RESPONSE TO THE PRODUCTIVITY COMMISSION DRAFT REPORT ON THE IMPLEMENTATION OF ECOLOGICALLY SUSTAINABLE DEVELOPMENT BY COMMONWEALTH DEPARTMENTS AND AGENCIES

Our Vision

*A natural and cultural environment
valued, enhanced and protected
in harmony with the nation's social and economic goals*

Overview

Environment Australia welcomes the Productivity Commission draft report *Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies* as a positive contribution to the improved implementation of ESD. In particular, the strong links drawn between best practice policy development and sustainable development are important. Our submission further develops this theme and provides comment on issues raised in the draft report.

Establishing a sound policy development framework for ESD is critical but implementation involves a number of challenges. These include the establishment of ESD objectives, the integration of economic, social and environmental policies and the analysis of the impacts of policy proposals.

Development, integration and monitoring of ESD objectives require extensive consultation as well as good data. Ensuring that objectives are transparent and accessible and promoting community discussion is important. Involving Ministerial Councils in sponsoring high level fora to propose and examine long term objectives in specific areas would also be useful. An effective and efficient system of environmental data management could be achieved by accelerating development of the Australian Spatial Data Infrastructure (ASDI), developed by the Commonwealth Spatial Data Committee.

Environment Australia supports the development of a framework to facilitate performance measurement and monitoring of ESD policies. Performance should be assessed on an ongoing, coordinated basis across Departments. Mechanisms that could be used for this purpose include performance audits by the Australian National Audit Office and annual reports by the Productivity Commission to Parliament on progress towards sustainable development.

Introduction

This submission builds on issues raised in Environment Australia's first submission to the inquiry and provides comments on the following issues raised by the draft report:

- Policy framework for ESD;
- Improving the understanding and uptake of ESD;
- High level coordination on ESD matters;
- Environmental Information; and
- Performance Management.

The policy framework for sustainable development

Environment Australia welcomes the strong links drawn in the draft report between best practice policy development and sustainable development. We also support the uniform application by Commonwealth Departments, of the principles of good practice policy making set out in Box 6.1 on page 86 of the draft report.

The implementation of these principles involves a number of challenges including the establishment of ESD objectives, the integration of economic, social and environmental policies and the analysis of the impacts of policy proposals.

ESD objectives

The establishment of clear policy objectives that integrate economic, social and environmental considerations remains a major challenge. Objectives are difficult to define and evolve through time. Nevertheless it is important for agencies to define their long term sustainable development objectives, and review both objectives and progress towards them on an ongoing basis. This provides direction and stimulates private and public initiatives to achieve long term goals. Private corporations set long term goals to guide strategic priorities, and business groups have asked the government to do likewise.

Long term sustainable development objectives should be included and made transparent in the corporate plans of Commonwealth Departments and agencies. These long term objectives should be clearly distinguished from the shorter-term outcome and output objectives, for which Departments and agencies are accountable in the budget context, although the two are clearly linked.

The Prime Minister's Science, Engineering and Innovation Council (PMSEIC) has provided a valuable forum for discussing long run sustainability objectives and issues. PMSEIC discussions on salinity, biodiversity, biotechnology and climate change have provided compelling illustrations of the links between economic, environmental and social outcomes. These discussions have influenced the knowledge base and attitudes of decision makers.

Other periodic high level fora to examine long term sustainable development objectives and issues, could be encouraged to engage stakeholders and provide feedback to policy makers. These fora could be linked to existing Ministerial Councils, sponsored by them and focussed on specific ESD issues. A first subject could be the development of a framework for sustainability indicators.

Policy integration

Departments and agencies have clearly defined areas of responsibility and stakeholder groups. This can establish a 'silo' mentality. ESD related issues require agencies work closely with other agencies. Bridging the gaps between agencies that have not traditionally worked together requires a cultural shift. Experience suggests that there is no simple mechanism for achieving policy integration.

The best results have been achieved in cases such as Landcare and regional forest assessment processes where economic, social and environmental outcomes were perceived to be closely linked and strong incentives were provided for cooperation between major stakeholders. Also Departments have been directed to work together and share resources (eg the regional forest agreement process), or new umbrella agencies have been created (eg the Australian Greenhouse Office).

This experience indicates that the main ingredients of effective policy integration are:
- the engagement of key stakeholders (both government and non-government);
- making available to decision makers the best information and analysis available at the time;
- establishment of an effective ongoing review process to allow policies to be assessed and enhanced as knowledge improves.

This process often requires significant time, effort and resources; nevertheless exceptions to the process cannot be justified for initiatives which have significant ESD implications, including economic incentives for industries and regions.

Analysis of the impacts of proposals

The comprehensive analysis of the costs and benefits of policy proposals is constrained by uncertainty about the impacts of development on the environment, and the impact of the use of ecological services on the welfare of future generations. This means that traditional approaches to cost benefit analysis can only provide a partial analysis of policy proposals and further qualitative assessment is required. Also it is often difficult to collect all of the information required to assess prospective economic, social and environmental impacts of policy options.

These constraints further emphasise the need for wide consultation to ensure that the best information and analysis available at the time is provided to decision makers.

The draft report canvasses the enhanced use of environmental and regulation impact analysis in the policy development process.

The Environment Protection and Conservation Bill, which is currently before Parliament, contains a number of provisions to integrate ESD and enhance the environmental assessment of proposals including that:
- the Environment Minister must consider the principles of ESD in making decisions about actions which have, will have, or are likely to have a significant impact on matters of national environmental significance;
- the Minister is required to apply the precautionary principle in making a wide range of other decisions;
- the Commonwealth's environmental assessment and approvals regime is explicitly linked to matters of national environmental significance;
- duplication between Commonwealth and State governments is reduced, and a more efficient and timely Commonwealth environmental assessment and approval process is created; and
- there is provision for strategic assessment of policies, plans, and programs.

The scope of regulation impact statements could be widened to include regulatory and economic incentive changes that have potential to affect the environment, as well as business, competition or welfare. The Office of Regulation Review (ORR) could be given a wider role to examine the impact of economic incentives as well as regulation, in accordance with ESD principles. Explicit reference to the need for economic, social

and environmental impact assessment could be made within the Regulation Impact Statement guideline document produced by ORR. This could encourage more detailed analysis of environmental impacts by proponents of regulatory policy and economic incentives.

However, care would have to be taken that an enhanced RIS process did not become an extra layer of bureaucracy, without fundamentally improving the analysis of the economic, social and environmental impacts of policy proposals.

In any event, the full impact of environmental impact assessment, RISs and other tools will only be achieved within a framework of clear policy objectives, effective stakeholder engagement, and ongoing review.

Improving the understanding and uptake of ESD

An important finding reported in the draft report is that there is a lack of clarity regarding what ESD means for Government policy and that often "ESD" is mistakenly equated with "environment".

Commonwealth Government

For Commonwealth Government Departments and agencies increased knowledge and understanding about ESD could be expected to bring the following benefits:
- enhanced commitment to ESD;
- better definition of agency roles with respect to ESD;
- greater capacity to pursue best practice management integrating economic, social and environmental policy objectives.

Basic management training in the Australian Public Service should incorporate specific training on ESD policy and implementation. As part of the training a "Guide to implementing ESD within a best practice management framework" could be developed.

Training programs and published guidelines could also provide information on integrating achievement of ESD outcomes into the output based management process which is part of the Government's accrual budgeting policy. Existing training relating to the implementation of the accrual budgeting policy could include ESD information. The Public Service and Merit Protection Commission (PSMPC) could play an important role in the provision of this training.

While it would be important for a range of staff at different levels to be involved in learning about ESD, it is particularly important that ESD implementation issues be included in leadership training for Senior Executives. This training would emphasise the links between ESD implementation and management best practice, and could draw on best practice examples from the public and private sectors in Australia and overseas. Formal training could be complemented by senior executives' breakfasts, seminars and conferences.

As an extension to training and to provide follow up, a network could be developed across Commonwealth Departments and Agencies as a forum for exchanging information and ideas on implementing ESD. The PSMPC has had a role in supporting such networks in the past.

Other Levels of Government and the Community

Agenda 21, endorsed at the Earth Summit in 1992, provided the framework for sustainable development at all levels. Agenda 21 recognised the key role for education in resolving environmental challenges and achieving sustainability.

> *"Education is critical for promoting sustainable development and improving the capacity of people to address environment and development issues.......It is critical for achieving environmental and ethical awareness, values and attitudes, skills and behaviour consistent with sustainable development......"*

Environment Australia has an important role to play in terms of national leadership, coordination, and to promote sustainable development education.

In January 1999 the Minister for the Environment and Heritage released a discussion paper for public consultation on environmental education*Today Shapes Tomorrow Environmental Education for a Sustainable Future*. Feedback from stakeholders and the community will help shape a further statement by the Minister on environmental education to be released later this year.

Environment Australia is also examining mechanisms to encourage the up-take of ESD at the local level. One such mechanism is the encouragement of programs like Local Agenda 21, which combine ESD principles, partnerships, long term approaches and a focus on practical and realistic sustainable development policies.

Local Agenda 21 (LA21) is an internationally recognised best practice program aimed at tackling local sustainable development. It is derived from chapter 28 of Agenda 21, the global blue print for sustainable development developed at the Rio Earth Summit in 1992. Local Agenda 21 combines strong Local Council - Community partnerships with action towards sustainable development. A Council and their community determine the pace, size and scope of a Local Agenda 21 program.

An effective Local Agenda 21 process/plan should result in:
- integrated decision making which takes all foreseeable economic, social and environmental considerations into account;
- development, implementation and periodic review of a long term, integrated sustainable development action plan which incorporates ESD principles;
- changes which promote greater sustainability and better environmental outcomes for the whole community;
- a strong community /Local Government partnership;
- ongoing community involvement in the resolution of sustainable development issues.

The Commonwealth is currently assisting the uptake of Local Agenda 21 through:
- the development of a new step-by-step guide for Local Councils;
- including the development of Local Agenda 21 and local ESD as part of the work of Environment Resource Officers, which Environment Australia funds;

- recognising Local Agenda 21 plans in the Commonwealth's *Natural Heritage Trust: Guide to New Applications 1999-2000* as good examples of key strategic approaches for NHT projects (page 4).

Local Agenda 21 and local ESD are also proving to be a useful partnership framework for other levels of Government. For example, the Commonwealth notes some innovative State – Local government arrangements are taking place to provide a policy framework for sustainable development at the local level and also to coordinate ESD implementation.

In South Australia, the South Australian Government, through the Department of Environment, Heritage and Aboriginal Affairs and the Local Government Association of South Australia LGASA) have formed a partnership for Local Agenda 21. Over 30 South Australian councils have, are or are considering undertaking LA21 programs. Each Council is at a different stage in their process. This is particularly encouraging given that Councils are undertaking these programs during a time of major local government reform and adjustment in South Australia.

A Local Agenda 21 Network has been established under the Partnership. The Network is an information sharing forum for Local and State government staff involved in LA21 programs. The LGASA and the Department are providing the initial resourcing for the Network. The Department has employed a LA21 coordinator, while the Commonwealth supports the LA21 partnership through the funding of the LGASA's Environment Resource Officer. The partnership at present provides:
- networks for the rapid dissemination of information and for the sharing of experience,
- peer mechanisms to learn from the experience of other Councils;
- allows Councils to gain first hand experience in sustainable development issues; and
- will publish guidelines on Local Agenda 21 planning based on South Australia's experience.

High level coordination on ESD matters

The Productivity Commission recommends improved communication on ESD matters between Ministerial Councils, and that the Commonwealth consider ways to improve the effectiveness of the Councils' processes with respect to ESD (rec 7.1 and 7.2).

Environment Australia agrees that effective high level coordination on ESD matters is critical to successful implementation. The Australian and New Zealand Environment and Conservation Council (ANZECC) has taken some initiatives to improve coordination.

In December 1997, as part of a wide package of reforms designed to make ANZECC a more focussed and outcome oriented body, ANZECC Ministers agreed to promote more effective inter-Council coordination by:
- exchanging agendas and relevant background papers, at both the Standing Committee and Ministerial Council levels;

- achieving cross representation on appropriate existing advisory groups, and establishing where necessary new joint groups with simultaneous reporting to the parent Ministerial Councils;
- arranging at appropriate times meetings between Standing Committee representatives from ANZECC and other Ministerial Councils; and
- giving a high profile and a wide exposure to key ANZECC decisions.

The ANZECC Secretariat subsequently convened a workshop of secretariat representatives from ANZECC, the Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ), the Australian and New Zealand Minerals and Energy Council (ANZMEC), the Ministerial Council on Forestry, Fisheries and Aquaculture (MCFFA) and the Australian Transport Council (ATC) to canvass the views of other Ministerial Councils regarding these reforms.

While in-principle agreement was obtained to the actions proposed by ANZECC, some secretariats saw limitations on their capacity to cooperate, arising from confidentiality restrictions on the release of forward agendas and associated papers. Also the difference in Ministerial Councils' meeting cycles (in terms of dates and venues) is an impediment to joint consideration of issues and development of joint strategies. If these cycles could be better aligned, opportunities would open for joint sessions at both the Standing Committee and Ministerial Council levels, for example on priority ESD issues.

There are a number of recent examples of efforts to achieve more effective cooperation between ANZECC and other Ministerial Councils. These include:

- On water issues, principally implementation of the environmental elements of COAG's National Water Reform Agenda, the establishment of joint working groups/high level committees with ARMCANZ and the Murray-Darling Basin Ministerial Council (MDBMC) and the acceptance of joint reporting arrangements to COAG. The recently created High Level Steering Group on Water will report simultaneously to both ANZECC and ARMCANZ on these issues;

- On greenhouse issues, working in concert with other Councils (ARMCANZ, ANZMEC, MCFFA and ATC), with guidance and coordination provided by the Australian Greenhouse Office (which now has representation on ANZECC's Standing Committees), to implement the National Greenhouse Strategy. ANZECC will act on the advice of the Implementation Planning Group (established by the COAG High Level Group on Greenhouse) where joint action across Councils is required; and

- On national vegetation management issues, in particular reversing the present net loss of native vegetation, the development and implementation of a National Framework for the Management and Monitoring of Australia's Native Vegetation. As the conservation of native vegetation is at the intersection of Australia's ESD, biodiversity and greenhouse objectives, the Framework builds on a range of existing intergovernmental agreements in this regard (such as the National Strategy for ESD, the National Biodiversity Strategy and the National Greenhouse

Strategy). Other Councils and authorities involved in this process with ANZECC include ARMCANZ, MCFFA, the Murray-Darling Basin Commission and the National Land and Water Resources Audit.

Environmental Information

The Productivity Commission recommends that the framework of performance indicators in the National Land and Water Resources Audit (NLWRA) be expanded and adapted to cover other areas (rec 7.3) and that data collection relating to ESD issues should be rationalised to avoid duplication of effort and coverage (rec 7.4). It further recommends that the Australian Bureau of Statistics (ABS) is 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.

Environmental information

An effective and efficient system of environmental data management would have the following features:
- clearly defined objectives and priorities;
- clear specifications and assurance of the quality of data;
- widely disseminated information on and accessibility to data;
- efficient data collection, with minimum overlap and duplication of effort and coverage;
- strong coordination between data providers in different jurisdictions and levels of government.

There are a number of options for data collection and analysis. Broadly they can be divided into three:
- a decentralised model, with each Commonwealth agency arranging for its own collections of environmental data;
- a centralised model where one central agency takes responsibility for the supply of environmental data to other agencies;
- hybrid models where there is a mixture of centralisation and decentralisation.

Devolution of responsibilities within the Australian Public Service and its agencies, and technological developments are providing an impetus for the decentralisation of statistical collection. Environmental data tends to be scattered and decentralised with every State and agency maintaining systems for its own immediate purposes, such as fisheries, minerals, threatened species, air and water quality.   A degree of central oversight is needed to establish strategic data collection priorities, and avoid duplication. It is also important to realise opportunities for the strategic integration of data, and to minimise the costs and workloads of data providers.

However, centralising environmental data management would separate the policy, program and environmental data management functions, which could endanger the quality of environmental data for decision-making.

There are a number of reasons for agencies responsible for environmental policy and programs to continue to have primary responsibility for environmental data management. Such agencies are well placed to:

- identify the rapidly changing information needs for specific decisions. Examples include data required in order to develop and implement recovery plans for threatened species and ecological communities, to make decisions on project approvals or carry out assessments in connection with Regional Forest Assessments;
- integrate site or purpose specific data into more general data sets, such as soil or vegetation maps and State of the Environment (SoE) reporting. For specific applications, it is often necessary to supplement such data by modelling and expert interpretation, which requires access to the finest level of detail available; and
- establish and maintain professional relationships with practitioners and data managers in the States. State environmental data has typically been gathered for specific purposes. State agencies are often wary of data being misinterpreted by lack of attention to this context, and are more likely to be confident in releasing data if the receiver is skilled in policy and interpretation.

A hybrid model is preferred because it can combine the desirable features of both centralised and decentralised models. A hybrid model could include centralised decisions on strategic data collection priorities and data quality standards, and interagency coordination to remove duplication and minimise costs. It could also retain agency collection and processing of data required for specific policy purposes.

These considerations have been recognised in Commonwealth policy for the development of the 2001 State of the Environment Report and the Australian Spatial Data Infrastructure (ASDI).

State of the Environment Report

Environment Australia has the responsibility for SoE reporting. The framework for regular SoE reporting was published in 1994 – see:
http://www.environment.gov.au/epcg/soe/soe/soefram2.html

Regular SoE reports are an important tool for reporting on environment trends and on sustainability. As a feedback mechanism over time, their value increases as information on trends is reported. The first independent report on the state of the Australian environment was published in 1996 (SEAC 1996). Chapter ten of that report made an assessment of the progress towards sustainability – see:
http://www.environment.gov.au/epcg/soe/soe96/full_report/Chap10.pdf

To improve the effectiveness of reporting, Environment Australia developed a set of scientifically credible environmental indicators, following workshops with major stakeholders. These indicator reports were peer-reviewed. The seven indicator reports can be accessed at:
http://www.environment.gov.au/epcg/soe/soe_env/env_indicators/indicators.html

The Commonwealth's indicators also form the basis of the ANZECC core set of indicators (ANZECC 1998).

The Minister for the Environment and Heritage has appointed a high-level independent committee of experts to oversee production of the 2001 SoE Report. Many of the peer-reviewed indicators will be implemented for the 2001 Report. Close working relationships have been established between the SoE reporting program and the National Land and Water Resources Audit at both steering committee and officer level because of their complimentary activities.

Australian Spatial Data Infrastructure

The ASDI has been developed by the Commonwealth Spatial Data Committee (CDSC), led by the Australian Surveying and Land Information group (AUSLIG). The ASDI comprises a distributed network of databases, linked by common policies, standards and protocols to ensure compatibility. The CSDC through AUSLIG is represented on the Australia and New Zealand Land Information Council (ANZLIC). Environment Australia and the ABS are both members of the ADSI Steering Group. The Commonwealth government has endorsed the ASDI approach, and an ASDI implementation plan is being prepared. The ASDI is at an advanced stage of preparation, and is capable of delivering an effective and efficient approach to environmental data management.

Sustainability indicators

Sustainability indicators can strengthen the implementation of ESD by improving the valuation of various elements of ESD including ecological and social services as well as economic well being. They can also measure policy outcomes and provide essential feedback to policy development.

There is increasing international attention to sustainability indicators, including the work of the UN Commission for Sustainable Development and the OECD. The latter is preparing for a major conference on sustainability indicators in December 1999. The initial preparatory work is examining the measurement of capital including natural capital, sectoral sustainability indicators (particularly social indicators) work, and the scope for a small set of policy relevant indicators.

Initial academic work (Costanza et al, Nature, vol 387,1997) indicates that the global value of ecological services exceeds the value of global gross national product. This result suggests that further work should done on the value of ecological services, and the costs of depleting them. Further ecological/economic modelling could prove useful in this regard. The integration of social indicators would round out the substantial work that has already been done on sectoral sustainability indicators. The establishment of a small set of policy relevant indicators would provide an important short-term tool for informing the public as well a providing some policy feedback.

A number of agencies including Environment Australia, Agriculture, Forestry and Fisheries Australia, and the Australian Bureau of Statistics are currently working on the development of sustainability indicators. A valuable starting point for this development process is the environmental indicators identified for SoE reporting.

Currently there is no formal process for coordinating the development of national sustainability indicators, ensuring consistency and avoiding duplication.

It is important for Australia to develop a national position on sustainability indicators before the OECD conference to ensure that international performance measurement reflects Australia's circumstances and interests. For example, some of the OECD's previous work on indicators has been biased towards European conditions.

Environment Australia considers that a national position on sustainability indicators should be developed initially through a small working group of Commonwealth Departments, in consultation with relevant State agencies. The working group would develop proposals for consideration by relevant Standing Committees and Ministerial Councils.

In conclusion, it would be useful for the Productivity Commission recommendations to recognise the respective and linked roles of:

- the ASDI framework for continuing to set the standards and classifications for environment data;
- the SoE reporting program for regular assessments on environmental trends and on sustainability;
- the NLWRA for providing an assessment of current state of land and water resources at one point in time which will be a valuable baseline for future assessments of sustainability and of the state of the environment; and
- the ABS in providing socio-economic data and to a lesser extent providing some environment-related data as a result of its national survey program.

Performance Management

The Productivity Commission recommends (rec 7.5) that Commonwealth, State and Territory Governments develop a framework to facilitate performance measurement and enable comparisons of the effectiveness and efficiency of Commonwealth, State and Territory policies. The Commission suggests that initial priority be given to expenditure under the National Heritage Trust, such as land, vegetation and rivers.

In principle Environment Australia supports recommendation 7.5.

Development of an integrated ESD performance management framework would:

- permit benchmarking;
- allow refinement of data collection methodologies;
- encourage rationalisation and coordination of existing performance measurement methodologies; and
- permit international comparisons with comprehensive Australian data.

The draft report provides useful suggestions about a framework for ESD performance (pages 120 – 126). The work of the Steering Committee for the Review of Commonwealth Service Provision provides a good starting point in developing a framework. An issue that will require special attention in the context of ESD performance management is the integration of economic, social and environmental data collected in different geographical and time scales.

ESD performance measurement will need to integrate information collected on different scales. Economic and social data is largely collected from individuals, enterprises and institutions. It is then aggregated on a national and State basis. Environmental data on a geographical basis is collected from a range of sources. Bioregional data is particularly relevant from an environmental point of view.

There is a heavy emphasis on the short and medium term measurement of government performance to provide feedback for decision makers and the electorate, and to allow policies and programs to be fine tuned. However, environmental protection can only be achieved in the long term, through long term commitments and programs. The management of sustainable development performance requires a blend of short-term

indicators of progress and long term measurement of outcomes. For example land management programs need to include short-term measures such as farm plans completed and fences erected, and long term measures such as areas of land suffering soil erosion or salinity.

At the Commonwealth level, development of a framework to facilitate performance measurement for Commonwealth expenditure within agencies is required under accrual output and outcome budgeting which is being introduced in the 1999-2000 Commonwealth Budget.

The cross portfolio nature of the proposed framework is a logical extension of the existing Environment Budget Statement, which shows all Commonwealth expenditure on the environment.

Inclusion of the performance of State and Territory expenditure would provide a comprehensive statement of performance of the expenditure of all levels of government in Australia, which in many areas act in partnership with the Commonwealth. Natural resource management is largely the responsibility of the States and Territories and their involvement is essential for accurate measurement of environmental activity.

The Commission has also sought views on:
- whether the proposed performance measurement exercise should be one-off, or ongoing; and
- priority areas for review, and the basis upon which priority areas should be selected.

Priority should be given to major areas of expenditure. A considerable amount of development has already occurred in the programs included in the Natural Heritage Trust. This work has involved both Environment Australia and Agriculture, Fisheries and Forestry Australia in collaboration with all States and Territories and provides a basis for future implementation. Long term use of this framework would however depend on policy decisions about expenditure on the environment after the completion of the Trust.

Further priority areas for the application of ESD performance management could include:
- water policy;
- greenhouse programs, including sustainable energy and transport;
- oceans policy, including regional marine plans and sustainable fisheries;
- native vegetation management; and
- subsidies to natural resource use.

ESD performance should be assessed on an ongoing, coordinated basis across Departments. Mechanisms that could be used for this purpose include:
- the Productivity Commission providing annual reports to Parliament on progress towards sustainable development, linked or in parallel with the Commission's current reporting on government service provision;

- Annual reports by Departments and agencies to governments on the progress towards and the implementation of ESD would provide further transparency, accountability and policy feedback;
- performance audits by the Australian National Audit Office. The ANAO's expertise is particularly suited to the assessment of the effectiveness and efficiency of individual programs within Departments. The ANAO could be asked to include in its evaluations an assessment of program effectiveness and efficiency in meeting ESD objectives. The ANAO could use its relationship with State audit offices obtain information on implementation of Commonwealth policies such as bilateral agreements with the States concerning the environment.

Any ESD performance measurement in 1999 should take account of the mid-term review of the Natural Heritage Trust, because the States and Territories will be substantially involved in that process and duplication should be avoided.

Environmental Management Systems

The draft report indicated that several agencies gave examples of programs where environmental management systems (EMS) are being established. The rapid adoption of EMS by the private sector is an indication that management tools that incorporate environmental considerations make sound business sense. At the same time the public expects Government to provide leadership on environmental protection. An OECD workshop on EMS for Government agencies found that most progress has been made in countries where EMS is a mandatory requirement.

Departments and agencies could be required to adopt and report annually on EMSs. Environmental consideration could become part of departmental and agency culture through integration of EMS into existing management frameworks, rather than creating a parallel system. An integrated system can allow environmental matters to become part of the performance management system for each department and agency.

Conclusions

The Productivity Commission inquiry offers significant opportunities to promote implementation of ESD within Commonwealth Departments and agencies and the wider community by focusing attention on the issue and by presenting options for taking ESD implementation forward. In particular, a focus on long term sustainable development objectives, improvements to policy analysis, development of a coordinated approach to data collection, improvements to high level ESD policy coordination, development of an ESD performance management framework and improved understanding of ESD across the APS should contribute to an enhanced policy framework for sustainable development.

Environment Australia looks forward to the final report of the inquiry.

LIST OF FACTUAL ERRORS AND COMMENTS ON TEXT

1. xiv
Environment Australia is an overarching body including the Department of the Environment and Heritage, its statutory authorities and the Australian Greenhouse Office. The Department of the Environment and Heritage used to be the Department of the Environment.

The reference to the Department of the Environment and Heritage and Environment Australia on page xiv in relation to current and former names should be removed.

2. p.xxx, 3rd paragraph
Reference is made to the National Performance Monitoring of Government Trading Enterprises and the Review of Commonwealth/State Service Provision. It is suggested that if ESD performance measurement is not currently an element in these projects, that it could be included.

3. p.xxx, 5th paragraph
"National Heritage Trust" should be "Natural Heritage Trust"

4. p.1, 1st paragraph
"the National Strategy for Ecologically Sustainable Development (NSESD), which was endorsed by Commonwealth, State and Territory Governments in 1992."

The NSESD was endorsed by COAG, which includes the Australian Local Government Association. The text should be amended to "the NSESD, which was endorsed by Commonwealth, State and Territory Governments and representatives of Local Government in 1992."

5. p.2, 3rd paragraph
"Three core objectives were articulated in the NSESD"
The text should be amended to "Three core objectives are articulated in the NSESD" to reflect that the objectives are current policy rather than the implied past policy.

6. p.21, 1st paragraph
Replace the text from "Arising from an in-principle agreement…..Territory Governments (Hill 1998a)(box 3.2)" with the following, "The Bill implements key aspects of the COAG Heads of Agreement on Commonwealth/State Roles and Responsibilities for the Environment, which has been signed by most States and Territories. The Bill replaces five pieces of existing environment legislation. Among other things, it focuses Commonwealth involvement on matters of national environmental significance, and provides a mechanism to strengthen intergovernmental cooperation and minimise duplication."

7. p.21, 3rd paragraph
The quote from the Minerals Council of Australia, "A whole of government approach to such decision making should be adopted to accommodate environmental, economic, social and other factors, and thereby contribute to implementation of the principles of

sustainable development." misrepresents the decision-making process under the Bill. It is recommended that the following be included immediately after the second quote from the Minerals Council of Australia, "However, it should be noted that under the Bill the Environment Minister is required to invite other relevant Ministers to comment on a proposed action, and must take relevant comments into account. The Explanatory Memorandum notes that "if Ministers do not agree on the proposed approval decision, this clause (ie cl 131) is intended to enable the Environment Minister to seek and consider advice from the Prime Minister or Cabinet on relevant issues". The Bill also explicitly requires the Minister to consider social and economic factors, as well as environmental issues, and to take the principles of ESD into account (see clauses 131, 136 of the Bill)."

8. p.21-22, last paragraph
Please add the following text following the quote from the Australian Conservation Foundation,
"It should be noted that there is no mechanism under the Bill that could devolve environmental powers to corporations or individuals.

The Bill contains stringent safeguards for bilateral agreements. For example, the Minister can enter into a bilateral agreement relating to listed threatened species and ecological communities only if satisfied that the agreement (clauses 50, 53):
- accords with the objects of the Bill,
- is not inconsistent with Australia's obligations under the Biodiversity Convention, the Apia Convention, or CITES,
- will promote the survival and/or enhance the conservation status of each species or community to which it relates, and
- is not inconsistent with any recovery plan for the species or community or a threat abatement plan.

A further safeguard is that the Minister may cancel or suspend all or part of a bilateral agreement if the State is not giving effect to it, or if the State is giving effect to the agreement in a manner that does not accord with the objects of the EPBC Bill (clause 59).

Bilateral agreements will include provisions for auditing and monitoring compliance."

9. p.23, 1st paragraph
Please add after the statement by the Ministry of the Premier and Cabinet in Western Australia, "Matters dealt with in the Bill are listed in the Commonwealth Heads of Agreement on Commonwealth/State Roles and Responsibilities for the Environment (HOA) as matters of national environmental significance and triggers for Commonwealth assessment and approval. In addition, the Bill provides mechanisms for minimising duplication and streamlining processes, notably by accrediting State systems and processes through bilateral agreements."

10. p.24-25
The following comments are made in relation to the discussion about the role, influence and responsibilities of local government.

One of the challenges of chapter 16 of the NSESD is to establish appropriate institutional arrangements for the inclusion of ESD principles in policy formulation and policy making processes (see Objective 16.2 in particular).

While some bodies, such as Environment Protection Authorities, have ESD principles reflected in their statutes other important institutions like Local Government (that operates across a range of sectors and locally) do not consistently have the same strong ESD framework.

Local Government makes many of the day to day and the long term decisions that are critical to the implementation of ESD. Progress is being made in providing strong institutional signals for the adoption of local ESD (and Local Agenda 21).

The recent amendments to the NSW *Local Government Act 1993* have provided an example of providing a clear institutional and policy framework for the implementation of ESD. The *Local Government Amendment (Ecologically Sustainable Development) Act 1997* expressly incorporates ESD principles within the local government framework. The Act (1997) amends the functions, charter and matters to be considered by a Council in assessing an application. It expressly requires Councils, councillors and council employees to have regard to ESD principles in carrying out their responsibilities (section 7(e)).

11. p.26, 2nd paragraph
The submission from the WA Premier and Cabinet states "….the Australian Heritage Commission and World Heritage Commission office of Environment Australia both listed Shark Bay for heritage status."

It is the World Heritage Unit, not the World Heritage "Commission" that administers World Heritage in the Commonwealth.

It is misleading to use the quote by the WA Ministry of Premier and Cabinet to demonstrate that there is a lack of communication between Commonwealth Government agencies. The values for which a World Heritage property is listed are assessed against the criteria in the World Heritage convention. A number of significant values may not reach the threshold for World Heritage listing. This could include some national estate values. In the case of Shark Bay the national estate values include cultural values not recognised in the World Heritage listing. This includes Dirk Hartog Island which is stated as being " *.historically important as the first documented landing site of a European in Australia, Dirk Hartog in 1616. The island is also important as the site of scientific collections of Australian flora, including collections made by William Dampier in 1699*". Identification of these values should assist in sustainable management of the area for all significant values, not just World Heritage values. This is not an instance of lack of communication between Commonwealth agencies. Rather, it is a misunderstanding of how different thresholds for listing provide for sustainable management of natural and cultural heritage values in an area.

It is possible that in future additional cultural values of national estate significance will be identified and included in the listings on the Register of the National Estate.

12. p.26, IGAE Section 1
"The IGAE was signed by the Commonwealth, States and Territories in 1992….".

Please amend the text to "The IGAE was signed by the Commonwealth, States and Territories and a representative of Local Government in 1992…."

13. p.27, 2nd paragraph
"Second, ensure that the identified environmental issues are properly examined."

The Agreement actually refers to "….matters which significantly affect the environment….". Please amend the text to reflect this.

14. p.27, 3rd paragraph
Quote by WA Ministry of Premier and Cabinet implies that no action has occurred towards the accreditation of the States and Territories for environmental assessment and heritage matters, since the IGAE.   It should be noted following the quote that the HOA further discusses accreditation, and that the Bill incorporates mechanisms to allow accreditation to take place.

15. p.29, 2nd paragraph
"The relevant Minister from Papua New Guinea has observer status." The Papua New Guinea Minister is now a full member of ANZECC rather than having observer status.

16. p.30, Quote from Australian Industry Group
This quote implies that the National Environment Protection Council (NEPC) is the only agency in Australia with the responsibility to implement ESD. This is not the case. In making any national environment protection measure the NEPC has a statutory responsibility to have regard to the environmental, economic and social impact of the measure, in conjunction with a number of other statutory considerations.

17. p.32, 1st paragraph
"…will be administered in partnership by the Minister for the Environment and ……". The correct title is the Minister for the Environment and Heritage.

18. p.38, 2nd paragraph
It should be made clear that EIA under the EPIP Act is only undertaken in relation to Commonwealth actions.

19. p.38, After dot points
It should also be clear in the text that Commonwealth actions can include the facilitation of proposals and other activities by the Commonwealth, for example, through direct financial assistance, granted or proposed to be granted to the States (EPIP Act section 5(2)). The scope of Commonwealth assessments may therefore extend to the assessment of development proposals in a State or Territory jurisdiction.

20. p.38, 3rd paragraph
"….policy, program or proposal…." is preferred to "policy or program proposal" wherever occurring.

21. p.38, last paragraph
The last sentence should be amended to "The Environment Minister, who is currently responsible for providing environmental recommendations to the action minister(s), becomes the environmental decision maker within the Commonwealth on the issue. Under the Environment Protection and Biodiversity Conservation Bill, the environmental approval would be given after inviting input from other ministers with administrative responsibilities relating to the action, about social and economic matters. The environmental approval would be exercised in addition to other relevant Commonwealth approvals."

22. p.39, 1st paragraph
"The Heritage Act's main aim is to establish the Australian Heritage Commission which has advisory responsibility for the identification, conservation, improvement and presentation of the national estate."

It is recommended that the text be amended to "The Australian Heritage Commission Act 1975 established 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."

23. p.39, Box 4.3, 2nd paragraph
"the appointed proponent" should be "the designated proponent"

24. p.39, Box 4.3, 4th paragraph
The ANZECC reference should be corrected to "…..Environment and Conservation Council basis….".

25. p.40, 1st paragraph
The third dot point amalgamates two assessment criteria for the Register of the National Estate, and they are better to remain as two separate points.
It is recommended that the text be amended to:
"• associate with the life works or works of a person, or group of persons, of importance in Australia's natural and cultural history;
• exhibit particular aesthetic characteristics values by a community or cultural group;…."

26. p.40, 1st paragraph
The fourth dot point should be amended to "strong or special association with …..".

27. p.46-47
The examples given for other Departments and agencies accounting for ESD appear to reflect a very narrow definition of implementation of ESD, and seem to have an environment focus. They also do not discuss the important role of Prime Minister and Cabinet, Treasury, Finance and Foreign Affairs and Trade in relation to ESD.

More generally, there needs to be a comment within the report about the difference between the inclusion of ESD objectives and intentions (e.g. through corporate objectives) and the practice of Departments and agencies in applying ESD principles.

28. p.55, top of page
The following text should be added before the paragraph that starts "Other agencies with roles in collecting relevant information include:…."

"Environment Australia has the responsibility for state of the environment reporting. The first independent report on the state of the Australian environment was published in 1996 (SEAC 1996). Chapter ten of that report made an assessment of the progress towards sustainability. Regular state of the environment reports are an important tool for reporting on environment trends and on sustainability. As a feedback mechanism over time, their value increases as information on trends is reported. To improve the effectiveness of reporting, Environment Australia has developed a set of scientifically credible environmental indicators - see the seven indicator reports at:**Error! Bookmark not defined.** Environment Australia is implementing many of these indicators for the 2001 state of the environment report. It is also working closely with the National Land and Water Resources Audit to collaborate on relevant data collections, bearing in mind that the Audit does not address all environment issues, nor does it cover all of Australia for each issue it is examining. Environment Australia's indicators also form the basis of the ANZECC core set of indicators (ANZECC 1998)."

29. p.55, 2nd last paragraph
The reference to ANZECC is incorrect and should be amended to "Examples include the state of the environment environmental indicator development project,….".

"National Heritage Trust's major programs" should be "Natural Heritage Trust's major programs"

30. p. 57, Box 4.9
Delete the reference to ANZECC from the first paragraph and the first heading so that the introduction reads:

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

Environmental indicators
In response to the ……."

Please insert the following to the end of the last paragraph for 'ANZECC environment indicators', "Indicators for the seven themes will be used in the 2001 national state of the environment report. An independent committee has just been appointed to oversee production of this report."

31. p.57, under the heading National Land and Water Resources Audit
 "National Heritage Trust" should be "Natural Heritage Trust"

32. p.61, Forest Program
"RFAs contain a commitment to establish sustainability indicators." In fact, a framework has been developed based on the criteria and indicators from the Criteria and Indicators for Sustainable Management of Temperate and Boreal Forests (the Montreal Process). These have been divided into 3 categories: those that must be implemented immediately; those that require minimal research; and those that require long term research.

33. p.61, Forest Program
"An assessment of RFA outcomes is expected in December 1998." It is more appropriate to state "A review has been carried out on the RFA process to date."

34. p.61, Table 4.2, Environmental Impact Assessment
The first paragraph comment against EIA should highlight that there is a limited mechanism for review of assessments under paragraph 10 of the EPIP Act Administrative Procedures but that the mechanism has rarely been applied in practice.

The second paragraph should be clear in its reference to EIA review. A review of Commonwealth EIA was conducted between 1993 to 1995 and the outcomes of this did not proceed due to a change of Government. New Environment Protection and Biodiversity Conservation Bill includes an approval and condition setting power supported by a wide range of monitoring and review mechanisms that may be applied to activities controlled under the legislation.

35. p.64, 2nd paragraph, quote from National Association of Forest Industries Australia:
"..…not much sign or a strong commitment to putting the concept into practice…..the environment portfolio seems to have very little interest in the development component of ESD"

The comments are surprising in view of the role of the Environment Portfolio in developing the Regional Forest Agreements that adopted an ESD approach and considered environmental, economic and social aspects. The Environment Protection and Biodiversity Conservation Bill includes ESD objectives. The National Strategy for ESD was endorsed by all levels of government, and is relevant to business and industry, and the community.

36. p.84, 1st paragraph
The text under the heading "Long term focus" correctly states that areas dealing with natural resources and the environment involve problems that are long term in nature. However, this is also true and significant for areas dealing with social and economic issues, part of the ESD equation.

37. p.87, Table 6.1
Reference to "and EISs" should be removed because an EIS is only one level of Commonwealth assessment. Very few are undertaken compared to other lower levels of assessment.

"Activities with...." Should be amended to "Commonwealth actions with ....."

38. p.88, 3rd paragraph
The reference to "This may take the form of a public environment report, and environmental impact statement, or a Commission of Inquiry." should reflect the levels of assessment stated in Box 4.3 on page 39, i.e. include the lowest level assessment being assessment without an environmental impact statement or public environment report.

The reference to "EIAs operate as an input into decision making ex ante, and do not have formal status in the approvals process." This is incorrect in that the section 8 of the EPIP Act places a duty on Commonwealth action Ministers, to consider the results of assessments such as EIA or public environment report, and/or any recommendations by the Minister for the Environment and Heritage. The issue is whether this duty is observed and the transparency of the final approval decision by the action Minister in taking into account the environmental impact assessment process outcomes including the recommendations of the Environment Minister.

39. p.89
Reference to "EIAs" should be amended to refer to "EIA", which is the accepted abbreviation for the environmental impact assessment process.

40. p.99
Material from the ANZMEC submission has been quoted which implies a lack of consultation. The ANZMEC submission goes on to say in the next paragraph "development of links with other Ministerial Councils. This process has commenced between ANZMEC and ANZECC through a commencement of joint meetings and gaining input on discussion papers"

Quoting from this material would give a more balanced impression of the ANZMEC submission and of the cooperation between Ministerial Councils.

41. p.100, 1st quote
The quote implies that the National Environmental Protection Council is a Commonwealth body. This is incorrect and the text should note this.

42. p.100, 2nd paragraph
"…coordination is sometimes driven by a sense of crisis, and therefore can often suffer from a lack of overall strategy. For example the Department of Environment and Heritage…........" implies that the RFA process to which the quote relates may have suffered from a lack of overall strategy. This is not the case and the text should be amended so it does not give this impression. Similarly, the reference to "a sense of crisis" implies that this is the only requirement for successful processes, when in fact this was one element from a list of factors in our original submission.

43. p.100, 3rd quote
Following the 3rd quote, please insert the following text, "NEPC has conducted a number of reviews into the process of NEPM development and consultation and has, as a result, addressed many of these concerns."

44. p 107, 99 (for example)
There are a number of quotes that give the impression of a total lack of coordination between Ministerial Councils. This should be balanced by an account of examples where consultation between Councils has produced good results. These examples are provided in this submission.

45. p.114, last paragraph
Reference to CSIRO is incorrect. The organisation which has developed, and is now implementing, peer-reviewed indicators for the seven major themes for national state of the environment reporting is Environment Australia. These will be used in the next national State of the Environment Report due in 2001 and for other state of the environment products.

46. p.115, 1st paragraph
The reference to ANZMEC is incorrect. The correct Ministerial Council is ANZECC. It is important to note that this core set is based on the indicators developed for the seven themes of state of the environment reporting that were referred to above. These core indicators are currently being revised following a public comment period.

47. p.115, 1st paragraph
 "National Heritage Trust" should be "Natural Heritage Trust"

48. p.122, 3rd paragraph
 "National Heritage Trust" should be "Natural Heritage Trust"

49. p.125, Rec. 7.5
Recommendation 7.5 implies a narrow focus on areas of environmental and natural resource management, however, social and economic issues are also important. "National Heritage Trust" should be "Natural Heritage Trust"

50. p.185, second paragraph
First sentence 'the then Environment Australia' should read 'the then Department of Environment Sport and Territories'.

Paragraphs three and four- reference to the Australian Nature Conservation Agency or ANCA should be removed. This area is included in the broader acknowledgment of Environment Australia. Also note that the informal liaison groups meets quarterly.

Paragraph five- please note that the 'Environmental Protection (Sea Dumping Act) 1982' should read Environment Protection (Sea Dumping) Act 1981. Please also note that this Act has always been administered by Environment Australia and its predecessors.

51. p.186, first paragraph
The paragraph could note that currently links between MCFFA are not strong and strengthening these links has been identified by ANZECC as an area to promote as part of more effective inter-Council coordination.

52. p.188 Monitoring, evaluating and reporting procedures
It is worth noting that sustainability indicators and biological reference points have to date related to target fish species only and have not been used to indicate broader ecosystem health. Formal reporting of bycatch has also not been undertaken historically but may improve as bycatch action plans are incorporated into fishery management plans and made subject to annual reporting.

53. Whole of document
A copy of the draft report printed from the internet results in different numbering for boxes and tables and references to those boxes and tables, when compared to a hardcopy version of the draft report. This may result in confusion and inconsistent references to the report in submissions received by the Productivity Commission.