**SUBMISSION NO. 67**

# *The City of Melbourne Submission to the House of Representatives Standing Committee on Environment and Heritage Inquiry into a Sustainability Charter*

## *Inquiry into a Sustainability Charter*

**General comments**

The City of Melbourne commends the House of Representatives Standing Committee on Environment and Heritage for undertaking not only this most recent inquiry into a *Sustainability Charter* but also the previous inquiry and report into *Sustainable Cities*.

Council also welcomes the Standing Committee's recommendation that the Australian Government to take a leadership role on the matter, as the nature of the sustainability issues facing Australia require a coordinated, national, and whole of government response. A national sustainability charter is a very important undertaking in the development of an effective, integrated response.

The *Charter* is likely to have a major positive impact on Australia and should be developed with the aim to:

- Drive government policy and decision-making
- Drive the setting of government regulations, standards and guidelines
- Provide a common language and framework for different levels of government, to allow collaboration
- Provide a clear definition of sustainability, the key issues and challenges facing the country
- Inspire individuals, the community, businesses and other organisations to take action

On the recommendation of the *Sustainable Cities* report the development of a *Sustainability Charter* which is inspirational as well as providing clear targets which measure outcomes it a worthy concept. Council agrees that the *Charter* should set out aspirational objectives with meaningful, measurable, long term, and ambitious targets with clear intermediate milestones. The City of Melbourne has taken this approach with its Zero Net (Greenhouse) Emissions by 2020 strategy which includes intermediate reduction targets of 20 percent for the municipality and 30 percent (soon to be 50 percent) for Council operations by 2010.

Council believes that it is vital that the community not only relates to and identifies with the *Charter's* objectives, they must also be actively engaged in the process which determines these objectives and the implementation mechanisms supporting them. More importantly, in developing the *Charter,* consideration must be given to the tools and resources that will be required to enable the community and other stakeholders to pursue the *Charter's* objectives.

The implementation of the *Charter* will require a whole of government approach. Councils in Victoria and the State government have recently been entering into partnership agreements to strengthen the cooperative actions both are taking to progress environmental sustainability. Known as the Victorian Local Sustainability Accord, this partnership approach may serve as a useful model for the *Charter* as it considers the integration of local regional and national responses.

The *Charter* should be a living document which is regularly reviewed and updated. Additionally, progress towards targets needs to be reported publicly of a regular basis and these reports should inform the content and focus of the *Charter* and related implementation programs.

**The City of Melbourne's Approach to Sustainability**

Sustainability is about managing and using our natural, social and economic capital and resources in a way that does not prejudice the capacity to continue to do so in the future. The City of Melbourne pursues sustainability through the way the city is planned, developed and managed. Our approach to sustainability commits us to the simultaneous pursuit of economic prosperity, environmental quality and social equity. The City of Melbourne encourages the Commonwealth to consider the integration, rather than isolation, of these, so called, triple bottom line elements into the *Sustainability Charter* objectives.

The City of Melbourne has taken a lead role in developing local responses to global sustainability issues. Specifically, Melbourne was the first Council in Australia to achieve the fifth and final milestone of the *Cities for Climate Protection* program and is currently implementing a strategy to achieve zero net greenhouse emissions in the municipality by 2020. A key objective of this strategy is the transformation of the city's built environment from its current inefficient state to one which is more sustainable.

Similarly for water, the City of Melbourne has developed an ambitious sustainable water management strategy setting out, among other things, the City's commitment to reduce water consumption by 12 percent by 2020 despite a projected 141 percent increase in population during this period. Our projected water savings have been pledged as future contributions to environmental flows.

Waste management is another key issue and the City of Melbourne has developed a comprehensive vision for sustainable waste management over the next 15 years. The strategy focuses on improvements in recycling rates as well empowering people working, visiting and living in the City of Melbourne to be more resource efficient and avoid the creation of waste in the first place.

Council has established numerous programs to support the implementation of its strategies. Additionally, Council has set up the *Sustainable Melbourne Fund,* a $5 million fund which invests in projects that demonstrate positive social, environmental and economic benefits for the city.

In addition to these programs Council has made significant contributions to national forums such as the Commonwealth's *Local Leaders in Sustainability Forum* and is the Host City for the International Council for Local Environmental Initiatives office in Australia/New Zealand. Council also was an active participant in the UN's World Summit on Sustainable Development in 2002.

At the World Summit Melbourne's Lord Mayor, John So, launched the *Melbourne Principles for Sustainable Cities*. The City of Melbourne would like to submit these Principles for consideration as part of our submission. In essence the Melbourne Principles contend that the blueprint for sustainable cities must be visionary, participatory, encompass the unique characteristics of the city, encourage a triple bottom line approach and be based on good governance. The Principles were developed in partnership with the United Nations

Environment Program and the Victorian EPA (Environmental Protection Authority) and were endorsed as a working framework for local government at the World Summit. Therefore, the document is an internationally recognised statement of principles for sustainable cities and should serve as a useful reference document for the *Charter*.

**Scope of the Charter**

The *Charter* should have an Urban or Built Environment Sustainability focus given that the majority of Australians live in cities and cities are where a disproportionate amount of impacts are generated. Moreover, the *Charter* should be developed in the context of the built environment, focussing clearly on the human aspects and our capacity to act.

It is critical that a charter is developed which can inspire and influence people on a personal level. This will allow a 'call to action' that begins at the personal level, but will translate into action at a family, community and professional level.

The key elements of the water, energy, and transport are all useful, we suggest the consideration of waste and air as elements that should be included if the *Charter* is to be comprehensive.

The *Charter* should also embrace the concept of sustainable production and consumption. In particular, it should address the processes of procurement and waste management, in addition to urban planning and building and infrastructure design, to ensure the lifecycle management of all our resources occurs (i.e. financial, human and natural resources).

Sweden's five fundamental principles provide potential foundations on which to develop a Sustainability Charter. The objectives, however are overtly focussed on the natural environment and do not lend themselves to be developed to sufficient detail to directly influence the built environment.

The definition for Ecologically Sustainable Development is sound as long as quality of life can be defined around something like Sweden's five principles.

Western Australia's seven foundation principles do not appear to work towards the integration of social, economic and environmental efficiency and sustainability. The seven principles merely ensures all three aspects are considered independently. It does not recognise the concept of "no economy without ecology" which is at the core of sustainability.

**The Charter's Key Principles**

A Sustainability Charter should reflect the country's values and aspirations with respect to sustainability, and how it chooses to leave the country and the planet for future generations. For this reason, the values contained in the *charter's* guiding principles should be non-negotiable.

The Melbourne Principles for Sustainable Cities were the product of the UNEP International Charrette on 'Building Urban Ecosystems', co-organised by EPA Victoria and held in Melbourne.

As mentioned previously, these Principles should provide a useful reference point for the development of the *Charter*.

**Administering and Funding Sustainability through the Charter**

The concept of providing Commonwealth payments to the States on a model similar to the National Competition Policy (NCP) is a good idea.

However, it must also be recognised that the NCP itself can act as a significant barrier to sustainability. This is because it sets up a too narrow framework against which significant decisions at a Federal and State level are made, by demanding a level of rigor around economic issues, whilst ignoring social and environmental ones. However, if the *Sustainability Charter* was supported by a National Sustainability Policy, and operated at the same level as the NCP, then it may be an effective mechanism to drive reform. The *Sustainability Charter*, as a document that integrates economic (including competition), environmental and social issues, could in effect override or supersede the National Competition Policy.

**Reporting and Tracking Progress**

The Ecological Footprint is a useful tool to communicate complex issues in a simple and relevant way to the individual. However, the Ecological Footprint assesses *ecological impact* and does not consider the social and economic implications.

State of Environment reports are a useful reporting mechanism but would need a significant number of additional indicators to be made into an effective monitoring tool for the progress of the *Sustainability Charter*. It would need to not only report on existing environmental, social and economic indicators but it must also have some innovative indicators that capture the interaction between the environment and society as well and society and the economy and of course the economy and the environment.

The current focus on using Gross Domestic Product to measure national 'well-being' fails to account for changes in the value of stocks of both built and natural capital, in addition to failing to account for those social transactions in which there is no exchange of money[1]. The potential to express these indicators as a simple "Genuine Progress" or "Gross National Happiness" indicator should be seriously considered. Such an indicator would be appealing to all Australians as it would be expressed in a language understood by and relevant to all.

The Australian Conservation Foundation's (ACF) *National Agenda for a Sustainable Australia* has some merit, particularly the concept of National Leadership and the development of a National Sustainability policy to support a Sustainability Charter. Also signing the Kyoto protocol and committing to Cutting Greenhouse Pollution through national mandatory targets for 2010 and 2025 makes sense. Supporting Sustainable Living through 5 star green cities to influence both commercial and domestic buildings should be a clear feature of the *Sustainability Charter*. However, the *Sustainability Charter* needs to more holistic than the ACF agenda.

The inclusion of procurement into the scope of the *Sustainability Charter* and the objectives of the Australian National Audit Office are valid. The development of a more comprehensive audit which considers the other aspects of lifecycle resource management including planning, building and infrastructure design, resource consumption minimisation and waste management should also be included in the scope of the *Sustainability Charter*.

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[1] The Australia Institute (2000), "Genuine Progress Indicator", GPI Online, http://www.gpionline.net/NSsite/rethink.htm, accessed 21 April 2006

**Sustainability Objectives and their Measurement**

Below are the City of Melbourne responses to the questions raised in the Discussion Paper.

***General***

- ***Should a sustainability charter consist of aspirational statements, set targets (such as measurable water quality) or both?***

The *Sustainability Charter* should:

- catalogue Australia's priority sustainability issues and objectives;
- identify the aspirational / desired future situation including the establishment of understandable and measurable targets; and
- reference the mechanisms and resources that will be applied to achieving the objectives and targets.

- ***What research will be needed to develop and support the Sustainability Charter?***

Little research should be required to define the fundamental principles of the *Charter*. Rather, research efforts should concentrate on the development of robust measures and indicators that capture the more complex socio-economic, socio-environmental and environment-economic interactions that are critical to equitably measuring sustainability.

The various national, regional and local states of the environment reports compiled of the last decade or so should also provide baseline information relevant to the *Charter*.

Significant consultation is also required to ensure the *Charter* is relevant and useful for the target audience.

- ***Can existing standards (such as the Water Efficiency Labelling and Standards (WELS) Scheme) be applied to the Sustainability Charter?***

Specific standards such as WELS, the Green Building Council of Australia's GreenStar program, and the Australian Greenhouse Building Star Rating Scheme should be one of many tools that support our progress towards sustainability. Over time, the *Sustainability Charter* and its supporting policies and frameworks should be the key driver to set and re-set these types of standards. This could be done by aligning all environmental performance expectations, as set out in the standards, with the environmental targets in the *Charter*.

However, other standards need to be developed which accurately assess and provide information on sustainability impacts. For example, when comparing products, it would be useful to have standards which address aspects such as air quality, chemical toxicity, and contribution to landfill at the end of the products life. A comprehensive set of standards would assist people in making informed decisions.

Furthermore, the *Charter* can form the basis for the promotion of consumer awareness through more comprehensive and prevalent eco-labelling programs.

- ***Can the charter be framed in such a way to ensure that it can be integrated into all level of government decision making?***

This is essential, given the varying levels of responsibility, jurisdictions and influence different levels of government hold. The Council of Australian Governments could provide one mechanism by which to do so. It would allow the various state governments to adopt the *Charter* at a state level, and apply it to their own decision-making. A partnership process such as the Victorian Local Sustainability Accord may also assist integration and coordination at the local and state government interface.

- ***Will there be a cost/gain to the economy by introducing the target(s)?***

The core principles of the *Charter* should be fundamental, non-negotiable values accepted by all Australians.

It is likely that, in the short term, the pursuit of sustainability will generate economic as well as environmental and social costs and gains. However, if you take a longer term view and apply a lifecycle costing approach it is likely that the gains across all three factors will far outweigh the costs. For example, short term economic investment in resource (water, material and energy) efficiency measures will generate long term economic, environmental and, in may cases, social gains.

- ***Could a sustainability charter be incorporated into national State of the Environment reporting?***

Measurement of and reporting on the relevant aspects of the *Sustainability Charter* could be incorporated into State of the Environment reporting frameworks. However, if the State of the Environment Reports continue to report on the natural environment, then there will need to be another report which captures the State of Society and also the State of the Economy. It would make sense to collect economic, environmental and social data from the same geographic areas to enhance the capacity to infer interaction between these three fundamental aspects of sustainability. Therefore, a “State of Australia” Report which reports against the objectives and targets of the *Charter* may be a more appropriate reporting mechanism.

- ***Is National Competition Policy a good template for consideration of incentive payments for sustainable outcomes?***

Yes, potentially, providing the measures of sustainability are robust enough to withstand the challenges from the States and that sustainability policy and payment mechanisms actually supersede the one dimensional nature of the National Competition Policy.

- ***How should payments be awarded under the Sustainability Charter?***
- ***Is it possible to measure cultural and social values in relation to a Sustainability Charter?***

Satisfactory measurement of cultural and social aspects will need to be made possible if the *Charter* is to be an effective, comprehensive document to that leads us to make progress towards national sustainability. Alternatively, a decision would need to be made that the *Charter* is purely about environmental sustainability.

**The Built Environment**

- ***What objectives are applicable to the built environment?***
- ***How would these be measured?***

Sweden's principles and the concept of Ecological Sustainable Development should guide the development of built environment objectives. The objectives must also reflect the whole of lifecycle management of resources.

Additionally, Melbourne Principles 5 and 6 should be applied to the built environment objectives. In summary, these principles suggest that urban processes (and infrastructure) should be modelled on the form and function of natural ecosystems and that the form and function of cities should reflect their human, cultural, historic and natural characteristics.

- ***How should we rate the sustainability of existing building infrastructure?***

Tools such as the Australian Green Building Council's Green Star Environmental Rating Tools, the Australian Building Greenhouse Star Rating Scheme and the New South Wales Government's BASIX assessment tool can provide the foundations to rate the sustainability of existing and future building infrastructure.

The development of clear, measurable targets, particularly around the water and energy efficiency of buildings, should be pursued in the *Sustainability Charter.*

- ***Could a measurement of level of retro-fitting achieve this?***
- ***How would we measure levels of retro –fitting?***

  The GreenStar, Australian Building Greenhouse Star Rating Scheme and BASIX tools can provide indications of measurable improvements achieved through retrofitting. However, it would be difficult to gather information on the number of retro-fits undertaken particularly in residential dwellings. Verifiable voluntary registers may be a useful initial step in acquiring this type of information.

- ***Do we need to protect heritage buildings as part of the sustainability charter?***

Yes. The preservation of culturally or historically significant buildings and places is a vital element of social sustainability.

- ***Can existing building standards, such as the 5 star rating system, be incorporated into the Sustainability Charter?***

Yes, existing building standards could be incorporated into the *Charter* to assist implementation. However, the standards need to set more ambitious minimum standards and outlaw mediocre practice.

**Water**

- ***How should water quality be measured?***

There are various measures in existence including: total suspended solids; herbicide, pesticide and fertiliser levels; gross litter amounts; groundwater contamination; nutrient levels; and salinity. The CSIRO would be best placed to advise on the most relevant.

- ***Should targets be focused on reducing water consumption, increasing water re-use or both?***

Both. However, the emphasis should be on water conservation based on CSIRO's estimates of water supply and demand. Additionally, targets should be developed for other parts of the water cycle such as environmental flows.

- ***How can we measure the health of water catchment areas?***

There are various measures in existence and CSIRO would be best placed to advise on the most relevant.

***Energy***

- ***How should we measure the use of renewable energy?***

This data should be sourced from the renewable energy generators, distributors and retailers. It should be reported as a percentage of total energy generated/consumed and targets should be set to increase the amount of renewable energy generated as a percentage of the total energy market.

- ***How do we encourage an increase in renewable energy use?***

Cost and convenience are often cited as significant barriers to the uptake of renewable energy. For example, the *Greenpower* program seeks to maximise convenience. However, it is available at a cost premium compared with 'black' power. Solar hot water heaters and photovoltaic panels also involve an upfront cost that hinders uptake. Alternative business models such as renewable energy infrastructure being leased to residents and businesses by an energy retailer may reduce costs and stimulate demand. An exploration of such models on a national scale would be most useful.

Taxation incentives and policy settings could be examined. However, it is important that consumer demand is stimulated and that market mechanisms are also explored. The simple, yet effective system used by the German government has stimulated dramatic growth in that country's renewable energy market and is recommended as a model for the Commonwealth to explore. Germany has used a combination of five primary policy instruments to promote renewable energy:

- Direct investment in R&D;
- Direct subsidies;
- Government-sponsored loans;
- Tax allowances;

- Subsidies for operational costs/feed-in tariffs.

While it is possible to find alternatives to price signals, it is important that real market costs (including the externalities) associated with current modes of energy (particularly electricity) generation are recognised and better reflected in pricing structures. The Commonwealth could also address the availability of new technologies to improve emissions associated with conventional electricity generation in Australia.

- ***Can we measure the awareness of the environmental, economic and social benefits of energy efficiency and renewable energy?***

Yes, through targeted market research.

**Transport**

- ***How do we judge the efficiency of transport systems?***

Eco-efficiency measures could be used such as greenhouse gas emissions or energy consumed per passenger or tonne of freight transported. Other measures could include travel times, air quality, public health including deaths and injuries.

- ***What transport infrastructure measures will reduce private transport needs?***

The City of Melbourne suggests:

- A mix of uses in close proximity to allow for alternative modes of transport such as cycling or walking to be attractive;

- Higher densities to be encouraged in appropriate locations to provide concentrated demand for public transport infrastructure; and

- That the provision of cheap, reliable public transport infrastructure should be a priority at early planning/development stages***.***

Additionally, the following non-infrastructure related recommendations are proposed:

- Use market mechanisms to make public transport more attractive and private vehicle use less attractive for users (eg reduce the cost of public transport to users).

- Support a broad scale cultural change through (eg. workplace initiatives such as *Travel Smart*);

- Tax concessions could be awarded for <u>not</u> owning a car. Existing structures that encourage the ownership of large cars should be removed. The City of Melbourne supports new transport technologies and alternative fuels. Support and incentives for using alternative fuels and technologies requires an examination of barriers and innovative incentives (eg. Tax concessions currently exist for imported 4WD but not imported hybrid cars).

- Support a reduction in the provision of parking at both ends of the journey. Currently, car usage is a far more convenient mode of transport than its alternatives. A ‘carrot and stick’ approach is warranted to shift to a better balance. This applies also to the use of roads. Road authorities need to appreciate the need for streets to be valuable open spaces rather than ‘traffic sewers’, with an appropriate mix of trams, buses, bikes and pedestrians as well as cars; and

- Make public transport attractive. For example, tram works must not compromise the design of streets. Address the perception (and to some extent the fact) that public transport is unsafe and inconvenient outside peak hours.

- ***How do we measure these?***

The City of Melbourne suggests:

- A register of roads/ rail, cycling, walking paths built annually either in distance or hourly carrying capacity or dollars spent.
- Average distance from each city residence to affordable public transport. Affordable public transport within 500 metres of all city residents would be the desired target.
- Percentage of total commuter trips taken in single occupancy private vehicles.
- Modal mix measures.