

Executive Director

COMPETITIVENESS AND SUSTAINABILITY GROUP
DEPARTMENT OF AGRICULTURE FISHERIES AND FORESTRY

Presiding Commissioner
ESD Inquiry
Productivity Commission
Locked Bag 2
Collins St East
MELBOURNE VIC 8003

Dear Dr Byron

Further to our submission in December 1998, the Department of Agriculture, Fisheries and Forestry - Australia provides the attached comments in response to the draft report of the Inquiry into Implementation of Ecologically Sustainable Development (ESD) by Commonwealth Departments and Agencies.

AFFA acknowledges that while agencies with primary carriage of natural resource management and environmental issues have made considerable efforts to incorporate ESD in their planning and decision making frameworks, Government agencies generally still have some way to go in this regard. AFFA views this as a reflection of the Commission's finding of a lack of clarity in what ESD means for government policy. In this regard, it is important to emphasise that ESD encompasses more than environmental issues and involves the integration of social, economic and environmental factors in achieving sustainable development.

AFFA notes that the Commission makes no recommendation relating to Government agencies as users of resources such as energy and water. Application of ESD principles in development of policies relating to business practices could raise awareness of ESD issues in the workplace and encourage consideration of ESD in other activities undertaken by Commonwealth departments and agencies. This may also provide a demonstration effect throughout the wider community.

This Portfolio supports the broadening and more effective use of existing processes for progressing ESD objectives rather than the establishment of new institutional arrangements which may seek to promote ESD as an independent activity. In AFFA's view, Australia is unlikely to achieve ESD unless the principles and concepts underpinning it are woven into the processes by which government, industry and the community generally undertake their strategic and day to day activities.

This department believes that the Government's move towards implementation of an accrual based outcomes and outputs framework for budget purposes offers an opportunity for agencies to better develop and monitor policies designed to implement ESD principles.

Yours sincerely

Bernard Wonder
Executive Director

18 May 1999

Response to the recommendations of the Productivity Commission's Draft Report on Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies

Draft Recommendation 6.1

An Explicit statement of ESD principles should be included in the guidelines of existing policy development and evaluation mechanisms - for example regulation impact statement guidelines.

AFFA agrees that long term and short term economic, environmental and social implications should be explicitly considered during development of agencies' program, policy and regulatory initiatives. The inclusion of ESD principles in guidelines for policy development and evaluation could assist in this regard. AFFA concurs with the "principles of good practice policy making" outlined in Box 6.1 on page 86 of the draft report.

AFFA notes the Commission's finding that there is a lack of clarity regarding what ESD means for government policy and that the complexity of implementing ESD differs vastly between departments and agencies. The implementation of ESD can involve difficult tradeoffs between long and short term environmental, social and economic objectives. Accordingly, all agencies, particularly those for which ESD is not currently viewed as a core policy concern, could benefit from a degree of guidance and direction in this regard. AFFA considers that the current inquiry process represents an opportunity for the development and promotion of such guidance.

Finding 6.2

Where appropriate, the use of regulation impact statements and environmental impact assessments should be complemented by other tools such as health impact analyses and multicriteria analyses. This would assist in the identification of impacts and increase the transparency of decision making.

Implicit in the concept of ESD is the need for integrated assessment and analysis of economic, social and environmental impacts. AFFA therefore supports the use of analytical tools including regulation impact statements, environmental impact assessments, health impact analyses and multicriteria analyses as appropriate to assist in the identification and examination of the likely extent of potential impacts. AFFA considers that regulation impact statements and environmental impact statements to be useful analytical frameworks, the application of which increases transparency in decision making. Similarly, providing the parameters are set correctly, the use of multicriteria analysis frameworks should assist in the transparent assessment of trade-offs which occur in pursuing ESD objectives.

Finding 6.3

Consistent with current government policy, the principles of output based management should be used as an additional tool to assist departments and agencies to develop, monitor and coordinate policies designed to achieve ESD objectives.

AFFA agrees that principles of output based management may assist departments and agencies to develop, monitor and coordinate policies designed to achieve ESD objectives. In line with the Government's plans to implement an accrual based outcomes and outputs framework for budget purposes, this Portfolio has recently developed a structure defining outcomes and outputs.

AFFA's draft Corporate Plan identifies the agreed Portfolio outcome as:

More sustainable, competitive and profitable Australian agricultural, food, fisheries and forestry industries.

The Sub Outcomes are:

- 1. Australian agricultural, food, fisheries and forestry industries are profitable and competitive and continue to create jobs, particularly in Regional Australia*
- 2. Australian agricultural, food, fisheries and forestry industries have a sustainable resource base.*

Finding 7.1

Good practice principles facilitating effective coordination and stakeholder input should be followed routinely as part of the decision making process for policies, programs and regulations likely to have significant ESD impacts. These include:

- comprehensive identification of stakeholders;*
- opportunity for input;*
- opportunity for negotiation;*
- access to information; and*
- institutionalised processes.*

AFFA acknowledges the importance of stakeholder identification and input where appropriate in the development of policies, programs and regulations. Many examples of the incorporation of stakeholder input into policy and program development were provided in AFFA's submission to the Inquiry.

The application of good practice principles must be appropriate to particular circumstances. A number of considerations are relevant in this regard. The identification of stakeholders and their level of involvement in the process may be dependent on the jurisdictional level at which the development of a particular policy, program or regulation takes place. The requirement for, and appropriateness of, stakeholder consultation and involvement often varies between local, state and Commonwealth government decision making processes.

There are institutional processes in place (for example, publication of issues papers and draft policy statements for public comment) which encourage stakeholder involvement in government decision making. In addition, bilateral discussions between key stakeholder

organisations and those agencies responsible for the development and implementation of policies directly affecting their interests, may also occur as appropriate.

Further, issues of equity and cost are frequently a consideration in determining appropriate access to information, as is adherence to current FOI legislation.

Draft Recommendation 7.1

The relevant ministerial councils should routinely and as a matter of course inform each other of ESD issues likely to have relevance and implications for the other councils.

AFFA does not dispute the importance of high level coordination and communication in the implementation of ESD. However, the recommendation incorrectly implies that little communication occurs between Councils. This is not the case.

Ministerial Councils exchange agendas and records of meetings and there is cross-representation on committees/working groups. Many issues, particularly ESD related issues, have been and continue to be considered jointly by Ministerial Councils including the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ), the Australian and New Zealand Environment and Conservation Council (ANZECC), the Ministerial Council on Forestry, Fisheries and Aquaculture (MCFFA) and the Murray-Darling Basin Ministerial Council. Several examples of such processes were listed in AFFA's original submission including:

- the COAG water reform process
- the National Water Quality Management Strategy
- an increased focus on catchment management
- an emphasis on property management planning with a major focus on farm business risk management including the management of drought
- development of sustainability indicators for agriculture and forestry and development of a certification standard for Australian forest management
- integration of sustainable resource management and rural area development
- a draft National Strategy for the Management of Acid Sulphate Soils
- Principles and Guidelines for Rangelands management
- the National Landcare Program and more recently the Natural Heritage Trust
- management of vertebrate pests, particularly the rabbit
- commercial use of wildlife, in particular kangaroos
- a National Weeds Strategy

- an Agricultural and Veterinary Chemicals Management Strategy
- and increased focus on education and skills development of farmers.

Further examples of note include:

- the National Collaborative Project on Indicators for Sustainable Agriculture and its recent report to the Standing Committee on Agriculture and Resource Management (SCARM) *Sustainable Agriculture - Assessing Australia's Recent Performance*
- the National Forest Policy Statement undertaken through the MCFFA (then the Australian Forestry Council)
- the nationally agreed criteria for forest reserves the National Principles for Forest Practices related to Wood Production in Native Forests and Plantations
- the proposed National Framework for Vegetation Management and Monitoring.

Draft Recommendation 7.2

The Commonwealth Government should consider means to improve the efficiency and effectiveness of the processes of these councils with respect to ESD implementation, particularly the extent to which individual councils have clearly specified objectives with respect to ESD implementation, and are meeting them.

Primarily, Ministerial Councils provide a forum for inter-jurisdictional discussion and facilitate consistent implementation of agreed decisions. Actual implementation is a matter for individual members and on ESD matters this is largely the responsibility of individual States/Territories.

It is in the interest of all jurisdictions represented on Ministerial Councils that these bodies conduct their affairs as efficiently and effectively as possible. AFFA notes that the Commonwealth is only one member of these joint State/Territory and Commonwealth (and New Zealand) bodies but has, and will continue to play a leadership role in many areas, including ESD in environmental and natural resource management contexts.

Draft Recommendation 7.3

Consistent with the principles of good practice policy making, departments and agencies should regularly and as a matter of course monitor the efficiency and effectiveness of their ESD related policies, programs and regulations. As such, the development of performance indicators against clearly stated objectives should be mandatory early in the policy development phase. In this regard the framework of the National Land and Water Resources Audit should be expanded and adapted to other areas, such as those highlighted in the State of the Environment Report, for example, biodiversity, air quality and fisheries.

AFFA agrees that as part of good practice policy making departments and agencies should regularly monitor the efficiency and effectiveness of their policies, programs and regulations, including those related to ESD.

As indicated in AFFA's submission to the Inquiry, most portfolio programs and policies are subject to regular monitoring, review and evaluation. ESD principles are incorporated in the corporate planning process and results are captured in annual reports. The move towards output based management provides an opportunity to achieve more in this regard.

The development of indicators to monitor social, economic and environmental impacts is complex and subject to geographic and temporal variability. In AFFA's experience, effective feedback loops can only be established if based on measurable indicators monitored over an appropriate timeframe. Normally, these can be aggregated to provide a more general, if less precise, evaluation.

As noted in AFFA's submission to the Inquiry, considerable effort has been made in the past decade to develop indicators of sustainability, especially in regard to environmental, agricultural and forest resource management. Governments are currently undertaking work in a number of areas that would assist in the development of performance monitoring frameworks. Most recently, the establishment of the National Land and Water Resources Audit is assisting by providing improved baseline data on resource condition.

Further development of performance indicators to monitor the effectiveness of ESD policies and programs should naturally build on the work completed to date and be progressed in consultation with relevant stakeholders.

In AFFA's view there is limited scope to expand the coverage of the National Land and Water Resources Audit within the parameters of its current work plan. Adaptation of the Audit framework to other areas such as those highlighted in the State of the Environment Report is most appropriately considered in the post-Audit context.

Draft Recommendation 7.4

Data collection relating to ESD issues should be rationalised to avoid duplication of effort and coverage. The ABS should be given the major responsibility for developing, in consultation with stakeholders, standard classifications and consistent measurement protocols for the collection of state of the environment data and other sustainability indicators. The current work of the ABS in this area should be given a high priority.

AFFA acknowledges the benefits of rationalisation of data collection in avoiding duplication of effort and coverage and the portfolio and its predecessors have been active for some time in this regard through the Advanced Research and Development Centres under the Bureau of Rural Sciences. However, it is important to note that data collection should be user driven. To gain maximum benefit from performance

feedback, it is necessary for the agencies responsible for policies and programs to implement performance measurement mechanisms and related indicators.

There is considerable value in the development of standard classifications and consistent measurement for the collection of state of the environment data and other sustainability indicators. AFFA agrees that there may be a role for agencies such as the Australian Bureau of Statistics in ensuring data bases are compatible and other measures to facilitate information sharing. However, it is important to note that data collection should be user driven. To gain maximum benefit from performance feedback, it is necessary for the agencies responsible for policies and programs to implement performance measurement mechanisms and related indicators.

Much of the information needed for natural resource use accounting is collected and used directly for purposes consistent with ESD principles (such as analysing the performance of fisheries and other natural resource industries). Consistent with our view that data collection should be user driven, AFFA does not believe that ABS should be given responsibility for such collections. In our view this could substantially diminish the utility these collections and reduce the primary payoffs associated with the data collection and its early availability. Moreover, the high level of scientific skills required for analyses usually lies in those areas closer to the industries they serve.

AFFA considers the Commonwealth's approach for the development of an Australian Spatial Data Infrastructure (ASDI) provides the best opportunities for the effective and efficient management of environmental data, a point elaborated on in the Bureau of Rural Sciences' separate response to the Productivity Commission's Draft Report.

Draft Recommendation 7.5

The Commonwealth Government, in cooperation with State and Territory Governments, should develop a framework to facilitate performance measurement and enable comparisons of the effectiveness and efficiency of Commonwealth, State and Territory policies and programs in ESD related areas such as the environment and natural resource management.

Initially, priority could be given to areas of major expenditure allocated under the National Heritage Trust, such as land, vegetation and rivers.

The Commission seeks participants' views on the proposed performance measurement exercise. In particular.

- *whether the exercise should be one off, or ongoing - analogous to the annual publications of the Steering Committee for the Review of Commonwealth State Service Provision; and*
- *priority areas for review, and the basis upon which priority areas should be selected - for example, government expenditure or likely impact of a particular activity on economic, environmental or social objectives.*

AFFA agrees there could be significant advantages for both the Commonwealth and the States in development of a framework that facilitates performance measurement and enables comparisons of the effectiveness and efficiency of their respective policies. As both the Commonwealth and the states and territories contribute towards natural resource and environmental management, details of expenditure by all jurisdictions is necessary to form an accurate picture of total and relative contributions made in these areas. AFFA considers that the work of the Steering Committee for the Review of Government Service Provision represents a good basis for developing a framework for ESD performance measurement for both Commonwealth and State activities. In developing such a framework, careful consideration will need to be given to the integration and standardisation of social, economic and environmental data collected on different geographical and time scales. To enable comparisons and benchmarking of state and Commonwealth activities, standard definitions and data collection techniques will need to be developed across jurisdictions. It must also be noted that many government policies and programs relating to ESD objectives represent policy tools rather than services. This may present some conceptual difficulties in the approach to measuring efficiency and effectiveness in an ESD context.

In regard to the suggestion that initial priority be given to areas of major expenditure allocated under the Natural Heritage Trust, such as land, vegetation and rivers, AFFA draws the Commission's attention to the performance measurement work already undertaken in relation to NHT programs. This work has involved AFFA and Environment Australia in collaboration with the States and Territories and could provide a basis for future development. However, application of this framework in the longer term would be contingent on future policy decisions pertaining to natural resource management and environmental program expenditure following the current funding period for the Trust.

AFFA agrees that the scope of the framework could be initially limited to areas of major expenditure allocated under the NHT by both the Commonwealth and the states and territories (noting the current life of the Trust). This could then be expanded to provide an ongoing system that would include priority areas based on expenditure levels, impact of the activities and the availability and collectability of relevant data.

Draft Recommendation 8.1

The Commission invites comments from participants on the proposals for a voluntary code of conduct, Commission for Sustainable Development (or a similar office), a non-governmental or semi-governmental National Council for Sustainable Development, and a duty of care in terms of.

- *strengthening the Commonwealth's commitment to ESD;*
- *the relative merits of each of the models;*
- *suggestions for improving or altering any of the models; and*

- *what these models can add to the implementation of ESD that is not being offered elsewhere.*

AFFA supports the broadening and use of existing institutional arrangements for progressing ESD objectives rather than the creation of new mechanisms. In AFFA's view, ESD principles must permeate the normal work of government (and that of other stakeholders) rather than responsibility for ESD implementation being assigned to any particular organisation within government. Unless ESD is integrated with agencies' key activities there is a danger that ESD may be viewed as peripheral to their core objectives and activities. It is also possible that policies and activities which are contrary or hinder the pursuit of ESD could be supported.

Consistent with this view, AFFA believes that performance audits related to ESD would be best performed by the Australian National Audit Office as part of their normal responsibilities rather than be undertaken by a new body.

AFFA sees little merit in the establishment of a Commission for Sustainable Development or similar office. However, should it be the view of the Productivity Commission that such a body be established, in AFFA's view its role should be restricted to the provision of strategic advice to government and more specific advice to agencies to assist in implementing ESD.

AFFA sees some merit in the duty of care concept and development of codes of conduct in so far as they relate to implementation of ESD by Commonwealth agencies. AFFA considers, however, that the application of these concepts involves a risk that current approaches and values may be entrenched in an area which is continually evolving and which involves a broad range of stakeholders including government agencies, industry and the Australian community generally. Codes of conduct may also encourage a minimalist approach to ESD and hinder the development of arrangements for self-initiated consideration of ESD principles and their incorporation in more routine decision making.

The application of the duty of care concept would involve careful consideration of such issues as the extent of obligations imposed; who bears responsibility for its administration and for the monitoring of performance in accordance with the duty of care. The application of the concept beyond Commonwealth agencies, which would not be supported by AFFA at this stage, would involve very complex policy and legal issues.

Draft Recommendation 8.2

The Commission invites comments from participants on the merit of developing future directions for ESD, covering issues such as:

- *which subject areas should a revised or new strategic direction for ESD canvass; and*
- *the form and content of those strategies.*

Of primary concern to AFFA are the sustainable management of Australia's natural resources and the development of sustainable agriculture. The department's experience since the Heads of Government agreement on the National Strategy for ESD indicates the continued need for better integration of the social, economic and environmental dimensions of issues. For example, although we have a much better understanding of the biophysical processes associated with such issues as dryland salinity, we are becoming increasingly aware that many of the key impediments to effectively addressing its causes are cultural, social, institutional and economic factors. Many of these factors do not lend themselves to traditional natural resource management policy responses.

As the Commission has observed, this phenomenon highlights the need for improved integrative mechanisms not just between the diverse agencies sharing policy responsibility, but also between them and educational, research, marketing and other bodies which have an important role to play. Effective means for managing the complex interactions between issues and their stakeholders is central to successfully progressing ESD implementation.

General Comments

In a number of places the draft report refers to the NHT as being the "National Heritage Trust". This is incorrect and should be "Natural Heritage Trust".

The Bureau of Resource Sciences (BRS) is now called the Bureau of Rural Sciences (BRS).

Page XXII last paragraph, dot pint 1. The "Department of Agriculture, Fisheries and Forestry" should be the "Department of Agriculture, Fisheries and Forestry - Australia".

Page XXIV, paragraph 1. "for example, in fisheries management..." This example should be clarified such that readers do not get the impression that fisheries managers have failed to take into account the need for long term sustainability in management.

Page 23, paragraph 3, indentation. Please include the Ministerial Council on Forestry, Fisheries and Aquaculture (MCFFA)

Page 27, paragraph 5. "The NSESD covers a number of key industry sectors that rely on natural resources...." Please include "fisheries" after "agriculture".

Page 185, paragraph 5 states that AFMA is represented on the ANZECC working party on marine debris. We are not sure that this is the case and have been unable to find anyone in AFMA to verify this statement.

Paragraph 5, line 6 DPIE was never responsible for administering the *Environmental Protection (Sea Dumping) Act 1982*. This has always been administered by Environment Australia.

Page 189 Paragraph 1. This paragraph targets the issue of bycatch in the Northern Prawn Fishery. The issue of bycatch is being handled at the Commonwealth and National level through draft policies to reduce bycatch. For the Northern Prawn Fishery in particular, there is a Bycatch Action Plan which aims to "eliminate to the greatest extent feasible, the catch of large animals such as turtles and stingrays, and reduce substantially the high ratio of bycatch to prawns."