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Environment and Heritage Committee
House of Representatives
Parliament House
Canberra ACT 2600

Dear Committee

INQUIRY INTO A SUSTAINABILITY CHARTER - EcoSTEPS Submission

EcoSTEPS is pleased to take this opportunity to respond to the Committee's Discussion Paper.

About EcoSTEPS

EcoSTEPS is a multi-disciplinary consultancy which specialises in Sustainability strategies and practices. EcoSTEPS provides support and advice to a broad range of organisations across all sectors of society. The eighteen-member team is based in Australia with offices in Sydney, Melbourne and Perth and associates and connections throughout the World. More information at: www.ecosteps.com.au

EcoSTEPS has particular interest and experience in Sustainability frameworks, strategies and state of environment reporting.

Structure of this Submission

This Submission is structure in three sections:

- A: Overall Response to Discussion Paper**
- B: General Questions For Consideration (Page 16)**
- C: Other Areas of Potential Enquiry**
 - The Natural Step
 - Earth Charter
 - Global Reporting Initiative (GRI)
 - UK Commission for Sustainable Development
 - Australian Bureau of Statistics - Measures of Australia's Progress
 - Genuine Progress Indicator (GPI)

A: OVERALL RESPONSE TO DISCUSSION PAPER

Overall, EcoSTEPS is very supportive of the research and commentary contained in the Discussion Paper.

We like the way in which it builds on and develops the more extensive work contained in the Sustainable Cities Report (August 2005).

The 'Questions' on Page 16 and following of the Discussion Paper are well crafted to stimulate consideration and debate from stakeholders.

In summary, EcoSTEPS encourages the Committee to continue to promote and progress this important national initiative of building consensus around a practical national Sustainability Charter.

In particular, we note:

Ecological Footprint

EcoSTEPS is a partner in the Global Footprint Network (www.footprintnetwork.org). We note other Australian partners include: EPA Victoria, Sydney University and South Australia Dept of Environment & Heritage.

EcoSTEPS strongly supports the use of Ecological Footprint in the Sustainability Charter to aid community understanding and engagement and also provide a comprehensive quantitative indicator of the dimensions of progress.

Developing a Common Language for Sustainability

As the Discussion Paper says: *"It is difficult, and perhaps inappropriate to compare different communities' objectives for sustainability. An issue of extreme importance to one community's view of sustainability may not necessarily affect another community in the same."* (Page 15).

This is an area in which EcoSTEPS has had considerable experience. We offer the EcoSTEPS 'Sustainability Tree' model as Appendix 1 for consideration as an aid to establishing the necessary 'common language' within the Australian community as whole.

B: GENERAL QUESTIONS FOR CONSIDERATION (Page 16)

Brief responses to the 'General Questions for Consideration on Page 16 of the Discussion paper are given below:-

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

The Charter should do both - but in two separate sections. The first dealing with 'aspiration' ie 'qualitative' elements and the second part 'realisation' ie 'quantitative' targets.

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

Considerable multi-stakeholder dialogue and development process - perhaps under the direction of a National Commissioner/Office for Sustainability.

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

Yes, all relevant existing standards can and should be embraced by the Charter.

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

Yes - for example, refer to the percolation of the 1992 Federal ESD legislation into the 1997 NSW Local Government Act as one example of many.

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

Of course - the extent of the 'cost/gain' obviously depends on the extent to which presently excluded 'externalities' are brought to account and the normal market mechanisms - together with the impact of 'perverse subsidies' etc.

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

Yes of course. Why not? It is noted that Sustainability is not simply about the 'Environment' but is nowadays a much more holistic concept embracing at least 'Social' and 'Economic' dimensions as well. And possibly 'Culture' and 'Governance' in addition.

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

Yes - it is local and it worked. But look also to overseas experiences. For example, Australia was one of the last developed countries in the world to introduce an indirect goods and services tax (GST), but given the fuss that was made about implementing it one would never have known it!

• *How should payments be awarded under the Sustainability Charter?*

Obviously this depends first on the structure, intent and mechanisms of the Charter itself.

• *Is it possible to measure cultural and social values in relation to a Sustainability Charter?*

There are many international examples where this has been done. See for example work in NZ re 'Culture' etc

C: OTHER AREAS OF POTENTIAL ENQUIRY

The Discussion Paper obviously draws heavily on the work of the Sustainable Cities Report. That Report covers numerous approaches and initiatives in the contributions of the various stakeholders.

Notwithstanding this, there seem to EcoSTEPS to be a number of areas of international experience which should at least be considered in the preparation of a Sustainability Charter.

In EcoSTEPS view, the following approaches merit explicit consideration in the further development of the Charter:-

- The Natural Step
- Earth Charter
- Global Reporting Initiative (GRI)
- UK Commission for Sustainable Development
- Australian Bureau of Statistics - Measures of Australia's Progress
- Genuine Progress Indicator (GPI)

The Natural Step

<http://64.207.158.76/au.naturalstep.org/about/abotform.html>

The Natural Step (TNS) is a non-profit environmental education organisation working to build an ecologically and economically sustainable society. The Natural Step offers a framework that is based on science and serves as a compass for businesses, communities, academia, government entities and individuals working to redesign their activities to become more sustainable.

The Natural Step encourages dialogue and consensus-building, a key process of learning organizations. The Natural Step Framework is based on systems thinking, focusing on first-order principles at the beginning of cause effect relationships. It provides a guide to thinking and acting in harmony with the earth's cyclical processes. It provides a pragmatic framework which can be used to guide social, environmental, and economic actions. It acts like a compass that can point individuals and organisations in the direction they want to go.

Refer also to Appendix 2 for further information.

Earth Charter

www.earthcharter.org

The Earth Charter is a declaration of fundamental principles for building a just, sustainable, and peaceful global society for the 21st century. Created by the largest global consultation process ever associated with an international declaration, endorsed by thousands of organizations representing millions of individuals, the Earth Charter seeks to inspire in all peoples a sense of global interdependence and shared responsibility for the well-being of the human family and the larger living world.

Global Reporting Initiative (GRI)

www.globalreporting.org/about/brief.asp

The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in cooperation with the UN Global Compact.

UK Commission for Sustainable Development

www.sd-commission.org.uk/pages/aboutus.html

The Sustainable Development Commission is the UK Government's independent watchdog on sustainable development, reporting to the Prime Minister and the First Ministers of Scotland and Wales. Through advocacy, advice and appraisal, it helps put sustainable development at the core of Government policy.

Australian Bureau of Statistics - Measures of Australia's Progress

<http://abs.gov.au/ausstats/abs@.nsf/Latestproducts/1370.0Media%20Release12004?opendocument&tabname=Summary&prodno=1370.0&issue=2004&num=&view=>

Measures of Australia's Progress (MAP) is an ABS contribution (Item 1370.0) to the national discussion about whether life in Australia is getting better. In 2002, the ABS released the first issue of Measures of Australia's Progress. More than two years in the making, the first issue was

referred to in the media as 'about as close as any statistician can get to the meaning of life'. MAP presents 15 headline dimensions of Australian progress that cover many of the areas of life most important to Australia and Australians. This publication draws on ABS and other data to paint a picture of national progress over the past ten years.

Genuine Progress Indicator (GPI)

www.tai.org.au/Publications_Files/Publications.htm

The Genuine Progress Index is an alternative to the practice of equating progress with economic growth alone. The GPI links the economy with social and environmental variables to create a more comprehensive and accurate measurement tool. The GPI accounts for the value of human, social, and natural capital, in addition to standard measures of produced capital, and assigns value to assets like population health, educational attainment, community safety, voluntary work, and environmental quality. For example, refer to: 'Tracking Well-being in Australia: The Genuine Progress Indicator 2000 (December 2000) Clive Hamilton and Richard Denniss.

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EcoSTEPS would welcome the opportunity to discuss any or all of the matters raised in this submission with the Committee. In the first instance, please contact Julian Crawford on 02 4757 2700 or juliancrawford@ecosteps.com.au

Yours sincerely

Julian Crawford on behalf of EcoSTEPS
Director

Appendix 1 - EcoSTEPS Sustainability Tree
Appendix 2 - The Natural Step

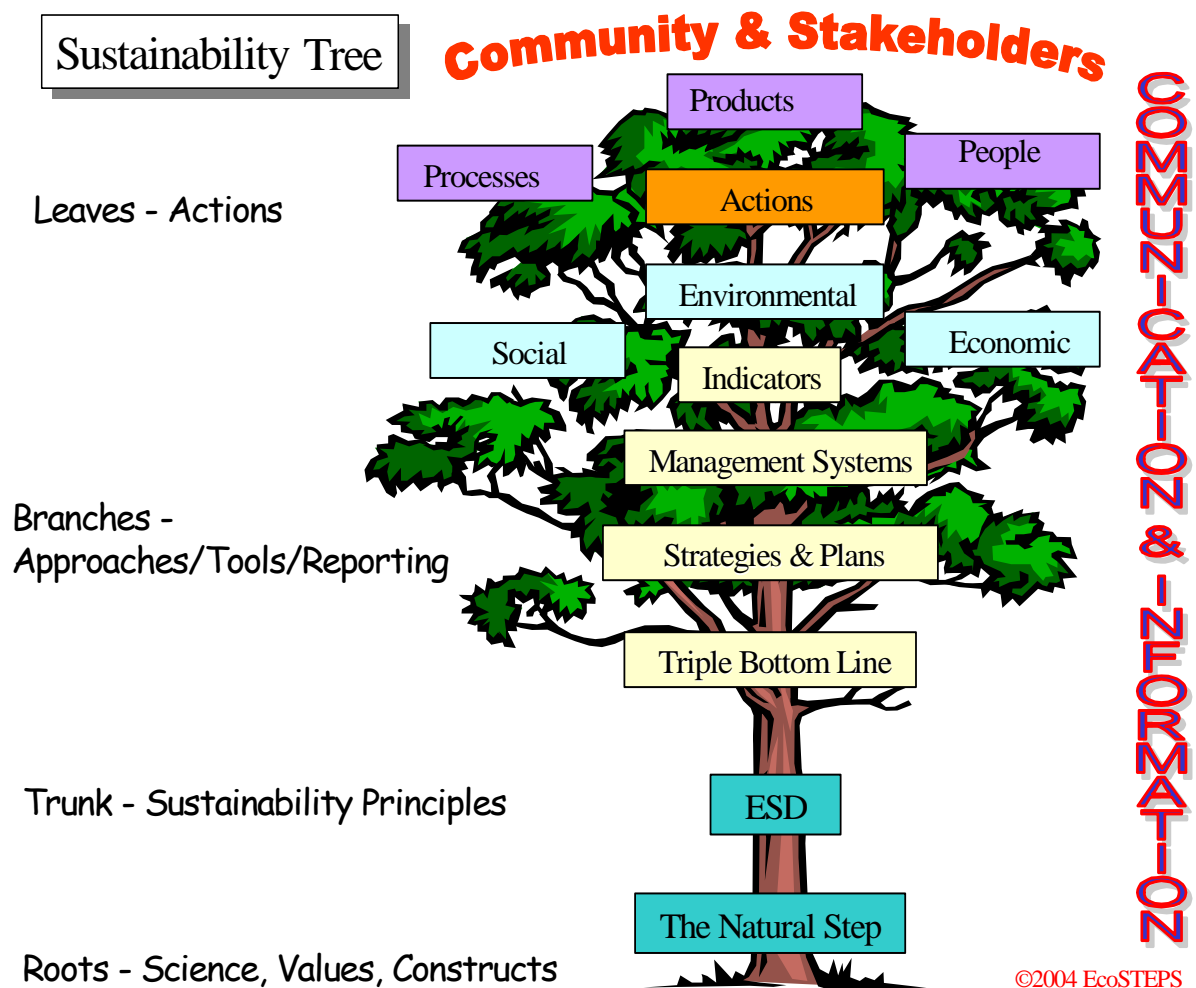
Appendix 1 - EcoSTEPS Sustainability Tree

EcoSTEPS Sustainability Tree is an extremely useful starting point in generating consensus amongst internal and external stakeholders. It allows everyone to talk a 'common language' as they gain an appreciation of the different dimensions and components of the sustainability agenda.

EcoSTEPS has developed a coherent conceptual framework that links together all the various dimensions of sustainability in a systems approach. This is represented and explained using the metaphor of a 'Sustainability Tree'.

The framework is based on Australian and international principles of Ecologically Sustainable Development (ESD). It incorporates a number of other well known concepts and approaches, including: UN Local Agenda 21, The Natural Step, Earth Charter, Environmental Management Systems (ISO 14001), Ecological Footprint, Natural Capitalism, Life Cycle Analysis etc.

Starting out at the "roots" (Science, Ethics and Values) and then progressing up the "trunk" with first order principles of ESD. The three main "branches" (Triple Bottom Line) lead into the more detailed areas of strategies, plans, management systems and indicators. At the top of the tree, the "leaves" represent the actions and interests of individual stakeholders.



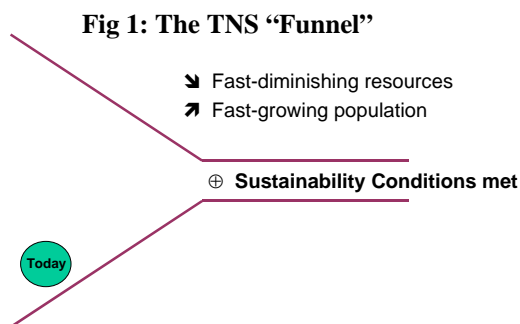
Appendix 2 - The Natural Step

The challenge of sustainable development affects us all. Most of us can agree that it is an important concept, but what does it actually mean and how do you go about getting to grips with it in the messy world in which we live? This short article by Dr Mark Everard defines what sustainability and sustainable development mean - they are quite distinct - and the scientific principles that help us understand them. It then introduces The Natural Step (TNS) - both the organisation and the principles and tools of TNS that are known as the *TNS Framework*. TNS and its tools are founded upon the application of this science in educating about sustainability, and the practical application of sustainable development.

About Sustainability and Sustainable Development

Growing world population, increasing demands upon and depletion of natural resources, accelerating levels of global pollution and resource depletion, and concerns about the impacts of businesses on society both at home and overseas, are not new problems.

Neither are they avoidable. They will increasingly constrain the "freedom to operate" of organisations and society at large. The Natural Step (TNS) uses the metaphor of "the funnel" to describe the inevitable tightening of these constraints, and the pressures to become more sustainable (Fig 1). Sustainable development addresses these challenges proactively, based upon a sound understanding of what sustainability means and implies for us.



A sustainable system is one that can continue indefinitely. A sustainable society is one that does not impair or overload the life-support systems that provide for its needs. A sustainable product, process or organisation is one that respects nature's non-negotiable limits and the rights of those with whom it interacts, however remotely. It is that basic and, at the same time, that remote from what we do today!

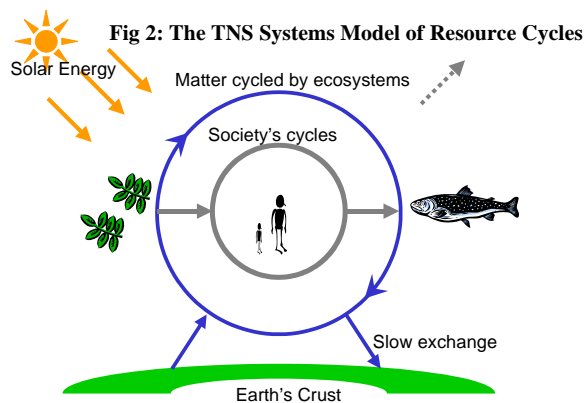
All too often, problems are addressed reactively, using technical means to cure symptoms after problems have arisen. True sustainable development goes a long way beyond merely complying with basic environmental and social obligations, and differs from traditional "end-of-pipe" solutions to pollution and social problems. It addresses issues "upstream", in the early decision-making process, such that the pursuit of business does not systematically create the kinds of social and environmental problems that will, sooner or later, harm business performance and reputation.

How does one move from concept to practice, and begin applying it in the messy world in which we live? If we chase them back far enough, it is easy to see that businesses ultimately depend upon natural and human resources including for example, energy, timber, clean air and water, as well as the ingenuity and labour of people that converts these natural resources into economic goods. We all share the same world, and therefore our activities inevitably affect that same world and all those with whom we share it.

Since sustainability challenges are unavoidable, sustainable development is also possibly the greatest business opportunity of the age. It is firstly essential to acknowledge that the inherently sustainable Earth ecosystem, upon which we are fully dependent, operates in definite ways - ways that it is possible to define using science - which ultimately determine what is and what is not sustainable. The Natural Step's approach to sustainable development is based upon a systematisation of these scientific principles.

The Natural Step Framework

The Natural Step (TNS) Framework presents a set of principles and strategic tools based on the scientific principles governing the Earth's ecosystem, the inherently sustainable system that supplies all our needs. At the heart of the TNS Framework is a science-based systems model of this sustainable Earth system (Fig 2). The Framework defines what sustainability means and helps organisations get to grips with sustainable development in their decision-making processes.



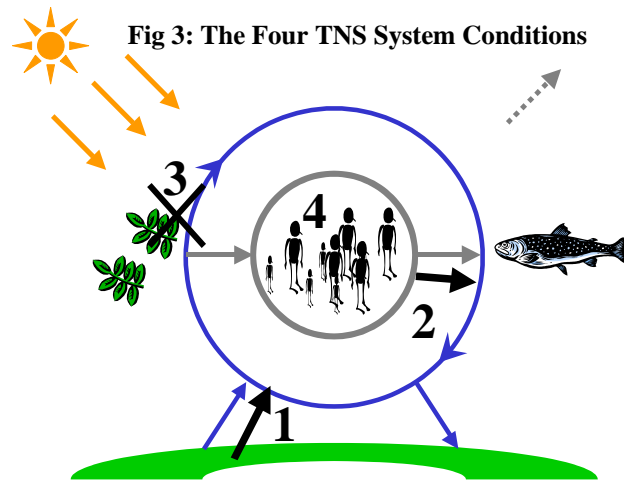
In the sustainable society, nature is not subject to systematically increasing...

1. *...concentrations of substances extracted from the Earth's crust;*
 2. *...concentrations of substances produced by society;*
 3. *...degradation by physical means;*
- and, in that society. . .*
4. *...human needs are met worldwide.*

The TNS Framework comprises four elements (ABCD):

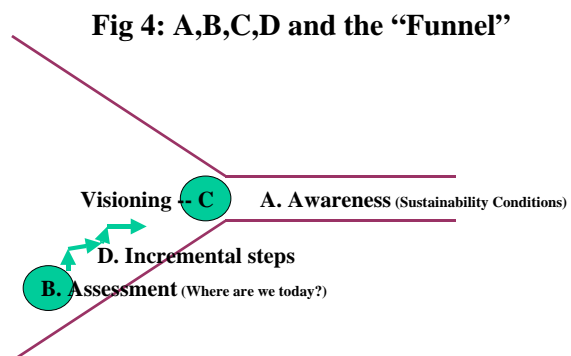
- 1) **Awareness (A)** - developing a common understanding and awareness of the System Conditions for a sustainable society.
- 2) **Baseline (B)** - developing a baseline of critical flows and management routines to understand where the organization is contributing to violations of the System Conditions.
- 3) **Clear vision (C)** - developing visions with reference to the System Conditions, and solutions to the list of critical flows and management routines from "B". "What will the organization look like in a sustainable society". Solutions and measures that are theoretically feasible are listed.
- 4) **Down to Action (D)** - prioritizing measures from the "C" list and managing the journey toward the clear vision. At this point, priority is given to such measures that combine the following characteristics:
 - (i) they should serve as platforms for further improvements in line with the System Conditions (avoiding blind alleys), and
 - (ii) give an adequate return on investment.

A. **Awareness** comprises an understanding of sustainability, or in other words the conditions that must be met in the mouth of the funnel. The TNS Framework includes four necessary System Conditions for sustainability stemming from the science-based systems model. These four TNS System Conditions are illustrated in Fig 3 and listed above.



- B. **Baseline.** On the basis of these four necessary System Conditions for sustainability, one is then in the position to make an objective Sustainability Assessment of one’s present degree of sustainability.
- C. **Clear Vision.** Having used the System Conditions to determine one’s present state of unsustainability, one can then use them as a helpful tool to create a vision of how one might operate in a fully sustainable future. If based on the System Conditions, our scenario-planning is based not merely on possibilities we might conceive today, but rather on the scientific realities of the future into which society will unavoidably be squeezed (‘the Funnel’).
- D. **Down to Action.** Backcasting is a process by which one determines the incremental steps that we have to take to reach our vision from where we are today. This differs radically from today’s more common technique of *forecasting*, which is an extrapolation from today’s knowledge, situation and trends to predict the future. Whilst yielding short-term gains, forecasting overlooks the inevitable changes and discontinuities with current trends that will arise through sustainability pressures. Incremental steps derived from backcasting acknowledge current constraints to full sustainability (for example limits to capital investment or the readiness of the market). However, they also reflect the progressive steps that can be made today, from which further future steps can be taken to lead along a clear path towards the vision of full sustainability.

The A,B,C,D steps for applying the TNS framework are illustrated in the context of ‘the Funnel’ in Fig 4. Together, they help define in unambiguous terms what sustainability means, and provide a readily understandable framework to get to grips with the practicalities of sustainable development. They help the integration of sustainable development into strategic planning, communication of complex ideas, the sharing of these concepts with partners and across social sectors, and making strategic judgements about the steps we need to take now towards a more sustainable future.



Backcasting helps us address the fact that we cannot realistically hope to achieve sustainability immediately in a world that is far from sustainable, but enables us to “navigate” increasingly towards sustainability through incremental decisions.

Importantly, the strategic approach to sustainable development enabled by backcasting - at odds from today's more common eco-efficiency emphasis which merely makes unsustainable practice more “lean” - helps organisations avoid decisions that may represent “blind alleys” that do not lead on a strategic path towards a clearly-articulated end-goal of sustainability.

About The Natural Step

The Natural Step (TNS) organisation was established in Sweden in the late 1980s as a means for tackling the difficulties facing society. TNS is now an international charity based in a dozen countries including Sweden where it began, Australia and New Zealand, UK, USA, Canada, South Africa, Japan and Israel.

TNS has worked with a wide range of major organisations to help them address their sustainability challenges, including DuPont, Electrolux, Tarmac, Carillion, IKEA, Interface, Mitsubishi, Air BP, Nike, The Co-operative Bank, Wessex Water, Sun Microsystems, Whistler etc.

In addition, the TNS Framework has been applied as a form of ‘intellectual round table’ around which to build consensus about the place of contentious issues in a sustainable future. This consensus-building programme has covered topics including GMO's, PVC, SuDS (sustainable drainage), bulk printing, material resource use, etc.

TNS principles have also been used to illuminate a wide range of scientific matters, including the more sustainable use of materials such as phosphorus, PVC, metals, construction materials, etc., and the reorientation of environmental tools such as LCA (life cycle assessment) or ISO 14001 from eco-efficiency towards sustainable development.

For further information

- The Natural Step - Australia
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