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ECONOMIC REFORM

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**SOUTH AUSTRALIA GOVERNMENT SUBMISSION TO THE INQUIRY
INTO THE IMPLEMENTATION OF ECOLOGICALLY SUSTAINABLE
DEVELOPMENT BY COMMONWEALTH DEPARTMENTS AND AGENCIES**

Please find attached the South Australian Government's submission to the ESD inquiry, I can be contacted on Ph: (08) 8226 1981 if you have any queries about the submission.

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**Productivity Commission Draft Report
Implementation of Ecologically Sustainable Development by Commonwealth
Departments and Agencies
Response from the South Australian Government**

1. Introduction

The Productivity Commission's draft report, *Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies*, has been released for comment. On 26 March, 1999 a meeting was held involving several South Australian Government departments [ie Department of Premier and Cabinet, Department of Environment, Heritage and Aboriginal Affairs, Department of Transport, Urban Planning and the Arts, and Primary Industries and Resources South Australia] and the PC Commissioner to discuss the report and provide initial views.

The purpose of this response is to provide a formal submission to the Commission which may be considered in its finalisation of the report. It is acknowledged that the submission will be made available for public inspection.

2. Overview

The Productivity Commission has undertaken a comprehensive review of the implementation of ESD by Commonwealth departments and agencies. The report is thorough and provides a detailed analysis of the involvement of departments and agencies. The review derives from the premise that ESD is a fundamental policy orientation for the Government and that the review needs to ascertain the extent by which this is reflected in its implementation.

A key finding of the Commission's review is that ESD is regarded as of relevance mainly to the environmental portfolio and that it is perceived to have limited significance in the social and economic sectors such as transport, urban planning, agriculture, and industry. As stated succinctly by the report: "ESD represents an extremely broad policy agenda, one which transcends portfolios and levels of government" [p 33]. The Commission considers that ESD has relevance to all sectors of the Government.

It is, noteworthy that the review found the implementation of ESD has been most effective where the "ESD problem or concern has been bounded in some way - either by issue, by sector in the economy, or by geographical area" [p XIX] examples such as the Murray-Darling Basin illustrate this.

3. Review Recommendations

The majority of the six recommendations concentrate on improving coordination, monitoring and performance measurement. The report could focus more on the core issue of policy development processes.

The following comments relate to the recommendations of the review.

3.1. Improving Policy Development Processes

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.*

This is the sole recommendation relating to the critical area of policy development. The review provides a valuable analysis of measures which could assist in policy development in an ESD context including:

- Best practice guidelines for policy making [p 86]
- Development of a voluntary code of conduct for departments and agencies [p 128]
- Establishment of an independent commission for sustainable development (p 131)
- Establishment of a statutory duty of care for the environment [p 137]

It is noted that the Commission invites comments from participants on these proposals and has not incorporated them into its recommendations.

Guidelines to assist in the adoption of an ESD approach to policy development by departments and agencies would clearly be beneficial. These need to be based on pragmatic experience as well as the theoretical ideal.

The report states. *"The key to improving ESD implementation by departments and agencies is improving policy development processes and explicitly accounting of the economic, environmental and social consequences of proposed policies and programs."*

The provision of workshops to develop skills and understand the relevance of ESD in differing circumstances would be worthwhile. ESD is not a concept which can be applied by rote, it requires understanding of the approach and based on this, practitioners can apply it in their particular circumstances. There is therefore a need for an education and training initiative to complement the provision of guidelines. The importance of education, training and interpretation in ESD is of sufficient significance to warrant a recommendation in its own right.

ESD training should be aimed at establishing a broad common understanding of what ESD is and how it is relevant to each sector. ESD analysis skills should also be included but these must be crafted for the specific need of people which are very broad even within a single agency.

The establishment of a voluntary code, an independent commission and a statutory duty of care may assist in driving the adoption of ESD-sensitive approaches to policy development. At this stage, however, the justification does not exist for the adoption of these rather heavy-handed measures. This is because the failures in implementing ESD appear from the Productivity Commission's review to derive not from malicious intent by departments and agencies but rather from failing to recognise the relevance of ESD to their circumstances and in understanding how it may be applied in particular situations. At this stage therefore it would seem preferable to concentrate on remedying these deficiencies. Prescriptive measures may have the opposite effect of reducing ESD to a set of rules and thus limit its understanding and voluntary adoption by departments and agencies.

Of relevance in policy development is that through its funding programs the Commonwealth has a wide impact on sustainability. Assessment of ESD implications of its programs based on ESD should be a necessary step in their formulation. Considerable work has been done in a number of OECD countries on Strategic Environmental Assessment (SEA) from which we could learn.

In the context of policy development it would also be worth including reference to the potentially significant relationship between Commonwealth departments and agencies with the emerging importance of local responses to ESD, in particular Local Agenda 21 and similar sustainability programs being undertaken at a local government level. This issue is worthy of substantial discussion because, firstly it would provide an opportunity to reinforce the importance of the linkages between national and local level policy processes that promote ESD and, secondly it would give due recognition to the role of local government in the formulation and implementation of ESD policies and programs.

3.2 Improving Coordination

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.

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.

These two recommendations relate to the important role of ministerial councils with respect of ESD. It is considered that the first recommendation is rather vague and is unlikely to result in real change. For example in 1993 COAG agreed to a protocol covering these aspects for Ministerial Councils.

Recommendation 7.1 should be made more specific, for example, requiring ministerial councils to include in each agenda item a section which identifies other councils to which the issue would be of relevance. The secretariats, of councils should hold regular meetings to discuss the handling of issues of common concern and to identify links between parties responsible for the development of policy recommendations on specific items.

Recommendation 7.1 is directed at improving coordination between ministerial councils. However recommendation 7.2 is directed at improving the process of policy development and should be placed in the earlier section [along with recommendation 6.1] addressing policy development processes. Recognising that ministerial councils are a creature of all jurisdictions, the recommendation should be amended to read- "The Commonwealth government *should work with member jurisdictions of Ministerial Councils to consider mechanisms for improving the efficiency*

3.2 Improving Monitoring and Data Collection

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.

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.

We support the fundamental intent of these recommendations, in particular the need to strengthen the measurement of ESD performance. However, benchmarks and criteria need to be established against which performance can be measured. The focus should be the measurement of outcome performance in terms of changes in the condition of the environment rather than the performance of the programs per se.

Programs such as the Natural Heritage Trust and National Land and Water Resources Audit are important in achieving greater sustainability in the way Australia's resources are managed and it is this outcome, rather than their internal operations which need to be assessed.

At the broader system level, indicators of sustainability need to be developed, complementing State of Environment reporting, to enable an assessment of the extent

to which the environment and natural resources are being managed on a sustainable basis.

Recommendation 7.4 proposes that the Australian Bureau of Statistics be given major responsibility in developing, in consultation with stakeholders, standard classifications and consistent measurement protocols for the collection of SOE data and, other sustainability indicators. It is recognised that the ABS has considerable expertise and capability in reporting social and economic data and that it is developing a comprehensive program covering environmental accounts and community environmental attitudes. There would be value in working towards standardisation of classification and measurement protocols to allow better aggregation and disaggregation of data.

While it may be appropriate for the ABS to undertake this responsibility, the role of the ABS should not extend to the actual gathering of environmental data because the form that it is held varies widely. The report itself lists a range of organisations involved in collecting relevant information: ABARE, Bureau of Rural Sciences, CSIRO, Australian Geological Survey Organisation, Bureau of Meteorology (BOM), and the Australian Surveying Land Information Group. In addition to these Commonwealth agencies, the majority of environmental data is held by State agencies. It would be difficult for ABS to cover even a fraction of these data sources.

The cost recovery mandate practiced by ABS means that most of its data and publications are not freely available, as is the case for example with BOM and other data sources. The ease and low cost by which information can be obtained is often critical for the effectiveness of community groups, non-government organisations as well as individuals seeking this information. The confidentiality provisions in the ABS charter, under which it cannot publish data which can identify individuals or companies, may further restrict the data which it publishes- For example, many country towns are essentially company towns with one major industry [eg Whyalla, Broken Hill, Roxby Downs, Mt Isa] and it would be difficult for the ABS to publish data relating to these industries other than in a more aggregated form. A further issue is the need to develop values of environmental resources which are not traded in the market place and which require special techniques such as contingent valuation and hedonic pricing to determine. This is not an area in which the ABS has or is likely to practice, whereas bodies such as ABARE and CSIRO have been involved.

3.4 Improving Performance Measurement

Recommendation 7.6 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 environmental and natural resources management Initially, priority could be given to areas of major expenditure allocated under the Natural Heritage Trust, such as land, vegetation, and rivers.

The review acknowledged that ESD has been regarded by many departments and agencies as of relevance only in the environmental and natural resource areas and it is therefore surprising that this recommendation also focuses on these areas to the exclusion of the economic and social areas of policy.

Performance measurement is not a substitute for improved policy development processes which adequately implement ESD, however as a complement to such processes, it can serve to reinforce and inform these processes.

We are concerned that the PC's recommendation is focused at the program level instead of the environmental, social or economic outcomes achieved through various policies and programs- Whilst it is important to ensure that programs are being delivered in an effective and efficient manner, it is suggested that being able to demonstrate a physical change in the condition of the environment is of greater importance.

For example in South Australia we are seeking to enhance our ability to demonstrate improved environmental and natural resource management through the development of environmental performance measures within the framework of State of the Environment reporting. It is envisaged that by developing these performance measures South Australia will be well placed to:

- substantiate external scrutiny of the 'clean and green' image being promoted to markets
- demonstrate to overseas markets that the use of our renewable resources is sustainable
- demonstrate that we are endeavouring to achieve the ecological outcomes that government and the community demand
- make well informed decisions concerning the allocation, use and management of our natural resources.

It is suggested that the PC should be advocating the potential for developing performance measures as part of the framework of national environmental indicators being developed by the ANZECC State of Environment Taskforce. The adoption of this approach would not only facilitate benchmarking but also provide an indirect assessment of policies and programs across jurisdictions.

4. Conclusion

The South Australia Government appreciates the opportunity of responding to the report by the Productivity Commission. It looks forward to seeing the final report and recommendations and hopes that the comments provided in this submission will assist it in finalising the report.

The significance of this inquiry cannot be underestimated as it provides the opportunity for the Commonwealth to demonstrate leadership in implementing ESD.