The evolution of a sustainability assessment strategy for Western Australia

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The Western Australian government has committed itself to developing a sustainability assessment process for projects, plans, policies and programs, as well as legislation, Cabinet submissions, corporate plans and proposed government agreements. This article briefly reviews some of the challenges posed by sustainability assessment. It then presents an integrated approach for a process that could be implemented in Western Australia with minimal amendment to existing legislation and administrative bodies.

INTRODUCTION

Western Australia has a well-established environmental impact assessment (EIA) process, and a track record for dealing comprehensively with the evaluation of project-level development proposals.1

As with most other jurisdictions, however, Western Australia is less experienced with the techniques and administrative processes required to manage “sustainability assessment”. Sometimes called “integrated assessment” or “triple-bottom-line assessment”, the purpose of sustainability assessment is to simultaneously analyse the impacts of a proposal on a combination of environmental, social and economic “receptors”.

In its policy platform prior to the 2001 State election, the Australian Labour Party promised to: establish an Ecologically Sustainable Development (ESD) Unit to develop a strategy for sustainability to monitor and report on progress towards sustainable development and undertake ESD assessment of Cabinet submissions, proposed legislation and agreements entered into by government.2

This promise led the Gallop government to establish a Sustainability Unit within the Department of the Premier and Cabinet, and drove a series of discussions and consultations focused on designing a new administrative system that could deal with sustainability assessment of traditional projects, and of so-called “strategic initiatives” such as policies, plans, programs, legislation and Cabinet submissions.

It has become clear over the course of 2002 that the Western Australian institutional framework does not support the effective processing of proposals assessed from a sustainability perspective. This article examines why this situation exists, and proposes a comprehensive institutional framework that would allow for a broad consideration of sustainability issues. It is our belief that a number of the lessons learned from this exercise can be generalised to other jurisdictions.

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The article begins by introducing the Western Australian Government’s main response to its pre-election sustainability policy promises: the draft State Sustainability Strategy. This document takes some tentative steps towards an outline of a sustainability assessment system, as well as recommending “sustainability action plans” as a requirement for all government agencies, and “regional sustainability strategies” to encourage the pursuit of sustainability at a regional level. The article then extends the suggestions made in the Sustainability Strategy, to propose a new and comprehensive institutional arrangement.

THE DRAFT STATE SUSTAINABILITY STRATEGY
In September 2002, the Premier of Western Australia released a draft consultation document known as the Western Australian State Sustainability Strategy. This substantial document was open for public comment until January 2003.

While the Draft Strategy did not attempt to present a fully-formed institutional arrangement for sustainability assessment, it did offer some “pieces of the puzzle”. In particular, the Draft Strategy commented on the need for: sustainability assessment of proposals, regional sustainability strategies and government agency sustainability action plans.

The next three sections of this article will examine how these institutional mechanisms have been proposed in the Draft Strategy, how they have been dealt with in other jurisdictions, and the limitations they present when proposed without consideration for other needed aspects of a comprehensive framework.

SUSTAINABILITY ASSESSMENT OF PROPOSALS
The existing EIA process in Western Australia has been well-described elsewhere. The current model for EIA of proposals in Western Australia is summarised in Figure 1. Proponents are responsible for the environmental management of their proposals, and must demonstrate that their proposed mitigation measures will meet environmental objectives and other assessment criteria established by the Environmental Protection Authority (EPA). Assessments of proposals by proponents are available for public comment and are evaluated by the EPA. The Minister for the Environment decides on the acceptability of the proposal and the conditions to be imposed if it is allowed to proceed.

Figure 1: Steps in the current EIA process

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The strengths of the current EIA process and its level of acceptance by stakeholder groups have been recently acknowledged. This process focuses on biophysical matters with minimal account given to social and economic areas; hence EIA only partially addresses sustainability assessment requirements. However, in light of the successful track record of EIA in Western Australia, one approach to sustainability assessment would be to extend the capabilities of EIA to incorporate the necessary social and economic inputs (Figure 2).

A similar ad hoc assessment process has been initiated by the Western Australian Government for a proposed major oil and gas field off the north-west coast, known as the Gorgon project. The intention here is that the Office of Major Projects will prepare a social-economic-strategic assessment for public comment, which will parallel the EPA’s environmental assessment process. It remains to be seen how this process will work in practice. However, a major weakness of this approach, as indicated by the question marks and dotted lines in Figure 2, is that no current mechanism exists to provide economic and social criteria upon which sustainability assessment will be based. Similarly, it is not clear how proposed actions for sustainability that cannot be imposed as proponent conditions or require action by the various government agencies will be implemented in practice.

Under the current EIA process, proponents are responsible for environmental management of their proposals (predominantly biophysical aspects, and generally within the confines of the project site boundaries). Requirements for these are stipulated in legally binding approval conditions issued by the Minister for the Environment and Heritage. However, when the scope of assessment is broadened to include social and economic aspects for the purposes of sustainability assessment, many management actions will transcend both the proponent’s project site and its responsibilities. For example, provision of social infrastructure (eg regional planning, health, education, communication, etc) and issues such as equity in employment and wealth distribution, will become the responsibility of numerous government agencies, including local, State and federal levels of jurisdiction.

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7 Government of WA, n 3, p 38.
The idea of extending the capabilities of EIA to incorporate social and economic considerations is not new. Robert Gibson has put forward a similar model for use in Canada.\(^8\) He notes that adopting sustainability-based criteria in EIA means using environmental assessment as a mechanism for forcing attention to sustainability principles and ensuring positive contributions to achieving sustainability objectives. This entails adjusting EIA processes and practices to force and facilitate the application of these principles in the planning and approval of projects, activities, plans, programs, policies and other undertakings likely to affect prospects for sustainability.\(^9\)

One problem that Gibson notes with the integration of sustainability principles into the EIA process concerns compromises and trade-offs.\(^10\) One of the strengths of the current EIA process in Western Australia is that the EPA reports only on environmental matters and provides recommendations to the Minister. Proposals that impact on the environment usually provide perceived social and economic benefits to the community. It is the Minister, in association with other Ministers or Cabinet, who determines whether a proposal should proceed or not. This means that any trade-off between environmental losses and economic gains is made at the political level. The danger of extending the EIA process to incorporate sustainability principles is that these trade-offs may start to occur throughout the entire assessment process.

**AGENCY ACTION PLANS**

The concept of government agency sustainability action plans was introduced in Canada in 1995. Legislation\(^11\) required all Canadian federal departments and several designated agencies to prepare Sustainable Development Strategies (SDS) for review by Parliament, with the assistance of a new Commissioner of the Environment and Sustainable Development. The federal Green Guide\(^12\) to government, also adopted in 1995 in Canada, suggested the following components for SDS:

- Department Profile;
- Issue Scan;
- Consultations;
- Goals, Objective and Targets;
- Action Plan; and

One of the significant institutional aspects in Canada in relation to SDS has been the establishment of the Commissioner of the Environment and Sustainability as an integral part of the Office of the Auditor General of Canada. The Commissioner monitors the extent to which departments have implemented the action plans and met the objectives outlined in their strategies.

However, there is one thing lacking in the Canadian system, and that is an overall government assessment of priority actions to achieve sustainability. In discussions with Commissioner’s staff in 2000, the need was seen for a “State of Sustainability” Report along the lines of the Western Australian 1998 State of Environment Report\(^13\) which identified priority environmental issues to be addressed and appropriate management responses to tackle these issues. A State of Sustainability Report would need to cover priority social and economic issues as well as environmental issues. As one commentator states:\(^14\)

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\(^9\) Gibson, n 8, p 52.

\(^10\) Gibson, n 8, p 53.

\(^11\) 1995 amendments to the Canadian Auditor General Act.

\(^12\) Government of Canada, A Guide to Green Government (Minister of Supply and Services, Ottawa, 1995).


\(^14\) Bell DVI, Canada's Commissioner of the Environment and Sustainable Development: A Case Study (York Centre for Applied Sustainability, York, 2002).
at present the SDS exercise is simply that - a legislated requirement imposed on the bureaucracy, to which all departments have conformed, but without yet transforming their policies and operations to the extent anticipated by the legislation and strived for by the Commissioner.

The institutional arrangements in Canada can be contrasted with the establishment of the Resource Assessment Commission in Australia. It was established as an agency to make recommendations on how to balance economic, social and environmental factors in resource management decisions. In a democratic society, the balancing act is the role of the political arm of the system rather than the bureaucratic arm. While there is a need for accurate information that can be placed in a sustainability framework, there is a difficulty in institutional arrangements where agencies in essence take on a role which is usually the province of their political masters.

REGIONAL SUSTAINABILITY STRATEGIES

After a decade of trying to implement Agenda 21 at a national level, a number of recent reviews of how to progress towards sustainability are concluding that the appropriate scale to address the concept is at the regional or subnational level. These reviews suggest that regions are an appropriate basis for considering sustainability. Also, the transition to sustainability will require the implementation of proactive strategies, and not just reactive assessments of other policies and proposals.

A precedent for regional sustainability strategies comes from the integrated regional development planning adopted by the Organisation of American States in the 1980s. This planning approach incorporated a regional diagnosis of economic, social and environmental issues in order to develop a strategy that dealt with them in an integrated way. This approach was considerably refined by the Asian Development Bank throughout the late 1980s, and early 1990s.

In Western Australia, the closest existing mechanism is regional statutory planning. While there has been a long history of regional statutory planning in the Perth metropolitan region, there has only been a legislative authority for statutory planning in other regions since 1994. Only the Peel and Bunbury regions have been addressed so far, although non-statutory land use strategies have been developed for other regions.

However, the emphasis of these strategies has been on land use planning to facilitate projected development, rather than on the achievement of sustainability. The need to broaden land use planning for sustainability has been recognised in the United Kingdom where sustainability appraisal has been added to regional planning. This does not go as far as integrated economic, social and environmental planning which is needed for regional sustainability strategies.

The other regionally-focused institution in Western Australia is the Regional Development Commission. There are nine commissions representing amalgamations of local government areas covering Western Australia. However, the mandate of the commissions is economic development. There would need to be a statutory change and a broadening of their skill base for these commissions to address sustainability at a regional level. The commissions with their close links to local government and community representation do provide the “bottom-up” mechanism to complement “top down” regional statutory planning.

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18 Planning Legislation Amendment Act (No. 2) 1994 (WA).
20 Regional Development Commissions Act 1993 (WA), s 23.
INTEGRATED APPROACH TO SUSTAINABILITY ASSESSMENT

Rather than have three separate components to progress sustainability, sustainability assessments of proposals, policies and programs, regional sustainability strategies and agency sustainability action plans could be brought together. A new and comprehensive arrangement for sustainability assessment in Western Australia is shown in Figure 3. The model has been designed to integrate with the draft State Sustainability Strategy and to require minimal legislative amendment to be made operational. Salient features of this model are now discussed.

**Non-proponent conditions and positive actions**

Two of the major limitations of EIA are that it can only place conditions on proponents, and that it focuses on impact mitigation in reaction to a proposal rather than proactive approaches to improve environmental outcomes. While these limitations can be accommodated in EIA, it is a major deficiency in sustainability assessments because actions by non-proponents and proactive approaches to facilitate the transition to sustainability are essential.

The integration of the regional sustainability strategies and agency sustainability action plans with sustainability assessments can be used to address those deficiencies. Although not specified in the State Sustainability Strategy, there will be a need for regional sustainability management plans to implement the regional sustainability strategies. Actions for sustainability at the regional level from sustainability assessment can be incorporated as adaptations of regional strategies. Actions for sustainability by government agencies can be incorporated as adaptations of the agency sustainability action plans.

**Sustainability assessment criteria**

The detailed history of EIA and environmental policy in Western Australia has resulted in the generation of a range of environmental criteria that can be used to assess proposals. However, the same cannot be said for social and economic criteria.

As noted previously, the regional level is the appropriate scale to address sustainability. The relevant social and economic criteria for the sustainability assessment of proposals, policies and
programs can be derived from regional sustainability strategies. Determination of sustainability objectives and the development of strategies for the transition to sustainability, are two key components of regional sustainability strategies. Contributions (positive or negative) to the objectives, and compatibility (or incompatibility) with regional strategies could form the criteria for sustainability assessments of proposals, policies and programs.

State of sustainability reporting

For agency sustainability action plans to be appropriately designed, they need to address the priority issues and they need to be measured against sustainability indicators. The 1998 Western Australian State of Environment Report (SOER) provides an appropriate approach for environmental issues, but needs to be expanded to address social and economic issues. A “State of Sustainability Report” to identify existing unsustainable practices and a government response providing the basis for agency sustainability action plans is needed.

The concept of using SOER as a basis for policy making, as occurred with the last SOER in Western Australia, also has international parallels. The United Nations has established the Global Environmental Outlook program which integrates the analysis and reporting involved in SOER with the strategic policy development processes of the UN and other regional agencies. This model has also been used successfully for the Netherlands Environmental Policy Plan.\(^{21}\)

However, SOER in Western Australia is an administrative rather than a statutory requirement. There is an expectation that a SOER would be produced once every five years. To meet this timetable for the next SOER due in 2003, a draft report would need to have been released in 2002. There would be advantages in making State of Sustainability Reporting a statutory requirement, not only in terms of the timing of its preparation, but also in terms of its links to policy making and basis for agency sustainability action plans.

Existing unsustainable practices

State of the environment reporting in both the States,\(^{22}\) and Australia-wide,\(^{23}\) highlights the problems that exist with current land, water and air resource management. Issues such as dryland salinity, eutrophication of waterways and air pollution in urban areas highlight deficiencies in the management regime of natural resource agencies and the unsustainable practices of landowners and citizens generally. The most recent SOER for Western Australia noted “a steady decline in the condition of the environment and an increase in the pressure humans place on the environment” which “will result in increasing social costs”.\(^{24}\) A sustainability assessment framework needs to address and remedy existing degrading practices. This can be achieved in two ways: natural resource sector action plans and regional sustainability strategies.

The EPA has initiated a process of working with all agencies responsible for the management of natural resources in the State to develop environmental values, objectives and targets. The intention is that the EPA will subsequently evaluate the environmental performance of agencies against these.\(^{25}\) Other strategies for promoting the sustainable use of natural resources are proposed in the draft State Sustainability Strategy on a sector by sector basis.\(^{26}\)

Sustainability framework

State of environment reporting has a framework established by the Organisation for Economic Cooperation and Development in terms of the Pressure/State/Response model. There is a need to develop a Sustainability Framework which provides the principles, policies and guidance for the broad approach to the achievement of sustainability.


\(^{22}\) Government of Western Australia, n 13.


\(^{24}\) Government of WA, n 13, p 7.


\(^{26}\) Government of WA, n 3, Ch 5.
INSTITUTIONAL CHANGE

Full implementation of sustainability in government will require significant institutional change. However, there is still a lack of clarity in relation to the definition of sustainability. This makes designing the appropriate institutional arrangements problematic. What is clearer are actions that contribute to improved sustainability. In other words, it is possible to conceive of a transition to sustainability. It is also appropriate to consider the institutional changes needed to facilitate a transition to sustainability. This section describes what are considered to be the minimum institutional changes needed to implement the sustainability framework described in this article.

The culmination of the analysis discussed previously is a proposed comprehensive institutional arrangement for sustainability assessment in Western Australia. Figure 4 outlines our proposal.

Contemporary political conditions in Western Australia make it very difficult to establish new bureaucratic agencies, or even to propose substantial legislative reform. As a consequence, the proposal outlined in Figure 4 is anchored in the idea that an institutional response to the challenges presented by sustainability assessment can make only incremental changes to what we already have.

Sustainability assessment

A sustainability assessment system will require government to review environmental, social and economic impact assessment work presented to it by proponents. Western Australia has a sophisticated environmental assessment regulatory system in place under the purview of the EPA. No equivalent institutions are in place to deal with social and economic assessment. The draft Sustainability Strategy suggests that social assessment responsibility could be assumed by the
Department of Planning and Infrastructure (DPI), and that economic assessment responsibility could be assumed by the Department of the Treasury and Finance. With the addition of personnel with appropriate skills, these agencies could assume these responsibilities. We also see the need for transparency of such assessments equivalent to that given to the EPA’s environmental assessments.

**Sustainability coordinator**

An effective sustainability assessment system would require some kind of “integrative” authority that would sit “above” the three assessing units mentioned in the previous paragraph, and which would provide integrated advice to Cabinet. We propose that this role be taken by a “Sustainability Coordinator”. Social, economic and environmental issues overlap, the boundaries are permeable and they interact. So co-ordination of the technical content is needed so that there are no gaps in coverage and so that the overlaps and interactions are managed. There is also a need for co-ordination in terms of timing so that the assessment process proceeds expeditiously.

While final sustainable decision-making is a Cabinet responsibility, there is still a bureaucratic role in devising the framework for presenting and summarising the information for decision-making, as well as a quality assurance role in checking the veracity of the information generated. We suggest that this be the focus of the Sustainability Coordinator.

**Sustainability performance review**

While the Canadian approach of agency sustainable development strategies lacks overall policy direction, the mechanism of performance audits by the Office of the Auditor General through the Commissioner of Environment and Sustainable Development is an effective mechanism for ensuring agency compliance with the requirement. Western Australia’s Office of the Auditor General has a strong record of performance auditing of government agencies. We believe that it would be appropriate to formalise the performance review of agency sustainability action plans through statutory amendments to the legislation underpinning the Office of the Auditor General.

**Regional planning to sustainability strategies**

The content of regional planning schemes is primarily focused on land use and land development. The content is limited by a schedule to the *Town Planning and Development Act 1928* (WA). Thus, if regional planning was to be the basis for the preparation and implementation of regional sustainability strategies, the scope of regional planning schemes would need to be extended.

**LEGISLATIVE CHANGE TO IMPLEMENT SUSTAINABILITY**

This article develops an argument for integrating three components of the sustainability framework - sustainability assessment, regional sustainability assessments and agency sustainability action plans. While extensive legislative change is needed to implement sustainability in a comprehensive way, it is considered by the authors that the minimum legislative change needed in Western Australia to implement this proposed sustainability assessment strategy is as follows:

- regular reporting (at least once every five years) of the “State of Sustainability” requiring the identification and prioritisation of existing unsustainable practices, and the requirement for government response through agency sustainability action plans;
- performance auditing by the Office of the Auditor General of the development and implementation of the agency sustainability action plans;

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27 Government of WA, n 3, p 38.
28 Western Australian Planning Commission Act 1985 (WA), s 18.1(ba).
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- a change in regional statutory land use planning to broaden its scope to become regional sustainability strategies;
- a change to the statutory functions of Regional Development Commissions to include social and environmental development as well as economic development, including the local actions required to implement regional sustainability strategies through regional sustainability management plans; and
- the establishment of a sustainability assessment process with economic and social assessment to complement the existing EIA process; the creation of the Sustainability Co-ordinator role; and the ability to require adaptations to agency sustainability action plans and regional sustainability strategies to implement “actions for sustainability” arising from the assessment process.