated:

…the SDGs are, and will continue to be, the principal driver and framework for development and international investment (in the order of US$4 trillion per year) by government, industry and non-government organisations over their 15-year implementation time frame.82

2.50 Mr Andrew Petersen, Chief Executive Officer of the Business Council for Sustainable Development Australia (BCSDA), explained that the goals 'have the potential to unleash innovation, economic growth and development at an unprecedented scale', including generating up to 380 million jobs by 2030.83 PwC also noted '[g]rowth opportunities which are significant in products and services that address the SDG challenges'.84

**Enhancing the value of sustainable business practices**

2.51 Another benefit identified in the SDG Compass report is that:

Whilst the business case for corporate sustainability is already well established, the SDGs may for example strengthen the economic incentives for companies to use resources more efficiently, or to switch to more sustainable alternatives, as externalities become increasingly internalised.85

2.52 RIAA similarly predicted:

A significant proportion of currently external costs such as environmental damage or social upheaval might at some point in the future be forced into companies' accounts. The SDGs provide a clear risk framework for both companies and investors.86

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80 Submission 43, p. 3.
81 Submission 131, [p. 5].
82 Submission 85, p. 12.
84 Submission 30, [p. 5], [original emphasis removed].
85 SDG Compass: The guide for business action on the SDGs, 2015, p. 4.
86 Submission 131, [p. 7]. See also UN Principles for Responsible Investment and pwc, The SDG Investment Case, Finance UNEP Initiative and UN Global Compact, October 2017, p. 7.
2.53 RIAA suggested that '[r]esponsible investment is increasingly being considered part of investors' fiduciary duty to their beneficiaries and clients'.\(^87\) CPD agreed that businesses are increasingly expected to manage sustainability-related risks, citing the example of recent legal opinions concluding that company directors who fail to consider climate-related risks and opportunities could be exposed to personal liability for breach of duty.\(^88\) CPD indicated this could extend 'to other sustainability-related risks and opportunities, to the extent that they have foreseeable, material impacts on a company's interests'.\(^89\) It stated:

...the SDGs can assist by providing organisations with a framework for improving sustainability-related risk assessment, target setting and disclosure. This can help them meet public, investor and regulator expectations for more sophisticated sustainability risk management and governance. Increasingly, these risks are seen as core business issues rather than separate environmental, social or governance concerns.\(^90\)

2.54 The CPD detailed that 'the SDGs are beginning to inform best-practice approaches to understanding climate-related risks and their connections to other sustainability issues—particularly in the area of scenario analysis'.\(^91\) It noted that aspects of the SDGs are being incorporated into climate-related scenarios used by private sector actors and regulators, such as the Sustainable Development Scenario published by the International Energy Agency.\(^92\)

**Strengthening stakeholder relations and keeping the pace with policy developments**

2.55 A third benefit identified in the SDG Compass report is that businesses 'that align their priorities with the SDGs can strengthen engagement of customers, employees and other stakeholders'.\(^93\) RIAA stated that '[c]onsumers are becoming more active in demanding their money be invested ethically and responsibly'.\(^94\) It also identified that 'a chorus [is emerging] within big business for companies to embrace a social purpose that extends beyond financial profits'.\(^95\) For example, several submissions highlighted that the Chairman of investment management firm BlackRock wrote to 1000 CEOs stating:

Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver

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87 Submission 131, [p. 5].
88 Submission 129, [p. 3].
89 Submission 129, [p. 3].
90 CPD, Submission 129, [p. 2], [original emphasis removed].
91 Submission 129, [p. 4], [original emphasis removed].
93 SDG Compass: The guide for business action on the SDGs, 2015, p. 4.
94 Submission 131, [p. 5].
95 RIAA, Submission 131, [p. 6].
financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate.96

2.56 BCSDA, the national peak body for support and advocacy for sustainable business activities, outlined how this results in reputational benefits and risks for businesses:

Companies that align themselves with the SDGs and are able to communicate clearly around how their business helps individual governments to achieve their goals, are likely to be able to consolidate a strong licence to operate and to differentiate themselves from competitors. Likewise, those that do not will be exposed to growing legal and reputational risks.97

2.57 CPD noted that 'the SDGs provide a ready-made framework for scanning for and responding to wider sustainability-related risks—including risks to social license'.98 It suggested that the SDGs:

…can help inform organisations about where they are vulnerable to misalignment, and where they might be well placed—or even uniquely placed—to make a positive contribution. In this way they can help businesses develop, and communicate, a strategy for shoring up their social license and demonstrating their social value.99

2.58 Professor of Accounting Carol Adams agreed that businesses that 'set out to contribute to the SDGs through their mission and strategy stand to gain a competitive advantage in developing products, services and processes fit for future challenges’.100 PwC also noted that the SDGs could facilitate businesses maintaining 'positive licence to operate by setting strategy that is in alignment with government priorities'.101

Stabilizing societies and markets

2.59 The SDG Compass report cautioned that:

Business cannot succeed in societies that fail. Investing in the achievement of the SDGs supports pillars of business success, including the existence of rules-based markets, transparent financial systems, and non-corrupt and well-governed institutions.102

96 See, for example, RIAA, Submission 131, [p. 6]; GCNA, Submission 130, [p. 5]; Dr Jayne Meyer Tucker, Submission 29, Attachment 1, [p. 2].
97 Formerly known as Sustainable Business Australia, Submission 48, [p. 4]. See also GRI, UN Global Compact, WBCSD, SDG Compass, 2015, p. 4.
98 Submission 129, [p. 5], [original emphasis removed].
99 Submission 129, [p. 5].
100 Submission 1, p. 2.
101 Submission 30, [p. 5], [original emphasis removed].
102 GRI, UN Global Compact, WBCSD, SDG Compass, 2015, p. 4.
2.60 BCSDA also emphasised businesses' reliance on stable societies and markets:

...investing in the achievement of the SDGs supports stable societies and markets – the pillars upon which business success is built. As noted by Paul Polman, CEO of Unilever, 'It is not possible to have a strong, functioning business in a world of increasing inequality, poverty and climate change'. Business has an inherent self-interest in the realization of the goals and stands to unlock trillions of dollars through new markets if they are achieved.\textsuperscript{103}

*Using a common language and shared purpose*

2.61 The SDG Compass report described the SDGs as:

...a common framework of action and language that will help companies communicate more consistently and effectively with stakeholders about their impact and performance. The goals will help bring together synergistic partners to address the world's most urgent social challenges.\textsuperscript{104}

2.62 The Shared Value Project concurred that:

The SDG provide the mechanism to focus and coordinate their shared value activities towards a set of common and collective goals. A unified reference point for strategy, implementation and communications ensures a meaningful impact, while providing the backdrop against which our Members can demonstrate leadership.\textsuperscript{105}

2.63 Superannuation funds highlighted the communication benefits of the SDGs, such as the industry fund HESTA, which viewed the SDGs as 'a universal language and framework for engagement with different stakeholders about how we impact the environment and society through our investments and operations'.\textsuperscript{106} It suggested the SDGs will enable it to:

(i) improve how we communicate and report to our members, as well as understanding and prioritising the issues they care about

(ii) help us to better measure and track the impacts, both positive and negative, that we have on society and help position our strategy according to our values

(iii) foster greater collaboration with peers and partners by aligning our priorities and values.\textsuperscript{107}

2.64 Construction and Building Unions Superannuation (Cbus) similarly stated that the SDGs 'can help inform our long-term investment strategy, support investment

\textsuperscript{103} Submission 48, [p. 4].

\textsuperscript{104} GRI, UN Global Compact, WBCSD, *SDG Compass*, 2015, p. 4.

\textsuperscript{105} Submission 49, p. 2.

\textsuperscript{106} Submission 147, [p. 2].

\textsuperscript{107} Submission 147, [p. 2].
returns and enable us to articulate the impact our investments will have on the broader economy, environment and the society in which our members work and retire.\textsuperscript{108}

**Potential costs**

2.65 BCSDA noted that ‘there has been no published national study of the potential costs, benefits and opportunities for Australia [o]n the domestic implementation of the SDGs.’\textsuperscript{109} The inquiry did not receive many submissions considering the potential costs of implementing the SDGs for Australia. The following statement reflects the attitude towards the issue of costs expressed in many submissions:

The costs of not acting upon the SDGs will far outweigh the costs of acting now. If sustainable development challenges are left to fester unaddressed, Australia’s social fabric, environment, and economy will suffer.\textsuperscript{110}

2.66 The following sections summarise the possible costs of SDGs investment, risks to unsustainable businesses, additional reporting requirements, and possible impact on Australia's sovereignty of the SDGs.

**Investment costs**

2.67 Mr Sam Hurley, Policy Director at the CPD, told the committee:

…even with the best will and commitment in the world from government and even with really effective interventions from government to target progress there will still be a very large gap in funding that we need to close to meet the SDG[s] globally, which means by implication that the money is an important contribution that we can make by leveraging investment from the private sector.\textsuperscript{111}

2.68 Submissions including RIAA and Cbus noted that the UN Commission on Trade and Development has estimated that achieving the SDGs will require US$5–7 trillion in investment each year from 2015–2030.\textsuperscript{112} However, RIAA pointed out:

While this figure sounds significant, trillions of dollars are turned over in financial markets every day, reinforcing the potential and significant role that more responsible and strategic allocation of capital can play in ending poverty, combatting climate change and promoting sustainable economic growth.\textsuperscript{113}

2.69 The international Business and Sustainable Development Commission stated in its 2017 report that:

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\textsuperscript{108} Submission 139, p. 1.
\textsuperscript{109} Submission 48, [p. 5].
\textsuperscript{110} Mr Moore, Submission 78, p. 4.
\textsuperscript{111} Committee Hansard, 29 October 2018, p. 6.
\textsuperscript{113} RIAA, Submission 131, [p. 5].
The UN Sustainable Development Solutions Network (SDSN) values the total additional investment needed to achieve the Global Goals in all countries at US$2.4 trillion a year, around 11 percent of annual global savings, with the lion's share—around US$1.6 trillion—needed for infrastructure.\textsuperscript{114}

2.70 The World Economic Forum similarly estimated $4 trillion per annum of investment is needed, however, existing investment stands at $1.4 trillion, therefore there is a gap of $2.5 trillion.\textsuperscript{115} GCNA stated that the funding gap 'will require innovative financial solutions, which can be business-led but will require regulatory backing and incentives in some areas'.\textsuperscript{116}

2.71 Some submissions, such as AGL, identified investments that will be required to achieve the SDGs, stating:

...progress on many of the SDGs will require substantial investment in infrastructure in a range of sectors, including energy, transport, agriculture and water. Moreover, other SDGs that are focused more on social change will still require careful coordination with the private sector to ensure substantial progress.\textsuperscript{117}

\textbf{Business costs}

2.72 Most evidence about costs to the inquiry focused on the overall costs of implementing the SDGs across the community. The committee also received some evidence indicating that there may be some localised costs for businesses.

\textbf{Implementing the SDGs}

2.73 The Shared Value Project stated that while its membership largely supported the SDGs, the 'main internal barriers to engagement were found to be lack of dedicated financial resourcing which brings into question the incentives and support required'.\textsuperscript{118} Some other submissions echoed this, such as the Queensland Tourism Industry Council, which stated:

The most prevalent challenges for businesses looking to support the SDGs is the cost of implementation, making changes to their daily operating practices and the resources required to train staff. [Survey respondents] consider that implementing new technology to become more

\begin{flushright}
\textsuperscript{115} GCNA, \textit{Submission 130}, [p. 5].
\textsuperscript{116} Submission 130, [p. 5].
\textsuperscript{117} Submission 56, p. 11.
\textsuperscript{118} Submission 49, p. 3.
\end{flushright}
environmentally responsible is too great of a burden for many of the SMEs in the industry.\textsuperscript{119}

2.74 Volunteering Tasmania also identified the following implementation measures requiring expenditure:

Development of tools and resources to assist with the application of SDGs at the domestic level; [e]ducation and training on how to utilise the above-mentioned resources; and [a]wareness and promotion of the importance of the SDGs.\textsuperscript{120}

2.75 Several witnesses explained to the committee that the SDGs should be understood as an opportunity for businesses, rather than a cost. For example, when asked about potential costs to businesses from implementing the SDGs, Mr Cameron Cross, Chief Executive Officer of uBegin said:

The way in which the question is framed seems to have a preface to it that the undertaking is something that we have to do and therefore it's some kind of burden. Where we're coming from is that it's actually an innovation and economic goldmine. If we look at it from that perspective, then the investment that would be going into business innovation would start to go into business innovations that are solving social and environmental challenges, which are social enterprises, and they're creating cost reductions by the very nature of the problems that they're solving.\textsuperscript{121}

2.76 Ms Andrea Spencer-Cooke, Partner, One Stone Advisors, agreed:

It's the perception that sustainability is all about cost and not about benefit. It's been around for 30 years. We are starting to see actual studies that can demonstrate that those companies that invest in sustainability do better in the medium to long term. Part of the challenge is about time frames. We have a financial system and the share market that is extremely short-term focused. Sustainability is not short-term focused. It's about investing now for future prosperity. There is an innate challenge there, I agree…That said, with the sustainability leaders in the corporate sector that I work with, they are all saving money through sustainability. Sustainability is efficiency.\textsuperscript{122}

2.77 Ms Kylie Porter, Executive Director, GCNA, said:

…when businesses are implementing activities with regard to the SDGs and, more broadly, responsible business practices, these provide genuine long-term savings for companies. They are operating in an environment where their risks are reduced, because they are operating responsible business models and, therefore, long term they can pass a lot of those cost reductions onto their consumers, if they are a consumer based business. We don't see the SDGs as bureaucratic or having red tape associated with them.

\begin{itemize}
\item \textsuperscript{119} Submission 76, p. 8.
\item \textsuperscript{120} Submission 112, p. 1.
\item \textsuperscript{121} Committee Hansard, 2 November 2018, p. 6.
\item \textsuperscript{122} Committee Hansard, 2 November 2018, p. 7.
\end{itemize}
If anything, they probably alleviate a lot of that because they set a precedent for how to operate responsibly.123

**Risks for unsustainable businesses**

2.78 The Business and Sustainable Development Commission noted '[m]oving business to a sustainable growth model will be disruptive, with big risks as well as opportunities at stake'.124 Submissions also raised some concerns about the risks of transformational change, such as AustralianSuper, which stated:

> Certain companies and sectors may not be well-placed to succeed in an economy focused on sustainable development. For example, carbon intensive and water intensive companies or sectors need to examine the reputational and transition risks associated with their long-term business models and adapt accordingly...These expectations represent both value-creation opportunities for industry leaders and risks for industry laggards, particularly given the likelihood that companies will be benchmarked against the SDG.125

2.79 Mr Phil Jones, science teacher, also identified some of the broader risks and benefits of change:

> Phasing out of fossil fuel use and the adoption of renewable energy will cost the investment required for it. As a major fossil fuel exporter, this could come at a sizable cost. Restoring open cut coal mines will be an added cost. Some level of reduction in employment opportunities would also be lost. If mishandled the provision of unemployment benefits would be another cost. However, it is the long term cost that should be taken into consideration, keeping in mind the fact that the SDGs are meant to deal with our global ecological crisis.126

**Reporting requirements**

2.80 A few submissions suggested that implementing the SDGs could impose additional reporting requirements on private and public sector organisations—unless reporting is aligned with existing processes.127 The City of Melbourne stated:

> Unless the SDGs are integrated or streamlined with existing reporting frameworks (e.g. the Local Government Performance Reporting Framework) there is a risk of added costs to Councils with regard to increased resourcing to meet additional reporting requirements. It will be important that the Australian Government consult with State and Local

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123 Committee Hansard, 2 November 2018, p. 25.
125 Submission 24, p. 3.
127 See, for example, Volunteering Tasmania, Submission 112, [p. 2].
Government before developing a reporting framework to ensure there is no net increase in reporting burden.128

2.81 Mr Petersen, BCSDA, pointed out that government has the opportunity, 'as part of an international agenda on this, to say that any obligation in terms of reporting or engagement with the SDGs must, wherever possible, be at least cost'.129

2.82 Ms Kylie Lloyd, Managing Director of Zoic Environmental Pty Ltd said:

We're finding that it is an area where business is a little bit nervous. They're responding to shareholder requirements or shareholder questions to leadership from procurement requirements for various government tenders. It becomes about how you frame and integrate SDGs within systems that are already in place in every business. There are quality systems, there are environmental systems and there are health and safety systems. The standard system to run a business has key components of governance. It is making sure that we add and align these in a smart way and...to a mapped, focused way of the SDGs.130

2.83 Mr Allen, UNSW Faculty of Science, added:

Based on the discussions I've had—and I myself run a very small business—I see the SDGs as much more of an opportunity than a cost on business. If you look at larger businesses that have to do reporting on sustainability, corporate governance, OH&S—a range of different reports—the SDGs can provide a means for streamlining their systems into a single system, or a unified framework, to reduce the reporting burden. I think that should be the case across the board...I think the risk is that the SDGs are seen as an add-on. They're added on to the end of another questionnaire or another system that companies already have to do—so they're an additional obligation. I think there's probably a risk there but, if we use the SDGs as a framework to align existing systems rather than as a duplication of existing systems, I don't think there would be an additional burden.131

2.84 Ms Porter of GCNA reassured the committee that GCNA has:

...already sought business input to develop guidance on reporting against these SDGs, and that's in partnership with the GRI [Global Reporting Initiative]. To put that in perspective, in 2017 92 percent of the world's largest businesses reported on sustainability measures aligned with the Global Compact's 10 principles around human rights, anticorruption and environment. Of these, 74 percent already used GRI. So the strength in developing guidance for reporting that incorporates the GRI principles actually won't increase the reporting burden or the red tape or regulation burden on companies.132

128 Submission 68, p. 4.
129 Committee Hansard, 2 November 2018, p. 25.
130 Committee Hansard, 2 November 2018, p. 6.
131 Committee Hansard, 2 November 2018, p. 10.
132 Committee Hansard, 2 November 2018, p. 25.
2.85 CSIRO supported the streamlining of SDGs reporting requirements with existing requirements, and called for the development of indices that can be used for a range of purposes 'so that the SDG reporting measures do not become an unnecessary burden in addition to other national, regional and global reporting needs'.

2.86 The Australian Government is seeking to streamline national-level reporting to minimise duplication of reporting efforts through the creation of the reporting platform on the SDG indicators and the use of other datasets. For example:

The Sendai Framework reporting provides information on 11 SDG Indicators. Rather than duplicating existing data collection efforts, the Australian Government will engage with the Australian Sendai Framework focal point, Emergency Management Australia within the Department of Home Affairs, to share data and ensure that it is nationally consistent.

Possible impact on Australian sovereignty

2.87 A small number of submissions from individuals raised concerns that the SDGs and 2030 Agenda have not been considered through domestic democratic processes, and claimed their implementation may come at a cost to Australia's sovereignty. For example, Mr Graham Williamson argued that the Australian 'people have been denied the right to vote on such a massive far reaching initiative that fundamentally depends upon democratic participation'. His submission asked: 'Should imported international agreements prevail against democratic Australian laws?' Ms Michelle Tesoriero also expressed concerns at the absence of a 'national address to the nation' informing Australians of the commitment to the SDGs in 2015, and asked '[w]ho is watching the UN as it takes it seat as the boss of the world?'

2.88 However, the 2030 Agenda declaration stated:

We reaffirm that every State has, and shall freely exercise, full permanent sovereignty over all its wealth, natural resources and economic activity...We reiterate that each country has primary responsibility for its own economic and social development and that the role of national policies and development strategies cannot be overemphasized. We will respect each country's policy space and leadership to implement policies for
poverty eradication and sustainable development, while remaining consistent with relevant international rules and commitments.140

2.89 This chapter has summarised the potential benefits and costs to Australia of implementing the SDGs domestically. The following chapters outline suggestions for how to implement the SDGs and improve Australia's performance against the goals.

140 UN, Transforming our world, pp. 6, 28.