

'Response to Industry Submissions on Sustainability Concept.'

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A number of submissions from industry on the Draft State Sustainability Strategy had difficulty with the definition of sustainability adopted by the strategy and some of the explanatory text on the concept. The key contributors to this debate were submissions by the Chamber of Commerce and Industry, Australian Petroleum Producers Association, Chamber of Minerals and Energy and the WA Sustainable Industries Group. Several individual industries also made similar submissions particularly Woodside. This paper responds to the concerns raised and outlines why changes were made to the definition and to explanatory text. The submission will be referred to generally as 'Industry' though not all industry took these perspectives. Indeed many industries were very positive about the concept and the Strategy. Most of the discussion presented was resolved through discussion.

The definition adopted in the draft State Sustainability Strategy was:

"Sustainability is meeting the needs of current and future generations through simultaneous environmental, social and economic improvement."

The key issues raised by the organisations can be summarised as follows with a brief response.

Main points of Industry Submissions.

Suggestion 1.

Prefer the original term 'sustainable development' to the simpler term 'sustainability'.

Response

Disagree. Globally the simpler term 'sustainability' is preferred and has been adopted by the government and all states. Sustainability Reports have been produced recently by major companies like Argyle and Australand. It is seen as the 'stance' which leads to sustainable development, hence the Strategy does often use 'sustainable development' as the outcome or process being adopted that arises from sustainability policies.

Suggestion 2

'Meeting the needs of....' – Prefer the terms 'goals' to 'needs'. They say that it is preferable to consider "giving the people what they want rather than what we think they should have...Goals and needs should be met through competitive and efficient markets – although there are some exceptions."

Response

Disagree. Brundtland definition is about 'needs'. Government can't afford to say that they are there to satisfy what everyone wants. Markets can try to meet wants. There is no sense that government is trying to force something on people that we feel they should have. Government needs to respond to community values about 'common good' issues, as well as respecting markets.

Suggestion 3

"Future Generations" –Prefer the Brundtland definition of sustainability "...meet the needs (note!) of the present without compromising the ability of future generations to meet their needs...". They say you cannot know with any certainty what the needs of future generations are or will be. They say the Brundtland definition is universally accepted.

Response

Disagree. There is little difference in our shorter statement to the Brundtland definition in terms of future generations ie long term thinking. Both express the desire to consider the long term in everything. Saving water, protecting old growth forests, building railways, strengthening communities and adapting the economy to global sustainability opportunities, will meet the needs of current and future generations. Markets are short term but governments and communities have to respond to the long term.

It is also difficult to say this is the Brundtland definition as that was never set out by the Brundtland Commission as its definition. It is used in their report to help explain the concept and then it immediately goes on to show how this means integrating the environment and the economy in new ways. The Brundtland report contains a series of chapters that then try and illustrate what it means to find these synergies.

Hence, when sustainability or sustainable development is defined using this 'Brundtland' definition it is always followed by a statement explaining how this incorporates the synergies of environmental, social and economic. The 'social' has been added from the mid 90's on to reflect the need for this factor to be added. Thus the 1992 Rio Conference was called the World Conference on Environment and Development, but the 2002 Johannesburg Conference was called the World Summit on Sustainable Development.

The WA Collaboration discussion/definition is typical of how many discuss the concept:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Other definitions of sustainability often refer to the integration of the 'triple bottom line', that is, social equity, environmental protection and economic prosperity."

Therefore the Sustainability Policy Unit has tried to combine these two sentiments of "long term" and "integration/synergies" into one statement. This is not out of step with the global process but does make it simpler. Many submissions found it helpful and better than the first definition proposed in the Discussion Paper.

Suggestion 4

'Simultaneous improvement' – Submissions from industry did not embrace this concept and subsequently reject its implications for sustainability. They believe only in 'aggregate' achievement of these outcomes. An example is given of an Aged Care facility which would not be sustainable as it only met a social goal.

Response

Agree and Disagree. First, the idea of 'simultaneous' was meant to show the aspiration of bringing the factors together. This can only be done if there is a willingness to adapt and innovate. Governments need to assess programmes and policies in terms of all three factors together. Major companies are already assessing their own progress in terms of all three areas. 'Simultaneous' does not mean immediate or equally beneficial in all three areas.

The Macquarie definition of 'simultaneous' – 'operating at the same time' – is the sense in which it is proposed rather than the more mathematical way interpreted by industry. It is about process, it is about bringing the three factors together rather than separating them.

After several discussions on this issue and as this continued to be a source of irritation and concern with industry, we have now replaced 'simultaneous' with 'integrated'. So the definition would now read *"Sustainability is meeting the needs of current and future generations through integrated environmental protection, social advancement and economic prosperity."* (Note: this uses phrases from the WA Collaboration definition). We use the

words 'integrated and mutually reinforcing' (as suggested by industry) wherever it is spelt out in the text in order to stress this process

The Aged Care example is a good case of how we are also using the definition. Some projects will primarily be social like aged care facilities but you consider them with a simultaneous integrated eye on the economic and with environmental benefits as well. Thus you could build a well located aged care facility with all the best design and energy efficient factors. This will be better on all three considerations. It will therefore be given a 'sustainable' badge indeed. However, an aged care facility built without consideration of these locational, design and energy factors will be less sustainable. The proposed BASIX Sustainability Scorecard would actual provide the right aspirational directions for developers and local government, in the planning system, to ensure that these 'integrated and mutually reinforcing' design factors are indeed simultaneously considered.

The UDIA and the HIA are working in partnership with government on such a scheme as without it the process of planning is becoming non transparent and less outcome oriented. Such tools of sustainability are rapidly being developed around the world and here in WA. For those in the business of land development, sustainability has rapidly gone beyond our discussions and the market is responding to the new product (there are about a dozen land developments trying to demonstrate sustainability in Perth at present).

Suggestion 5

Politics or Policy – Industry describe the Strategy as a 'meta-policy' standing behind all activity, but it cannot replace the ballot box.

Response

Agree. This simultaneous integration of politics and policy is never more evident than with sustainability as the integration/long-term approach exposes the values behind development. Politics is where such political values are resolved.

Suggestion 6

Role of government – Eight roles of government are outlined and 'government failure' is considered as important as 'market failure' in sustainability.

Response

Agree. This point will be made in the final report.

Suggestion 7

Evaluation of private sector – All organisation's activities should not need to equally satisfy multiple contradictory criteria and competing stakeholder demands.

Response

Agree. This is never claimed. Most companies have little need to be evaluated. However, most major companies are self imposing multi-criteria reporting and evaluation.

Suggestion 8

Evaluation of public sector – All government programmes need multiple criteria evaluation but maybe not everything with equal weight. Cost benefit analysis needs to be used more.

Response

Agree. Sustainability may not mean equal weight on all three factors but at least equal consideration. The weighting is a political process, hopefully after a developing public sector process that examines options for demonstrating net benefit in all three areas.

Suggestion 9

Role of Business – Industry contend that the role of business has been downplayed and that the strategy does not recognise the good work being done. The economic side of the Strategy is not elaborated sufficiently.

Response

Agree and Disagree. The 43 case studies on the website indicate many of the companies doing good work. There is always room for more examples. However there is a significant lack of analysis on the economic aspects of sustainability in the Strategy. This was assumed before but is now more explicit.

The changes in the Strategy that reflect this include:

- Numerous additional comments in the Concept section on sustainability now reflect the necessity of economics, though always showing that the economic needs to be integrated with social and environmental if it is to be part of the sustainability agenda;
- A Box is provided on 'AAA Rating and Sustainability' in order to show the importance of debt not being transferred to future generations;
- The APPEA diagram provided is a very helpful model on how the State Sustainability Strategy is constructed and will be used to summarise the Strategy at the end;
- A Box on the Jazz Scenario (partnerships) is added – see later discussion;
- The 'APPEA Woodside' Box has been included;
- There is more on the role of the market and we have used words from the CCI submission and the World Business Council on Sustainable Development as suggested;
- The Business section has been significantly upgraded by the responsible agencies.

Suggestion 10

Transition towards sustainable development will be a 'journey'.

Response

Agree. The concept of sustainability and its application to development is challenging all disciplines, professions, institutions and business to think and act differently. This will take some time and will be a series of steps and trials. (see below).

Suggestion 11

The 'journey' should be characterised by 'frequent discussions about the best approach'.

Response

Agree. Only through discussion will the innovations be found in thinking and in trialling the concepts. Industry will be involved in co-operative management partnerships to implement the Strategy

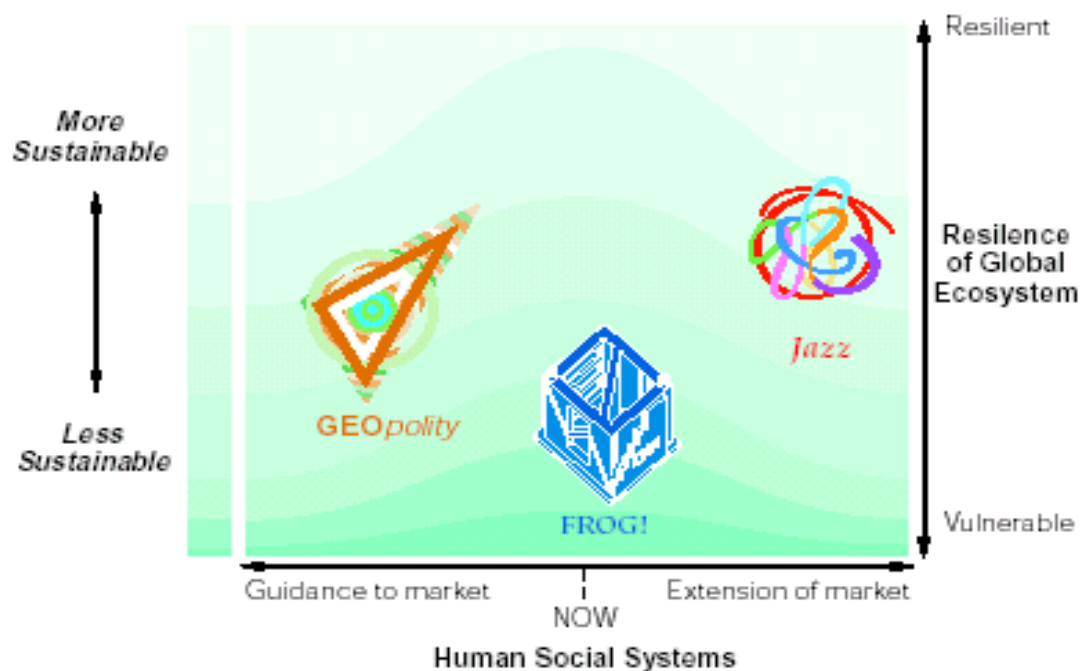
Overall Perspective

Both industry and the government recognise that the move towards sustainable development is a **journey**. The World Business Council for Sustainable Development (WBCSD) has mapped out a route for business in its publication "Sustainability through the Market: Seven Keys to Success". (Note the use of 'sustainability' as the descriptor.)

The seven keys map out the journey with the destination provided by the WBCSD global scenarios. The three scenarios presented map out the futures for business and society towards 2050:

- **FROG - First Raise Our Growth;**
- **GEOPOLITY – Large government and NGO intervention; and**
- **JAZZ – the preferable sustainable future with the emphasis on partnerships, synergies and flexibilities**

In working towards JAZZ the 7 keys may be said to be the 'instruments in the band' with government, business and the community the players.



Taken from Exploring Sustainable Development, WBCSD Global Scenarios 2000-2050 summary brochure, London, Nov. 1997

The JAZZ scenario puts the following challenge to business:

'Become involved early on in working with various stakeholders to take on environmental and social measures as competitive issues, in an open and more transparent world.'

Within the industry submissions, it is correct to assert that 'we do not know with any certainty what the needs of the future generations are or will be'. However, we have to try and the situation will be more elusive unless partnership and engagement is embraced sooner rather than later. Through open discussion based around the 7 keys and, with the end goal envisaged by JAZZ such needs and goals at least can be envisaged. Indeed the WBCSD states in Key 7: 'Many successes are based on partnerships between business, government and civil society organisations – or often an alliance involving all three.'

Partnerships between government and business in WA are central to the success of the sustainability strategy and the development of a JAZZ future.

The CCI state their view of sustainability as:

"Rather than demanding trade-offs or compromises, CCI sees the objectives of economic, social and environmental progress as largely complimentary, especially in aggregate and over the medium to long term. Social, economic and environmental well-being (improvement) depend on each other and are mutually reinforcing"

The concept of 'mutually reinforcing' is strong and helpful in defining sustainability, and the recognition that none of the three core values can operate without the other even if one or two dominate an issue, is an indication of the "simultaneous" nature of the sustainability process. The Strategy will use these words of "mutually reinforcing" to help explain the concept.

This issue of the simultaneous nature of 'improvement' however, raised further concerns with the CCI. They consider that it cannot be done immediately.

In clarifying the Strategy's definition of 'integrated environmental protection, social advancement and economic prosperity' it must be considered that no time frame is presented within which to assess this. The definition suggests Triple Bottom Line improvement though the magnitude of improvement is not necessarily equal across the board. **Quite clearly some projects will show far greater improvement in one or two areas whilst the improvement in the remaining may only be small. A willingness to lead, innovate and adapt, engaging in partnerships has shown that integrated improvement can be achieved. To fail the test of integrated improvement is ultimately to be unsustainable. JAZZ cannot happen unless we *aspire* to integrated improvement.**

'Sustainability is a way of looking at the world – rather than a set of fixed procedures. It requires not only attention to the environment and society but also making sure that there is a holistic approach to these two factors and the third one of finance. It is no matter of pitting one against the other two and claiming that one is more important than the other two. It is a matter of seeing how all three factors can be blended into everyday operations.'

K. Suter, political commentator, Sydney, 14/03/03

These arguments ultimately put the question of where lies the role of government, business and the community within a sustainable future? CCI's vision of government's role in sustainability as "mainly to enable, facilitate and support rather than to direct or prohibit" and their associated eight key functions of government are supported but it must be remembered that it is also a government's role to lead. CCI point out that government failure is just as bad as market failure, in fact government leadership has been called for in nearly all submissions to the sustainability strategy and is a key part of the theme of the music being developed.

The role of business is central to continued development in technology and innovation. Yet business is always seeking government assistance in the long-term issues of innovation and technology development. Sustainability requires similar partnership and direction from government.

It is how business is conducted in the future that will be central in determining whether, according to the WBCSD, government and NGO's take a larger role through the Geopolity scenario at the expense of business or whether all society's stakeholders engage and move in harmony to JAZZ.

Clearly therefore business leadership in sustainability is a required and necessary element in JAZZ.

The Sustainability Policy Unit appreciates the contribution made by the industry associations, in their submissions to the Draft State Sustainability Strategy, their attendance at almost every event we have organised, and also the strong contribution made to the initial consultation paper.

Conclusions

1. There has been significant clarification of the sustainability concept due to the discussions with industry.
2. The use of both 'sustainability' and 'sustainable development' in the Strategy is to continue.
3. The definition now reads 'Meeting the needs of current and future generations through an integration of environmental protection, social advancement and economic prosperity.'
4. In the definition and the text greater emphasis is given to the process of integration while maintaining the aspiration to achieve net benefit outcomes in 'environmental protection, social advancement and economic prosperity.'
5. More significance is provided in analysis, Boxes and examples, of the role of business, the market and the economy in sustainability. This had been assumed before but is now more explicit.
6. The emphasis on partnerships and the JAZZ scenario for proceeding has been elaborated further.