

Making Use of Environmental Management Systems in Rural Australia

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Summary

Several programs have increased our capacity to use environmental management systems (EMSs) to improve environmental outcomes, and hence business and social outcomes, in rural Australia. This paper addresses what needs to be done now to capitalise on that those investments.

Past and current EMS programs have improved the tools we have to support EMS and, to a minor extent, the adoption of EMS by landholders. However expression of the drivers for improving environmental outcomes, including through the use of EMS, remains weak. For EMS this problem is accentuated by fragmentation of approaches according to individual industries/enterprises and by the confusion consequent upon the lack of adoption of common or aligned standards.

Well designed EMS have the potential to improve environmental outcomes at both the property and landscape level and to integrate the delivery of private and public benefits.

What is now needed is a voluntary land management certification system (or systems) that provides credible verification of improved land management. Operation of this verification system would enable expression of the drivers for improved environmental outcomes, from both the market and non-market sectors, including:

- Building self-esteem and self-satisfaction
- Improving productivity and profitability
- Increasing differentiation of food and fibre products according to production systems
- The desire to enhance asset values
- Accessing financial incentives
- Accessing natural resources, and
- Limiting legal liabilities and insurance costs etc.

The establishment of a voluntary land management certification system requires leadership and support from both public and private sectors for two reasons. First because it leads to a mix of public and private benefits and second because of the multiplicity of beneficiaries, including catchment management organisations, industries, individuals, public agencies etc.

What is an EMS?

An environment management system (EMS) is a systematic management system that helps an organisation to continuously improve its environmental impacts.

The following comments relate to EMSs that are whole-of-property, catchment linked and verified (certified by accredited auditors) so as to be credible locally, nationally and internationally.

Basis for Government support

Whether or not there is a need for government to support EMS should be determined on the nature of the EMS outcomes and on whether or not such support will lead efficiently to improved outcomes.

The primary purpose of EMS is to improve environmental outcomes. So the first question is whether or not there is a role for government in improving land based environmental outcomes.

The well accepted argument for government support in improving land based environmental outcomes is based on there being market failure due to private investors not bearing all costs and/or not being able to capture all of the benefits. This is because of the production of public goods (not divisible/not able to limit consumption/can't be priced-eg clean air) and because of externalities. There might also be a need to address negative environmental impacts due to failed public policies and to consider economies of scale and /or of association.

So there is a prima facie case for governments to consider support for EMS.

Determining whether or not government should support EMS and the nature of that support needs to be based around questions of the relative efficacy and efficiency of that support as compared to support for other instruments, such as regulation or research and development. There is also a need to consider the extent to which EMSs enhance the effectiveness of other public (and private) environmental instruments.

The principal reason why support for EMS (as defined above--- and most so called EMS are not so defined) would be effective and efficient is because EMSs strengthen the motivation for improving environmental outcomes. They are in fact a market (commercial and non-commercial) enabling mechanism. They do this by enabling recognition of improved land management. They enable a highway for the drivers for improving environmental outcomes, drivers built on self-esteem and self-satisfaction, on productivity and profitability, on differentiation of food and fibre products according to production systems, on the desire to enhance asset values, on financial incentives, on regulation of access to and the use of resources, on limiting legal liabilities and insurance costs etc.

There are many beneficiaries of this recognition highway. For instance for taxpayers it improves the effectiveness and efficiency of other environmental programs by putting narrowly focused relatively short term interventions into a broader system context and by limiting transaction and accountability costs. Suppliers of farm inputs and marketers of farm outputs can build marketing strategies incorporating recognition of improved land management.

Other considerations in weighing up the effectiveness and efficiency of EMS include that they:

- Deal with the causes, not symptoms, of environmental impacts---they look at the activities that have environmental impacts.
- Deal with all the environmental components and their interactions---don't separate out water, soil, vegetation.
- Link across space and time—catchment linked and transferable to the next land manager.
- Build on the aspirations of both the landholder and support organisations such as catchment management authorities---enabling integration of information and knowledge and cost sharing.
- Promote compliance with regulatory requirements because regulatory compliance is a requirement, at least of an ISO 14001 compliant EMS-and should lead to a better regulatory environment.
- Enable adaptation and adoption of improved systems/technologies---provides a framework for the application of new information/knowledge.
- Enable communications-within the business unit and between the business unit and the wider community.
- Provide information on activities affecting natural resources, on practices and on the condition of natural resources.

It might be argued that landholders will adopt EMS to an optimum level without further government involvement. However the market failure rationale, as applies generally to environmental management, applies to environmental management through adoption of EMS. Additionally current fragmentation of effort, in part because of the nature of past EMS programs, is likely to persist even if catchment management authorities become more involved without there being generically available system capabilities (system design, training, certification, badging etc), that is available to both public and private sector organisations electing to support the adoption of EMS.

Imagining the future

The future is one in which the claim to be 'green' is substantiated to the benefit of both the commercial and non-commercial sectors.

This will be through having one or more voluntary systems to provide verification that could be used by a variety of commercial and non-commercial operatives. The analogy might be a multitude of freighters using a roadway or a railway or many communicators using a common broadband system.

The verification has to credibly indicate improved land management. The verification can be defined in process, practice and/or outcome terms. However there should be no presumption that in the first instance that it must be defined in outcome terms.

What Government should not do

The first step is to ensure government policies and programs do not hinder the development and implementation of one or a small number of credible verification systems. However it is arguable that some programs have already done that, for instance:

- Provision of support for the implementation of industry/product specific EMS. There is a case for supporting and involving industry organisations but it is the conditions governing that support and how it is used that can be the problem. For instance when it is used for industry specific EMS then we end up with artificially duplicated systems unsuitable for multi- industry farms (the majority), non-agricultural land uses and catchment based programs.
- Provision of EMS support for programs that are not EMS hence creating confusion in the market place. These programs might be worthy but they should not be funded as EMS programs.
- Provision of short term support without consideration of how the EMS needs will be met in the longer term by both the private and public sectors.

And there are evolving programs, such as the stewardship program, that may accentuate the problem unless transaction costs are contained, accountability is effective and activities are conducted in an ecological framework.

What governments should do

Governments, singly or in partnership with industry, should provide the means whereby an EMS highway or highways can be quickly and efficiently created. In other words governments could support a voluntary national land management certification system or systems possibly through assisting the establishment of an Australian Centre for Land Management Certification.

The mission of the Centre would be to improve environmental outcomes through the application of internationally recognised management systems. The Centre would be responsible for accreditation of EMS trainers and auditors and for maintaining a register of land holders implementing certified environment management systems.

The Centre could provide environment management system related training, audit and information services to catchment management, government and agribusiness organisations, as well as to landholders themselves. Given that previous policies and programs promoted an explosion of unrelated approaches, then governments could assist the evolution of those other approaches towards a voluntary national land management certification system or systems.

Additional but secondary support interventions might include:

- Financial incentives for landholders to stay with the system until such time as market and other non-market forces recognise the need to use the system.
- Clarifying and demonstrating how CMAs/NRM Boards could benefit from the verification system.
- Development of tools to assist in the adoption of EMS including improving and documenting regulatory requirements.
- Promotion of the voluntary Australian land management certification system in international forums/trade negotiations etc.
- Co-funding with industry support for development and implementation of EMS
- Research & development.

- Leadership

When

Now would be better than later for various groups are developing their own systems without the capacity for a broad array of stakeholders to benefit. For instance, agribusiness, insurance, catchment management agencies and specific issue groups (such as those promoting carbon credits for landholders), are looking at how they might meet their need for a verification system.