

A national framework for sustainability

...the situation is begging for a national framework. We are hopeful that this committee and your inquiry can help us down this path.¹

You cannot have the charter stand alone. It has to be linked to an effective framework where there is a high degree of buy-in to those results...²

...an Australian Sustainability Charter that exists in the absence of a proactive and effectively resourced Commission is little more than a 'wish-list'.³

...there is a clear role for a single Sustainability Commission to coordinate the establishment, measurement and reporting of sustainability in Australia.⁴

- 5.1 In this concluding chapter, the Committee shifts focus to a broad enabling framework for the proposed national Sustainability Charter. Providing a framework that includes a Sustainability Commission and Commissioner is critical to the success of the Charter.

1 Mr Ric Brazzale, *Transcript of Evidence*, 5 October 2006, p. 28.

2 Ms Di Jay, *Transcript of Evidence*, 8 September 2006, p. 8.

3 Australian Conservation Foundation, *Submission no. 93*, p. iv.

4 CRC Construction Innovation, *Submission no. 84*, p. 9.

The Sustainability Commission and Commissioner

- 5.2 The Committee supports the creation of a statutory national Sustainability Commission, led by a Sustainability Commissioner and sees this as a key step towards advancing Australia's progress towards sustainability.

Commission

- 5.3 The key advantage of the proposed Sustainability Commission being independent of government is to facilitate objectivity and longevity.⁵ The statutory New Zealand Parliamentary Commissioner for the Environment could be a useful model for creating the legal framework for the proposed Australian national Sustainability Commission.⁶ Although the scope of its work is limited to the environment, it has successfully influenced government policy making⁷ and improved environmental sustainability outcomes since its conception in 1986. The enabling legislation for the proposed Australian Sustainability Commission would need to be carefully drafted and enacted by the Australian Government with input from the state and territory governments, perhaps through COAG.⁸
- 5.4 There is a small portion of evidence to the inquiry that is sceptical about the establishment of a statutory national Sustainability Commission. These reservations lie in the perception that an independent institution and process will both increase the number of 'competing bureaucracies' working to their own agendas; and duplicate existing sustainability schemes.⁹ Others argue that sustainability must be an overarching requirement of reform and that the Charter, Commission and Commissioner will only add value if they coordinate the integration of sustainability with mainstream policy using existing regulatory arrangements.¹⁰

5 Professor David Hood, *Transcript of Evidence*, 6 October 2006, p. 14.

6 Hydro Tasmania, *Submission no. 24*, p. 4; Dr Gabrielle Kuiper, *Submission no. 92*, p. 2; Professor David Hood, *Transcript of Evidence*, 6 October 2006, p. 14.

7 Dr Gabrielle Kuiper, *Submission no. 92*, p. 2.

8 Australian Capital Territory Government, *Submission no. 113*, p. 4.

9 Engineers Australia, *Submission no. 43*, p. 9; Housing Industry Association, *Submission no. 111*, p. 3; Minerals Council of Australia, *Submission no. 94*, p. 1.

10 Engineers Australia, *Submission no. 43*, p. 9; Housing Industry Association, *Submission no. 111*, p. 3.

- 5.5 Some submissions made suggestions about the structure and other aspects of the Commission which the Committee considers would go some way towards allaying the concerns described above. These, and some of the Committee's suggestions include:
- the Commission be small, nimble and highly specialised¹¹
 - an advisory committee be established, comprised of sustainability champions from government, industry (including academia) and the community, headed by the Commissioner and featuring designated taskforces
 - existing measures be used where possible, including government agencies.¹²
- 5.6 The Committee feels that this inter-jurisdictional, cross-sectoral partnership approach will provide a much needed link between the Commission and government, industry and the community to facilitate both specialised information sharing and ongoing cooperative action towards meeting the goals of the Charter.
- 5.7 An example of an effective partnership model for promoting sustainability in urban environments is the United Nations Global Cities Programme (Cities Program) public-private collaborative *Melbourne Model*. The *Melbourne Model* seeks to harness significant, perhaps under-utilised local resources and expertise across all sectors of urban society by engaging them in outcome-oriented taskforces on provincial urban-focused sustainability issues.¹³ Participating cities select a United Nations *Global Compact* issue of local relevance (in the areas of human rights, labour, the environment and anti-corruption) and develop solutions using applied methodologies and practices through facilitated workshops.¹⁴ The All Sector Taskforce model/*Melbourne Model* and its phases of engagement are illustrated below in Figure 5.1.

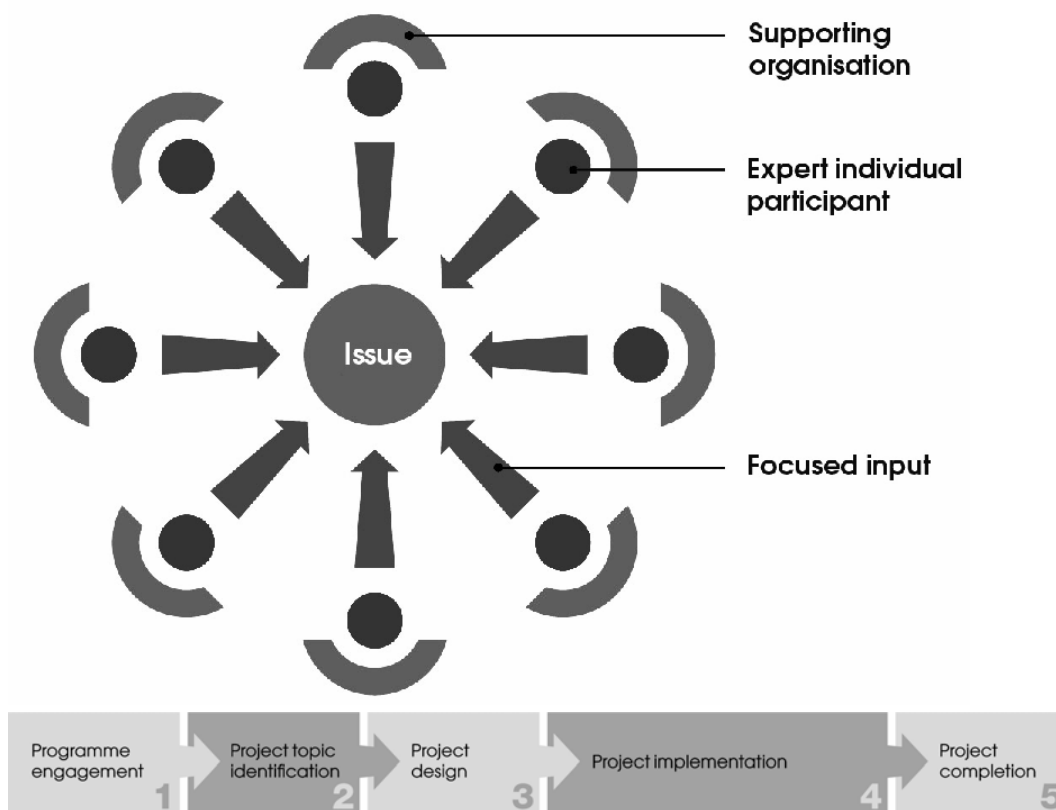
11 Ms Di Jay, *Transcript of Evidence*, 8 September 2006, p. 22.

12 For example, the Department of the Environment and Water Resources (including the Australian Greenhouse Office); Australian Bureau of Statistics; Auditor General's Office, CSIRO, etc.

13 United Nations Global Cities Programme n.d, *Membership brochure*, brochure, p. 2.

14 United Nations Global Cities Programme n.d, *Membership brochure*, brochure, pp. 2-3.

Figure 5.1 All Sector Taskforce model of optimal stakeholder focus and five phases of engagement



Source: United Nations Global Cities Programme n.d, *Membership brochure, brochure*, p. 3.

- 5.8 The Cities Programme is claimed to be centred more on achieving positive outcomes through local capacity building than on ways of building alliances – it focuses on solutions, not only the partnerships.¹⁵ Further, it addresses provincial issues by utilising local resources with current global thinking, practice, strategies and initiatives.¹⁶ The Committee considers that the *Melbourne Model* could be well utilised by the proposed Sustainability Commission in working with its stakeholders to achieve some of the goals of the Charter.
- 5.9 The Committee sees the initial role of the Commission involving (collaboratively) defining sustainability and sustainable development; and devising the Charter and supplementary implementation agreement, drawing upon existing sustainability measures to coordinate a national approach. The evidence strongly indicates that involving a wide range of stakeholders in the process of creating the Charter (and supplement) is necessary¹⁷ and will provide a comprehensive scope and collective

15 United Nations Global Cities Programme n.d, *Membership brochure, brochure*, p. 3.

16 United Nations Global Cities Programme n.d, *Membership brochure, brochure*, p. 3.

17 Australian Conservation Foundation, *Submission no. 93*, p. 13; Australian Green Development Forum, *Submission no 66*, p. 2; Bus Industry Confederation, *Submission no. 84*, p. 6; City of

identification with and pursuance of its objectives. Moreover, the Committee is of the opinion that a collaborative development process will encourage a focus that looks beyond parliamentary timeframes.

5.10 In the Committee's view, and drawing from some of the suggestions made in submissions, the ongoing role of the Commission should involve:

- evaluating progress towards meeting national sustainability goals, objectives and targets and reporting on this to both Houses of Federal Parliament¹⁸
- conducting inquiries into sustainability matters,¹⁹ recommending remedial measures for unsustainable practices and gaps in policies and acknowledging those that are sustainable
- reviewing (when necessary) national sustainability goals, objectives and targets
- building and strengthening partnerships with government, industry and the community (nationally and internationally)
- influencing and guiding government, industry and the community in advancing sustainability outcomes²⁰
- collecting, maintaining and disseminating information on sustainability, including national performance statistics.²¹

Melbourne, *Submission no. 67*, p. 1; Environment Institute of Australia and New Zealand, *Submission no. 82*, p. 3; Land and Environment Planning, *Submission no. 5*, p. 2; Dr Alaric Maude, *Transcript of Evidence*, 8 September 2006, p. 12; Professor Anthony Capon, *Transcript of Evidence*, 2 November 2006, p. 3.

18 Caloundra City Council, *Submission no. 98*, p. 1. This may overlap with some areas of the work of the Australian National Audit Office.

19 Hydro Tasmania, *Submission no. 24*, p. 4; Dr Gabrielle Kuiper, *Submission no. 92*, p. 2.

20 Environment Institute of Australia and New Zealand, *Submission no. 82*, p. 2.

21 The Australian Bureau of Statistics could assist with this, see Environment Institute of Australia and New Zealand, *Submission no. 82*, p. 4.

Commissioner

5.11 Likewise, the Committee considers that the Commissioner should:

- head the office of the national Sustainability Commission and advisory committee
- be an independent statutory officer
- be appointed with support of the government and the parliament for a 10 year, non-renewable period
- be removed from office only by agreement of both Houses of Parliament on the grounds of misconduct, neglect of duty, or physical or mental incapacity
- report annually to parliament
- seek input from bodies such as the CSIRO in defining scientifically sound targets
- have wide powers of access to people, places and papers in undertaking his/her duties
- represent Australia at international sustainability forums
- be bound by the functions and powers of the enabling legislation as well as meeting the obligations under the *Public Service Act 1999 (Commonwealth)*
- undertake and oversee (as appropriate) the duties of the Commission (see previous paragraph).
- draw upon existing sustainability measures.

Regulation versus voluntary schemes

5.12 In moving towards more sustainable outcomes, the Committee considered differing viewpoints on whether regulation or voluntary commitment would be the way to proceed. The Committee sees this as a matter that the Commission would need to further consider.

5.13 The UDIA (Queensland) acknowledges that while there may be a place for regulation in eliminating unsustainable practices, it is not the most effective means:

...greater sustainability outcomes can be achieved through reward for innovation and early adoption.²²

The implications of having more than minimum regulation are said to include the creation of a tedious, restrictive, costly and confusing operating environment with generally no offer of rewards to high performers which may dampen enthusiasm.²³

- 5.14 In contrast, there is a view that regulation is required for advancing sustainability outcomes:

Without a regulation, boards of directors are not going to respond...a very clear regulated outcome is absolutely essential.²⁴

Regulation is seen as having the potential to create a sense of urgency.²⁵ Moreover, it is claimed that minimum outcome (as opposed to action) oriented regulation can be used to deliver improved sustainability outcomes because it indicates 'where/what' without specifying 'how', thereby, providing flexibility for varied contexts and potentially enabling sustainable innovations to flourish.²⁶

- 5.15 The Committee is concerned that outcome based regulation may place strain on sectors that perhaps lack the resources to innovate. In such cases, the advice of the Sustainability Commission could be sought for guidance on how to best proceed.

Leadership

We need greater leadership so that government is out ahead of the market, ahead of business and pushing harder and faster for change to happen.²⁷

- 5.16 Many submitters identified strong leadership and a whole of government commitment as vital to the success of the proposed Sustainability Charter²⁸ and the Committee supports this viewpoint. Australian Government

22 Urban Development Institute of Australia, Queensland, *Submission no. 49*, p. 2.

23 Urban Development Institute of Australia, Queensland, *Submission no. 49*, p. 2.

24 Ms Fiona Wain, *Transcript of Evidence*, 8 September 2006, p. 9.

25 Environment Business Australia, *Submission no. 72*, p. 7.

26 Australian Conservation Foundation, *Submission no. 93*, p. 13; Mr Mathew Munro, *Transcript of Evidence*, 8 September 2006, p. 9; Ms Melanie Stutsel, *Transcript of Evidence*, 8 September 2006, p. 33; See also Ecos 2006, 'Going the corporate mile', vol. 131, June-July, p. 25.

27 Ms Di Jay, *Transcript of Evidence*, 8 September 2006, p. 13.

28 City of Melbourne, *Submission no. 67*, p. 1; Engineers Australia, *Submission no. 43*, p. 3; Vinyl Council of Australia Victoria; *Submission no. 29*, p. 1; Mr Paul Graham, *Transcript of Evidence*, 5 October 2006, p. 16.

leadership is required initially to establish a legislative framework for the proposed Charter, Commission and Commissioner. A continuation of this strength of leadership is required by all levels of government for realigning existing and aligning future regulation, policies and programs with the Charter.²⁹ As one witness contended, with this comes the potential of elevating sustainability to a comparable policy position of national security.³⁰

- 5.17 Not to be underestimated is the leadership strength of industry. The Committee has heard that in terms of leadership in the sustainability challenge, the market is ahead of government.³¹ For example, one submitter claims that the finance sector is said to have foreshadowed litigation relating to latent climate change liability and as a result, seeks to minimise the carbon exposure risk in investment opportunities.³²
- 5.18 It is contended that if the Australian Government creates a framework for sustainability that sets the direction and pace of change through regulation, policies and programs, the market will follow³³ and bring with it the advantage of economy of scale.³⁴ Further, it is argued that Australia is in a unique position to become a 'sustainability superpower',³⁵ with its current economic stability, innovative approach to technology and concerned and educated community.³⁶ Further, the Committee has heard that advancing a sustainable future presents not only an opportunity for Australia to lead on the world stage, but to also build its next global (economic) competitive edge.³⁷

29 City of Joondalup, *Submission no. 15*, p. 2; Fuji Xerox Australia Pty Limited, *Submission no. 83*, p. 2; Save Our Suburbs (Ryde District), *Submission no. 10*, p. 2; Mr Matthew Trigg, *Submission no. 76*, p. 3; Mr Paul Honeybone, *Transcript of Evidence*, 5 October 2006, p. 4.

30 Professor Brendan Mackey, *Transcript of Evidence*, 19 October 2006, p. 3.

31 Ms Di Jay, *Transcript of Evidence*, 8 September 2006, p. 13; Mr Paul Honeybone, *Transcript of Evidence*, 5 October 2006, p. 12.

32 Environment Business Australia, *Submission no. 72*, pp. 8–9.

33 Ms Sue Holliday, *Transcript of Evidence*, 8 September 2006, p. 12.

34 Mr Mark Bezzina, *Transcript of Evidence*, 5 October 2006, pp. 19–20; Mr Peter Szental, *Transcript of Evidence*, 5 October 2006, p. 38.

35 Mr Cameron Hoffmann, *Transcript of Evidence*, 6 October 2006, p. 20.

36 Environment Business Australia, *Submission no. 72*, p. 8;

37 Ms Kirsten Davies, *Submission no. 11*, p. 3; Environment Business Australia, *Submission no. 72*, p. 8.

Incentives

- 5.19 Incentives are potentially a useful tool for encouraging sustainable behaviour. The Committee's *Discussion Paper* (p. 16) considered the idea of applying the (former) incentive payments component of the National Competition Policy (NCP) to the proposed Charter to encourage sustainable outcomes. The NCP recognises that competitive markets generally enhance Australia's economic performance by providing strong incentives for efficiency, innovation and price competition.³⁸ Financial transfer incentives known as 'competition payments' were previously made under this policy (by the Australian Government to the state and territory governments) for implementation of agreed competition policy reforms and were seen as effective in achieving a number of reform outcomes.³⁹
- 5.20 In the Committee's view, applying the (former) financial incentive transfer system of the NCP to the sustainability agenda (ie, rewarding state and territory governments for advancing sustainability outcomes through the provision of Australian Government funded 'sustainability payments') is an option worth exploring. However, a submitter expresses concern that the one dimensional nature of the NCP may not provide for the multi dimensional nature of sustainability.⁴⁰ The City of Melbourne goes as far as suggesting that the broad nature of a potential National Sustainability Policy could supersede the NCP.⁴¹ As indicated by another submitter, given the economic focus of the NCP, a conflict exists between the principles of it and sustainability,⁴² so it is suggested that any increases in productivity must include a measure of the social and environmental impacts and strive for resource efficiency.⁴³
- 5.21 The Committee has heard that another potential gap with applying the (former) financial incentive transfer system of the NCP model to a sustainability context is the absence of mechanisms for directly rewarding

38 National Competition Council n.d., Melbourne, viewed 15 May 2007, <http://www.ncc.gov.au/articleZone.asp?articleZoneID=136>; Productivity Commission 2005, *Review of National Competition Policy Reforms: Productivity Commission Inquiry Report no. 33*, Canberra, p. xiv.

39 Engineers Australia, *Submission no. 43*, p. 10; Productivity Commission 2005, *Review of National Competition Policy Reforms: Productivity Commission Inquiry Report no. 33*, Canberra, p. xiv.

40 Mr Dennis Clarke, *Submission no. 58*, p. 1.

41 City of Melbourne, *Submission no. 67*, pp. 4, 6.

42 Mr Dennis Clarke, *Submission no. 58*, p. 1.

43 Australian Conservation Foundation, *Submission no. 93*, pp. 42-3.

non-government contributors to sustainability.⁴⁴ The Committee feels this is significant given that advancing sustainability requires the collective effort of government, industry and the community. Combating this problem may require the use of a combination of monetary and non-monetary incentives to governments, industry and the community.⁴⁵ A range of sustainability incentives suggested by submitters include:

- government investment in public private partnerships for programs and innovations aligned with the Charter and early adoption of these⁴⁶
- government initiation funding to assist industry to adjust,⁴⁷ perhaps through a certification system⁴⁸
- subsidies for individuals to reduce the costs of their efforts to improve sustainability outcomes⁴⁹
- rewarding governments based on meeting milestones (ensuring that this money is filtered through to the areas responsible for, or able to make significant sustainability contributions)⁵⁰
- introducing sustainability tax reform benefits, potentially harnessing the motivational power of tax avoidance⁵¹
- granting national awards for excellence in the area of sustainability.⁵²

5.22 Further criticism in the evidence concerning the application of the (former) incentive payments aspect of the NCP model to the sustainability agenda surrounds the topic of good governance. One submitter believes that good (public) governance requires programs that optimise long term economic and social conditions for citizens which extend well beyond further rounds of NCP payments,⁵³ although the evidence does acknowledge the need for some form of funding to governments for administrative and

44 WaRDS Association, *Submission no. 3*, p. 6.

45 City of Joondalup, *Submission no. 15*, p. 3; Urban Development Institute of Australia, *Submission no. 49*, p. 2; WaRDS association, *Submission no. 3*, p. 6.

46 Association of Consulting Engineers Australia, *Submission no. 100*, p. 6; Urban Development Institute of Australia, *Submission no. 49*, p. 2.

47 Hydro Tasmania, *Submission no. 24*, p. 4.

48 Urban Development Institute of Australia, *Submission no. 49*, p. 2.

49 Real Estate Institute of Australia, *Submission no. 33*, p. 5.

50 City of Sydney, *Submission no. 112*, pp. 3, 7; Council of Capital City Lord Mayors, *Submission no. 106*, pp. 2, 4.

51 Association for the Advancement of Sustainable Materials in Construction, *Submission no. 101*, p. 12; Hydro Tasmania, *Submission no. 24*, p. 4.

52 Keep Australia Beautiful, *Submission no. 57*, p. 1; Ms Lyndall McCormack, *Submission no. 17*, p. 2.

53 Engineers Australia, *Submission no. 43*, p. 11.

adjustment costs.⁵⁴ Moreover, it is claimed that policy should drive funding, not the reverse (as would be the case with 'sustainability payments').⁵⁵

- 5.23 Government funding, as opposed to rewarding, now appears to be preferred policy given the withdrawal of (National Competition Council assessed) 'incentive payments' and the introduction of (COAG Reform Council) 'fair sharing' outcome payments.⁵⁶ Such funding is provided on a case by case basis to ensure fair sharing of the costs and benefits of specific reforms on the National Reform Agenda.⁵⁷ The Committee sees the value in the Australian Government (in collaboration with the state and territory governments) exploring the merits and limitations of 'incentive payments' versus 'fair sharing' payments in relation to the proposed Charter.

Measurement

...sound numerical measures, that are independently verifiable, are the only way to ensure that real progress is made.⁵⁸

- 5.24 The Committee identified in Chapter 3 that sustainability targets are essential for achieving positive outcomes because they provide unequivocal, concrete direction. As stated in one submission, the targets should be measurable with baseline values so that progress towards meeting them can be determined.⁵⁹ The Committee reiterates its view that the highly technical process of identifying sustainability targets (to be contained in the supplement to the proposed Charter) should be done collaboratively by the Commission.
- 5.25 Without knowledge of these targets, it is difficult for the Committee to suggest what measurement tools may be effective. However, it has been made aware that discrete measurement tools are required for the different target areas of the proposed Sustainability Charter and variable conditions

54 CPA Australia and Ms Janice Loftus, *Submission no. 104*, p. 24; Engineers Australia, *Submission no. 43*, p. 11.

55 CPA Australia and Ms Janice Loftus, *Submission no. 104*, p. 24; Engineers Australia, *Submission no. 43*, p. 11.

56 Council of Australian Governments 2007, Department of the Prime Minister and Cabinet, Canberra, viewed 18 May 2007, <http://www.coag.gov.au/meetings/130407/index.htm#mental>.

57 Council of Australian Governments 2007, Department of the Prime Minister and Cabinet, Canberra, viewed 18 May 2007, <http://www.coag.gov.au/meetings/130407/index.htm#mental>.

58 Save Our Suburbs (Ryde District), *Submission no. 10*, p. 2.

59 Save Our Suburbs (Ryde District), *Submission no. 10*, p. 2.

and needs between jurisdictions, industries and communities.⁶⁰ This could present a challenge with the consistency and in turn, integrity of the results. However, the Committee has been informed of the existence of robust and reliable methods for applying the numerous available metrics.⁶¹

- 5.26 The Gross Domestic Product (GDP) came under scrutiny in the evidence to this inquiry. It is argued that sustainability requires a shift away from GDP because this type of metric does not consider externalities, often resulting in outcomes where social and environmental negatives are calculated as economic positives.⁶² For example, a witness argued hypothetically that the GDP may fall if diabetes is eliminated (through healthier lifestyles), indicating a lower performance from an economic lens (given less expenditure on health services), while failing to consider higher performance from a social lens (given increased quality of life).⁶³ The development of a Genuine Progress Indicator is offered as an alternative to GDP because it is claimed to provide a true picture of economic health through calculating the social and environmental costs and benefits.⁶⁴ Some submitters contended that any measurement and reporting system must be holistic, employing full lifecycle assessment principles.⁶⁵

Reporting

- 5.27 The Committee has received evidence that two overriding types of reporting are required to support the national Sustainability Charter – informational and performance.⁶⁶ The former contains benchmarking data on sustainability for the use of decision makers in formulating policies and strategies, while the latter serves an accountability function of entities

60 Australian Territory Government, *Submission no. 113*, p. 3; Mr Grahame Collier, *Transcript of Evidence*, 24 May 2007, p. 12.

61 Dr Christopher Dey, *Transcript of Evidence*, 6 October 2006, p. 11.

62 Uniting Care (NSW.ACT), *Submission no. 34*, pp. 2-3; Environment Business Australia, *Submission no. 72*, p. 8; Dr John Coulter, *Transcript of Evidence*, 2 November 2006, p. 12.

63 Dr John Coulter, *Transcript of Evidence*, 2 November 2006, p. 12.

64 Earth Charter Australia, *Submission no. 12*, p. 4; EcoSTEPS, *Submission no. 25*, p. 5; Professor Graham Harris, Professor Manfred Lenzen & Mr Richard Sanders, *Submission no. 95*, p. 4; Hydro Tasmania, *Submission no. 24*, p. 4.

65 Building Products Innovation Council, *Submission no. 78*, p. 1; Mr Matthew Trigg, *Submission no. 76*, p. 4.

66 Ms Janice Loftus, *Transcript of Evidence*, 6 October 2006, p. 3.

responsible for implementing the Charter, including the proposed Sustainability Commissioner.⁶⁷ Aspects of each can overlap.

Informational

- 5.28 One submission indicates that the *Environment Protection and Biodiversity Conservation Act 1999* (Commonwealth) enabled and Australian Government resourced State of the Environment (SoE) five yearly report is primarily an example of informational reporting.⁶⁸ It is claimed that the SoE facilitates decision making for adaptive strategies in a range of environment and heritage areas by identifying associated conditions, trends and pressures.⁶⁹ For instance, the 2006 SoE report indicated the continuing trend of people relocating to the coast, risking further damage to the natural and cultural values of these areas.⁷⁰ According to the Australian State of the Environment Committee, such information enables decision makers to explore, devise and implement a range of adaptive responses, ideally through appropriately scaled and targeted investment, governance and regulation.⁷¹
- 5.29 Generally the evidence to the inquiry supports integrating SoE reporting with the proposed Sustainability Charter.⁷² It is suggested that low level integration could involve using the information contained in the SoE report for Sustainability Charter reporting, to the extent of their common goals, resulting in two separate reports but avoiding data collection duplication in areas that overlap.⁷³ By contrast, high level integration is claimed to entail fully aligning the scope of the SoE reporting process with

67 Ms Janice Loftus, *Transcript of Evidence*, 6 October 2006, pp. 3-4.

68 CPA Australia and Ms Janice Loftus, *Submission no. 104*, p. 18.

69 Department of the Environment and Water Resources 2007, Australian Government, Canberra, viewed 24 May 2007, <http://www.environment.gov.au/soe/index.html>; Department of the Environment and Water Resources 2006, Australian Government, Canberra, viewed 24 May 2007, <http://www.environment.gov.au/soe/2006/publications/beeton-speech.html>

70 Department of the Environment and Water Resources 2006, Australian Government, Canberra, viewed 24 May 2007, <http://www.environment.gov.au/soe/2006/publications/beeton-speech.html>

71 Department of the Environment and Water Resources 2006, Australian Government, Canberra, viewed 24 May 2007, <http://www.environment.gov.au/soe/2006/publications/beeton-speech.html>

72 For example, Australian Association for Environmental Education, *Submission no. 31*, p. 2; City of Joondalup, *Submission no. 15*, p. 3; CPA Australia and Ms Janice Loftus, *Submission no. 104*, p. 17; Graham Harris, Professor Manfred Lenzen & Mr Richard Sanders, *Submission no. 95*, p. 6; Hydro Tasmania, *Submission no. 24*, p. 4; Dr Elizabeth Karol, *Submission no. 20*, p. 1; Mr James Lillis, *Submission no. 32*, p. 3; Minerals Council of Australia, *Submission no. 94*, p. 5; Mr Matthew Trigg, *Submission no. 76*, p. 4.

73 CPA Australia and Ms Janice Loftus, *Submission no. 104*, p. 17.

that of the Sustainability Charter, thus facilitating a single inclusive reporting framework using a common data set.⁷⁴

- 5.30 Joint submitters (CPA Australia and Ms Loftus) draw the Committee's attention to some of the implications of low level integration of SoE and Sustainability Charter reporting. For instance, they argue that different objectives within the common goals of the two processes and the varied data collection processes used for uncommon goals can create inconsistencies, conflicting accountabilities and potential trade-offs in decision making.⁷⁵ Likewise, their submission contends that high level integration may not accommodate the varied focus of SoE and Sustainability Charter reporting.⁷⁶
- 5.31 It is advocated that medium level integration is preferred given the informational focus of the SoE report and performance focus envisaged for the Charter.⁷⁷ The Committee has heard that this level of integration may involve feeding the data from the SoE information system into the reporting process for the Charter, to the extent of their common purpose/focus.⁷⁸ Thus, according to this evidence, medium integration of SoE and Sustainability Charter reporting would involve extending the scope of the SoE reporting process.⁷⁹

Performance

- 5.32 It is envisaged that performance assessment against the proposed Sustainability Charter would be a key focus of the Commission. Many small, medium and large organisations, predominantly in the private sector, are already voluntarily engaged with the sustainability reporting agenda. The Global Reporting Initiative (GRI) – a large multi-stakeholder international network geared at developing ways of (globally applicable) organisational reporting on economic, environmental and social performance⁸⁰ – is a testament to this, with nearly 1000 organisations in over 60 countries having declared their use of the GRI Reporting Framework.⁸¹ According to the Centre for Public Agency Sustainability

74 CPA Australia and Ms Janice Loftus, *Submission no. 104*, p. 17.

75 CPA Australia and Ms Janice Loftus, *Submission no. 104*, pp. 17–18.

76 CPA Australia and Ms Janice Loftus, *Submission no. 104*, p. 18.

77 CPA Australia and Ms Janice Loftus, *Submission no. 104*, pp. 16, 18.

78 CPA Australia and Ms Janice Loftus, *Submission no. 104*, pp. 17–18.

79 Ms Georgina Legoe, *Submission no. 75*, p. 2; Sydney West Area Health Service, *Submission no. 79*, p. 2.

80 Global Reporting Initiative n.d., The Netherlands, viewed 30 May 2007, <http://www.globalreporting.org/AboutGRI/WhatWeDo/>

81 Global Reporting Initiative n.d., The Netherlands, viewed 30 May 2007, <http://www.globalreporting.org/AboutGRI/WhatWeDo/>

Reporting, the attraction to sustainability reporting in the private sector includes:⁸²

- increased knowledge of environmental and social impacts
- improved management of staff performance, attraction and retention
- improved reputation and competitive advantage
- increased opportunity for information sharing and stakeholder engagement.

5.33 The Committee has heard that Australian Government departments and agencies are required under the *Environment Protection and Biodiversity Conservation Act 1999* to report on their sustainability performance as part of their annual reporting and some federal agencies produce additional stand-alone reports on their sustainability performance using the GRI Reporting Framework.⁸³ Further to the above mentioned benefits of sustainability reporting, the evidence indicates that public sector agencies may be driven by the:⁸⁴

- magnitude of impact
- opportunity to demonstrate leadership
- ability to demonstrate the level of fulfilment of sustainability vision and policy and to identify challenges and opportunities.

5.34 It has been suggested to the Committee that the reporting principles in the GRI Reporting Framework could be used to upgrade SoE reporting to include all dimensions of sustainability, drawing on three types of information – context, policy and agency, as illustrated in Figure 5.2 (below).⁸⁵

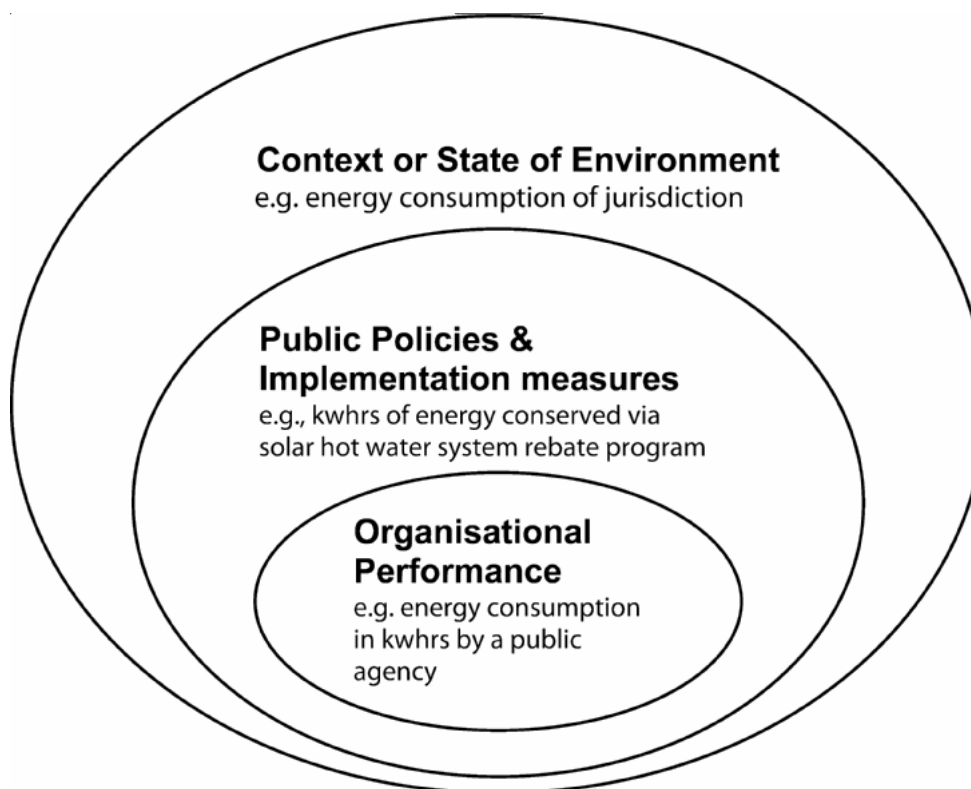
82 The Centre for Public Agency Sustainability Reporting, *Submission no. 45*, p. 9.

83 The Centre for Public Agency Sustainability Reporting, *Submission no. 45*, pp. 5-6.

84 The Centre for Public Agency Sustainability Reporting, *Submission no. 45*, p. 10.

85 Global Reporting Initiative 2005, *Sector Supplement for Public Agencies: Pilot version 1.1*, Global Reporting Initiative, The Netherlands, viewed 30 May 2007, http://www.globalreporting.org/NR/rdonlyres/D7030C20-69C0-4FA3-B08B-9668A7658F9A/0/SS_PublicAgency_ENG.pdf, p. 10; The Centre for Public Agency Sustainability Reporting, *Submission no. 45*, pp. 4, 13.

Figure 5.2 Types of information required for public agency sustainability reporting



Source: Global Reporting Initiative 2005, *Sector Supplement for Public Agencies: Pilot version 1.1*, Global Reporting Initiative, The Netherlands, viewed 30 May 2007, http://www.globalreporting.org/NR/rdonlyres/D7030C20-69C0-4FA3-B08B-9668A7658F9A/0/SS_PublicAgency_ENG.pdf, p. 10.

- 5.35 Given the performance focus of the GRI Reporting Framework, the Committee sees the value in the proposed Sustainability Commission further exploring its application to the proposed Charter. Medium level integration of SoE reporting with the Charter could also be considered by the Commission, in collaboration with the Department of the Environment and Water Resources.
- 5.36 In addition to assessing and reporting on the sustainability performance within the private and public sectors, the effectiveness of the full range of intended activities of the Commission will require examination. For example, there need also be review/s on organisations audited by the Commission to assess compliance with such findings and investigate disputed matters.
- 5.37 The Committee sees the value of reviews of compliance with the findings of the Commission's audits and also for investigating disputed matters. The Parliamentary Joint Committee of Public Accounts and Audit

provides this type of scrutiny for the work undertaken by the ANAO.⁸⁶ For instance, it examines all reports of the Auditor-General primarily to assess whether or not audited agencies have responded appropriately to the Auditor General's more significant findings.⁸⁷

- 5.38 A statutory federal parliamentary committee on sustainability may not be the answer to independent compliance reviews given possible jurisdictional implications, but it is one avenue worth considering by the Australian Government (in collaboration with the state and territory governments) when drafting such provisions in the enabling legislation for the proposed Sustainability Commission. Alternatively, an internal auditing process could be explored.
- 5.39 The New Zealand Parliamentary Commissioner for the Environment has an internal Environmental Management Auditor who measures the effectiveness of the Commissioner's reports about six months after tabling through a qualitative outcome evaluation process.⁸⁸ Some investigations are revisited between two to four years later for a full outcome evaluation.⁸⁹ Furthermore, the New Zealand Parliamentary Commissioner for the Environment conducts 10 year evaluations of its overall work.⁹⁰ Although these short and long term focused evaluations are not performed independent of the Commissioner, they have served the system well over the past 20 years and are options worth considering by the Australian Government (in collaboration with the state and territory governments) when drafting such provisions in the enabling legislation for the proposed Sustainability Commission.

86 Australian National Audit Office 2006, *The role of the Auditor-General and my relationship with the Parliament*, briefing to the House of Representatives staff, Canberra, viewed 7 May 2007, http://www.anao.gov.au/uploads/documents/The_role_of_the_Auditor_General_and_my_relationship_with_the_Parliament.pdf, p. 5.

87 Australian National Audit Office 2006, *The role of the Auditor-General and my relationship with the Parliament*, briefing to the House of Representatives staff, Canberra, viewed 7 May 2007, http://www.anao.gov.au/uploads/documents/The_role_of_the_Auditor_General_and_my_relationship_with_the_Parliament.pdf, p. 5.

88 New Zealand Parliamentary Commissioner for the Environment 2006, *Statement of Intent*, New Zealand, viewed 7 May 2007, http://www.pce.govt.nz/reports/allreports/soi_06.pdf, pp. 8-9.

89 New Zealand Parliamentary Commissioner for the Environment 2006, *Statement of Intent*, New Zealand, viewed 7 May 2007, http://www.pce.govt.nz/reports/allreports/soi_06.pdf, p. 8.

90 New Zealand Parliamentary Commissioner for the Environment 2006, *Statement of Intent*, New Zealand, viewed 7 May 2007, http://www.pce.govt.nz/reports/allreports/soi_06.pdf, p. 8.

5.40 Finally, the Committee received a suggestion for the inclusion of provisions for independent auditing of the financial and non-financial performance of the proposed Sustainability Commission.⁹¹ The Auditor-General undertakes performance and financial statements audits of Commonwealth entities⁹² and the Committee sees this process as being sufficient for the purpose of public accountability of the proposed Sustainability Commission.

Recommendation 1

5.41 **The Committee recommends that within the first six months of the 42nd Parliament, the Minister for the Environment and Water Resources introduce a Bill for an Act to establish a statutory national Sustainability Commission, headed by a Sustainability Commissioner.**

In drafting this legislation, the Australian Government should seek input from the state and territory governments.

In the Committee's view, and drawing from some of the suggestions made in submissions, the legislation should outline the ongoing roles of the Commission and Commissioner.

The ongoing role of the Commission should involve:

- **defining what sustainability means to Australia**
- **creating an aspirational Sustainability Charter with objectives and milestones**
- **creating a supplementary technical implementation agreement containing targets**
- **evaluating progress towards meeting national sustainability goals, objectives and targets and reporting on this to both Houses of Federal Parliament**
- **conducting inquiries into sustainability matters, recommending remedial measures for unsustainable practices and gaps in policies and acknowledging those that are sustainable**

91 Green Building Council of Australia, *Submission no. 105*, p. 4.

92 Australian National Audit Office 2006, *The role of the Auditor-General and my relationship with the Parliament*, briefing to the House of Representatives staff, Canberra, viewed 7 May 2007, http://www.anao.gov.au/uploads/documents/The_role_of_the_Auditor_General_and_my_relationship_with_the_Parliament.pdf, p. 3.

- reviewing (when necessary) national sustainability goals, objectives and targets
- building and strengthening partnerships with government, industry and the community (nationally and internationally)
- influencing and guiding government, industry and the community in advancing sustainability outcomes
- collecting, maintaining and disseminating information on sustainability, including national performance statistics.

The Commissioner should:

- head the office of the national Sustainability Commission and chair the advisory committee
- be an independent statutory officer
- be appointed with support of the government and the parliament for a 10 year, non-renewable period
- be removed from office only by agreement of both Houses of Parliament on the grounds of misconduct, neglect of duty, or physical or mental incapacity
- report annually to parliament
- seek input from bodies such as the Commonwealth Scientific and Industrial Research Organisation in defining scientifically sound targets
- have wide powers of access to people, places and papers in undertaking his/her duties
- represent Australia at international sustainability forums
- be bound by the functions and powers of the enabling legislation as well as meeting the obligations under the *Public Service Act 1999 (Commonwealth)*
- undertake and oversee (as appropriate) the duties of the Commission
- draw upon existing sustainability measures.

Further, the legislation should provide for:

- the establishment of an advisory committee, chaired by the Commissioner and comprised of government, industry and community sustainability champions
- informational and performance reporting against the Charter.

Recommendation 2

5.42 The Committee reiterates its recommendation in the *Sustainable Cities* report to establish a national Sustainability Charter.

The Charter should:

- be aspirational
- define sustainability in an Australian context
- contain clear and concise overarching objectives and timeframes.

The supplementary technical implementation agreement should:

- contain targets that are closely aligned with the the objectives of the Charter
- be used primarily by government and industry.

The scope of the Charter should, at a minimum, cover the following sustainability sectors:

- the built environment
- water
- energy
- transport
- ecological footprint
- economics
- waste
- social equity and health

- **community engagement and education**

and integrate their related components.

The process used for devising the Charter and supplementary technical implementation agreement should be transparent, participatory and inclusive.

Recommendation 3

5.43 **The Committee recommends the Australian Government take a leadership role in advancing sustainability outcomes, not only through the measures outlined in Recommendation 1, but also through:**

- **the use of monetary and non-monetary incentives for governments, industry and the community in advancing sustainability outcomes**
- **assessing existing and future policy against the proposed Sustainability Charter.**

Dr Mal Washer MP
Chair
16 August 2007

