

Australian Conservation Foundation Submission on the Productivity Commission Draft Report on Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies

The Australian Conservation Foundation submitted an extensive submission to this inquiry for the preparation of the draft report. This shorter submission needs to be read in the context of that submission and concentrates primarily on commenting on the Productivity Commission draft report.

Introduction

ACF is concerned that the Productivity Commission has a rather static and simplistic view of ESD which is centred around the notion of trade-offs or balancing acts between economic, social and environmental factors. While such trade-offs may sometimes lead to better outcomes (win-win situations) they don't in themselves constitute ESD¹. The reason for this is the static nature of such trade-offs. Unless these trade-offs are seen in a wider and longer-term context, and under-pinned by clear meta-policy directions that are designed to enhance environmental outcomes, the result could simply be either a woeful compromise, development sustained (but not necessarily ecologically) or a lucky win-win outcome.

ESD can only effectively occur in a context of fundamental institutional and policy reform starting with basics such as ecological tax reform, removal of subsidies to polluting or resource intensive industries, the removal of barriers to sustainable industries and application of polluter pays principles. Unless these steps are taken ESD is a static attempt to impose a sustainable structure onto rotten foundations.

In any case, sustainable development (or ESD in the Australia), at least in the manner the Productivity Commission appears to understand it, is already an outdated concept in some developed countries. The concept of ecological modernisation has replaced it as a useful framework for ensuring sustainability in industrial countries. This is partially because of the static managerial and technocratic approach of sustainable development which aims for compromises to address symptoms and problems, but fails to address under-lying causes. Sustainable development offers little to communities in term of empowerment and therefore it is perhaps not surprising that the notion of sustainable development has never received community support or engagement.

Ecological modernisation² is a restructuring of industrial economies that aims to reduce the environmental impact of economic activity through planned and assisted measures to

¹ For a comprehensive discussion of ESD see Hare, W L (ed), Ecologically Sustainable Development, ACF, Melbourne, 1990.

² A popular book on ecological modernisation is Factor Four: doubling wealth – halving resource use, von Weizsacker, E, Lovins, A Lovins, H, Allen and Unwin, 1997. Factor ten is now firmly on the agenda.

improve the productivity of inputs, use less environmentally damaging technologies and by shifting away from high material intensity. It aims to decrease the environmental impact of each unit of GDP. Several countries have been reducing their environmental impact, as measured for example in energy intensity, in relation to GDP growth for some time now. For example in Germany macroeconomic energy intensity expressed in energy consumption per unit GDP increased by 4% in 1998 compared to 1997 and by 16% since 1990 (or put another way economic energy efficiency increased by those percentages³). Australia is not one of these countries.

The concept of ecological modernisation offers a new framework for understanding the environmental-economic problem. Against the technocratic approach, it acknowledges that environmental degradation is not an incidental by-product of economic activity, which can be solved simply by add-on pollution control techniques. Environmental damage arises from many of the most fundamental features of modern industrial economies: the burning of fossil fuels, the production of food, the system of transport, the patterns of employment and service provision in cities. Changing these will mean a fundamental restructuring of economic and social organisation. But contra the utopian greens, this is not incompatible with the maintenance of capitalism and continuing (if probably slower) economic growth. Capitalist economies regularly undergo structural change. Technological innovation and changing social forces stimulate the development of new production systems, land use patterns, forms of consumption and ways of life. (Witness, for example, the continuing impact of information technology and new global trading relations on patterns of European production and consumption.) Ecological modernisation reinterprets the environmental problem as one of economic restructuring in this way: a shift onto a new path of economic development in which technological advances and social changes combine to reduce, by an order of magnitude, the environmental impacts of economic activity.⁴

Unlike some views of sustainable development (and ACF suspects the Productivity Commission shares these views) this is a dynamic concept in that there is a constant striving to reduce environmental impact. In other words the environment pushes this concept. This differs from the notion of seeking trade-offs as the very centre-piece of ESD policy and practice.

That said the notion of pursuing ESD (even a flawed version) is not itself a useless endeavour as the tools, policies, information and techniques that result will be of some benefit. However, ACF is under no illusion that implementing ESD in the way the Productivity Commission draft report envisages it is not going to ensure true ecological sustainability for Australia, although it may help counter some of the excesses of current practices.

³ German Institute for Economic Research (DIW), Berlin

⁴ Jacobs, M, *Greening the Millennium*, Blackwell, Oxford, 1997

Comments on the draft report

2.3 Intervention failure

ACF agrees that regulatory capture is a key a problem in Australian ESD implementation. A key example is the unwarranted influence the minerals processing sector has in shaping greenhouse policy. This flows through to the use of inadequate analytical tools. A key example of this was the ABARE analysis of greenhouse impacts for Australia which failed to adequately account for fundamentals such as impacts on non-fossil fuel industries, on infrastructure, on social conditions, on the environment and industries reliant on natural resources such as agriculture and benefits from uptake of alternative energy (indeed took a static view of this uptake), and yet served as the underpinning for policy development.

The Productivity Commission rightly identifies policy inertia as a problem. What could be added to the example given is that is that although the worst tax concessions for landclearing have been discontinued, the tax system still allows deductions for expenses incurred in clearing land, therefore sending the wrong signals to landclearers. Furthermore, a recent initiative such as the Natural Heritage Trust, funds irrigation and drainage projects, that are contributing to environmental problems, rather than solving them.

Box 3.1 Australia's commitment to international sustainable development efforts

The role of the Ambassador for the Environment has effectively been down-graded in the term of the Howard government, suggesting a diminishing commitment to international environmental outcomes.

Box 3.2 Environment Protection and Biodiversity Conservation Bill

As ACF pointed out in our first submission, the Environment Protection and Biodiversity Conservation Bill poses dangers to the implementation to ESD. The Environment Protection (Impact of Proposals) Act 1974, which the Environment Protection and Biodiversity Conservation Bill, replaces, is in many respects better ESD legislation, especially in light of its age.

The Environment Protection (Impact of Proposals) Act was a brave attempt to implement ESD in the 1970s before the term had been invented. Dr Moss Cass attempted, through a variety of wide triggers, to ensure that the environment was incorporated into decision-making. The legislation allowed for (and still does) not just assessment of development proposals, but that policies, economic decisions and the workings of government could be subjected to environment impact assessment. Unfortunately it has never been effectively used in that way and that is an obvious failing of the Act. But the intent was obviously there. The Environment Protection and Biodiversity Conservation Bill loses most of these capabilities.

One could argue that using these broad basically non-environmental triggers arose for two reasons.

First to give the Act a broad scope, in effect to implement ESD.

Second because environmental triggers were not as obviously available as they are today. This was the era before historic High Court decisions such as the Franklin Dam Case which clarified the extent of the Commonwealth's powers.

Today we as a nation have more environmental responsibilities internationally and nationally, and more expectations from the community to protect the environment, than ever before. We also have greater opportunities to develop world-class legislation that enables the Commonwealth to retain the responsibility for the national and international obligations, while allowing the states to conduct assessments on an equal playing field. While it is evident that 1974 legislation needs reform the Environment Protection and Biodiversity Conservation Bill does not do this.

The Environment Protection and Biodiversity Conservation Bill distorts the implementation of ESD. Not only is this a lost opportunity but it is liable to cause exactly what a chief intent of the Bill is to avoid, namely duplication.

By limiting the Commonwealth's role to six environmental issues only which act as triggers for assessment, yet provide for all social and environmental factors to be taken into account a grotesque distortion is introduced. To exclude all but a narrow range of environmental factors, but assess a wide range of economic and social factors, is a travesty of ESD.

And it leads to duplication because the states will have to drive their own assessments of these impacts, but unfortunately not in the national context that would almost certainly required of them.

The Bill lends itself to narrow site-specific and issue-specific approaches which are the antithesis of ESD. The existing legislation is more capable of delivering ESD.

This of course arises from the COAG Heads of Agreement which despite listing 24 issues of Commonwealth responsibility then chooses, in an arbitrary fashion, to use only six as triggers for assessment. No convincing rationale is given and most importantly no public consultation ever occurred on this matter.

This Bill also contains no less than 17 exemptions or variations on the process for a PER, EIS and Inquiry.

They are:

1. Specially accredited processes

2. Assessment on information provided by the proponent
3. Bilateral agreements
4. Ministerial declarations
5. Conservation agreements
6. RFAs
7. Pending RFAs
8. GBRMP
9. Telecommunications
10. Strategic EIA (which is not really strategic EIA)
11. State-managed fisheries
12. Ministerial exemptions
13. Ministerial decisions on controlled actions
14. Foreign aid
15. Aircraft operations
16. Airports
17. Other by regulation.

This could literally exclude everything.

For effective ESD to be implemented this Bill needs to be pulled apart and reassembled with provision for assessment of policies, Commonwealth funding and the workings of government. Many of these things have a far greater impact on the environment than site-specific developments. The government's tax package for example is likely to have greater impact on Australia's greenhouse gas emissions than most development projects.

3.2 Whole of government approaches to incorporating ESD

Intergovernmental Agreement on the Environment

The IGAE is seen by some of the states as a vehicle for devolving environmental decision-making. The quote by the WA Ministry of Premier and Cabinet makes this clear. State government submissions to the Senate Inquiry into the Environment Protection and Biodiversity Conservation Bill provide further evidence of the wish for the states to gain full control of environmental decision-making. ACF provided comprehensive comment on this in its submission.

A further point is in relation to the non-implementation of the IGAE. States have not incorporated environmental issues into decision-making processes. An example is the City Link freeway project in Melbourne. The arrangements for this project include compensation provisions for the developer in the case of future public transport links between Melbourne Airport and the city. This effectively precludes the provision of rail, light rail or tram options and entrenches road transport. The environmental implications of this were adequately never examined and there is no evidence that they were even considered. Decisions of this ilk often carry with them far greater environmental impacts

than smaller development proposals that may be subject to more rigorous environmental examination.

The IGAE also has no mechanism for community participation and mandates no standards for this. Standards on matters such as freedom of information and judicial review vary between states and territories. Bilateral agreements under the Environment Protection and Biodiversity Conservation Bill will perpetuate this inconsistency as this Bill also has no mechanisms for ensuring high and consistent standards for community participation in decision-making. ESD without the community is not ESD.

National Strategy for ESD

ACF considers this to be effectively defunct in the absence of a review and reporting mechanism. A voluntary code without monitoring, review and reporting is an historic document, not an effective strategy.

Current mechanisms for incorporating ESD principles in decision-making

The regulation impact statement requires an ESD equivalent. This may be the function of an Office of ESD (see below).

The comments in relation to the Environment Protection (Impact of Proposals) Act 1974 relate to the potential of the Act, not its implementation. The negotiation, operation and enforcement of agreements and arrangements; the making of, or the participation in the making of, decisions and recommendations; the incurring of expenditure; and even the formulation of proposals have never been assessed using this Act. As outlined above the Environment Protection and Biodiversity Conservation Bill has even less capacity to do this.

Although in theory the power of the Commonwealth Environment Minister may increase under the Environment Protection and Biodiversity Conservation Bill, in reality it (and the role of the Commonwealth) is more likely to *decrease*. This is due to the devolution mechanisms of the bilateral agreements in that Bill. Having seen the draft bilateral framework the Commonwealth is negotiating with the states, ACF is more convinced of this than ever.

In relation to the Register for the National Estate the procedures as outlined under review and subject to new legislation to replace the Australian Heritage Commission Act 1975. Indications are that Commonwealth involvement in heritage matters will be diminished.

Table 4.1 (and Table C.1)

Both these tables highlight the problem of failing to apply ESD in some of the most significant policy settings a government can make. For example in both tables there is only limited (and inadequate) recognition of the huge potential the Department of Treasury can

make to promote or hinder ESD through the development of tax policy. The relationship of tax and ESD is not just through equity issues as indicated in both tables. Tax policy is a major market mechanism to influence environmental outcomes and yet Treasury (and the government) have failed to recognise this in any fundamental sense.

Australia stands isolated in its failure to incorporate any aspects of ecological tax reform, which is a fundamental underpinning for ecological modernisation, in its tax reform package.

Ecological tax reform is currently being pursued in several OECD countries. Italy has just introduced ecological tax reform aimed at reducing employment charges. This is being done through progressively increasing the cost of most fuels in Italy until 2005, the money derived therefrom to be used for employment and anti-pollution initiatives. The cost of relatively cleaner LPG will fall. In Australia tax changes will lead to a decrease in the cost of diesel (which is dirtier and more greenhouse unfriendly than CNG and LPG) and therefore a relative increase in the price of CNG and LPG.

Germany has embarked on a comprehensive program of ecological tax reform under its new Green-SPD coalition. This tax reform will occur in three consecutive steps, each yielding about 0.8 per cent reduction of labour costs. The reform will be in harmony both with overall state revenue neutrality – which, of course, is pertinent to a federal system like Australia – and with social justice. All these principles have been supported fully by the German environmental movement and progressive companies in Germany, as well as the trade unions in Germany. Even the Clinton administration has announced tax credits for energy saving homes, appliances and vehicles, in an announcement made earlier this year.

Not only have opportunities been missed, but impacts have not even been assessed.

Evidence given to the Senate Inquiry into the GST and New Tax System suggests that the Department of Treasury did not even consult or seek the advice of Environment Australia (let alone any non-government environment organisations) in the development of the tax package. Yet the tax changes will lead to environmental outcomes far in excess of most projects that would at least receive the scrutiny of an environment impact assessment. This is an intervention failure of a mammoth order.

Both table 4.1 and C.1 indicate that foreign investment proposals are subject to the Environment Protection (Impact of Proposals) and Australian Heritage Commission Acts. This provision has not been carried over to the Environment Protection and Biodiversity Conservation Bill. Under this Bill, contrary to table C.1, any adverse environmental concerns will not necessarily be subject to an environmental impact assessment.

ACF is astounded by the quote on page 46 by AFFA. The suggestion that the integration process is almost completed strikes us as ludicrous. Is this suggesting that AFFA now has

all the policy settings right for ESD and henceforth there will be no deviation from the path of sustainability?

The quote is also based on the static notion of tension between social, economic and environmental considerations that despite the use of the term “dynamic” admits no coherent direction.

Box 4.5

The telecommunications industry is exempt from, or has special arrangements for, certain environmental impact provisions that apply to other industries under present legislation. These provisions will essentially be retained under the Environment Protection and Biodiversity Conservation Bill. Although there is reference to using existing facilities in terms of rollout activity, duplication of facilities has not be avoided in mobile tower provision.

4.2 Policy and programs

The draft report notes that some economic policies may fail to take full account of relevant environmental and social policies but gives no examples. It then goes on to note that some environmental policies may fail to take account relevant economic and social considerations and quotes an example of recycling. ACF notes that there would be far more examples of the former than the latter, and that the example given is not a particularly good one. The costs and benefits of recycling are of course entirely dependant on which costs and benefits have been internalised and therefore are being counted.

The draft report cites the Regional Forest Agreement process on numerous occasions. The outputs of this process are highly dependant on the inputs. There is mounting evidence that the sustainable yield data in many RFA area is grossly inadequate and that the best process will lead to bad outcomes, especially as the RFAs and the RFA Bill provide no flexibility to deal with these problems because they provide compensation if resource security is not maintained, irrespective of environmental imperatives that may arise. This submission deals with this in greater detail below.

Box 4.7

In addressing greenhouse responses the notion of “emissions being lower than would otherwise have occurred” is often used by companies and government alike. ACF is skeptical of the use of this rhetoric as it is likely to be largely meaningless. As the Productivity Commission would know forward projections for any supply or demand is notoriously unreliable and to build these assumptions into outcome assertions comes close to mere propaganda.

In relation to ISO 14001 standards ACF makes the comment that ISO 14001, while undoubtedly having benefits, is essentially process driven, not outcome driven. This needs to be borne in mind in assessing its role.

Table 4.2

As the table points out NHT evaluation is being developed. However, it seems that this will not be conducted until or after the life of the NHT (which under the NHT Act ends in June 2001⁵). This seems extraordinary for a program distributing in excess of \$1 billion in funds.

5 Case studies

Regional Forest Agreements

The federal government has failed to provide a systematic overview mechanism to manage the RFA process. The RFA process is being managed such that no-one in the community has a complete grasp of the 'state of play'. It is doubtful even that industry and government participants have such an overview. Certainly it is clear that state forestry agencies have insufficient information about their own forests. They have also restricted access by the community to important data.

The Commonwealth in turn relies on the deficient information of state agencies on which to base its responses – a case of the blind leading the blind. This overall information deficient needs to be redressed if the RFA is to be seen as credible public policy.

The work of ACF's consultants to date strongly suggests that 'RFA' is simply a new label for old policies, policies that have failed to deliver either ecological sustainability in Australia's forests or an ecologically sustainable forest industry. Furthermore the passage of the RFA Bill would lock into place this lack of sustainability for another generation. In particular the compensation provisions of the Bill provide a further extraordinary subsidy for unsustainability.

The RFA Bill requires the Commonwealth to pay large compensation payments to the affected parties if logging activity is curtailed for environmental reasons. For there to be any logic to this adequate knowledge of basics such as sustainable yield and the ecological state of forests must be determined.

ACF's evidence shows that this information is grossly inadequate in many parts of Australia and that the Australian community is being hoodwinked about the process. In particular there is now enough credible evidence to raise serious doubts over the sustainability of most of Victoria's productive forests. The East Gippsland and Central

⁵ Although the Commonwealth government has committed an additional \$250 million to the NHT this is subject to a further partial sale of Telstra and would require an amendment to the NHT Act to be used in an additional year.

Highland RFA area's sustainable yield figures are unachievable (and the Victorian Department is aware of this) and yet a 20-year agreement has been locked into place on the basis of these figures with compensation payable when not achieved.

The Regional Forest Agreement Bill 1998 removes virtually all significant Commonwealth powers to protect the environment and gives virtually complete control to the state forest agencies (most of which are captured bureaucracies) and the forest industry associations.

Some state forest agencies (such as in WA and Victoria) are super-ministries, combining both the forest production and environmental assessment and biodiversity conservation aspects in one department. Far from ensuring ESD this has led to the dominance of forest production interests safe from public scrutiny. Where an independent scrutiny has been attempted, as recently happened with the WA EPA, the political pressure has come down and the forest agency (in this case CALM) has closed ranks.

For the RFA Process to stand as a model for ESD implementation the Commonwealth government must provide satisfactory answers to at least the following questions:

1. Guarantees that timber production is sustainable from each RFA area?
2. Estimates of existing timber production, by category, for each RFA, and projections of timber production for each RFA over the life of the RFA agreement?
3. The data (and calculation methodology) which estimates the existing timber resource (trees growing in the production areas), and the projected timber resource, in each RFA area?
4. The data that the Commonwealth relies upon, to ensure the RFA timber harvesting data is correct for each RFA area?
5. The methodology by which the RFA agreements have traded-off timber harvesting for other values such as conservation, water production, honey production, fishery impacts, tourism etc in the forests?
6. The data, on which the different values of the native forest have been evaluated, in order to arrive at the proposed forest harvesting arrangements in each RFA area?
7. The data on the costs of native forest management/harvesting for timber, in every RFA, which have been used to establish the value of timber production from the native forests?

ACF believes that the Commonwealth is simply not capable of providing adequate answers to most of these questions, and that therefore the RFA model, good as it may be in theory, is not a model for ESD implementation.

The National Forest Policy Statement includes policy commitments to full cost recovery for state forestry agencies. This area of reform has not been pursued with any vigour. ACF addressed this with a submission to the KPMG review of the Victorian Forest Act (which can be provided). This review has not been released.

In contrast to water, forestry reform is not included as a specified area for reform under the National Competition Policy agreements. ACF believes this should be rectified.

ACF maintains that the reference in the draft report that equates the 20 year life of an RFA with long-term planning (p 74) is a misunderstanding of the nature of RFAs and the RFA Bill. Both of these provide 20 year resource security for the timber industry - but not for other forest dependant industries – and effectively preclude adaptive management as new information, especially environmental information, becomes available.

Because of the 20 year resource security the reliability of data such as that for sustainable yield of timber is all the more crucial. Unreliable, poor or unverified data will lead to compensation for no valid economic, social or environmental reason. This is very poor ESD.

Economic factors quite clearly dominate environmental factors in the RFAs. This is evident in the RFAs by the provisions for unforeseen economic circumstances to allow amendment, while no environmental equivalent exists.

In summary RFAs are only as good as the data that shapes them. The data in turn is only as good as the agencies who control them. These agencies in turn are only as disinterested as the vested interests which have captured them. Unless a circuit breaker is found, ESD outcomes will not be the result.

Murray Darling NRMS and Basin Sustainability Program

Notwithstanding some benefits from the MDBC Basin Sustainability Program (BSP) to date, ACF holds some major concerns as follows:

BSP does have objectives and performance indicators, but on most programs no performance monitoring against these performance indicators has ever been undertaken.

For example, the irrigation sub-program, which focuses on irrigation drainage & related works, is supposed to *improve the riverine environment and result in a net reduction in nutrient exports to rivers*. No “best practice” standards for irrigation drainage currently exist, and no monitoring program is in place to assess nutrient loads from drainage scheme either in terms of *nutrient concentrations* or *total nutrient loads*. Irrigation drainage is the biggest single source of nutrients into the southern Murray Darling, but while almost all drains are funded through the BSP, the BSP is unaccountable for its outcomes.

While dryland salinity is by far the biggest *salinity-related* issue in the MDB, it is actually the Irrigation Regions Management sub-program that attracts most of the funding. This is because (a) irrigators are more vocal in demands for funding, and (b) the irrigation sub-program is managed as an *industry assistance fund* to help protect mainly rice and dairy

farmers from the inevitable consequences of their flood irrigation practices. In other words, it is a program of paying irrigators towards the cost of protecting themselves from the cost of their own “polluting” behaviour. As such the justification for this funding being at much higher levels than for dryland salinity cannot be defended on environmental grounds.

Re the riverine sub-program, the major problem is that the big ticket item of this sub-program – the development of the Environmental Flows Decision Support System – has been delayed beyond the point where it can be of any use for the many environmental flows processes currently in train. In any case, the system amounts to little more than a snappy visual presentation of flow and related data which State Government agencies are already capable of producing through flow and water use modelling. To date, therefore, this Environmental Flows Decision Support System will not be able to add any value to the environmental flows processes currently in train, the timelines of which are more-or-less fixed by the COAG Water Resources Policy.

Other criticisms of the riverine sub-program can be summarised as follows:

- The Commission has failed so far to commit serious funds to the Inter-Governmental Working Group on River Murray Flows. As such the process is in danger of stalling.
- While there is a clear need for the Commission to assist in co-ordination of the contentious environmental flow needs of Qld/NSW environmental flow issues, (“Border Rivers”, the Condamine Balonne, and “Intersecting Streams”), the Commission seems to be actively avoiding involvement.
- The Riverine sub-program *has not contributed any assistance whatsoever to state-based environmental flow processes*, particularly those in inland NSW and Queensland.
- Funds for management of riparian vegetation are minimal.
- Again, almost no funding is available for monitoring sub-program outcomes against objectives and performance indicators.
- Over 2 to 3 years, some hundreds of thousands of dollars of funds earmarked for the development of an environmental flows program for the Barmah Millewa forest was diverted (via an administrative decision) to pay for MDBC’s legal challenge to the Yorta Yorta native title claim.
- Overall, funding for riverine issues falls well behind funding for assistance to the irrigation industry via the irrigation sub-program.

ACF also holds concerns about “Multi Criteria Assessment”, where project proposals are prioritised against expected social, environmental and economic benefits. We are concerned that expectations of social and economic benefits mean that those projects aimed purely at biodiversity conservation are invariably rejected for funding, unless they can also demonstrate direct social and economic benefits.

Partnerships with stakeholders

Stakeholders is some respects a dangerous little word. It implies that all affected parties are somehow the same in the type of interest they have, ie they all hold a stake in the outcome. While in a way this may be true, in another way it is not.

It doesn't differentiate those that are 'sitting at the table' out of self-interest from those that are there for the public interest. While bureaucrats may feel immensely uncomfortable with this difference, it nonetheless exists. Our society relies on the strength of public interest advocacy (civil society, the missing element in so much discussion on the implementation of ESD) to provide robust and democratic, rather than just technocratic, outcomes.

An industry representative is not the same as an environmental group representative. One represents the self-interest of the mining company, the other the public interest in the environment and there is a fundamental difference in the nature of their interests. That is not to say that the self-interest of the mining company may not be in accord with the public interest on occasions, or that the environmental public interest is necessarily well represented on all occasions, but the difference nevertheless exists, and is obscured by the term *stakeholder*.

To deny this difference is to lose perspective of the role of non-government and community organisations.

To assume equality of motivation sometimes also leads to false assumptions about equality of opportunity. Most community representatives are simply not capable of being represented in the same way as an industry representative in resourcing terms, and therefore if all 'stakeholders' are to make meaningful and worthwhile contributions resources must be provided for community involvement. The draft report fails to notice or point this out.

6. Improving policy processes

Table 6.1

Activities unlikely to be covered by EIAs and EISs include not only activities where environmental impacts are not considered significant, but those not properly thought through for environmental impact such as policies, eg tax or transport.

A study by Professor Ralf Buckley investigated the impacts foreshadowed in EISs in Australia and similarly to the USA found a low level of prediction of impacts and indeed compliance.

7. Improving coordination, monitoring and feedback

Box 7.1 Principles for incorporating stakeholder input

Resourcing for community representatives must be included as a principle (see above).

To regard community representatives simply as 'stakeholders' (see above) is to jeopardise community involvement in ESD processes. The section in the draft report on public participation fails to recognise the importance of this or adequate resourcing.

For comparison with other coordination mechanisms ACF provides the following taken from our 1997 Federal Budget submission.

OFFICE FOR ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The ACF believes that an Office for Ecologically Sustainable Development should be established to overcome the impasse reached in the implementation of the recommendations of the ESD Working Groups and National Strategy for Ecologically Sustainable Development.

Policy relating to ESD requires co-ordination across Federal departments and a centralised point of access for communication with and input from the States. An interdepartmental Office for Ecologically Sustainable Development, which is autonomous from but associated with the Departments of Prime Minister and Cabinet and the Environment, is required to ensure that 'the environment' will not be subordinated to sustained development'.

The major functions of this Office would include :

- . Policy development to meet the requirements of the National ESD Strategy;
- . Facilitation of ESD related activities between Commonwealth departments, and the Commonwealth and the States;
- . Provision of public information and educational material on ecologically sustainable development;
- . Preparation of the Green Budget statement, jointly with Treasury.

R(92): The establishment of an Office for Ecologically Sustainable Development is proposed, to facilitate and co-ordinate the implementation of the recommendations of the National Strategy for Ecological Development, and to monitor and review implementation of the Strategy.

Cost: \$1 million in 1997-98 (recurrent and indexed)
Implementing Agency: DPMC

8. Priorities in ESD Implementation

The function of Commissioner for the Environment proposed by ACF differs from the Office of ESD proposed above.

For comparison the Commissioner for the Environment proposal entails:

Commissioner for the Environment

There is a need for an independent authority to publicly review and report on the environmental role and operations of the Commonwealth Government. We propose that the Bill provide for a Commissioner for the Environment. The duties of the Commissioner would include: (i) reviewing the extent to which Commonwealth Departments have met the objectives, and implemented the action plans, set out in their sustainable development strategies, (ii) reviewing bilateral agreements to assess their consistency with the accreditation criteria which are to be spelt out in the regulations, (iii) monitoring and reviewing State and Commonwealth compliance with bilateral agreements, (iv) auditing compliance with approvals issued

under the Bill, (v) auditing compliance with conservation agreements made under the Bill, (vi) auditing compliance with the requirement to prepare management plans for protected areas within the time-frames to be set out in the Bill, and compliance with those management plans, and (vii) co-ordinating State of the Environment Reporting.

There is overlap and potentially both functions may be able to be combined into a single function.

ACF agrees with the comment by the Environment Australia that a Commissioner should not be restricted to the narrow role of auditing ESD performance by departments. On the other hand ACF does not believe this is being undertaken comprehensively enough by the ANAO, or indeed that ANAO is fully equipped to do this.

8.2 Issues in developing future directions

ACF is undertaking work into extending the *State of the Environment Report 1996*. The aim of the project, known as Sustainable Future for Australia, is to detail the specific actions that Australia needs to take in order to effectively deal with its current environmental problems - as outlined in such studies as the *State of the Environment Australia 1996*. An important part of the project is the setting of key targets that should be met within a 25 year period.

This work flows from the recommendation of the State of the Environment Advisory Committee that developing recommendations on how to address the state of the environment was an important task that needed to flow from the report. This recommendation was not taken up by the government.

ACF's project should be completed during 1999.

A revised or new strategic direction for further implementation of ESD, as outlined in the Productivity Commission draft report, needs to address the issue of how to involve the broader community as suggested. ESD, as it has evolved in Australia via the National Strategy, has little resonance even in the environmentally and socially aware sectors of society, let alone the broader community. It presents no vision and has no dynamic. For the community to be engaged a new approach needs to be taken that firmly places environmental improvement as the driving force of the strategy. The community is not interested in vague notions of integration and the byzantine politics of sectoral interest trade-offs. Australians will respond far better to visions of environmental transformation through the creation of new industries and bold moves to move Australia into the 21st Century through ecological modernisation. The leadership for this is sadly lacking in government and industry.

Comments on draft recommendations and requests for further information

Draft recommendation 6.1: ACF concurs but doubts it will in itself achieve much.

Draft recommendation 7.1: ACF concurs but doubts it will in itself achieve much.

Draft recommendation 7.2: ACF concurs but doubts it will in itself achieve much.

Draft recommendation 7.3: ACF concurs.

Draft recommendation 7.4: ACF concurs and believes this could be of substantial value.

Draft recommendation 7.5: ACF has no problem with this recommendation except in so far as it implies that the environment and natural resource management are more ESD related than other issues or areas. We believe that a vast array of policies and programs are, or should be, ESD related. While there it is logical to give priority to the NHT, as it is a fairly large program of short duration, there are other areas, some of even larger expenditure, that would benefit from this treatment.

ACF believes that such measures should be ongoing.

Priority should be given to areas with greatest likely impact, which by and large, would be areas of greatest expenditure. If not impact should be the determining factor.

ACF would do further than the statement that “a voluntary code may not guarantee compliance with good policy making and management guidelines” to state that it almost certainly won’t guarantee compliance in all cases. While such codes are useful in focusing and applying some ‘peer pressure’ they are not a solution to the problems of implementation.

ACF believes that both a Commission for ESD (see above) and/or a National Council for ESD may have merit.

ACF believes that a duty of care for the environment is a sensible measure that will further ecological sustainability, if combined with other measures.

Comments on the draft report covers other requests for further information.