

**2015 Australian Local Government Association General Assembly**

***Closest to the People – Local Government in the Federation***

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***A Healthy Environment and a Productive Economy***

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Ever since Agenda 21 was created at the first Earth Summit in Rio in 1992, local government in Australia has been at the forefront of efforts to promote sustainable development – where a healthy environment goes hand in hand with a productive economy.

The health of the natural environment matters because it affects the wellbeing of people directly, and because it underpins other things that people value:

- Healthy landscapes protect land and water resources from degradation, extreme events, and improve agricultural production;
- High environmental standards create opportunities for innovation and investment in areas that enhance sustainability, such as renewable energy technologies, waste management, water conservation and carbon farming;
- Our international competitiveness is enhanced when we demonstrate that we are determined to implement policies of clean air, clean water, and clean products; and
- Access to nature and healthy environments improves mental and physical health, and in an increasingly congested urban world, our natural environment will be valued more highly by Australians and attract growing numbers of international visitors.

There are thousands of examples across Australia every day, where individuals, communities and businesses strive to live sustainably – water conservation, solar panels, recycling, community Landcare, Bushcare and Coastcare groups.

The challenge we all face is that the collective actions required to support a growing economy and a healthy environment are far beyond the ability of any individual or company or government to address on their own.

This is because many cases people are either unaware of the impacts of their economic decisions because they are hidden in production processes, or some do not value the impacts as highly as others, particularly future generations.

As a consequence, despite the many significant advances in environmental policy of recent decades, too often despite our best intentions, the long-term conservation of our natural capital has lost out to short-term commercial benefits.

And in recent years, despite the overwhelming support from the community for high environmental standards, today's political narrative has increasingly shifted to a position that we must now sacrifice the environment to pursue a growing economy.

This flies in the face of science, and it flies in the face of good economics because, in the long run, degradation of natural capital will come at an enormous cost to the community and business.

What is needed is a renewed national commitment to long-term reforms to build a productive economy that conserves natural capital rather than degrading it - and I believe local government has a substantial role in supporting such a reform.

Conservation of natural capital is a universal human value that should underpin all political philosophy.

The great US Republican President Theodore Roosevelt once said: *“Of all the questions which can come before this nation, short of the actual preservation of its existence in a great war, there is none which compares in importance with ... leaving this land even a better land for our descendants than it is for us.”*

Australians, for generations, have overwhelmingly supported this intergenerational philosophy.

Over the next 12 months the Commonwealth government will be developing major reforms to Australia’s federation and taxation system.

The outcomes of these reforms, individually and collectively, will have long-term implications for the way we manage the economy and protect the environment.

The federation reforms, tax reforms and the environment-economy debate are seen as separate, when in reality they are fundamentally linked. They are linked because, in the long run, we can’t have a prosperous society if we continue to pollute our environment and degrade our natural capital.

Successive State of the Environment reports at national, state and local government levels have, for decades, described the processes that are driving the continued, long-term degradation of the Australian landscape.

As Australia’s population continues to grow, these assets will come under even more pressure. Climate change will exacerbate many of these existing challenges. The continent will continue to get hotter and experience changes in rainfall patterns, more droughts, and higher bushfire risks. Agricultural productivity is likely to be diminished by decreased rainfall and soil water availability, and urban and coastal assets will be at increasing risk from more intense storms, sea level rise and floods.

If our generation is to leave *“this land even a better land for our descendants than it is for us”* we need to change:

- reactive planning that is driving long-term degradation because it fails to take into account the cumulative impact of development on our environmental assets;
- economic signals that reward pollution and discourage conservation;
- under-investment in the conservation of Australia’s native plants and animals causing many to be at high risk of extinction;
- too many layers of government and too many government agencies who influence urban and rural land and water management, creating confusion, duplication, and at times contradictory decisions; and
- our GDP fixation on material production that is not linked to a national balance sheet that records the depreciation of the nation’s natural capital.

These are huge issues, and if we are to deal with them we need a very different vision for Australia: a practical, forward-looking vision that embraces long term changes to the way we manage Australia.

When we do embrace such reforms we will quickly discover opportunities are endless.

Australia is enjoying a remarkable 23 years of uninterrupted economic growth. The opportunities created by Asia's extraordinary economic rise, balanced by the risks of climate change and the increasing demands on Australia's natural resources, mean we are entering a transformative period in our history.

Turning this vision into a reality is the collective responsibility of all of us - governments, business, civil society and individuals - to embed sustainability throughout the economy so that everyday actions contribute to a healthier environment.

So how do we bring the economy and the environment together?

In November 2014, the Wentworth Group of Concerned Scientists produced, in consultation with experts in economics, land use planning, natural resource management and law, a ***Blueprint for a Healthy Environment and a Productive Economy***.

We have more recently also released a more detailed paper on ***Using Markets to Conserve Natural capital*** and will be releasing a third in the near future on ***Land Use and Infrastructure Planning***.

These papers present our contribution to the 2015 federation and taxation reforms, and we are delighted with the response we have received from business leaders, civil society and member of parliament of all political persuasions.

These papers can be found on our web site [www.wentworthgroup.org](http://www.wentworthgroup.org).

They describe how economic instruments (including taxation policy) can deliver a growing economy, create jobs and at the same time contribute to maintaining the nation's natural capital, for the benefit of people today and future generations.

In our blueprint we set out the five interconnected, long-term economic and institutional reforms we believe would create a healthy environment and a more productive economy:

1. **Fixing our reactive land and water use planning systems** by putting in place regional scale plans that address the cumulative impacts of development on the environment and the long-term robustness of the economy.  
  
This would make our towns and cities more sustainable in waste management, water efficiency, lowering emissions, improving amenity and reducing risks from natural disasters.
2. **Using markets to finance conservation** by removing subsidies that pollute the environment and instead create economic incentives for business and consumers to conserve our natural capital.
3. **Conserving natural capital** and turning around the systemic decline in biodiversity by closing the gaps in our national system of public and private reserves, connecting these across the landscape, and committing to a long-term plan to conserve our endangered native plants, animals and ecosystems.
4. **Regionalising the management of Australia's natural resources** so that investment decisions are underpinned by an understanding of how landscapes function. We are not proposing a

fourth tier of government. What we are advocating is that all levels of government pioneer a new era of managing the Australian environment by working together, and with communities and industries, at a regional scale.

5. **Create environmental accounts:** We can't do any of these things unless we put in place regional scale, national environmental accounts, that monitor the condition of our environmental assets, so that people can make better-informed decisions to support a healthy and productive Australia.

The need for environmental accounts was recognised in Agenda 21 as far back as 1992: *“The first step towards the integration of sustainability into economic development is the establishment of better measurement of the crucial role of the environment as a source of natural capital and as a sink for by-products generated during the production of man-made capital and other human activities.”*

As you can see, these five reforms are long-term, interconnected and transformational, both in the way we manage the federation and the way the taxation system interacts with the economy and the environment.

The Wentworth Group would be delighted to work with you to bring these aspirations to reality.

We live in an extraordinary country. Our natural heritage is truly breathtaking.

There is no reason why the Australia of today cannot grow the economy, create jobs and maintain a healthy environment.

But we have to stop kidding ourselves that the short term decision-making that is pervading our land use decisions today is not having a negative long term impact on our environment, and on our economy.

And we've got to stop kidding ourselves that the small handful of people who are responsible for managing Australia's vast land and water resources – our farmers, indigenous land managers, and managers of our local and national conservation estate, have anything like the resources to do it without financial support from the rest of the community.

On several occasions in the past, Australian governments, businesses, communities and individuals have responded creatively and energetically to environmental challenges, with positive outcomes for the health of the environment and economic productivity.

This has to be another such occasion.

Our best chance of success is always when government does these things because our community demands it of them, and local government is perfectly placed to facilitate such a conversation.

Thank you.