



Sustainability and business

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

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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

Sustainability has risen out of a need to address market failures by taking a fresh approach to economic policy. Business organisations around Australia and the world have been examining over the past ten years how the economy can make a positive contribution to sustainability. Individual companies in Western Australia are also beginning to take innovative approaches to sustainability (see Box 8 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>>).

We are living in an age that seeks to invent a new system of partnership between the government, business and civil society, recognising the need for the market to be regulated consistent with the government's commitment to sustainability. This new partnership will enable Western Australia to seize the economic opportunities that the sustainability agenda can provide.

Businesses have identified a range of new opportunities arising from the sustainability agenda. As BP Australia demonstrated in its submission, there are real niche opportunities for the early movers in sustainability. Those that lead are being recognised by the financial sector in a range of new indices such as the Dow Jones Sustainability Index. 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.

The World Business Council on Sustainable Development is the peak business organisation examining the business case for sustainability, and draws its membership from organisations such as the Business Council of Australia and high profile global corporations, including some which are based 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 on Sustainable Development has identified seven key changes required if business is to assist in achieving sustainability through the market (see Box 41).

BOX 41 SUSTAINABILITY THROUGH THE MARKET - SEVEN KEYS TO SUCCESS

Key 1 Innovate

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

Key 2 Practice 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 practicing 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 in order 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 good and services, requiring the removal of perverse subsidies. The use of economic instruments such as tradable permits are 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.

Source: World Business Council on Sustainable Development⁵⁶

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 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.

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 are requesting support in building their capacity to support sustainability. Initiatives in training for a knowledge-based sustainability economy are discussed in this section. The majority of the issues discussed in this document in terms of sustainability assessment and greenhouse for example, are directed at larger businesses rather than small business.

Government can assist businesses to find ways into new sustainability markets by assisting with market intelligence, promoting market access and by assisting with the skilling of businesses. The innovation needed to make a contribution to sustainability also requires a new kind of research and development. In Sustainability and governance a Forum On Sustainability Science is proposed to help determine research priorities and possibilities in Western Australia and the Global Centre for Sustainability is outlined as a vehicle for attracting large sustainability projects to Western Australia.

⁵⁶ World Business Council on Sustainable Development, Sustainability Through the Market, Geneva, Switzerland, 2001.

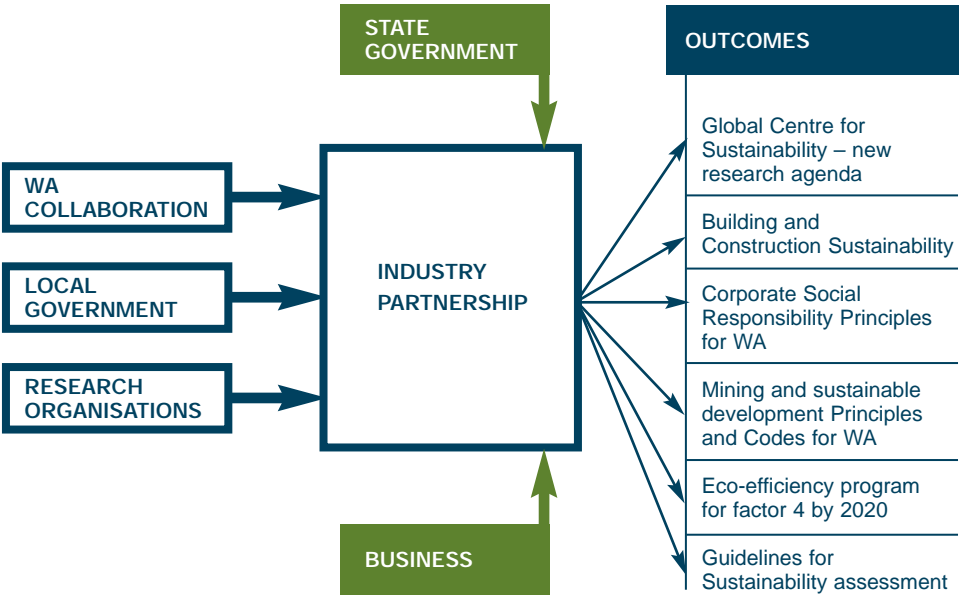
Financial reform and economic instruments are essential for the emergence of more sustainable businesses. This section addresses the need to provide the financial and economic policy framework to facilitate sustainability. It also identifies opportunities for implementing sustainability by promoting industrial ecology, eco-efficiency and cleaner production.

Industry sustainability covenants, an innovation recently investigated by the Victorian Government, is also discussed. These covenants would enable businesses to achieve increases in environmental performance while improving the economic bottom line by committing to key sustainability outcomes in their goods or services.

The Australian Corporate Citizenship Alliance was established to help Australian businesses incorporate the principles and practices of corporate social responsibility. In its submission 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’. There is a real need for a set of business principles and practices to be developed by Australian business that can give substance to these goals. The government will provide a forum through the State Sustainability Strategy to enable this to occur.

As for other elements of the draft Strategy a partnership will be established with business to further explore how the Strategy can be finalised and implemented. This partnership is illustrated in Figure 11 below.

Figure 11 Partnership 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 for 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 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 Centre of Applied Sustainability as a way of co-ordinating 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.

Training is also about anticipating the future and the Department of Training has held some important conferences aimed at doing this. *The Working Visions Conference* could now pick up many of the themes outlined here to highlight the emerging global opportunities in sustainability. There is a need to create further links between industry and the education sector to make the government's approach to education and training more cohesive and proactive.

The Department of 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 vocational 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 had such enterprise facilitation programs (see for example <<http://www.sirrolli.com>>) and needs to review how it supports small business in light of sustainability principles and processes (see Box 42).

BOX 42 TRAINING FOR SUSTAINABILITY INNOVATION⁵⁷

The Department of Training has allocated around \$2.6 million to science and technology innovation grants. These grants encourage training organisations to work with industry to develop innovative science and technology projects that will in turn lead to viable export industries on which Western Australians can work without leaving the State.

One recent example was money provided to fund the Film and Television Institute's proposed Centre for Interactive Game Design and Traditional and Digital Puppetry. What in effect will be a marriage of traditional puppetry with digital animation could well lead to the growth of a cutting edge and sustainable export industry.

Other projects to receive grants include an investigation of overseas trends in large-scale fish farming using sea cages and research and testing as an alternative to the use of cyanide in gold processing.

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 include

- In November 2001, the 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 Training has conducted research into 'green jobs' and the Department's website provides information on 'green jobs' through 'Enviroworks'.
- Regional employment coordinators support the development of niche industries and jobs in sustainability.

Proposed actions

- 6.1 Work towards establishing a Centre of Applied Sustainability in TAFE to coordinate the new training agenda in sustainability.
- 6.2 Work towards expand the Green Jobs work of the Department of Training to incorporate the various initiatives in the State Sustainability Strategy on new global employment opportunities in sustainability.
- 6.3 Build on the Department of Training's *Working Futures* conference to hold an annual 'vision' event that attempts to work through how Western Australia can position itself in global sustainability issues.
- 6.4 Review the process of enterprise facilitation within the state government to ensure that there is a core of sustainability principles and focus on economic opportunities in sustainability and ensure that there are developmental and community-based approaches to enterprise facilitation, especially in rural areas.
- 6.5 Provide leadership on certification and accreditation for professional activities.

⁵⁷ Kobelke, J (Minister for Training) 2002, *Training Minister announces \$800,000 for Science and Technology projects*, media release, Government Media Office, Department of the Premier and Cabinet, Perth, 23 July

In short cont'd...

Indicators and targets

The number of new TAFE courses in sustainability areas.

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 between 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 INSTRUMENTS FOR SUSTAINABILITY

Economic theory has undergone major changes in recent times in response to challenges arising from the sustainability debate, particularly by environmental and ecological economists.

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

Worldwide 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

Changes in the approach to economics recognises that neo-liberal economics contains many assumptions that are false and that undermine efforts to protect the environment and achieve sustainability. For example, the following assumptions have been common in conventional economic theory:

- the economic system is separate from ecological systems
- trends in prices show there are no limits to resources because technology and innovation will always find replacements for scarce resources
- access to information to guide consumer choice is perfect
- the value of a resource, good or service today is always greater than its value in the future.

New approaches to economic theory acknowledge that:

- the economy is a creation of and is contained within the society and that the society is a creation of and is intimately connected with the ecology
- material, energy and water flows in the global economy are currently not sustainable and have exceeded the carrying capacity of the planet
- consumers and producers usually act in the absence of information, particularly information on the ecological and social consequences of a decision
- discounting procedures in economic policy work against inter-generational equity, and can result in perverse ecological and social impacts.

This new approach to economics will fundamentally redefine how we conceive of progress and development. We will begin to see a new direction in economic development emerge. Alternative approaches to the economic assessment of private investment decisions and government policy will become standard and will help drive society toward sustainability.

Alternatives to Gross Domestic Product (GDP) will also become important in measures of eco-efficiency. For example, currently eco-efficiency at a macro-economic level is determined by the amount of material, energy and water required to produce a unit of GDP. More accurate measures of eco-efficiency

will use alternatives to GDP that are capable of reflecting human progress in an ecological context as the coefficient in eco-efficiency ratios.

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.

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 Government⁵⁸ in Australia was able to identify \$13.7-14.8 billion that are 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.

Through the Department of Industry and Technology and the Small Business Development Corporation, government 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. For example, over the long term government could progressively introduce the triple bottom line to the State budget, and could develop a full cost accounting system that better reflects the environment and social costs of decisions.

The state government also has significant reserves at its disposal and has the potential to stimulate markets in the way it invests these reserves and in the banking and finance decisions it takes. The Department of Treasury of Finance could examine how it may be able to help drive the shift to sustainability through its financial decisions on issues like reserves, investment and banking decisions.

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

- Ensure 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.

⁵⁸ Commonwealth of Australia (1996) Subsidies to the Use of Natural Resources <http://www.ea.gov.au/pcd/economics/subsidies/pubs/subsidies1.pdf>

In short cont'd...

Actions underway include

- Other than in some specific areas, such as in the provision of financial incentives and support for land management and energy efficiency, this area of sustainability policy has been given little attention by government.
- One recent initiative has been the establishment of a new incentives and assistance package to support the retention and management of native vegetation on private land.
- Industry Policy development process is underway.

Proposed actions

- 6.6 Work in partnership with the financial sector in order to improve investment decisions for sustainability and encourage greater investment in sustainability business opportunities in Western Australia.
- 6.7 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.
- 6.8 Establish a policy on the allocation of incentives and support measures to ensure that these are supporting sustainability.
- 6.9 Work progressively to introduce triple bottom line reporting to the state budget.

Indicators and targets

- Ethical investment growth in Western Australia.
- Business investment generated from Sustainability Investment Tours.

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

> 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 a need for new policy to ensure product and resource stewardship on the part of industry, government and the consumer.

We must realise that we are part of the ecosystems in which we live and are integral components to the structure and functioning of these ecosystems. For our society to become more compatible with these systems, we need to redesign the way we live to mimic the way in which ecosystems function and preserve the services that the environment provides. We must also recognise that we have limited knowledge of how ecosystems function, and act with caution when interfering with them.

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 is beginning to illustrate 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.

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'⁵⁹. 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. To be sustainable we should be aiming to reduce the total ecological footprint of our economy by at least half over the next 10-20 years.

The United Nations and the World Business Council on 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

⁵⁹ Ecological footprint is the total resource and waste impacts calculated on a per person basis and converted into a standard for comparison using amount of land required.

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. Economic instruments will play a significant role in this process of change.

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.
- To establish institutional and policy measures that support the uptake of industrial ecology and eco-efficiency.

Actions underway include

- 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 67 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 practices can be employed in all businesses and organisations.

Proposed actions

- 6.10 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.
- 6.11 Work to extend the Kwinana Synergies Project to other industrial precincts in Western Australia.
- 6.12 Explore the development of an Eco-Industries Section within the Department of Environment, Water and Catchment Protection.
- 6.13 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.
- 6.14 Encourage the establishment of sustainable business clusters in Western Australia, primarily based around resource recovery precincts and industrial parks.
- 6.15 Provide a central information hub with information on sustainable technologies and business solutions on the Sustainability Online website, 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.
- 6.16 Ensure that Western Australia implements and actively participates in national eco-labelling programs, such as the standards established by the Australian Environmental Labelling Association.

In short cont'd...

Indicators and targets

Progress toward achieving a four-fold increase in eco-efficiency and a two-fold reduction in the ecological footprint of the Western Australian economy by 2020.

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/shentonpark.htm>>

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

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



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

> 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. The Western Australian Government will seek to do this 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 will adopt a sustainability covenant program.

Sustainability covenants will be non-binding documents entered into between government and progressive companies or industry associations. They will 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.

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.

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 include

- 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.

Proposed actions

- 6.17 Develop a sustainability covenant program. Sustainability covenants will:
- be non-binding documents entered into between government and progressive companies or industry associations
 - be developed in partnership with local communities and relevant public interest organisations
 - 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.

Indicators and targets

- Number of sustainability covenants.
- Effectiveness of sustainability covenants.

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>