

EMIAA RESPONSE

TO

PRODUCTIVITY COMMISSION REPORT

ON

***IMPLEMENTATION OF ECOLOGICALLY SUSTAINABLE
DEVELOPMENT BY COMMONWEALTH DEPARTMENTS
AND AGENCIES***

MARCH 1999

Introduction

This brief submission is made on behalf of the Environmental Management Industry Association of Australia (EMIAA). The EMIAA was formed in 1991 to represent both the supply and demand side of the eco-efficiency marketplace. EMIAA represents the companies with the goods, technologies, services, infrastructure and practices that improve environmental outcomes, as well as the companies and bodies that use them.

The EMIAA recognises that it did not make a formal submission to the review but was instead represented by its membership in many of the individual and organisational submissions received by the Commission. This present submission is therefore meant to focus on the recommendations of the commission rather than attempt to provide additional 'findings'. The submission examines these recommendations and the listings of ESD programs identified by the respective government departments.

Major Deficiency of Productivity Commission Report

The major deficiency of the report must be its failure to provide a comprehensive review and compilation of Commonwealth Government Departments' activities relating to the implementation of ESD.

The EMIAA notes that the Commission relied largely on a questionnaire to all government departments to provide information on government ESD activities. There were only 25 responses received from 69 questionnaires. Conclusions and recommendations based on such an inadequate information base must themselves be inadequate and incomplete. The limited database allows no opportunity for a comprehensive identification of gaps in the Government's own ESD programs.

Further, the value of the report as a source of information on commonwealth activity in ESD is significantly reduced when almost two thirds of commonwealth departments failed to respond to the Commission's study.

Concern must therefore be expressed as to the appropriateness of the questionnaire as a research technique.

The low response rate may also indicate a low level of commitment and action to ESD by government departments.

General Comment

In 1995, Standards Australia released, as interim standards, the first elements of the International Standards Organisation's Environmental Management System Standards (ISO 14000). The focus of these standards is the achievement of sustainable development through continuous improvement in environmental performance while maintaining the economic viability of an organisation. Despite widespread implementation of this standard by industry and some corporate functions of state governments, there are few identified commonwealth government departments (or sections) which claim to have an environmental management system in place to assist in the achievement of the Government's sustainability goals.

It is noteworthy that the Commonwealth Departments of Health and Aged Care, Education and Training and Social Security are not listed in Appendix C. Does this imply that these departments have no ESD programs in place? All of these departments could be expected to have a crucial role in Australia achieving ESD. Without at least a policy commitment to ESD it is unlikely that these departments will specifically recognise or acknowledge their roles and opportunities to lead.

It is apparent also that relatively few (if any) government departments – even within readily identifiable environmental areas - have conducted comprehensive environmental reviews. Few appear to have environmental policies to guide their own activities. The Commission's report identifies the need for environmental performance objectives and indicators to be established. EMIAA supports this recommendation on the basis that such predetermined indicators are an essential prerequisite to an objective assessment of effectiveness in achieving ESD goals ie continuous improvement in environmental performance.

Environmental Management Industry Development

EMIAA notes with some concern, the demise in recent years of the Environment Industry Group within the Industry Department portfolio. There remains a need to support and promote an efficient, internationally competitive environment industry sector. This will assist Australia achieve ESD because appropriate technologies, processes and management programs will be developed for use by local government and industry. Such support will enhance the international competitiveness of the environment industry sector and give Australia a greater share of the multibillion-dollar environment industry.

Policies and Regulatory Frameworks that currently block cost-effective resource recovery are an essential area for improvement if ESD goals are to be achieved in Australia.

The general absence of active debate between the environmental industry sector and those responsible for driving the Tax Reform initiatives of government is of concern within this industry sector.

There is a need to identify and promote government's role as a driver for ESD through procurement and benchmark management practices. There is a basic market for goods, technologies, services and infrastructure which gives the supply side the first step into the market, which in turn may allow them to engage the broader marketplace. Industry would benefit from the government providing incentives and encouraging the acceptance of better practices.

Education

One of EMIAA's concerns is that while everybody talks about ESD, we are unconvinced that many people know what it is. We accept that in the Departments there will be those that are knowledgeable about ESD and what it means for the planet, but for many at the officer level "ESD" is likely to be just another requirement which has come down from the Secretary for action. Under these circumstances there is no surprise that implementation is less than dramatic.

We recommend that there should be a commonwealth-wide education program which instils into staff the fundamentals of ESD. The aim of the program is not only to educate but to enthuse participants with the challenge for our survival. It should include information on the leading edge work being undertaken in some companies. The intention is that after experiencing the training, the staff would understand the concepts and want to do something about it. If this happens, then the program would be most worthwhile. It means that the chance of Departments and agencies implementing ESD in the future will be greatly enhanced. It also means that the officers will carry this commitment with them as they undertake other policy activities, and not only on environment-related work.

Taxation

EMIAA suggests there has been insufficient attention paid to the impact of the taxation system and ESD. We note a comment made recently by Michael Krockenberger of the ACF which also made this link. He said that the tax system is a powerful mechanism for influencing corporate and community behaviour, but that the system is not based on the principles of ESD. His example of solar cells

being treated unfairly under the current tax regime is a case in point, but there may well be many others. An assessment needs to be made of the provisions in the Taxation Act to ensure that environmentally beneficial measures are subject to incentives rather than disincentives. (There are further references to taxation policy under 'Department of Treasury' in the section examining Appendix C, below.)

EMIAA again stresses the importance of educating the Departmental officers to the importance of ESD. We said earlier that if officers understand the concept of ESD, they will carry this into their policy-making activities. In the case of officers in the Taxation areas, they would be able to see any dissonance between the incentives currently in force and ESD principles, and would be more likely to want to force change. This would form a very valuable contribution to the implementation of ESD in that department.

There are opportunities for tax reform through fiscal incentives that adequately reward the private sector for assuming risks in areas associated with ESD. In the product development process of concept through R&D to trialing to the demonstration process to eventual market acceptance, such costs need to be taken into account in suitable tax incentive programs.

Consideration of Appendix C

Department of Industry, Science and Resources

There is no stated commitment to either:

- promotion of ESD or development and implementation of sustainability programs within all industry sectors relevant to the portfolio; or
- The development and maintenance of a sustainable environment industry sector.

In fact it is noted that this Department effectively closed the section responsible for environmental aspects of industry development.

Given the commercial potential of the environment industry sector and opportunities to develop solutions and technologies appropriate to the Australia and developing countries, adoption of ESD principles by the Department should be

reflected in strong support for a strong environment management and technology sector. This support needs to go beyond the CRC program and biotechnology.

Australian Nuclear Science and Technology Organisation (ANSTO)

The built environment does not feature strongly in ESD commitments by commonwealth departments. ANSTO has produced Guidelines for Indoor Air Quality at the Sydney Olympics. Indoor air and other aspects of the built environment from land selection, through planning and design, construction and operation programs have a considerable impact on environmental and human health and well being.

EMIAA considers there needs to be a much greater emphasis on the Built Environment in a number of departments. The benefits range from industry development, through workplace health and safety to reduction of health care costs by preventative measures in the built environment.

Department of Treasury

Treasury has the opportunity to address basic funding problems associated with implementing of sustainable development programs. Tax policy changes are necessary to address the imbalance between primary resource use and secondary resource recovery for reuse. While natural, non-renewable resources are given preferred taxation treatment in the domestic market place, there is little practical incentive to recover and utilise secondary resources other than water.

Tax measures that encourage the development and expansion of nationally based consortia able to compete with international organisations for major environment-related infrastructure programs are recommended.

The environment industry sector should be more widely consulted during the current taxation reform program to help identify options to promote environment industry development as a mechanism for achieving ESD.

There is no evidence in the report of close liaison and discussions between Treasury and the Australian Greenhouse Office in relation to the taxation considerations associated with trading of emissions and carbon credits nationally or internationally.

Report Format

It is recommended that the Findings and Recommendations be listed in the Contents pages so that a reader can quickly find these report outcomes. While it may also be useful to provide a summary of findings and recommendations, it is important that they also be referenced in context. This contextual placement assists improved understanding of the background for the finding and rationale for the recommendations.

Conclusions

A reader of this report could be forgiven for assessing that commitment to ESD by most government departments is minimal at best and non-existent at worst. It is also clear that there are a few departments with a strong commitment to ESD and these Departments have some strong, relevant programs in place.

The Productivity Commission has failed to provide a comprehensive, detailed review of current activity to serve as a base on which to plan and implement enhanced Commonwealth Government ESD programs in the future.

(This submission is part of a work in progress being undertaken by the CEO of EMIAA, Fiona Wain. For further information or clarification, please contact Fiona at the EMIAA Secretariat on 02 6230 1011.)