



Criteria for Determining ESD Relevance

Environment Australia
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1 Introduction

This document is intended to provide guidance to help Commonwealth organisations decide whether an activity has relevance to Ecologically Sustainable Development (ESD) and should therefore be included in your Annual Report under Section 516A (6)(a) and(b).

While the focus of this guidance is on activities, the same reporting process can be applied to Appropriations Outcomes.

The first step in preparing your s516A report (see **ESD Reporting Guidelines**) is to list all your organisation's activities and determine which of them, if any, have ESD implications. (Note that not all activities of all organisations will have ESD implications. If none of an organisation's activities have any ESD implications, its s516A report will need to state this.)

The following notes aim to help organisations to select which of their activities have ESD implications and to determine how to relate their Appropriations Outcomes to ESD. You may like to use the suggested matrix for determining ESD Relevance at section 6.

The notes have been structured according to the five principles of ESD in the *Environment Protection and Biodiversity Conservation Act 1999*.

2 How does ESD relate to environmental, social and economic matters?

Other documents you may have seen, including the *National Strategy for Ecologically Sustainable Development* (NSESD), may identify slightly different principles. Some documents you have seen on the theme of ESD may place equal and independent emphasis on the social, economic and environmental aspects of ESD.

It is important to be clear that the principles identified in the EPBC Act are the only ones that are relevant for the purposes of Section 516A reporting, and these principles have a very strong environmental emphasis.

Notably, only the first and last of the ESD principles under the EPBC Act relate to the integration of social, economic and environmental issues. The middle three principles relate specifically to ensuring that environmental consequences are considered in decision-making.

3 Activities Requiring Policy Integration

This category includes activities requiring the integration of economic, social and environmental objectives.

These activities include those:

- a. which have multi-dimensional ESD related objectives or strategies - that is, objectives or strategies relating to environmental outcomes and to (either or both social) and economic outcomes; or
- b. where the pursuit of a social, economic or environmental objective has the potential to involve significant positive or negative impacts for one of the other ESD dimensions.

Some examples of activities with multi-dimensional ESD related objectives are:

- natural resource management including land use planning, agriculture, forestry, fisheries and mining, which have objectives which include growth in production, maintenance of viable communities and the maintenance of natural resources and ecosystems;
- education, training, employment and adjustment programs which aim to support economic growth, environmental protection and community well-being;
- public health activities which aim to promote environmental health, occupational health and safety and broader public health goals.

Examples of activities where the pursuit of a social, economic or environmental objective has the potential to involve significant impacts for one of the other dimensions include:

- industry or agricultural policy and programs promoting activities which involve greenhouse emissions, waste generation, land clearing etc ;
- economic and trade policy where, in order to remain competitive, there is a risk that industries or companies will cut costs at the expense of the environment or some aspect of social well-being;
- programs to promote social equity and inclusion, and reduce poverty, including overseas aid and indigenous programs which may have secondary impacts of encouraging economic efficiency and environmental conservation;
- environmental protection and repair activities which may involve opportunity costs to industry or loss of jobs to a community.

4 Activities that have Environmental Impacts that Affect ESD Outcomes

This category includes activities which:

- a. either contribute to or aim to minimise threats of serious or irreversible environmental damage;
- b. aim to sustain or fail to sustain the long-term health, diversity and productivity of the environment; or
- c. aim to conserve or fail to conserve biological diversity and ecological integrity.

While it may not be difficult deciding whether activities have negative or positive environmental impacts, it may be harder deciding whether or not those environmental effects qualify as ESD impacts, that is, whether they are likely to involve:

- threats of serious or irreversible environmental damage;
- threats to the quality of the environment available to future generations;
- threats to biodiversity and ecological integrity.

A starting point for deciding whether any of these principles apply is to decide whether the activity impacts on matters of national environmental significance under the EPBC Act (i.e. activities that should be referred to the Minister for the Environment and Heritage).

The Act identifies nine matters of national environmental significance:

- World Heritage properties
- National Heritage properties
- Ramsar wetlands of international significance
- nationally listed threatened species and ecological communities
- listed migratory species
- Commonwealth marine areas
- the Great Barrier Reef Marine Park
- nuclear actions (including uranium mining)
- a water resource, in relation to coal seam gas development and large coal mining development.

Other activities that have implications for these three principles are those which have:

- a. a positive or negative impact on a large spatial area (for example activities which could be measured by changes in greenhouse gas emissions, air quality, water quality, emissions of pollutants or waste disposals);
- b. a positive or negative impact on a number of different ecosystems or bioregions;
- c. a significant positive or negative impact on a particular ecosystem or bioregion;
- d. a positive or negative impact on the environment of a high proportion of the human population;
- e. a significant positive or negative impact on the environment of a particular human population;
- f. a positive or negative impact on a large number of species (not necessarily threatened ones);
- g. a significant positive or negative impact on a particular species (not necessarily a threatened one); or
- h. a positive or negative impact on the international/global environment.

The following questions may be addressed in reports on these activities:

- a. are measures to prevent environmental damage taken in the absence of full scientific certainty about the impact?
- b. where the activity aims to protect the long-term health, diversity and productivity of the environment, how does it do so?
- c. where the activity threatens the long-term health, diversity and productivity of the environment, are there (and if so what) measures in place to address this threat?
- d. are there mechanisms in place to ensure that conservation of biological diversity and ecological integrity is a fundamental consideration in decision-making?

5 Activities which Involve Valuation, Pricing and/or Incentive Mechanisms

This category includes activities which involve valuation, pricing and/or incentive mechanisms for the production, delivery, distribution or consumption of goods and services, especially those that are derived from natural or social capital or from ecological services.

These activities include those in which:

- taxes, duties and charges are applied to emissions of pollutants and disposal of wastes;
- subsidies, taxes and charges are applied to the use of natural resources such as water and energy (including fuels);
- payments are made for access to natural resources such as fisheries, forests and minerals petroleum and gas.

A key question in relation to these activities is: what, if anything, is being done to ensure that the cost of protecting social and natural capital, both now and in the future, is fully factored into these arrangements.

The issue is not about trying to place a dollar value on the ecological services or human capital. It is about making sure that all costings, prices, taxes and payments include a realistic estimate of the financial costs and savings involved in *protecting* natural and human capital, and that financial incentive mechanisms operate to maximize the maintenance and/or enhancement of natural and human capital.

6 Applying ESD principles to different Government organisations

Some organisations, such as those dealing with protecting the environment, those charged with overseeing the industry, primary industry, and transport sectors, and some (like Defence) whose activities affect large areas of land, are likely to have significant environmental effects and readily identified ESD implications.

Other Commonwealth organisations, such as Prime Minister and Cabinet, Finance and Administration, Treasury, Foreign Affairs and Trade, and Attorney Generals and a range of smaller organisations that sit under those portfolios, have responsibilities that cut across the activities of other organisations, including those whose impact on the environment is more direct. Because of their inter-portfolio responsibilities, these organisations have a primary responsibility in relation to the Integration Principle. In relation to the other principles, they might wish to consider the effects of their influence on the activities of organisations with more direct impacts. Foreign Affairs and AusAID could also consider their contribution to ESD outside Australia.

Organisations that make decisions relating to migration may affect Australia's population growth rate or final population. They may also have programs for fielding migrants away from capital cities and into regional areas with a view to strengthening populations in those areas. Changes to the population growth rate and to final population, both nationally and regionally, could have significant environmental impacts that are either positive or negative.

Activities to promote and facilitate a high level of community skill and education, the health of individuals and the community, or a high level of employment, all contribute to ESD by maintaining and developing social and economic capital, as do the activities of organisations concerned with information, communication and technology. The integration principle under the EPBC Act reflects the understanding that social and economic capital cannot be sustained unless environmental capital is also sustained. Accordance with ESD principles would therefore be demonstrated by a consideration in the agency's decision making of, for example

- the links between poverty and environmental degradation;
- the links between education and environmental awareness;
- the links between population health problems and environmental degradation;
- the potential negative and positive environmental effects of environmental health programs;
- any impact an organisation's activities might have on the environmental behaviour of its clients, including use of paper, electricity or transport (as distinct from the operational use of paper, electricity and petrol used by the organisation itself), and impact on the waste stream;
- any environmental benefits arising from a high level of employment generally (e.g. employment vis-a-vis subsistence income gives people the option of making more expensive and more environmentally sound life style choices); or
- the potential positive and negative environmental impacts of different types of employment

7 Suggested Matrix for Determining ESD Relevance

You could use the attached matrix to work out which of your activities to report on. The top row shows broad categories of activities. The left hand column lists each of the criteria for ESD relevance discussed above, followed by the ESD principle that relates to that criteria. One way of working out what to report under s516A(6)(a) would be to tick the types of activities where there is either negative or positive ESD relevance, then (in the next row) whether or not the appropriate ESD principle is being applied. In your actual report you would want to include some text on why the activities are ESD relevant and how the ESD principle is being applied. If the text you wish to include under each set of activities is short enough, you may choose to use the matrix as a pro forma for your actual reporting on s516A(6)(a).

*(Note: additional columns should be inserted for any unidentified types of activities undertaken by your organisation)

Table 1: Matrix for Determining ESD relevance

Policy development	Program development	Plans/Strategies	Permits etc	Enforcement	Statutory payments	Funding programs	Goods and services	Procurement processes	Operations
Conflict of dimensions									
Integration of dimensions									
Threats of irreversible harm									
Precautionary principle applied									
Threats to future environment									
Threats to future environment addressed									
Threats to biodiversity & ecological integrity									
Threats to biodiversity & ecological integrity considered in decision-making									
Cost integration relevant									
Valuation etc integrated									

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