



## EIANZ POSITION STATEMENT ON SUSTAINABILITY

4 October 2006



### **BACKGROUND**

Sustainable development was defined by the World Commission on Environment and Development in 1987:

*“To meet the needs of the present without compromising the ability of future generations to meet their own needs”*

Agenda 21 is the most comprehensive suite of sustainability principles, agreed internationally in 1992 in Rio de Janeiro, Brazil.

### **Australia**

In the Australian context, these principles have been adapted from Agenda 21 to guide the National Strategy for Ecologically Sustainable Development (NSES D) which was adopted by all levels of Australian Government in 1992. The NSES D addresses key areas for action across a number of sectors such as manufacturing, agriculture and mining; and it also covers broader inter-sectoral issues such as gender, native vegetation, pricing and taxation, coastal zone management, education and training. To ensure a broad range of Australian goals and values were included, the Strategy was developed in consultation with the community, industries, interested groups, scientific organisations, governments and individuals.

While the sustainability strategy is useful for community, industry and business groups, it primarily guides the decisions of Governments. Its relevance to environmental professionals is that it is increasingly incorporated into the policies and programs of Australian governments as a significant policy objective.

An example is the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*. This Act sets out the principles of ecologically sustainable development:

- (a) decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations;
- (b) if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation;
- (c) the principle of inter-generational equity—that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations;
- (d) the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making;
- (e) improved valuation, pricing and incentive mechanisms should be promoted.

## **New Zealand**

Legislation in New Zealand is also largely in accord with the principles of Agenda 21, which New Zealand has adopted. There has been a tendency to focus on the *Resource Management Act (RMA)* as the legislation for implementing sustainability in New Zealand. The purpose of this act is to promote the sustainable management of natural and physical resources, concentrating on the environmental effects of human activities, rather than a broad 'triple bottom line' approach.

The implementation of sustainable development within New Zealand is encouraged and driven by a number of statutes and regulatory tools that manage activities affecting the environment. These include the 2002 Growth and Innovation Framework, the Key Government Goals to Guide the Public Sector in Sustainable Development, and the Sustainable Development Program of Action.

The Parliamentary Commissioner for the Environment has identified some key principles of sustainable development addressed in New Zealand's statutes:

- management of natural and physical resources;
- safeguarding the life supporting capacities of the environment;
- taking account of the social, economic, and cultural well-being of communities; and
- accounting for the needs of future generations

Within the context of national policy and regulation, the business and academic communities, state and local government and community organizations seek to promote sustainability through a range of activities including:

- sustainability or triple bottom line (TBL) reporting;
- corporate social responsibility (CSR) programs; and
- integrated planning and decision making.

Progress on sustainable development is monitored by the Parliamentary Commissioner for the Environment, who is independent of Government and acts as an environmental watchdog or ombudsman. Implementation of the National Program of Action is measured against a set of sustainable development indicators that combine socio-economic indicators with environmental performance indicators.

## **POSITION STATEMENT OF EIANZ**

The EIANZ is committed to the principles of sustainability as defined in Australian and New Zealand legislation and supports continued refinement of the concept. Sustainability acknowledges that development can compromise future generations in a way that transcends current problems of short-term pollution. Sustainability is an objective embraced by individuals, communities, businesses and governments as they work actively towards a sustainable balance over time. The EIANZ supports the application of Agenda 21 principles to the activities of all sectors of society.

Note that in the context of this position statement, the “social” area of sustainability includes cultural and heritage values that may, for example, have particular relevance for indigenous peoples.

### **Decision-making**

The EIANZ recognizes the importance of achieving the integration of environmental, social and economic considerations into decision-making and the management of human activities. This is necessary to protect and enhance the biogeophysical environment on which all life depends while improving the socio-economic condition of humanity. Only partnerships between Government, business and the community can develop this integration in order to achieve sustainability for current and future generations.

Significant decisions and actions with the potential to impact on the socio-economic and physical environment need to provide for:

- a precautionary approach;
- the integration of environmental, social and economic considerations;
- broad community involvement and transparency; and
- correct valuation and pricing of natural resource use, incorporating losses that are (otherwise) external to corporations and inequity among and between generations.

## **National Governance**

The EIANZ recognises the economic, social and environmental dimensions of sustainability. The concept encompasses natural resources, water, energy, transport, ecological footprint, the atmosphere, conservation of biodiversity, prevention of land degradation, trade and quality of life.

The EIANZ supports the establishment of a National Sustainability Charter to set goals, which are guided by the sustainability principles and supported by targets and performance indicators. The EIANZ believes the success of the Sustainability Charter depends, in part, on involving community, government and industry stakeholders in the development of targets and indicators. The Institute accepts that research will play a role in informing stakeholders. The Charter needs to be reviewed on a regular basis to ensure it remains relevant to a changing world.

The EIANZ supports the establishment of a National Sustainability Commission (for Australia) with a level of authority that will ensure its views and recommendations are acted on. Such a Commission has a role in educating Australians about the national sustainability journey, by ensuring communication of ideas on how Australia can achieve the various goals and targets, as incorporated in the Charter.

## **Corporate Governance**

The EIANZ believes that Australian and New Zealand's Corporations Law should require company directors and business managers to take environmental and social considerations into account in their decision-making. This means elevating environmental and social issues beyond the level of compliance to a more strategic level and making them central to corporate decision-making. Hence, the due diligence responsibilities of directors and managers relating to the natural environment and to the community need to be strengthened in the *Corporations Act*.

## **Sustainability Reporting**

The EIANZ sees merit in the introduction of mandatory sustainability reporting to increase the level of accountability by senior management in both the corporate and public sectors for environmental and social implications, as well as economic implications, of their core businesses. A critical issue would be the threshold at which mandatory reporting would be a requirement. (A suggested threshold could be for ASX300 companies in Australia to be obliged.) This would be best defined by directly engaging the business community in the decision.

The EIANZ accepts the use of the Global Reporting Initiative (GRI) and Sustainability Guidelines as a framework for corporate reporting. The EIANZ points out that GRI provides a phased approach towards Sustainability Reporting. This enables each organisation to communicate ideas internally and externally as it makes its journey toward sustainability.

The use of State of Environment Reporting (in Australia) as the basis for reporting performance against the Sustainability Charter appears to be flawed because it does not cover the social and economic dimensions of sustainability and is published infrequently.

The EIANZ supports:

- promotion of awareness raising of sustainability reporting;
- publication of sustainability reports;
- use of sustainability principles by the finance and insurance industries in assessing risk; and
- independent verification of sustainability reports.

### **Professional Services**

The EIANZ envisages that transition to a sustainable society will depend on improved environmental outcomes achieved through continuous capacity building and ethical environmental practice. On all issues and projects, the Institute advocates best available environmental practices, delivered by competent and ethical environmental practitioners.

The EIANZ believes that sound management practice needs to be based on the principles of sustainability. The EIANZ is aiming to operate its own activities in accord with these principles and recommends that its members do so as well. The Institute is developing codes, policies and practice manuals with detailed information on specific environmental policy and practice, based on sustainability principles for use by its members and the community.

It is the skills of people that will make the transition to a sustainable society in an effective and efficient manner. The EIANZ believes that the involvement of qualified and experienced environmental practitioners is critical to ensuring that sustainability is adopted by individuals, implemented well by business and government, and beneficial to the whole community.

Note: Other EIANZ Position Statements may also be relevant to Sustainability.