

Response to position paper entitled *Policy assessment for sustainability: institutional issues and options* by Dr Stephen Dovers.

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Consolidating and Reinforcing Gains to Date

The revolution to protect and conserve the environment has led to a suite of innovative strategies and instruments, introduction and implementation of which has driven widespread change in both the public and private sectors. As Dovers points out continued use of many of these environment protection instruments, including environmental impact assessment, remains critical in the drive to achieve intersectoral, integrated and sustainable planning and management by government. It is frequently those formulating new policy and approaches to environment protection and conservation who have made significant contributions to the major institutional changes needed to achieve sustainability.

Meanwhile, many others inside and outside government have been distracted by efforts to secure the benefits of growth and globalisation. The challenge is made greater for those in the vanguard of formulating sustainability policy and institutional design and reform, as governments and citizens have turned with enthusiasm to markets and their mechanisms to help secure greater efficiency and value for money in the delivery of public service and business. That is frequently accompanied by claims that the very application of market mechanisms and norms *will* secure the public interest and sustainable outcomes, generally in the absence of public bodies with the mandate or standing to challenge such claims and test actual results.

To date, national and international environmental and natural resource management experts and policy makers in government and academe have led in the drive to secure sustainability. It is important, therefore to recognise, if governments are to be encouraged to take further and bolder steps, that many of those involved in the public sector are under considerable pressure to 'consolidate' positions and gains. They seem increasingly to be called on to demonstrate progress against more narrowly-drawn goals and standards, in relation to air, water, particular ecosystems, human settlements and so on. Therein lies the risk that assessment of sustainability and the associated necessary levels of institutional change could be slowed or compromised while many of those responsible for environment protection and natural resource management are otherwise occupied or distracted (Crawford 1996).

The Importance of Assessing Policy and Auditing its Implementation

Dovers rightly identifies the need for vigorous and transparent assessment of major national policy processes, that entrench competition policy and lead to international agreements dealing with trade, finance or defence. This must occur even in those cases where conservation, sustainability or the public interest are claimed to be advanced or maintained in the implementation process. In examining the particular case of competition policy, Crawford (2003) has shown that the powerful national

drive to promote competition policy and practice in government, *often it seems as an end in itself*, has failed to meet tests of the public interest, including sustainability. It has also led to disparities in wealth distribution, services and opportunities and has tended to replace broader citizen interests by those of the consumer. Edwards (2001) has concluded that this occurs because achieving competition in the delivery of public services has often entailed redefinition and narrowing of the public interest to equate with economic efficiency.

Those sorts of results should lead politicians, policy makers and experts to ask: what other institutional arrangements and tools are needed to aid governments and citizens in their efforts to achieve sustainability and well being? And, what new or refined tools are needed to aid the public sector in assessing competition and other major policies in terms of the sustainability of the actual outcomes?

Crawford (2003) concludes that other powerful assessment and reference frameworks need to be developed nationally and applied as counterbalancing assessment frameworks to competition, if governments are to assess whether their policies, and the actions carried through under existing laws, actually advance critical national outcomes. In the case of sustainability he argues for a major new national assessment and reference framework to be fashioned and introduced, at Commonwealth and state level, to parallel competition as a framework.

Dovers (and Marsden in his response) point out that various institutions are emerging in Australia and elsewhere, which are designed to make intersectoral assessments for, or related to, sustainability. While many of these institutions are independent in their analysis and transparent in their actions, most are advisory and lack the power, legal position, instruments and funds to help drive the requisite transformational change in public and private institutions. By contrast, it is no accident that reviews undertaken under the legislative and administrative framework created by National Competition Policy lead to substantial financial incentives for the states to carry out extensive change in order to eradicate so-called anti-competitive behaviour. Those reviews have spanned arenas critical to future sustainability such as water, energy and social development.

It is important, therefore, for governments and policy makers to focus greater efforts on the design and the introduction of much more powerful sustainability reference and assessment frameworks. Desirably such institutions need powers, standing and instruments to parallel and counterbalance those fostering competition, in the drive for greater effectiveness, sustainability and balance in the exercise of government responsibility. While the challenge is great, even those responsible for creation and implementation of competition policy, for example, agree that it is not an end in itself, but one tool to improve contemporary governance (Samuel 2003).

The power of an audit role as a key instrument in the package of instruments available to a sustainability commission or authority has been demonstrated in Canada (Marsden in response to Dovers) and in NSW. Recent audits have been carried out in NSW by the Auditor General (2002) and the Healthy Rivers Commission (2003a), into whether major policies have been effectively implemented in state efforts to secure sustainable use of various natural systems and resources. These audits have revealed very serious weakness in integration of planning and public management, as

well as failures in accountability for policy implementation and outcomes. They have revealed unsustainable management practices and unsustainable patterns of use for various mineral, land, water and vegetation resources. One positive outcome has been that the public display of these deficiencies has added impetus to major institutional change in legislation, agency configurations and administrative arrangements in NSW, all designed to secure better integration and to devolve planning and management for sustainability to the catchment level.

Sustainability and its Effective Assessment Require Systemic Change

Much lies ahead, if our institutions are to be modified in ways that assure sustainability, including fashioning the necessary powerful assessment, organisational change and audit tools. While that is grinding through, there is an overwhelming need to advance sustainability through improved policy formulation and decision making. For example, it is now 17 years since the World Commission on Environment and Development (WCED 1987) issued its report, which itself was based on a decade of expert analysis and advice. In that report, the Commission called on governments - which have to date made only modest gains - to examine patterns of economic development with a view to reducing high levels of energy and materials consumption. It is nearly 30 years, since governments at the UN Conference on Human Settlements (Habitat 1974) committed governments to bringing clean water to every citizen in the world by the year 2000. Since that time, many of the same nations have prejudiced the outcome by according the issue a low funding priority in development assistance programs. As a participant in that conference and the Chair of the National Energy Roundtable in 1995-6 the author has come to share some of Dovers' concerns about the pace of change in efforts to secure sustainability.

The time and energy needed to effect systemic change is not entirely surprising, because policy formulation and decision making for sustainability represents a whole new way for governments to think and act. It is, however, critical that further progress be made soon if sustainability assessment is to be supported adequately, rather than to be perceived as a risky, novel and isolated new function of government. If government were fully to embrace this paradigm, it would visibly commit to greater exploration of the nature of current economic growth, work and patterns of life, in order to understand how best to influence the balance of progress towards sustainable futures (WCED 1987). Government would in its decision-making explore questions of sustainability and patterns of resource use *as well as cost* (Crawford 1996). It would use budget formulation and presentations as a way of revealing the state and patterns of use of critical resources and ecological capital.

In these ways, government would better meet its obligations to contribute to sustainable outcomes in policy and decision making, while helping to create the context for effective and wide-ranging sustainability assessment.

Dovers points out that there are *systemic* causes of unsustainability embedded in patterns of production and consumption, settlement and governance. To achieve sustainable results through government action and to create the right environment in support of sustainability assessment requires that government confront many of these systemic problems. That must entail:

- A shift from weak post hoc co-ordination at various central levels of government, to integration of policy formulation, planning and decision-making across government.
- Recognition by government and officials that most human, social and ecological systems cannot be 'unpacked' and the elements considered and managed, as if they were stand alone and discrete.
- A shift from planning for the protection and management of elements of major natural and man-made systems by various entities in government to decisions and management that focus on the sustainability of whole systems.
- Changes within and across departments so that authority and accountability for system-wide outcomes is assigned to units and officers (Crawford 2003).

Redirecting Existing Institutions towards Local and Regional Assessment

While such efforts to 'mainstream' this new mode of thinking, acting and assessing are underway, it is equally critical that more specific and timely assessments be made into the impact of various actions and proposals on settlements, patterns of energy and water use, major ecosystems and so on. A variety of existing instruments can be used, modified or adapted to carry through such assessments and to effect necessary change. While these efforts need to be informed by the wider policy, legal and institutional reforms, conversely, local or specific assessments and reform actions should be harnessed to give impetus to major systemic reform and to demonstrate important principles and approaches.

The Healthy Rivers Commission carried out such a role, when it conducted eight years of public inquiries into the rivers of NSW. Its recommendations to government and the community led to strategies, plans and management regimes targeted at securing long term river health and sustainable use of riverine resources (HRC 2003b). In this process, all concerned were helped to identify the difficult choices and to take the hard decisions. In the absence of any other mechanism, the Commission frequently became the vehicle used by government, environmental and stakeholder groups and the wider community of NSW to assess and secure sustainable patterns of resource use.

For example, coastal floodplains and estuaries and their resources are used by the community for agriculture, fishing, tourism and recreational activities and are valued for their special ecologies. Yet, many floodplains and estuaries have deteriorated because limited and technical responses have failed to deal with flood mitigation, alienation of estuarine habitat, depleted fish stock and acid sulphate contamination. Through its public inquiry, assessment and consultation process the Commission (2003b) was able to develop a framework within which integrated and sustainable management of coastal floodplains and estuaries could take place. In the case of the Clarence river, the Commission set down, and the NSW Government (2002) endorsed, a plan, principles and management approaches to be followed by all stakeholders, that recognised the critical role of partnership in securing common objectives associated with sustainability, resource scarcity and managing demands. The plan establishes clear accountabilities and equitable cost sharing arrangements for users, authorities, both local and state, various interest and stakeholder groups.

Such use of existing instruments is necessary, if substantial and timely assessments and actions are to advance sustainability, while we wait for the entrenchment of sustainability in the mainstream of government. The Commission's assessments of the rivers, bays, lakes and estuaries of NSW have contributed to the development of principles governing sustainable management (2003c) and the creation of a Natural Resources Commission, with the responsibility of assessing sustainability and guiding planning and management at the catchment level in NSW.

All this argues for continued robust action at many levels if sustainable decisions are to be taken and sustainability assessment is to become entrenched and effective.

References

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