

# Sustainability and business

6

## Vision for Western Australia

Western Australian businesses, large and small, are globally innovative and receptive, leading to the resolution of sustainability issues at home and abroad and achieving competitive advantage and prosperity.

## Goal

Assist business to benefit from and contribute to sustainability.

### Priority areas for action

> Training and facilitation for sustainability . . . . .	268
> Financial reform and economic policy for sustainability . . . . .	271
> Eco-efficiency and industrial ecology . . . . .	275
> Corporate social responsibility and industry sustainability covenants. . . . .	278

*I personally believe that sustainability is the most important issue facing...industry... in the 21st century. We look at it not just as a requirement, but as an incredible opportunity. I see a day when everything my company does - our facilities, our products, our services - contribute to a sustainable future. We have an opportunity to have a major positive impact on society. We cannot afford to miss this opportunity.*

William Clay Ford, Jr., Chairman, Ford Motor  
Quoted in The Chamber of Minerals and Energy submission

*Through responsible entrepreneurship, progress towards sustainability can be won for all.*

Sustainability Through the Market, WBCSD

In recent years, the concept of sustainability has increasingly been considered part of mainstream economics, industry development and business practice as governments, opinion leaders, business, media and the broader community seek to confront a range of environmental and social challenges.

As part of this dynamic, there has also been a growing recognition of the essential link between the goals of sustainability and economic development. Instead of viewing economic growth purely as a constraint on the achievement of sustainability, it is increasingly acknowledged that business efficiency, trade competitiveness and technological change are vital prerequisites for achieving those outcomes which sustainability seeks to enshrine - the sustainable use of resources, proper management of the environment and equity of opportunity to participate in prosperity and progress.

Businesses contribute to social advancement and environmental protection through a range of ways including through the payment of taxes and rates. Without a growing business sector, our capacity to engage in current and future environmental protection and social responsibility will be severely compromised.

Change for sustainability will still need businesses to grow. Economic development invariably involves technology breakthroughs or innovations in a product; these can bring significant benefits for sustainability if community demands through the market are pushing in that direction, e.g. the replacement of plastic bags will lead to the growth in more acceptable containers.

The challenge for business is to recognise that globalisation, economic deregulation, emerging technologies and new cultural values have changed the way we do business, what consumers want and what is expected of the business sector. Like the industrial age before it, the onset of the digital or knowledge age is ushering in a new set of economic and social values. Fierce competition and surplus capacity are forcing businesses to rethink their strategies and search for better ways of creating value and economic sustainability for the future. As the old strategies become less relevant and less profitable, companies are searching for new business models and new relationships with consumers to satisfy public demand.

As a result, business organisations around Australia and the world have been examining over the past ten years how the economy and their individual business operations can make a positive contribution to sustainability. Individual companies in Western Australia are also taking innovative approaches to sustainability (see Box 11 on Hamersley Iron's sustainability assessment process in *Sustainability and governance: Sustainability assessment* and as well as many of the Sustainability Case Studies <<http://www.sustainability.dpc.wa.gov.au/docs/CaseStudies.htm>>).

Businesses have also identified a range of new opportunities arising from the sustainability agenda. As BP Australia has demonstrated, there are real niche opportunities for the early movers in sustainability (see BP Submission). As economic reforms for sustainability take effect, the shift of capital to investments in sustainability will accelerate. Innovation will become vital for industry to adjust to the financial and economic reforms likely to occur globally in response to the challenge of sustainability. In the future, sustainability and social responsibility will be as important as brand identity and, as a result, businesses are increasingly developing and realising their knowledge and practice of sustainability.

Government also has a critical role to play in promoting greater business sustainability through:

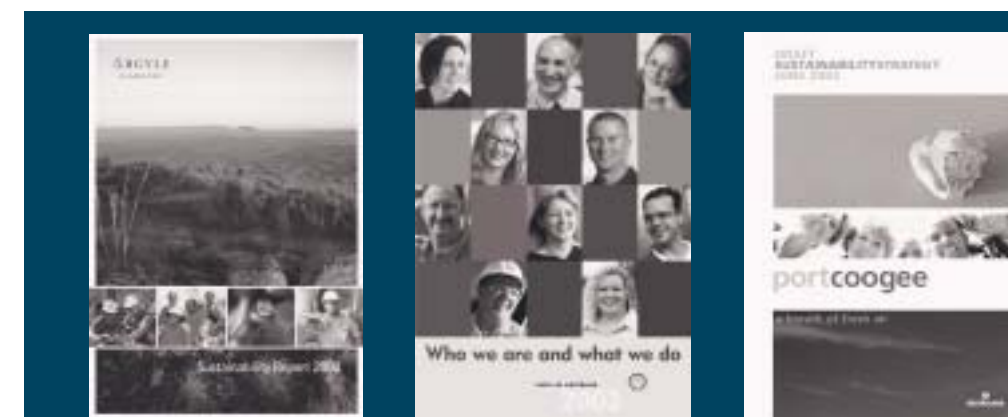
- strengthening and reinforcing a common understanding of the value of economic growth, technology and trade for sustainability
- setting fair, equitable and transparent governance arrangements that provide the right conditions for business and investment, and
- encouraging and supporting business, both large and small, to make the transition to sustainability and take advantage of the significant economic opportunities in the global sustainability agenda by providing market intelligence, promoting market access and by assisting with the skilling of business.

One of the most significant aspects of this new business environment for both business and government is the partial transfer of public expectation for leadership in solving social problems from the public to the private sector.

Accordingly, there is a need for a new system of partnership between the government, business and civil society, recognising the need for the market to operate consistent with a shared commitment to sustainability. This new partnership will enable Western Australia to seize the economic opportunities that the sustainability agenda can provide.

The active promotion of this partnership is the first stage in recognising that economic growth and technological change can be solutions to our environmental and social challenges.

The World Business Council for Sustainable Development is the peak business organisation examining the business case for sustainability, and draws its membership from high profile global corporations, including some with substantial operations in Western Australia. Business organisations have consistently recommended that governments establish a more appropriate market context for business to assist in the transition to sustainability. The World Business Council for Sustainable Development has identified seven key changes required if business is to assist in achieving sustainability through the market (see Box 80).



Businesses are increasingly doing 'sustainability reports' as a means of integrating their triple bottom line reporting processes.

Source: Argyle, Australand and Shell

**BOX 80 SUSTAINABILITY THROUGH THE MARKET - SEVEN KEYS TO SUCCESS<sup>55</sup>**

**Key 1 Innovate**

Establish a culture and capacity for technological and social innovation to generate sustainable solutions, products and services.

**Key 2 Practise eco-efficiency**

The World Business Council on Sustainable Development defines eco-efficiency as being ‘achieved by the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life cycle, to a level at least in line with the Earth’s estimated carrying capacity.’

There are three areas that are critical to practising eco-efficiency:

- reducing resource use, impacts, and operational costs
- cooperation between companies to improve cost efficiencies while moving towards a zero waste target; and
- delivering better design and functions for lower impact in use and higher market share.

**Key 3 Move from stakeholder dialogues to partnerships for progress**

Promote the establishment of partnerships for progress which are built on common goals, empathy, open feedback, flexibility, ability to compromise, and shared rewards. Such alliances can offer business, government, and civil society new solutions to common concerns facing us all.

**Key 4 Provide and inform consumer choice**

Business, government and community organisations using the media, advertising and other forms of communication, combined with behavioural change programs to promote sustainability messages, fostering a consumer culture that helps people wield the power of demand in a thoughtful way.

**Key 5 Improve market framework conditions**

Market aspects which hinder sustainability include monopolies, perverse subsidies, and prices which do not reflect real economic, social, and environmental costs. Legislation and regulations to address these market failures are required for business to help achieve sustainability.

**Key 6 Establish the worth of Earth**

Create accurate and timely price signals so that resources are conserved and future opportunities are not squandered. Markets should reflect the true environmental and social costs of goods and services, requiring the removal of perverse subsidies. The use of economic instruments such as tradeable permits is recommended.

**Key 7 Make the market work for everyone**

Ensure that new technologies and sustainable goods and services are affordable to all in society, and that they are transferred to developing regions of the world to alleviate poverty and increase intra-generational equity. To do this will require overcoming protectionism and spreading purchasing power to those who most need it. Partnerships with government and civil society can also make markets work better.

A significant issue for business if it is to make a real contribution to sustainability will be the ability to mobilise sufficient human and financial resources to make the transition to the new business environment. This section of the Strategy discusses four areas where support will be necessary.

Firstly, the overall thrust of the economy towards knowledge-based goods and services is an important component of sustainability, particularly in generating the new jobs required to achieve sustainability. Business, particularly small to medium-sized businesses, require support in building their capacity for sustainability, including the provision of training for a knowledge-based sustainability economy.

Likewise, the innovation needed to make a contribution to sustainability also requires a new kind of research and development. The *Sustainability and governance* section of this Strategy contains a proposal to facilitate sustainability science in Western Australia and the Global Centre for Sustainability is suggested as a vehicle for attracting large sustainability projects to Western Australia.

Secondly, financial reform and the ongoing development of robust economic policy are also essential for the emergence of more sustainable businesses. Important changes are emerging in financial markets where large streams of capital dedicated to socially responsible investment are stimulating new sustainable business activity. Government has an important role to play in encouraging a greater proportion of capital to be directed to sustainability.

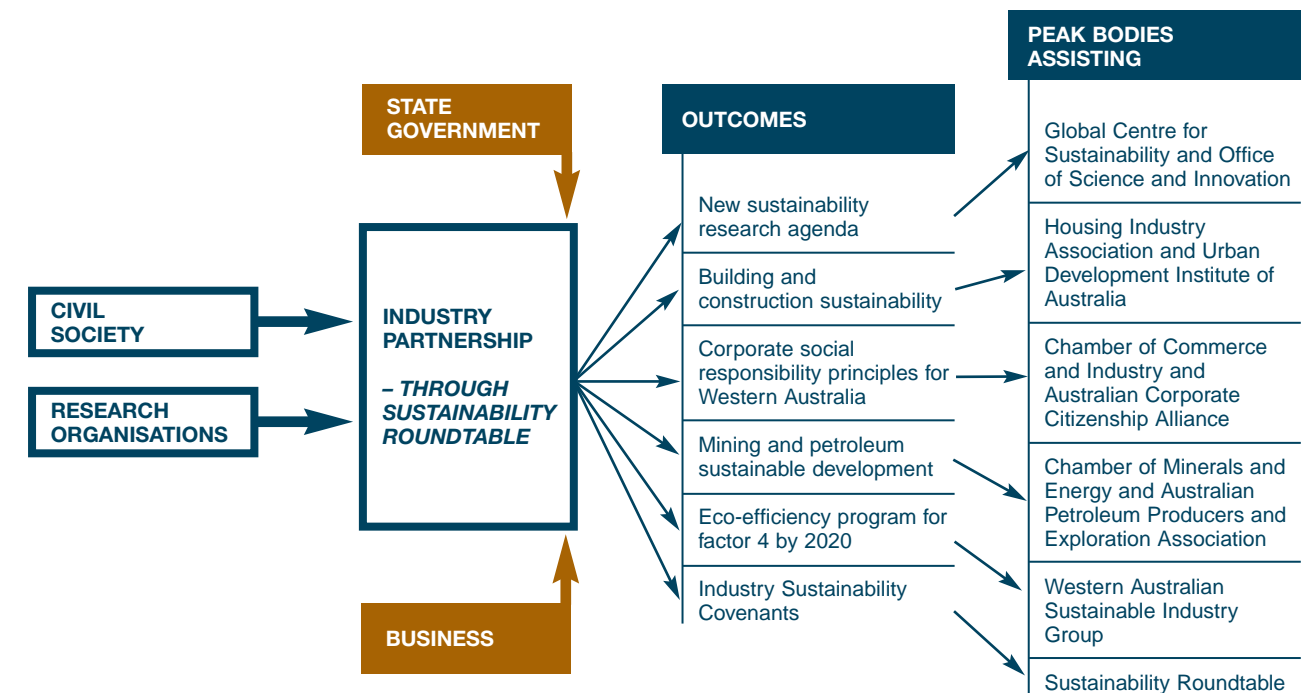
<sup>55</sup>World Business Council for Sustainable Development, Sustainability through the market: Seven keys to success, 2001.

A third section discusses and identifies opportunities for implementing sustainability by promoting industrial ecology, eco-efficiency and cleaner production.

Finally, the need for a greater sense of active partnership between industry and government has been identified. Consequently, corporate social responsibility and industry sustainability covenants, an innovation recently investigated by the Victorian Government, are also considered in this section of the Strategy. These covenants would enable businesses to achieve increases in environmental and social performance while improving the economic bottom line by committing to key sustainability outcomes in their goods or services.

These covenants are also an aspect of a larger partnership, which will be established with business to further explore how the Strategy can be finalised and implemented. A range of peak professional organisations exist to represent business and all of these are committed to exploring what sustainability means for their members. All of them were actively involved in the workshops and submissions related to the development to the Sustainability Strategy. Figure 12 outlines the proposed Partnership Projects with business that have either already been mentioned in other parts of this Strategy or are outlined in this section. The peak bodies which are designated to help develop these Partnership Projects through the Sustainability Roundtable are also listed.

**Figure 12 Partnership projects for sustainability and business**



## > TRAINING AND FACILITATION FOR SUSTAINABILITY

**The new global economy of sustainability requires new concepts to be applied in business and industry and this requires training, and facilitation of sustainability enterprises.**

*TAFE colleges afford us the opportunity to transmit the core skills and values associated with sustainability both through formal programs and through general awareness raising initiatives.*

Department of Education and Training

Each of the many emerging opportunities in sustainability requires a skilled workforce. Universities are able to assist through emerging disciplines such as environmental science, sustainable development, environmental engineering, environmental design and environmental health. However it is the vocational education and training sector that is best able to respond quickly to the needs of industry for many of its re-training and accreditation requirements.

TAFE in Western Australia has been developing a range of new courses that build on the Department of Education and Training's Green Jobs report (see <<http://www.accessallareas.westone.wa.gov.au/enviro/report/enviro1.pdf>>). Innovative training programs have begun in bush regeneration, aquaculture, land management, renewable energy, water conservation, risk management, building and energy rating. TAFE is also well placed to provide accreditation for sustainability professionals.

Research is underway on the growth of green jobs, identifying emerging green jobs and potential skill shortages. Recently completed research has identified bioprospecting or niche 'bush product' opportunities in the south west. Similarly, four products (Blister Bush Oil, Sandalwood Nuts, Warrigal Greens and Swamp Sheoak) were identified as having high commercial potential. Work is continuing on sandalwood plantations and Kimberley wild flowers.

TAFE has become a model for the early implementation of the Cleaner Production Statement and one college has recently completed a model Environmental Audit. Consideration is also being given to establishing a specialisation in TAFE as a way of coordinating the new training agenda in sustainability. This can be an important link to the Global Centre for Sustainability, as major projects such as those envisaged for the Global Centre often require the kind of practical orientation that TAFE can provide.

The Department of Education and Training will also be involved in the implementation of the Australian National Training Authority's next national strategy to run between 2004 and 2008. This strategy will reflect 'triple bottom line' thinking and translate that thinking into specific programs and actions within the training framework, consistent with sustainability objectives.

Finally, employment creation is not just about education and training; it is also about facilitation of people with good ideas and skills to enable them to create partnerships for marketing and finance. This kind of facilitation can be done at the community level in ways that have much deeper sustainability outcomes, especially in rural areas. Western Australia has such enterprise facilitation programs in place via the Small Business Development Corporation, Business Enterprise Centre Network and the Department of Industry and Resources (in particular, the Office of Aboriginal Economic Development). A recent example of business enterprise facilitation in support of sustainability outcomes is provided at Box 81.

## BOX 81 CLIENT BASED BUSINESS PLANNER PROGRAM

The Client Based Business Planner Program is a good example of the sustainability model in enterprise and training development.

This original program, operated by the Office of Aboriginal Economic Development (OAED) within the Department of Industry and Resources, looks at sustainability in Indigenous enterprise and employment. The program involves funding, or part-funding, an experienced enterprise and/or economic development planner, who preferably has experience implementing small to medium business within enterprise development such as the community development employment program (CDEP) organisations. The position has been called a Client Based Business Planner (CBBP) although its role is more extensive than simply planning.

The objective of the program is to provide a dedicated officer within the enterprise who, firstly, identifies sustainable enterprises which meet the needs of the organisation and its members, and secondly, sources funding, undertakes business planning and establishes the business when appropriate. Once established, the CBBP maintains a cursory overview of the business to ensure it continues to meet the overarching organisation's objectives. The CBBP is not responsible for the ongoing management of the business.

OAED officers provide initial assistance to the organisation in identifying whether a CBBP program is appropriate, sourcing joint funding where available and assisting with completion of application forms. Ongoing support is provided to the CBBP by OAED when requested and specialist assistance provided where necessary. The program funds the position on a reducing basis over three years to ensure that costs are borne by the expanding activities of the recipient organisation and that the program itself is sustainable.

## In short...

### Vision

Training leads Western Australia into major global market opportunities in sustainability as well as solving global problems.

### Objectives

- Western Australia has a world-class training and education program for sustainability.
- There is a cohesive and proactive approach to training and education in Western Australia.
- There is a high level of understanding of sustainability and a skill base to enable Western Australia to take maximum advantage of the economic opportunities from the global sustainability agenda.

### Actions underway

- In November 2001, the then Department of Training together with several TAFE colleges became signatories to the Western Australian Cleaner Production Statement.
- Selected TAFE courses promote sustainability principles.
- The Australian National Training Authority is addressing sustainability in its 2004-08 training framework.
- The Department of Education and Training has conducted research into 'green jobs' and the Department's web site provides information on 'green jobs' through 'Enviroworks'.
- Regional employment coordinators support the development of niche industries and jobs in sustainability.

## In short cont'd...

**Actions**

- 6.1 Work towards establishing a centre of specialisation in applied sustainability in TAFE to coordinate the new training agenda in sustainability.
- 6.2 Expand the Green Jobs work of the Department of Education and Training to incorporate the various initiatives in the State Sustainability Strategy on new global employment opportunities in sustainability.
- 6.3 Ensure that when enterprise facilitation programs are being developed by the State government, sustainability principles are given consideration, and that there are developmental and community-based approaches to enterprise facilitation, especially in rural areas.
- 6.4 Provide leadership on certification and accreditation for professional activities.
- 6.5 Provide low cost, easily accessible and readily understandable information, education, awareness and referral measures to inform small business operators about sustainability, including actions arising from the State Sustainability Strategy, the opportunities this will present for small business and the ways to address these.

**Global opportunities**

Many global aid projects today are training for sustainability. A coherent training program in sustainability will lead to significant opportunities overseas, especially if it is in partnership with government, TAFE, universities and industries.

**Further information**

Annandale, D 2002 *The Potential for Green Jobs in Western Australia: A Report to the Department for Training*, Institute for Environmental Science, Murdoch University, Perth. <http://www.training.wa.gov.au/sub-sites/access/content/enviroworks-report.pdf>



*The Environmental Technology Centre at Murdoch University was recently made a partner centre for the United Nations Environment Program. This enables the centre to provide training throughout the Asia-Pacific Region.*

Source: Environmental Technology Centre, Murdoch University

**> FINANCIAL REFORM AND ECONOMIC POLICY FOR SUSTAINABILITY**

**Business practices have undergone major changes in recent times in response to challenges arising from the sustainability debate, particularly the ongoing challenges for environmental stewardship and social responsibility.**

*Business can be most effective in the development of innovative approaches to help achieve sustainable development,*

World wide Fund for Nature Australia

*We need to put a true monetary value on our enjoyment and use of our natural environment and biodiversity. The quality of life we enjoy because of living in a healthy environment, being able to visit a clean beach with clear water, being able to enjoy a walk in the Karri forest needs to be measured.*

Sylvia Tetlow

*... innovative and entrepreneurial companies can take advantage of new technology and/or consumer preferences to deliver more sustainable products and services which take into account the environmental or social benefits. Government can assist this process through financial support, taxation changes or preferential purchasing policies.*

Halliburton KBR

The Government recognises that one of its primary roles is to promote a sound, stable and competitive business environment that encourages sustainable business activity, promotes market competition and encourages future growth in competitiveness, employment and productivity. This role is as important for the achievement of sustainability as it is for encouraging industry development and business growth.

Creating the right conditions to support local businesses to responsibly and confidently exploit the available opportunities in sustainability is essential if Western Australia is to maximise its potential and provide a superior quality of life for all members of the community.

To this end, the government is committed to developing its Industry Policy and other economic development strategies in a manner that is consistent with community expectations regarding environmental stewardship and social responsibility.

A critical issue for business if it is to make a significant contribution to sustainability will be the ability to mobilise sufficient financial resources to make the transition. Important changes are emerging in financial markets where large streams of capital dedicated to 'ethical investment' are stimulating new sustainable business activity. Currently the Australian ethical investment sector totals \$10.8 billion and grew by 80% in 2000. The Dow Jones Sustainability Index and other similar indices are showing consistently higher rates of return for investors than traditional indexes. The scale and rate of growth of the global ethical investment sector, and the incorporation of sustainability principles into the investment behaviours of the market in general has enormous implications for the development and transfer of sustainable technologies and businesses.

**BOX 82 MARKETS AND SUSTAINABILITY – THE BUSINESS PERSPECTIVE<sup>56</sup>**

Sustainable development is best achieved through open, competitive, rightly framed international markets that honour legitimate comparative advantages. Such markets encourage efficiency and innovation, both necessities for sustainable human progress.

Business remains the most potent force for wealth creation. The extent to which that wealth goes toward poverty alleviation depends largely on societal choices. Countries do not have low incidence of poverty because of their welfare programs, but largely because they have created frameworks that encourage business enterprise. These enterprises offer people tools – business opportunities, jobs, wages, investment possibilities, training, and pensions – with which to build secure lives.

Governments that make it hard for business to do business and that try to take the place of business in meeting people's needs keep their people poor...

Business should contribute and play a role in building a free and equitable international market – a market in which trade is not distorted by subsidies, tariffs and non-tariff barriers.

Government has an important role to play in encouraging the direction of a greater proportion of capital to sustainability. In particular, small and medium-size businesses often have difficulty accessing ethical investment funds, and government can play a useful role in linking Western Australian innovations for sustainability with these funds.

The structure of the economy is partly determined by the subsidies and indirect support that has been used to attract and support particular industries. A 1996 study of subsidies by the Commonwealth Government<sup>57</sup> in Australia was able to identify \$13.7-14.8 billion provided for the use of natural resources. These subsidies are often important in maintaining international competitiveness, supporting new industries and jobs and can enable the state to ensure that the economy moves in a particular strategic direction. However, they also distort the market, and can encourage unsustainable patterns of development.

The government also provides a range of incentives and support measures to assist in the development of business in Western Australia. There is potential to guide the allocation of these measures to promote sustainability.

The government can take a lead in generating the necessary financial reforms and economic policies for sustainability. In addition, the government will examine the potential for allowing public sector investment activities, such as employee superannuation funds, to be voluntarily directed towards sustainability investments.

<sup>56</sup>C O Holliday, S S Schmidheiny, P Watts, *Walking the talk: The Business case for sustainable development*, Green Leaf Publishing Ltd, 2002.

<sup>57</sup>National Institute of Economic and Industry Research *Subsidies to the use of natural resources*, Department of the Environment, Sport and Territories, Canberra, 1996.

**In short...****Vision**

Market forces begin to align more comprehensively with sustainability objectives as subsidies that promote unsustainable behaviour are phased out and incentives to overcome market failures are phased in.

**Objectives**

- Pursue the government's economic objectives in a way that does not compromise the commitment to sustainability, by ensuring that economic policy in Western Australia is consistent with the principles of sustainability.
- Stimulate economic responses to sustainability by eliminating financial and market barriers and by providing incentives and motivators.
- Promote innovation by Western Australian businesses and assist in gaining access to the financial resources that are required to develop a strong sustainability-based economy.

**In short cont'd...**

- Encourage and support local industry to take advantage of the economic opportunities presented by sustainability, especially in relation to Western Australia's leading expertise and experience in the application of environmental and bioscience technologies and knowledge.

**Actions underway**

- Development and release of the Government's draft Industry Policy Statement.

**Actions**

- 6.6 Support sustainability investment tours to link venture capital with Western Australia innovations in sustainability.
- 6.7 Continue to document and celebrate the best examples of industry innovation in sustainability.
- 6.8 Develop an education program on the opportunities of sustainability investment for business and the wider community.
- 6.9 Encourage tertiary education institutions to incorporate sustainability principles into university courses that relate to economic development, such as economics, commerce, business and law degrees.
- 6.10 Work to facilitate greater access to venture capital for Western Australian sustainability businesses and innovators.
- 6.11 Provide leadership for the encouragement of sustainable investments by adopting sustainability principles in the way government conducts its own business practices.
- 6.12 Investigate the potential for State government superannuation funds to allow government employees to voluntarily direct a proportion of their contributions to nominated sustainability investments.
- 6.13 Examine the ways in which subsidies and other financial mechanisms are having positive or negative effects on the health of the environment, society and economy and how they can contribute to the desired changes in business behaviour and investment patterns.
- 6.14 Require all business recipients of significant government grant funding to demonstrate the potential contribution to sustainability in the event that funding is provided.
- 6.15 Work progressively to better articulate the triple bottom line in State government reporting.
- 6.16 Finalise and implement the government's Industry Policy Statement based on public discussion of the draft and ensure consistent application of sustainability principles.

## In short cont'd...

### Global opportunities

Western Australian financial reform for sustainability can become a model with opportunities in major global development and aid projects.

### Further information

Ryan, P. *Supporting Sustainability through Socially Responsible Investing* June 2002  
<http://www.sustainability.dpc.wa.gov.au/CaseStudies/ethicalinvestment/SR1.htm>

Commonwealth of Australia (1996) *Subsidies to the Use of Natural Resources*  
<http://www.ea.gov.au/pcd/economics/subsidies/pubs/subsidies1.pdf>

Australia Institute (1997) *Ecological Tax Reform in Australia: Using Taxes, Charges and Public Spending to Protect the Environment without Hurting the Economy*  
[http://www.tai.org.au/Publications\\_Files/DP\\_Files/DP10SUM.PDF](http://www.tai.org.au/Publications_Files/DP_Files/DP10SUM.PDF)



*Tiwest's Synthetic Rutile Plant in Kwinana has made significant eco-efficiency gains since it began in 1991. In an example of industrial ecology, waste hydrochloric acid is converted by a neighbouring company into ammonium chloride for use at another Tiwest operation which supplies the pigment plant.*

Source: Tiwest

### > ECO-EFFICIENCY AND INDUSTRIAL ECOLOGY

**Industrial ecology involves better planning, design and management of industrial activity, so that material, energy and water is not wasted and industrial opportunities are maximised. Industrial ecology requires a completely different approach to industrial development, where industrial facilities are planned, designed and managed to mimic ecological processes.**

*By employing eco-efficient processes, companies can diminish the costs of production and site operations. The re-engineering of processes along eco-efficient lines is likely to include a reduction in the use of resources, and a reduction in pollution.*

World Business Council on Sustainable Development

*Cleaner production and eco-efficiency are the most practical starting points for businesses to contribute to sustainable development.*

WA Sustainable Industry Group

Our economy tends to separate the production of primary materials from the manufacture of products and the consumption of these products. This is a major barrier to closing the production loop and efficient resource use. There is need for a new approach to ensure product and resource stewardship on the part of industry, government and the consumer.

Scientists, engineers and planners are beginning to work collaboratively with local communities to create urban and industrial developments that mimic ecological relationships. This idea of urban and industrial ecology illustrates how we can close the loop in the way we consume natural resources. The wastes from one activity can be the raw materials for a range of others, resulting in large reductions in the amount of resources required while increasing economic effectiveness. This approach to technology development can also have profound social benefits. Employment opportunities can be boosted, resources saved can be channelled into socially productive activities, and the infrastructure of communities can better service peoples' needs. Increasingly, technology development will occur within this context (see Box 83).

#### BOX 83 KWINANA SYNERGIES PROJECT – INDUSTRY SUSTAINABILITY INNOVATION

One of the best examples in the world of industrial ecology is at Kwinana. For the past fifteen years the Kwinana Synergies Project (set up by the Chamber of Commerce and Industry) has been working with industry and the community to create collaborative arrangements for the re-use of wastes, the sharing of resources and infrastructure. Over 100 separate linkages between industries have been established. The latest project is the joint treatment of sewage from the Water Corporation pipeline and its recycling as process water to replace scheme water. The project is also leading to large reductions in industrial wastewater that would have flowed into Cockburn Sound.

The importance of this globally significant industrial ecology project goes well beyond the reduction of ecological footprint and increased efficiency of the industries. As Martin Taylor the manager of the KSP said 'The importance of this project is that industries now work together to solve problems. For example training and employment of locals is more coordinated and industry are more sensitive to their environment responsibilities. There is always much more to do but Kwinana has started down a path which industrial complexes overseas are amazed to see.'

The Western Australian economy uses a large amount of materials, energy and water for every unit of economic production. Preliminary analysis by Curtin University and the Department of the Premier and Cabinet has found that Western Australia has a very large total 'ecological footprint'.<sup>59</sup> On average each Western Australian effectively uses between 17 and 31 ha of land to maintain their standard of living. This is more than double the national average (due to large agriculture and pastoral land uses). Eco-efficiency will reduce our ecological footprint.

The United Nations and the World Business Council for Sustainable Development have established high-level targets for industrialised countries. They have estimated that industrialised countries such as Australia need to achieve a 10-fold reduction in our consumption of resources and a 20-fold increase in resource efficiency by 2040. At the same time there must be rapid transfers of knowledge and technology to developing countries.

While this may appear to be a daunting task for any economy, it is important to put these increases in eco-efficiency into a historical context. In the past 200 years human productivity has increased 200-fold. Large-scale economic change often goes unnoticed. Innovation, continual improvement in efficiency and 'technology leap frogging' can drive major shifts in the shape of the economy. A significant part of the challenge is to turn these economic drivers around to focus on protection and repair of the local and global environment, while providing a better, fairer, more equitable and just society.

## In short...

### Vision

Western Australian industry responds to the global challenge of eco-efficiency and finds new economic opportunities from the expertise gained.

### Objectives

- To achieve a four-fold increase in eco-efficiency and to reduce the ecological footprint of the Western Australian economy by a factor of two by 2020.
- Promote eco-efficiency and encourage the development of expertise and the application of new sustainability processes and technologies.
- Greater emphasis on effective planning to overcome and prevent the negative externalities which potentially accompany economic growth, such as environmental damage, land degradation, waste management and the problems associated with urban sprawl.

### Actions underway

- Government currently provides financial and other support to Curtin University's Centre of Excellence in Cleaner Production, and the Western Australian Sustainable Industry Group.
- Several government agencies have already signed the Western Australian Sustainable Industry Group's Cleaner Production Statement and are taking steps to become more eco-efficient. The Cleaner Production Statement has been signed by sixty-seven Government departments, businesses and other organisations, and provides a program of action to increase the eco-efficiency of these organisations. This approach is demonstrating that eco-efficiency can be practised in all businesses and organisations.

## In short cont'd...

### Actions

- 6.17 Through the Sustainability Roundtable and the WA Sustainable Industry Group set out a program for how the World Business Council for Sustainable Development's goal of 'factor 4 by 2020' can be achieved in Western Australia.
- 6.18 Encourage the adoption of the Western Australian Sustainable Industry Group's Cleaner Production Statement by all government agencies as part of their Sustainability Action Plans.
- 6.19 Continue to develop the Shenton Sustainability Park concept.
- 6.20 Work to extend the Kwinana Synergies Project concept to other industrial precincts in Western Australia.
- 6.21 Explore the development of a Sustainable Industries Section within the Department of Environment.
- 6.22 Expand the promotion and adoption of the successful Industrial Waste Exchange program, and investigate its use as part of the environmental assessment and licensing system.
- 6.23 Encourage the establishment of sustainability business and research clusters in Western Australia, primarily based around resource recovery precincts and industrial parks.
- 6.24 Provide a central information hub with information on sustainable technologies and business solutions on the Sustainability Online web site, in conjunction with the Western Australian Sustainable Industry Group, Centre of Excellence in Cleaner Production at Curtin University and Environmental Technology Centre at Murdoch University.
- 6.25 Ensure that Western Australia implements and actively participates in national eco-labelling programs, such as the standards set by the Australian Environmental Labelling Association.

### Global opportunities

Eco-efficiency and industrial ecology are major global areas of intense interest and those few places showing innovation will gain access to markets for the services associated with them.

### Further information

Ruane, S. *Cleaner Production and Eco-Efficiency: Strategies for Improving Sustainability in WA* March 2002  
<http://www.sustainability.dpc.wa.gov.au/CaseStudies/cleanerproduction/cleanerproduction.htm>

George, S. *Shenton Sustainability Park: Prospects for an Eco-Industrial Park* June 2002  
<http://www.sustainability.dpc.wa.gov.au/CaseStudies/shenton%20sustainability%20park/shentontopark.htm>

Australian Environmental Labelling Association  
<http://www.aela.org.au/>

Curtin University Centre for Cleaner Production  
<http://cleanerproduction.curtin.edu.au/>



### > CORPORATE SOCIAL RESPONSIBILITY AND INDUSTRY SUSTAINABILITY COVENANTS

**Government needs to go beyond traditional command and control regulation that minimises harm, and find new ways to encourage business to create economic, environmental and social benefits. This requires corporate responsibility. The Western Australian Government can facilitate this further by entering into 'sustainability covenants' with progressive industry associations and companies.**

*There is an opportunity for business to move from a paradigm of compliance with community and environmental standards to one in which business is valued for its contribution to improving the community.*

Australian Corporate Citizenship Alliance

*Partnerships between industry, government and communities are a key way of pursuing sustainability programs.*

Rio Tinto

Progressive businesses can drive major changes to more sustainable industry practices. Government has a role in encouraging this by:

- recognising and encouraging the efforts of progressive businesses
- disseminating information about the activities engaged in by those businesses, and
- encouraging other businesses to rise to the standard set by the leaders in their sector.

In order to do this, the government can encourage corporate social responsibility by helping to establish principles that are adopted by industry and government through a partnership.

Corporate social responsibility has emerged as one way for business to address the sustainability agenda. There are many publications and organisations that have set out such principles (see case study by Christian Marriot from Hartleys [www.sustainability.dpc.wa.gov.au](http://www.sustainability.dpc.wa.gov.au)). The Australian Corporate Citizenship Alliance (see Box 84) and the Chamber of Commerce and Industry are actively involved in these debates.

#### BOX 84 BUSINESS AND ETHICS

The Australian Corporate Citizenship Alliance (ACCA) was established to help Australian businesses incorporate the principles and practices of corporate social responsibility. In its submission to the State Sustainability Strategy the Alliance describes itself as seeking to assist Australian business, 'to sustain their success in ways that demonstrate respect for ethical values, people, communities and the natural environment'.

It is proposed therefore to establish a Partnership Project where the Chamber of Commerce and Industry and the Australian Corporate Citizenship Alliance through the Sustainability Roundtable create a document on 'corporate social responsibility principles for Western Australia.

As well as adopting a set of principles there are many companies who want to demonstrate publicly their innovations in sustainability. For such companies it is proposed to provide a new mechanism of recognition or partnership called Industry Sustainability Covenants.

Sustainability covenants will be non-binding agreements between government and progressive companies or industry associations. They can be developed in partnership with local communities and relevant public interest organisations.

Sustainability covenants will cover all aspects of a company or industry's economic, social and environmental performance and will commit the company or industry sector to creating net benefits in each of these areas and reporting on them.

Once produced, sustainability covenants will be published on the Internet and promoted as a model for other businesses.

Companies and industry sectors that sign up to sustainability covenants and meet the obligations in those covenants will be able to 'badge' their products with a logo endorsed and promoted by government.

The first company wanting to go down this path—Australand—has approached the State government and discussions on the nature of a Sustainability Covenant for it has begun. The company has completed a Sustainability Strategy of their projects and produces an annual Sustainability Report.

## In short...

### Vision

Industry sustainability covenants become a feature of how progressive and innovative businesses in sustainability are recognised and supported.

### Objectives

- Recognise and encourage the efforts of progressive businesses to move towards sustainability.
- Disseminate information about the activities engaged in by those businesses.
- Encourage other businesses to rise to the standard set by the leaders in their sector.

### Actions underway

- Specific initiatives have been developed in particular areas, for example the National Packaging Covenant in respect of used packaging materials, but a scheme for comprehensive sustainability covenants is unprecedented.

### Actions

- 6.26 Through the Sustainability Roundtable create a partnership project with the Chamber of Commerce and Industry and the Australian Corporate Citizenship Alliance to create Corporate Social Responsibility Guidelines for Western Australia.
- 6.27 Through the Sustainability Roundtable, develop a sustainability covenant program and associated implementation framework to give support to partnerships with industry innovators in sustainability. Sustainability covenants will:
  - be non-binding agreements entered into between government and progressive companies or industry associations
  - be developed in partnership with local communities and relevant public interest organisations

## In short cont'd...

- cover all aspects of a company or industry's economic, social and environmental performance and will commit the government and company/ industry sector to use their best endeavours to create net benefits in each of these areas, and
- bind the company to reporting regularly on the outcomes to which they are committed.

### **Global opportunities**

Sustainability covenants will help drive industry innovation, and create new technologies and production methods that can be used overseas.

### **Further information**

Victorian Sustainability Covenanting Program  
[http://www.epa.vic.gov.au/Waste/resource\\_efficiency\\_bill.asp](http://www.epa.vic.gov.au/Waste/resource_efficiency_bill.asp)



*Australand have committed to developing the first Western Australian Industry Sustainability Covenant to cover their commitments and reporting on the Port Coogee Development.*

Source: Australand