4 Current status of ESD implementation by the Commonwealth

This chapter examines how individual Commonwealth departments and agencies have incorporated ESD principles into policy formulation and decision making. A range of programs and policies adopted by Commonwealth agencies are discussed to highlight how they can impact on economic, environmental and social outcomes. Further, the chapter analyses how agencies monitor, evaluate and report on their implementation of ESD. It concludes with the Commission's assessment of progress by Commonwealth departments and agencies on their implementation of ESD.

Information used in this chapter was primarily obtained from department and agency responses to a questionnaire prepared by the Commission and from submissions to the inquiry (box 4.1).

Box 4.1 **About the information collected by the Commission**

Information on the decision making processes and monitoring activities of Commonwealth departments and agencies is not readily available on a consistent basis. Under the terms of reference, the Commission was asked to review how departments and agencies with significant policy or program responsibilities related to ESD have incorporated ESD into their policy formulation and decision making.

The Commission prepared a questionnaire (appendix B) to elicit this information. Copies were sent to a wide range of Commonwealth departments and agencies. Of 69 questionnaires distributed, 25 were returned. Several submissions were also received that provided information similar to that sought by the questionnaire.

Departments and agencies with significant ESD responsibilities featured strongly amongst those agencies that responded to the questionnaire (see appendix A). This was important given the focus of the terms of reference on departments and agencies with major responsibility for ESD. Respondents included: the Australian Greenhouse Office; CSIRO; Department of Defence; Department of Agriculture, Fisheries and Forestry, Department of Transport and Regional Services; Environment Australia; Department of Communications and the Arts; and Department of the Treasury.

4.1 Current mechanisms for incorporating ESD principles in decision making

The impetus for a policy, program or new regulation may come from any number of sources, such as the minister, the department or agency, other governments, industry, other interested parties or community opinion. Thus processes for policy formulation and development are not always explicit and clearly identifiable, nor do they necessarily follow a uniform process.

Whatever the initial stimulus for a new initiative, the task for policy makers is to ensure that decision making processes account for all foreseeable significant costs and benefits associated with the proposed policy, program or regulation. Typically, the financial costs and benefits are, for the most part, clearly identifiable. It is the environmental and social costs and benefits that are sometimes less clear and more difficult to take into account. These issues are discussed further in chapter 6.

The Commonwealth's commitment to ESD implementation means all departments and agencies are expected to incorporate ESD principles in their decision making processes. At a minimum, all agencies should abide by some general mechanisms to ensure decision making processes actually consider any economic, environmental and social impacts. Several agencies (for example, the Australian Fisheries Management Authority) are subject to specific legislation which requires them to explicitly address ESD principles.

General mechanisms

The general mechanisms that all agencies should adopt in decision making processes are included in government policy or legislation. These mechanisms can be considered in two groups — those applied when creating new regulation and those applied to other policies and programs.

The Commonwealth has in place a regulatory review system that assists officials working on the review and reform of regulation. It explains how best practice processes can lead to better regulation that is cognisant of ESD principles (IC 1997b).

All Commonwealth departments and agencies responsible for making regulatory proposals that are likely to impact on business, or restrict competition, are required to take part in the regulatory review process. Within this process, consideration of the costs and benefits of a regulatory proposal should be interpreted broadly, and

include environmental and social costs (that is costs to the community) where relevant.

Central to the review system is the regulation impact statement (RIS) (box **4.2**). The objective of the RIS process is to ensure that departments and agencies considering new regulation have regard to a range of best practice decision making criteria. As well as formalising and stating the steps that should be taken in policy formulation, the RIS process is intended to improve the regulation making culture.

The preparation of a RIS ensures that all relevant information is documented and that decision making processes are explicit and transparent (ORR 1997).

Box 4.3 **Elements of a regulation impact statement**

The main components of a RIS include:

- a statement of the problem or issue to be addressed by the regulation (for example market failure);
- a statement of the desired objectives;
- an analysis of feasible alternatives (regulatory and non regulatory) for achieving the desired objectives;
- an assessment of the costs and benefits of each option, including,
  - comprehensive identification of the groups likely to be affected by the proposal (eg. government, business, consumers, and the wider community as a whole),
  - an assessment of the costs and benefits to each of these groups,
  - where a particular option restricts competition, the RIS must address the additional issues contained in the Competition Principles Agreement,
  - other issues including the impacts on small business, and the effects on trade;
- an accompanying statement outlining who was consulted in development of the RIS and the regulatory proposal;
- a summary of the preferred option; and
- a statement of how the preferred option will be implemented, enforced, and monitored or reviewed.

It is important to recognise that the terms ‘benefits’ and ‘costs’ are intended to be interpreted broadly to include all impacts such as environmental and social benefits and costs where applicable.

Source: ORR (1997).

The Commonwealth also promotes ESD consistent decision making processes when departments and agencies are developing non regulatory policies and programs. While the Commonwealth does not prescribe best practice step by step processes that must be followed to ensure an ESD consistent policy or program, the legislative requirements in place are designed to ensure decision makers consider the full costs and benefits of policies and programs being developed. Legislation containing general requirements exists which, if fully applied by departments and agencies in policy development, would assist in the production of ESD consistent policies and programs. However, in some cases, these processes are only triggered if, in the minister's opinion, the impact of the activity is significant. Specific legislation in this regard includes the:

- *Environment Protection (Impact of Proposals) Act 1974* (EP(IP) Act);
- *Australian Heritage Commission Act 1975* (Heritage Act); and
- *Competition Policy Reform (Intergovernmental Agreements) Act 1995.*

The EP(IP) Act aims to ensure that actions affecting the environment are fully examined and taken into account in Commonwealth government processes. However, the Act only applies to actions that are likely to, or will, have an environmentally significant impact. Actions that may warrant the triggering of an examination may relate to the:

- formulation of proposals;
- carrying out of works and other projects;
- making of, or the participation in the making of, decisions and recommendations;
- negotiation, operation and enforcement of agreements and arrangements (including dealings with States and Territories); and
- incurring of expenditure.

Environmental impact assessment (EIA) is the method outlined under the EP(IP) Act to assist the process of assessing the likely environmental impacts of a policy, program or proposal and for identifying options to minimise environmental damage. The main purpose of an EIA is to inform decision makers, and other interested parties, of the likely environmental impacts of a proposal before a decision is made (Australian EIA Network 1998). Box **4.4** details the EIA process.

Box 4.5 **Environmental impact assessment (EIA) process**

The responsibility for triggering the EIA process rests with the minister or agency responsible for the proposed action (described here as the 'action minister'). If the action minister decides the proposed action is environmentally significant then he or she must designate a proponent for the proposed action and refer the matter to the Minister for the Environment. Where the proposal has already been submitted previously, and the environmental impacts are not significantly different, the action minister is not obliged to re-submit the proposal.

Once the proposal has been referred, the designated proponent must supply Environment Australia with a notice of intention (NOI). This is a brief summary of the proposal which outlines matters such as potential environmental impacts, current stage of development and feasible options.

On the basis of the NOI the Minister for the Environment decides on the appropriate level of assessment. The EP(IP) Act provides for four levels of assessment:

- assessment without the preparation of an environmental impact statement or public environment report;
- assessment following the preparation and public review of a public environment report;
- assessment following the preparation and public review of an environmental impact statement; and
- examination by a Commission of Inquiry.

The action minister is bound to take into account comments, suggestions or recommendations from the Minister for the Environment. However, the final decision on the proposed action rests with the action minister.

Many proposals require assessment under State/Territory legislation or planning processes as well as Commonwealth EIA legislation. To avoid duplication, arrangements are made with States and Territories to facilitate joint or cooperative assessment of proposals. These are in accordance with the EIA principles agreed under the Intergovernmental Agreement on the Environment.

Source: Australian EIA Network (1998).

Importantly, if the Environment Protection and Biodiversity Conservation Bill (see chapter 3) is passed, the power of the Environment Minister in the decision making process, particularly in relation to EIA, is likely to increase. The Environment Minister will effectively become the decision maker on the relevant issue (after inviting input from other relevant ministers).

The *Australian Heritage Commission Act 1975* establishes the Australian Heritage Commission as an independent statutory authority. The main responsibilities of the commission are to advise the Minister for the Environment and Heritage and the Government on national estate conservation issues, to encourage community

appreciation of, and concern for, the National Estate through information, education and training, and to compile an inventory of national estate places (the Register of the National Estate) using a number of criteria. The inventory includes places which:

- reveal the evolution and pattern of Australia's natural or cultural history;
- possess rare, endangered or uncommon aspects of Australia's natural or cultural history;
- demonstrate the principal characteristics of a class of Australia's natural or cultural places and environments;
- associate with the life or works of a person, or group of persons, of importance to Australia's natural and cultural history;
- exhibit particular aesthetic characteristics valued by a community or cultural group;
- demonstrate high creative or technical accomplishment or outstanding design or aesthetic qualities;
- possess a strong or special association with a community for social, cultural or spiritual reasons; and
- potentially could contribute to an understanding of Australia's natural and cultural history (DoD, resp. 22).

All places meeting the criteria above are entered on the Register for the National Estate. Once registered, or on the interim register, any Commonwealth action which affects these places is subject to the Heritage Act which states that the minister or agency must:

- not take any action that adversely affects a place in the national estate unless there is no alternative, in which case reasonable measures must be taken to reduce adverse effects; and
- inform the Australian Heritage Commission before taking steps that may significantly affect a place on the Register for the National Estate.

The National Competition Policy, embodied in the *Competition Policy Reform Act 1995*, also refers to ESD. National Competition Policy comprises three intergovernmental agreements. One of these, the Competition Principles Agreement, requires decision makers to consider all costs and benefits of any proposed policy or course of action that could impact on competition before that policy or course of action is implemented (s. 1(3)(a)). Further, s. 1(3)(d) of the Competition Principles Agreement specifically requires government legislation and policies relating to ESD

to be taken into account when assessing the costs and benefits of a proposed policy or action.

Department and agency approaches

For some departments and agencies, applying ESD principles in decision making is a relatively simple exercise. For others it is complex because of difficulties in assessing the full costs and benefits of policy options. Such difficulties arise when:

- institutional structures or poor decision making processes hinder 'good practice' policy making (consideration of all economic, environmental and social values);
- there is a lack of information;
- the impact of a policy will be felt by future generations; or
- a significant number of stakeholders are affected by policy or program options in quite different ways.

As expected, different agencies have different strategies to account for ESD principles and objectives in their decision making. This reflects the wide variety of activities undertaken by the Commonwealth. Approaches adopted by a number of Commonwealth departments and agencies are summarised in table 4.1. While not listed in table 4.1, the Productivity Commission is required to be cognisant of ESD principles under the *Productivity Commission Act 1998* (box **4.6**).

Box 4.7 **Productivity Commission and ESD**

The Productivity Commission was established in 1998 through the amalgamation of three separate bodies — the Industry Commission, the Bureau of Industry Economics, and the Economic Planning Advisory Commission.

The Productivity Commission Act requires the Commission to incorporate ESD objectives in its decision making. Specifically, part 2, s. 8 requires the Commission '… to ensure that industry develops in a way that is ecologically sustainable'. Other guidelines related to ESD include the need for the Commission:

- to encourage the development and growth of Australian industries that use resources efficiently;
- while facilitating adjustment to structural changes in the economy, aim to minimise the social and economic hardships arising from those changes; and
- to consider Australia's international obligations and commitments.

Furthermore, the Act requires that at least one Commissioner has extensive skills and experience in applying the principles of ESD, and in environmental conservation.

Table 4.1 **Selected department and agency approaches for incorporating ESD principles in decision making**

Agency	*Explicit, high level ESD related statement*[a]	*How ESD principles are included in decision making process*
Combined efforts to manage natural resource or environmental issues		
Australian Greenhouse Office	Mission statement	Major stakeholders (including economic, environmental and social representatives) are represented in the decision making process.
Environmental and natural resource management as core activities		
Department of Agriculture, Fisheries and Forestry	Vision statement in the corporate plan. Incorporated in legislation — PIERD Act 1989[b]	Natural resources are managed on a long term basis.
Environment Australia	Vision and charter in corporate plan. Incorporated in *Natural Heritage Trust Act 1998*	Programs must consider natural and cultural environment in harmony with the nation's social and economic goals.
Fisheries R&D Corporation	Mission statement. Incorporated in PIERD Act 1989[b]	Processes are based on the NSESD. Also planning to develop sustainability indicators for fisheries.
Sugar R&D Corporation	Incorporated in PIERD Act 1989[b]	Project proposals are required to consider environmental impacts and linkages to other activities. Several programs define long term sustainable development objectives.
Core activities are not related to environmental and natural resource management		
AusAid	Corporate plan[c]	Incorporates specific strategies to address environmental sustainability in all Australian aid activities.
Australian Communications Authority[d]		Where relevant applies the EP(IP) Act and, in some cases also applies other environmental tests as required by the relevant legislation. The regulatory framework must also be equitable to meet the social needs of the community.
Australian Nuclear Science Technology Organisation	Operating policies	Projects are designed to maximise socioeconomic value to the community. Economic, environmental and social considerations are built into project approval processes.
CSIRO	Environment policy statement	As a priority, the CSIRO board accounts for economic and environmental goals in a long term societal context.

(Continued on next page)

Table 4.2 **Selected department and agency approaches for incorporating ESD principles in decision making** (continued)

Agency	*Explicit, high level ESD related statement*[a]	*How ESD principles are included in decision making process*
Department of Communications and the Arts		Where relevant applies the EP(IP) Act and, in some cases, also applies other environmental tests as required by the relevant legislation.
Department of Defence	Charter	Guidelines are in place to assist decision makers assess environmental, cultural, and other special values for present and future generations.
Department of Industry, Science and Resources		Incorporated implicitly in department objectives. Department also ensures Commonwealth requirements, such as RIS are followed when introducing legislation.
Department of Transport and Regional Services	Corporate plan 1997	Department strives to provide a competitive framework for competition between and within transport modes, and promotes accessibility, sustainability and environmental responsibility.
– aviation		Airports must abide by specific airport environmental regulation. Forums are held by the Department to gauge community, industry and government opinion on noise levels.
– maritime transport		Regulations are established to limit ship sourced pollution and other environmental damage.
– roads		All projects are expected to abide by the EP(IP) and AHC Acts and respective state legislation.
– Federal Office of Road Safety	Mission statement	RIS, which account for such impacts as air and noise pollution, are carried out for all new Australian Design Rules.
– National Capital Authority	Corporate plan	Projects are selected using criteria which include the precautionary principle, inter-generational equity and conservation of cultural and heritage values.
– National Office of Local Government		Local Government program funds activities which address social, cultural and economic priorities and community wellbeing.
Department of the Treasury		Tax policy areas try to improve community wellbeing by promoting equity in the tax system. Foreign investment proposals are subject to the EP(IP) and AHC Acts.

(Continued on next page)

Table 4.3 **Selected department and agency approaches for incorporating ESD principles in decision making** (continued)

Agency	*Explicit, high level ESD related statement*[a]	*How ESD principles are included in decision making process*
National Registration Authority (NRA)	Incorporated in AVC Code Act 1994[e]	Program objectives include protecting the environment, public and occupational health and safety as well as accounting for economic considerations.

a May include references only to sustainable use and sustainable management of natural resources.

b *Primary Industries and Energy Research and Development Act 1989.*

c AusAID refers to 'environmental sustainability' of development assistance.

d A statutory body of the Commonwealth Department of Communications, Information Technology and the Arts which is responsible for applying relevant legislation to the telecommunications industry.

e *Agricultural and Veterinary Chemicals Code Act 1994.*

Sources: resp. 5, 9, 10, 12, 14–18, 22–25; sub. 14, 17, 28, 38.

As illustrated in table 4.1, at the broadest level those agencies which have accounted for ESD objectives have either done so explicitly (specific recognition of ESD principles and objectives or use of similar terms) or implicitly (no specific recognition of ESD principles and objectives or similar terms but ESD principles are incorporated in decision making processes). However, very few actually refer to ESD objectives specifically. In part, this may be due to the relatively recent recognition of ESD in the policy and program making process. Most Commonwealth legislation was drafted prior to the Commonwealth's major initiative on ESD, the 1992 National Strategy for Ecologically Sustainable Development (NSESD) (CoA 1992b). For example, most existing environmental legislation was in place prior to 1992 (EA, resp. 9, p. 3). However, adopting ESD principles in government activities is about good decision making. As such, some agencies adopt ESD principles implicitly in their decision making process as part of good practice policy making without explicitly referring to ESD principles.

Agencies with a natural resource and environmental focus

Generally, agencies with a focus on natural resource and environmental management explicitly recognise ESD principles through a high level statement such as legislation, the corporate plan or mission statement. Typically, these agencies have paid greater attention to ESD principles than other agencies (table 4.1). For example, Environment Australia stated that: 'ESD is an integral part of all the Department's activities' (resp. 9, p. 4).

Specifically, some agencies with a natural resource and environmental focus have ESD principles enshrined in their respective legislation. For example, concepts of ecologically sustainable development are embodied in the *Primary Industries and*

Energy Research and Development Act 1989 which enacts research and development corporations, such as the Fisheries Research and Development Corporation. The objectives of this legislation are to:

> … make provision for the funding and administration of research and development relating to primary industries with a view to:
>
> - increasing the economic, environmental and social benefits to members of primary industries and to the community in general …
> - achieving the sustainable use and sustainable management of natural resources;
> - making more effective use of the resources and skills of the community in general and the scientific community in particular; and
> - improving accountability for expenditure upon research and development activities in relation to primary industries. (AFFA, sub. 38, pp. 11–12)

Similarly, the *Fisheries Management Act 1991* (s. 3) incorporates a specific ESD objective to ensure that:

> … the exploitation of fisheries resources and the carrying on of any related activities are conducted in a manner consistent with the principles of ecologically sustainable development and the exercise of the precautionary principle, in particular the need to have regard to the impact of fishing activities on non-target species and the long term sustainability of the marine environment …

Some agencies that focus on natural resources and the environment state their commitment to ESD in their respective corporate plans or mission statements (table 4.1). For example, the Australian Greenhouse Office (AGO) was established (as a component of the Prime Minister's November 1997 Greenhouse Package) to provide a strategic approach to abatement of Australia's greenhouse gas emissions (see appendix D). The AGO's mission statement is: 'Leading Australia's greenhouse action to achieve effective and sustainable results' (AGO 1998b, p. 8).

Similarly the Department of Agriculture, Fisheries and Forestry (previously Department of Primary Industries and Energy) aims to raise:

> … national prosperity and quality of life through competitive and sustainable mining, agriculture, fisheries, forest, energy and processing industries. (DPIE 1997, p. 11)

The Department has incorporated the principles set out in its corporate plan in its portfolio activities. It stated in its submission (sub. 38, p. 3) that:

> Given the significance of the agriculture, forests and fisheries sectors to the national economy, the long-term sustainability of the agricultural, fisheries and forest industries and the resources upon which they are based, need to be assured … Towards this end, the Portfolio's activities focus on the following three key roles:

- understanding and maintaining the biological and physical resource base on which the agricultural, fisheries and forest sectors depend;
- ensuring domestic and world markets and economies operate efficiently and are unhindered by trade barriers, so that producers receive clear price signals and produce what is wanted by consumers; and
- addressing societal infrastructure issues, including the provision of a range of social and economic services and social welfare systems, arising from adverse economic/environmental conditions.

The Department of Agriculture, Fisheries and Forestry recognises the merits of ESD principles, and indicates that the challenge for its portfolio is to get the balance in values right. It considers (sub. 38, p. 15) that:

> The ESD process has been very effective in raising the profile of environmental issues into this portfolio's industry policy and decision making processes — environmental issues are now an integral part of the policy mainstream for this portfolio, and for the government at large … With the integration process almost completed, one of the challenges for this portfolio in implementing ESD in the future will be to maintain the dynamic balance between social, economic and environmental considerations, so that no one set of considerations dominates the policy process.

Other departments and agencies

Many agencies with core activities not directly related to natural resource or environmental management have also explicitly accounted for ESD principles and objectives (table 4.1). For example, programs of the National Registration Authority, the government's regulatory authority for the evaluation, registration, and regulation of agricultural and veterinary chemicals, are guided by the *Agricultural and Veterinary Chemicals Code Act 1994*. This Act recognises, among other things:

(a) that the protection of health and safety of human beings, animals and the environment is essential to the well being of society and can be enhanced by putting in place a system to regulate agricultural chemical products and veterinary chemical products; and

(b) that the principle of ecologically sustainable development requires a regulatory system that is designed to ensure that the use of such products at the present time will not impair the prospects of future generations … (NRA, resp. 12, p. 2)

Similarly, AusAID (sub. 14, p. 2) incorporates ESD principles in its decision making:

> It is AusAID's policy to ensure that the aid program makes a positive contribution to sustainable development. This includes the integration of economic, social and environmental considerations. AusAid's Infrastructure and Environment Group assesses all Australian aid projects in order to determine any potential environmental

impacts. The Group includes policy advisers, an environmental expert, and a social and community development expert.

A further example is the aviation program of the Department of Transport and Regional Services. In this case, regulation in place restricts levels of allowable noise pollution (DoTRS, resp. 23). Another case is the Commonwealth Department of Communications and the Arts (resp. 5) which is required to ensure that environmental and heritage values from telecommunications infrastructure cable rollout are incorporated in the decision making process through legislation (box 4.5). Although this represents a more formal recognition of several aspects of ESD, it may be incomplete if significant social or economic values are not taken into account.

Box 4.8 **Taking the environment into account — the legislative framework in the telecommunications industry**

The Minister for Communications and the Arts administers a legislative framework for telecommunications carriers that conduct specified network rollout activity. The legislation requires consideration of the environmental impacts of certain activities.

Primarily, the legislation provides that telecommunications carriers' rollout of infrastructure is generally subject to State and Territory planning and environment laws — typically through planning approvals. There are, however, some limited exceptions.

Under legislative requirements, any carrier wishing to install a facility must apply in writing to the Australian Communications Authority for a permit. Approval criteria take into account any environmental impact resulting from a facility installation.

In addition, the legislation requires carriers to take all reasonable steps to ensure that existing facilities are used when engaging in an activity, and that broad band cabling is not located aerially.

Further, there are special provisions relating to environmental matters. If an installation is likely to adversely impact on endangered species or a defined ecological community, a number of procedures must be undertaken to gain approval. Amongst other things, the Authority must consult with the secretary of the environment portfolio, the director of National Parks and Wildlife and the Australian Heritage Commission before issuing the permit.

Finally, carriers are allowed limited access rights to private property for installation and maintenance of certain facilities. Conditions of access require the carrier to have regard to community concerns about environmental issues and possible effects on heritage areas. Under the legislative framework, the carrier must notify the Nature Conservation Director, the relevant Heritage chairperson and the secretary of Environment Australia for significant areas.

Source: DoCA (resp. 5).

This is also true for the Department of Transport and Regional Services. Despite a recognition of ESD principles in its corporate plan, governing legislation for some sub-programs requires that decision makers only account for some elements of ESD. These sub programs include the:

- airport program and environmental impacts;
- aviation and noise level requirements; and
- maritime transport program and pollution (resp. 23, pp. 12, 15, 23).

Finally, some agencies account for ESD less formally through program goals and objectives. (Table 4.1 shows how some departments and agencies that do not have an explicit statement or legislation devoted to ESD still apply ESD principles in decision making processes.) The implicit manner in which this is done varies between agencies. For example, the Department of Industry, Science and Resources (sub. 28, p. 2) indicated that its objectives are ESD consistent. Objectives include:

- the development of a strong, growing and diversified economy … [which will underpin] Australia's capacity to enhance environmental protection
- the need to maintain and enhance international competitiveness in an environmentally sound manner [which] is consistent with business pursuing world best practice outcomes
- whole of government decision making processes, such as the requirement for Regulatory Impact Statements, [to] ensure an appropriate balance of economic, environment and social objectives in policy and program development processes related to industry, science and resources.

A further example is the Department of Defence which recognises the impact many of its activities have on the environment. Although its primary objective is to protect Australia, many Defence's activities (such as defence force exercises) have a significant impact on the environment. Consequently, Defence has incorporated in its charter an explicit commitment to undertake activities which will incorporate natural, built environment and heritage values in decision making processes. Social issues are also addressed in the charter. In particular, Defence aims to: '... be a "good neighbour" through close involvement and regular consultation with local residents' (DoD 1998c, p. 3).

While the implied application of ESD principles can be effective, decision making processes are less likely to continually produce ESD consistent outcomes relative to cases where ESD principles are explicitly stated. An implicit, rather than explicit, commitment to ESD principles makes that commitment less transparent in the decision making process. Accountability may then be blurred causing the omission

of potentially significant costs and benefits in the decision. Consequently, good practice policy making is compromised.

Restructuring departments and agencies

In recognition of the complexities of implementing ESD, and to better meet the challenges, some agencies have restructured the way they are organised. For example, Environment Australia (resp. 9, p. 1) has undertaken internal restructuring to better apply ESD principles in decision making by increasing the coordination and cooperation of activities to create improved results:

> … the Department was restructured to group responsibilities under broader environmental objectives. The new structure brought together areas that previously had separate identities and cultures, and a degree of independence. The new structure combined with weekly executive meetings, a collegiate style of corporate decision making, and an emphasis on providing integrated advice has helped to better apply ESD principles to policy advice and program administration.

AusAID (sub. 14, p. 2) has also restructured, by amalgamating its sectoral expertise, to improve its operations. The results have been significant in that:

> Under this new structure, policy and technical staff work together in support of country programs, to draft speeches, develop AusAID-wide policies and guidelines, prepare briefings, and conduct a host of other activities. Under the old structure this degree of cooperation rarely took place.

4.2 Policy and programs

As discussed previously, implementing ESD represents a broad policy agenda and it introduces a number of complexities for policy making. The range of policy responses that can be considered ESD related is similarly broad in terms of both impact and scope. This is reflected in responses to the Commission's questionnaire.

The weight of consideration given to all aspects of ESD (economic, environmental and social) will depend on the department's and agency's core activities. Some have a primary focus on business and economic activities while others focus mainly on social or environmental considerations. However, some economic policies may fail to take full account of relevant environmental and social issues. Conversely, some environmental policies may fail to take into account relevant economic and social considerations. For example, Kimberly-Clark (sub. 26) argued that recycling is not always beneficial and that these activities themselves are not costless.

Programs and policies undertaken by the Commonwealth are wide ranging. Appendix C highlights some Commonwealth policies and programs, relevant to

ESD. In addition, as part of good house keeping, some agencies have developed ESD consistent programs and policies relevant to their internal operations (box **4.9**).

Box 4.10 **Internal environmental management programs of Commonwealth departments and agencies**

Many Commonwealth departments and agencies are committed to applying ESD principles to their own internal operations. These policies are designed to reduce the environmental impact of the agencies' own activities and operations. Important among them is the Government's 'Measures for Improving Energy Efficiency in Commonwealth Operations' policy, announced in November 1997. The key objective of this policy is to reduce emissions and improve the energy efficiency of Commonwealth Government operations. Among other things, the policy requires departments and agencies to report annually on energy performance which forms the basis of a whole of government energy report. The first of these was tabled in Parliament in December 1998.

Departments and agencies have been assisted by various policies and guidelines such as the Commonwealth procurement guidelines of the Department of Finance and Administration.

A number of the strategies adopted by agencies include:

- recycling of paper and other wastes;
- energy/water saving;
- use of an environmental management plan and/or audits; and
- building design that takes into account impacts on the environment.

All of these strategies have significant economic benefits in addition to underlying environmental benefits. Hence a prudent manager would adopt these strategies as part of best practice. The Department of Finance and Administration considers that the benefits of such policies include:

- reduced operating costs through improved design, procurement of energy and increased staff awareness;
- opportunities for industry, from increased demand for innovative, ecologically sustainable products; and
- improved national environmental performance, through the promotion of international science and technology collaboration and the resulting attraction of leading edge technologies to Australian industry.

Sources: CoA (1998a); DISR (sub. DR75); DoFA (resp. 21).

Good practice decision making will attempt to recognise, and account for, all significant economic, environmental and social impacts. For some policies it is obvious that all three types of impacts need to be considered. For such policies and programs to be effective, sound consultation and cooperative efforts between

stakeholders are essential. Appendix D illustrates a number of cases which involve varying degrees of cooperation and consultation between stakeholders. One example is regional forest agreements which have primary economic, environmental and social goals. These agreements seek to address the diverse range of uses and priorities attached to the forest resource by the community as a whole (AFFA, sub. 38). Similarly the AGO, in developing a strategic framework for Australia's greenhouse response, is required to consider the ecological impact of greenhouse gas emissions, the economic impact of reductions in emissions, and the social impact on the community's wellbeing (AGO, resp. 18).

However, in most cases, programs and policies have their primary objectives in either economic, environmental or social areas but also have other direct or indirect economic, environmental or social impacts. For example, as outlined in appendix C, policies and programs of agencies with a primary focus on economic issues (such as the Department of the Treasury) could have important implications for sustainable development and social issues. Tax policy, for example, can affect equity within the community (Treasury, resp. 17). Another example is the regional tourism program of the Department of Industry, Science and Resources, which aims to promote the tourism industry. As popular tourist destinations often coincide with ecologically significant areas, tourism programs need to be cognisant of conserving the ecological balance while extracting economic benefits (sub. 28, p. 5).

Similarly, activities of those agencies with a focus on social policy can also have significant economic or environmental impacts. For example, the main objective of the Department of Defence is to serve and protect the Australian people and its interests (DoD 1998c). However, defence activities can have significant environmental implications. One example is major defence exercises like Tandem Thrust, a joint US and Australian land and sea military exercise (DoD, resp. 22).

Another example, is the Aboriginal and Torres Strait Islander Commission which encourages other agencies to take indigenous views into account. This includes promoting cultural, heritage, environmental and economic values in program development relating to indigenous Australians. In this way, the commission may influence economic and environmental activities undertaken by other government agencies and the wider community (ATSIC, resp. 25).

Finally, agencies with a primary focus on environmental issues can also have a significant economic or social impact. One example, outlined in appendix C, is Environment Australia's management of protected areas (such as Kakadu National Park). In addition to conserving part of Australia's biodiversity and natural heritage, economic values (such as tourism) and social values (such as cultural heritage) need to be considered in the management process. Another example is research undertaken by the Fisheries Research and Development Corporation on the

preservation of natural marine ecosystems. The aim of this research is to develop resource management practices that are sustainable and that preserve the ecosystems for continual use.

Some Commonwealth policies and programs aim to encourage industry and the wider community to adopt ESD principles. For example, the Fisheries Action Program (appendix C) aims to repair Australia's aquatic environment and promote sustainable use of fisheries by encouraging community involvement in activities to improve fisheries ecosystems. Similarly, regional forest agreements aim to involve stakeholders in the determination and implementation of policy. Another Commonwealth policy aimed at changing corporate behaviour is the Greenhouse Challenge Program administered by the Australian Greenhouse Office (box **4.11**).

Box 4.12 **Greenhouse Challenge and changes in corporate behaviour**

Announced in March 1995, the Greenhouse Challenge Program is a cooperative joint venture between the Commonwealth and industry. Through this program, government and industry cooperate to develop cost effective, flexible and voluntary measures to significantly reduce greenhouse gas emissions through improvements in energy efficiency and by enhancing greenhouse gas sinks. Industry is primarily responsible for developing greenhouse gas abatement plans, and for monitoring and reporting progress in implementing them (GCO 1995).

During the past few years, over 100 enterprises have signed cooperative agreements. Of the first 100 signatories, 46 are companies in the manufacturing, mining, electricity distribution, oil and gas, commercial transport, construction, and service sectors. Together they comprise about 45 per cent of greenhouse gas emissions attributable to Australian companies in these sectors (GCO 1997). According to AGO:

> … companies … have committed to savings off growth of more than 20 million tonnes of CO_2 equivalent by the year 2000. This reduction is equal to the emissions of more than one million Australian households, including their transport, household energy use and decay of wastes in landfills. (resp. 18, p. 13)

The projected reductions in emissions are greatest for four of Australia's largest companies. As at September 1997, BHP, Rio Tinto, Shell Australia and ICI Australia were expected to reduce their greenhouse gas emissions by 18 per cent (or 11 million tonnes of CO_2 equivalent) below year 2000 levels that would have otherwise occurred. This represents about 10 per cent of Australia's total greenhouse emissions.

Sources: GCO (1995, 1997); AGO (resp. 18).

4.3 Current mechanisms for monitoring, evaluating, and reporting effectiveness in implementing ESD

The challenge of monitoring and reviewing current practices is to ensure that the program or policy was, or continues to be, effective, focused and relevant (CoA 1992b). This is especially so in the government sector given the absence of a market to provide appropriate performance information.

A great deal of information is required to enable the effective monitoring and review of government activities. The comprehensive nature of information required to review ESD consistent decisions can be extremely difficult to obtain in cases where non pecuniary costs and benefits (typically environmental and social in nature) are involved.

A significant amount of the information required exhibits public good characteristics. As such, a number of Commonwealth agencies gather and make available information for other departments and agencies and the wider community to improve day to day ESD decision making processes.

CSIRO (sub. 17, preamble, italics in original) indicates that current efforts in monitoring and information gathering can still be improved:

> … there is scope for enhanced evaluation action and for better, more practical measures which give timely feedback on progress at all scales from local to global.
>
> *Despite worthwhile steps forward, it is not yet sufficiently clear whether many activities are becoming more or less sustainable. This knowledge is crucial to good management.*

The Department of Premier and Cabinet, Tasmania (sub. DR70, p. 4) noted another important issue in relation to monitoring:

> ... a major issue in monitoring ESD-related government activities is the identification of trends. This requires long-term baseline monitoring and better understanding of the basic ecological and physical processes of natural systems.

Commonwealth agency sources of information

Several Commonwealth agencies have core responsibilities for providing key information to assess ESD related activities, particularly for natural resource management and the environment. In some cases, it is not feasible to obtain complete information given the size of the task, the lag of environmental impacts or institutional constraints. For example, the Fisheries Research and Development Corporation (resp. 15, p. 2) stated:

> Compared with land-based resources, knowledge of fish resources is poor, and acquiring such knowledge is slow and expensive.

Similarly:

> Of 270 (mostly commercial) Australian Fisheries, it has been estimated that for only eight per cent is there adequate or good information for management to support ecologically sustainable development. (Dovers 1995, p. 145)

Environment Australia is the Commonwealth's primary caretaker of ecologically related information. It collects and documents data in the following areas: air; biodiversity; coasts and marine; geographic; heritage; industry; mining and protected areas. Information is collated in various forms including:

- registers which maintain lists of certain items such as important natural and heritage areas;
- directories that collate environmental and marine information sources;
- projects to gather information relating to issues such as biodiversity; and
- inventories which comprehensively document information on ecological sustainability issues (box **4.13**).

Box 4.14 **Managing information collection through inventories**

Environment Australia participates in three key inventories — the National Pollutant Inventory, National Wilderness Inventory and Australian National Greenhouse Gas Inventory.

- The National Pollutant Inventory is an internet database designed to provide information to the community on emissions to air, land, and water. It aims to promote waste minimisation and cleaner production by industry and government. Information on the National Pollutant Inventory should also help governments with environmental planning and management and is expected to become an integral part of policy and program formulation for government at all levels. The National Environment Protection Council has primary responsibility for this inventory.
- The National Wilderness Inventory is a database and set of geographical information systems modelling procedures designed to assist in planning and management of remote and natural lands in Australia.
- The Australian National Greenhouse Gas Inventory records estimates of greenhouse gas emissions and sinks. Only emissions from sources and removals by sinks resulting from human activities are estimated and included in the inventory. Emissions from natural processes lie outside its scope.

Sources: AGO (1998a,c); Australian and World Heritage Group (1999); National Pollutant Inventory (1998).

Other agencies with roles in collecting relevant information include:

- the ABS which collects data on environment protection expenditure, environment and transport, energy and agriculture, and the conservation of the environment, and also plans to develop an environmental accounting system;
- the Australian Bureau of Agricultural and Resource Economics which undertakes economic research and produces information on agriculture, minerals, energy, fisheries, forestry, global climate change, and land and water;
- the Bureau of Rural Sciences (formerly Bureau of Resource Sciences), which, amongst other things, collects data on sustainable use and development of Australia's natural resources, and on food safety, quarantine, and animal and plant health issues;
- CSIRO which, amongst other things, undertakes environment related research and development with a primary focus on biodiversity, climate and atmosphere, land and water, and marine matters;
- the Australian Geological Survey Organisation — Australia's national geological survey agency;
- the Bureau of Meteorology which collects climate statistics; and
- the Australian Surveying and Land Information Group which operates within the Department of Industry, Science and Resources, and is the Commonwealth Government's primary source of advice on spatial information matters.

Further, several major projects are currently under way to complete specific review tasks and improve the review capabilities of a number of areas in the Commonwealth government. Examples include a project to develop environmental indicators for state of the environment reporting and the National Land and Water Resources Audit program which is one of the Natural Heritage Trust's major programs (box **4.15**).

However despite the current efforts Dovers (1997, p. 79) argues that there is a:

Box 4.16 Environmental indicators and the National Land and Water Resources Audit

The environmental indicators project and National Land and Water Resources Audit are two major projects that aim to improve the review and monitoring capabilities of the Commonwealth.

Environmental indicators

Development of a set of indicators to monitor the condition of the environment and the human activities that affect it is the next step in state of the environment reporting. Environment Australia has commissioned experts to develop and recommend indicators for each of seven major themes around which state of the environment reporting is based — biodiversity, land, inland waters, estuaries and the sea, human settlements, the atmosphere, and natural and cultural heritage.

Derived from reports commissioned by Environment Australia, the Australian and New Zealand Environment and Conservation Council has produced 72 draft core environmental indicators for six of the seven themes. The set of indicators aims to provide nationally comparable data on major environmental trends. The indicators should also assist jurisdictions further develop environmental monitoring and help build a national picture of trends in the environment. It is anticipated that the core indicators may be supplemented in each jurisdiction by additional indicators to accommodate particular management, scale or environmental issues as necessary.

Indicators for the seven themes will be used in the 2001 national state of the environment report. An independent committee has been appointed to oversee its production.

National Land and Water Resources Audit

The National Land and Water Resources Audit is one of the Natural Heritage Trust's major programs. Over four years, the audit aims to improve decision making in land and water resources management. More specifically:

> The intention is to establish a more robust natural resource management environment for Australia in which decisions are made with the benefit of relevant and comprehensive data, with assessments of the likely costs and benefits from environmental, economic and social perspectives, and in the context of sustaining Australia's diverse and fragile natural resources. (NLWRA 1998, p. 5)

During the course of the audit, nationally comparable data sets will be collated to provide a measure of the status of land and water resources. As a result, improvement, or deterioration, of these resources will be identified over time.

In addition, the audit will work closely with key Commonwealth, State and Territory Governments to develop a framework for long term monitoring and assessment of land and water resources.

Sources: ANZECC (1998); NLWRA (1998); SEAC (1998).

Monitoring and review mechanisms

The Commonwealth has several agencies that are able to carry out external reviews of activities undertaken by other agencies. These include the Australian National Audit Office and the Productivity Commission (including the Office of Regulation Review). In addition, individual departments and agencies undertake their own internal monitoring and review. However, resources devoted to such activities vary significantly. The approaches adopted by departments and agencies for monitoring and review of their policies and programs (including in relation to ESD objectives) are summarised in table 4.2.

According to the responses to the questionnaire received by the Commission, monitoring and review of programs and policies across agencies tends to vary considerably. This ranges from those cases where no monitoring of programs or policies is undertaken, to a number where monitoring and feedback represents an important part of overall program evaluation activities.

Overall, however, monitoring activities do not appear to be widely undertaken on a routine bases by departments and agencies. Further, there appears to be even fewer examples where the results from monitoring activities are incorporated into the policy or program via feedback mechanisms. One exception, however, is Environment Australia (resp. 9, p. 3) which recognises the importance of feedback loops for efficient policy development:

> The Department's program evaluation strategy encourages the increased incorporation of ESD principles in program design by encouraging evaluations to look at the cross-portfolio implications of programs. The strategy also encourages cross-program evaluations eg. evaluations of all water related programs, or cross-program evaluation of community consultation approaches.

In cases where monitoring is an important part of departments' and agencies' program development and evaluation activities, this is often a general (rather than ESD related) activity. For some departments and agencies it is undertaken systematically, while for others it is more ad hoc (table 4.2).

Mechanisms for incorporating the results of monitoring into future activities also vary. For example, the:

- Department of Agriculture, Fisheries and Forestry (sub. 38) indicated that it reports regularly against key result areas (including sustainability criteria) and that it publishes the results in its annual report;
- Fisheries Research and Development Corporation (resp. 15) indicated that project and program achievements are reported systematically (six monthly and

at the end of each project) and that these are reviewed at the board level with results incorporated back into decision making processes;

- Grains Research and Development Corporation (resp. 13) indicated that monitoring of outcomes against established performance indicators is a key aspect of its programs; and
- Australian Communications Authority (resp. 10) indicated that 25 performance indicators are in place and that these are reviewed annually.

In several cases, agencies indicated that ESD related programs had been implemented relatively recently and that, when they are fully implemented, performance monitoring would be considered. For example, regional forest agreements contain commitments to establish sustainability indicators (EA, resp. 9).

In other cases, agencies have indicated that monitoring of particular indicators has been undertaken. For example, several agencies (CSIRO, resp. 16; DoTRS, resp. 23) gave examples of programs for which they were in the process of establishing environmental management systems based on ISO 14001 standards. Once in place, these would incorporate the results of monitoring of environmental performance and procedures to respective programs through feedback mechanisms.

Table 4.2 contains further examples.

Table 4.4 **Monitoring and review of ESD policies and programs — selected department and agency approaches[a]**

Agency	*Program/policy*	*Comment*
Combined efforts to manage natural resource or environmental issues		
Australian Greenhouse Office	Administers five key programs in its role as the agency providing a coordinated response on greenhouse matters.	Reports on implementation of the National Greenhouse Strategy are to be prepared biennially. Projections and implications will be assessed against a range of indicators (eg. impact on industry sectors) with performance measured against indicators. Performance indicators for the Greenhouse Challenge program were developed in consultation with government and industry stakeholders. Progress toward emission reduction targets is monitored and reported annually. A number of performance indicators have been developed as part of the Sustainable Energy Program. As the program is relatively recent, reviews have not been undertaken. Performance monitoring and review currently not undertaken for Renewable Energy Program.
Environmental and natural resource management as core activities		
Australian Institute of Marine Science	Research program has sustainability objectives.	Monitoring is a key aspect of programs.
Department of Agriculture, Fisheries and Forestry[b]	Administers programs relating to agriculture, fisheries, forest and processing industries. Program objectives include sustainability.	The corporate plan establishes key result areas (of which sustainability is one) and top priority projects. Department reports against the key result areas and top priorities in annual reports. Corporate performance is reviewed on quarterly or annual cycles against the key result areas.
	COAG Strategic Water Industry Reform Framework.	ARMCANZ, ANZECC and sometimes the MDBC are required to report annually to COAG on progress in implementation. Performance is also reviewed as part of the implementation of National Competition Policy.
	Sugar Industry Infrastructure Program.	Project operators are required to report regularly to State and Territory departments on their progress. In turn, State and Territory departments report to the Commonwealth. Evaluations of completed projects are undertaken one year later to assess whether objectives were met.

(Continued on next page)

Table 4.5 **Monitoring and review of ESD policies and programs — selected department and agency approaches** (continued)

Agency	*Program/policy*	*Comment*
Environment Australia[c]	Natural Heritage Trust (NHT).	Indicators have been prepared as part of a draft 'NHT Monitoring and Evaluation Framework' document. Specific projects might also contain indicators. To date, evaluations have not been carried out and there are no feedback mechanisms. However, these will be developed.
	Australian and World Heritage Program.	No monitoring and review related specifically to ESD objectives. Does occur on an ad hoc basis. A more systematic approach to monitoring is being investigated.
	Forest Program.	A framework for forest indicators has been developed, based on the Montreal process. A review of the RFA process to date has been completed. Five yearly reviews of individual RFA performance will be undertaken. Mechanisms for the results of evaluations to feed back into programs are still being developed.
	Environmental impact assessment (EIA).	There are no mechanisms for monitoring EIA (content or outcomes) other than monitoring of the number of EIA undertaken each year. EIA process has been reviewed. However, there is no formal mechanism for incorporating outcomes of the review into policy.
Fisheries Research and Development Corporation	Corporation objectives are set out in legislation and include sustainability. Specific projects relate to resource sustainability.	Project and program achievements are reported against performance indicators. Progress against indicators is assessed annually; six monthly for specific projects; and at the completion of specific projects. The board of the organisation reviews performance reports and incorporates feedback into decision making processes.
Grains Research and Development Corporation	Research and development strategy.	Outcomes monitored against performance indicators. Includes implementation, monitoring and evaluating policies and programs.
Sugar Research and Development Corporation (SRDC)	Objectives of the *Primary Industries and Energy Research and Development Act 1989*. Specific SRDC projects.	Assessments of overall (ie not ESD specific) program effectiveness are carried out periodically. General feedback evaluations are taken into account when preparing new plans, and reviewing the existing R&D plan.

(Continued on next page)

Table 4.6 **Monitoring and review of ESD policies and programs — selected department and agency approaches** (continued)

Agency	*Program/policy*	*Comment*
Core activities not related to environmental and natural resource management		
AusAID	Aid programs.	An environmental audit is undertaken every three years. In each intervening year, selected audits in sensitive areas are also undertaken. In the environmental area, a review process has been designed to allow continual improvements in environmental outcomes of all Australian aid activities.
Australian Communications Authority	Objectives of the *Telecommunications Act 1997* and the *Radiocommunications Act 1992*.	The Authority lists 25 general performance indicators, none related specifically to ESD issues. Performance indicators will be reviewed annually to ensure their continued relevance. No mechanisms for feedback.
Australian Nuclear Science and Technology Organisation (ANSTO)	Three of ANSTO's core areas of business have significant ESD implications.	Environmental monitoring is regularly undertaken. Results are reported in the annual report and in a separate Environmental Survey Report. Environmental outcomes are monitored by committees which provide recommendations to ANSTO on how performance can be improved.
CSIRO	Internal operations.	While not ESD specific, CSIRO has developed two programs with broad environmental objectives related to its operations. Environmental performance is assessed against objectives. While still in the implementation phase, evaluation will be carried out on an annual basis. Once established, an environmental management system based on ISO 14001 will have procedures in place for feedback mechanisms.
Department of the Attorney General	Internal management practices.	Monitoring of some initiatives undertaken. No formalised review procedures.
Department of Communications and the Arts	Administers telecommunications legislation which includes ESD objectives.	Monitoring undertaken by the Australian Communications Authority. Ad hoc evaluations of telecommunications carriers' performance are undertaken.
Department of Family and Community Services	Internal management policies.	No formal monitoring or feedback mechanisms.

(Continued on the next page)

Table 4.7 **Monitoring and review of ESD policies and programs — selected department and agency approaches** (continued)

Agency	*Program/policy*	*Comment*
Department of Defence[d]	Environmental Management Plans.	Plans usually incorporate monitoring and reporting mechanisms. Performance indicators and targets are not specified. Information gathered is not used in a systematic fashion. The Department is considering feeding information from individual plans into the corporate Environment Management System. Some feedback loops exist to monitor performance.
Department of Transport and Regional Services	Australian Transport and Sustainable Development (ATSD) policy under development. Different parts of the Department also have ESD objectives as part of programs.	Performance monitoring and review mechanisms are proposed as part of the ATSD. Funding under the Local Government Development Plan is linked to ESD management. Non ESD specific project outcomes are assessed against original objectives. No formal feedback mechanisms are involved. Regulation of the environmental performance of airports incorporates ESD principles. Environmental outcomes must be monitored. Airport lessees must implement an environmental management system based on ISO 14001. This includes procedures for feedback mechanisms. Roads funding decisions are subject to the EIA process.
Department of the Treasury	Corporate objectives include ESD principles. Also reflected in fiscal policies, and *Charter of Budget Honesty Act 1998*.	ESD and environmental considerations not reflected in formal performance monitoring and review processes.
National Registration Authority	Activities guided by the *Agricultural and Veterinary Chemicals Code Act 1994* which recognises ESD principles.	NRA activities focus on ex ante assessments of impacts. Responsibilities stop at point of sale. NRA can require monitoring procedures as part of registration conditions. However, environmental monitoring not usually undertaken.

a This table does not represent a complete list of department and agency policies and programs as it is based on responses to the Commission's questionnaire. Where departments and agencies administer a number of policies and programs relevant to an aspect of ESD, only a sample has been included in this table.

b Department has provided input to a number of programs such as the Natural Heritage Trust and regional forest agreements which are reported under Environment Australia.

c Environment Australia provided information on nine programs as being representative of its approach to ESD. In addition to policies related to resource management, it also has administrative responsibility for legislation relating to environmental impact assessments.

d The main response to the NSESD by the Department of Defence has been through specific environmental programs rather than through an integrated corporate response.

Sources: resp. 5, 7–10, 12–18, 20, 22–24; sub. 14, 38.

4.4 The Commission's assessment

A number of departments and agencies appear to have incorporated ESD principles in some form or another in their decision making processes. However, it is uncommon for ESD principles and objectives to have been fully taken into account from the initial policy development stages right through to the monitoring and review of the policies and programs developed. Consequently, there is still significant scope for many departments and agencies to better incorporate ESD principles in all phases of the decision making process. To date overall success of government efforts to implement ESD has been mixed and variable.

The Industry Commission stated in its report (IC 1998), *A Full Repairing Lease, Inquiry into Ecologically Sustainable Land Management* that ecological sustainability has been incorporated into policy in an ad hoc, incomplete and tentative manner. The National Farmers' Federation concur with this observation (sub. 22, p. 3) while the Smart Futures Group (sub. 31, p. 1) is concerned that the implementation of ESD is stagnating:

> ESD has become something of a mantra, in danger of remaining rhetoric rather than becoming practice.

The National Association of Forest Industries of Australia (sub. 4, p. 1) is also cautious on the uptake of ESD:

> While lip service seems to be paid to the concept [of ESD], there is not much sign of a strong commitment to putting the concept into practice. It seems … that the environment portfolio has interpreted its responsibility as being mainly to arbitrate on what is and is not ecologically sustainable. On the other hand, the environment portfolio seems to have very little interest in the development component of ESD.

The Australian Conservation Foundation (sub. 27, p. 1) went further and stated:

> ... ESD has never been seriously implemented in Australia. Indeed the prerequisites for its effective implementation are absent. These prerequisites include … information and accounting frameworks, institutions, departmental structures and functions …

However, governments have made several positive steps. Dovers (1997) states that the emerging array of ESD policies is an encouraging start by governments even though there is still a great deal left to do in terms of implementation and institutionalisation.

CSIRO (sub. 17, preamble) stated:

> Progress has been made in adopting ESD principles in a range of sectors (if, in some cases, rhetoric might outstrip reality). A challenge before Australia is to maintain momentum in all fields to achieve sustainability underpinned by adequate and evolving

knowledge. Overall (if not necessarily in every instance), ecological, economic, social and cultural factors must link as integrative approaches.

In terms of developing policies and programs, departments and agencies which have accounted for ESD or sustainable development have either done so explicitly or implicitly. Few refer to ESD objectives specifically. However this may be due to the fact that governments only relatively recently confirmed their commitment to ESD through the NSESD in 1992. Departments and agencies with a natural resource or environmental focus seem to have given greater explicit recognition to ESD principles than others. While the implied application of ESD principles can be effective, it is at risk of not consistently producing ESD outcomes because accountability may be blurred from a lack of transparency.

Some of the Commonwealth's current strategies to incorporate ESD principles adopt a whole of government approach, which involves a number of government departments and stakeholders, and could potentially have a wide impact (for example, greenhouse gas abatement). Others are initiated by individual agencies and might be focused only on sectoral or industry specific issues (for example, sustainable fisheries management). The flexibility in the way ESD principles are accounted for reflects the vast array of activities undertaken by government.

For some departments and agencies, applying ESD principles is a relatively simple exercise while for others it is complex. Such difficulties arise because there are institutional impediments to good practice policy making — reliable information is scarce, there are inter-generational impacts or there are a significant number of stakeholders.

A great deal of information is required to enable the effective monitoring and review of government activities particularly in relation to meeting ESD objectives. The comprehensive nature of information required to review ESD consistent decisions implies that monitoring and review of these policies can be extremely difficult especially in cases where nonpecuniary values (typically environmental and social in nature) need to be measured. Other obstacles to obtaining complete information include the size of the task, the lag of environmental impacts or institutional constraints, such as lack of funding.

Monitoring and review of programs and policies across agencies tends to vary considerably. On the whole, the monitoring of government activities does not appear to be widely undertaken routinely by departments and agencies. Further, there appear to be even fewer examples where the results from monitoring activities are incorporated into the policy or program via feedback mechanisms.