

Understanding the Environment Industry

- 2.1 While the overarching aim is the greater integration of environmental management across sectors, there will always remain a core sector of industries that provide specialist environmental services and products. Ensuring that these core industries are economically and technologically strong is vital to ensuring that the drivers of sustainability are supported by the knowledge, products and services necessary to assist businesses take up the move to ESD.
- 2.2 However, there is currently little national data on the domestic supply of these goods and services, and emerging market demands.
- 2.3 Market information failure is an ongoing issue for the sector and one which may adversely affect the future uptake and integration of new environmental solutions and technologies. The lack of national and trend data on the industry also impacts on sector analysis, future strategic planning and investment attraction.

What is the Environment Industry?

- 2.4 For the purposes of international data collation, the OECD has adopted the following definition:

The environmental goods and services industry consists of activities which produce goods and services to measure, prevent, limit, minimise or correct environmental damage to air, water and soil, as well as problems related to waste, noise

and ecosystems. This includes cleaner technologies, products and services that reduce environmental risk and minimise pollution and resource use.¹

- 2.5 In evidence presented to the Committee, the Australian Government Department of Industry, Tourism and Resources (ITR) noted that the OECD definition is technical and offers a general rather than practical approach. The Department advised the Committee that, for their own means of defining the industry:

We have found it useful to use a better snapshot, which has been provided by Environment Business Australia. They suggest that the industry includes activities encompassing water and waste water management, river system and coastal zone management, land management and rehabilitation, air quality monitoring and control, energy efficiency and renewable energy, waste minimisation, resource recycling, waste treatment and waste disposal, cleaner production technologies, monitoring and instrumentation and environmental research analysis and technology development.²

- 2.6 The *National Capability Statement on Australia's Environment Industry*, prepared for the Australian Government Department of Environment and Heritage (DEH) in July 2001, provides a detailed and prescriptive outline of the definition used to measure the Australian industry.³ The report also outlines how this definition maps onto the framework used by the OECD in international environmental data collection. These approaches detail the specific activities which are considered part of the environment industry – from solid waste management, soil remediation, prevention technology to resource recovery.
- 2.7 To initiate the inquiry, the Committee adopted a broad approach to defining environmental goods and services.

1 OECD (1999), *The Environmental Goods and Services Industry: manual for data collection and analysis*, Eurostat 1999, OECD Publications Service, Paris, France.

2 *Transcript of Evidence*, p. 2.

3 *National Capability Statement on Australia's Environment Industry* prepared for Environment Australia by the Centre for Strategic Economic Studies, July 2001.

- 2.8 Submissions were predominantly received from state governments, Australian Government departments and agencies, environmental consultants, industry associations and those in environmental service related industries across other sectors. Only a relatively small number of the submissions received addressed or made reference to conservation issues.
- 2.9 During the course of the inquiry, the Committee engaged with corporations who employed environmental advisors or environmental management teams. Discussions were also held with a range of financial advisers and business consultants who worked with companies on issues such as TBL reporting, measuring environmental performance and SRI.
- 2.10 How to define the environment sector emerged as a difficulty throughout the inquiry and was commented on by a number of industry organisations and agencies. The Committee also attributes the limited range of submissions received to a number of waste and recycling companies regarding themselves as separate from the environment industry.
- 2.11 It also seems that, to some extent, industry may view the greening of business (and employment) as a process which is already occurring and, therefore, perhaps did not consider that further comment to the Committee was warranted.
- 2.12 While a number of companies may view themselves as separate from the environment sector, the Committee is encouraged by the number of industry associations who recognise the changes expected of industries due to increasing environmental responsibilities and regulatory demands.
- 2.13 Industry associations making submissions to the inquiry included the Civil Contractors Federation (CCF), the Institution of Engineers Australia (IEAust) and the Water Industry Operators Association (WIOA). These industry associations all acknowledge the changed context of environmental management and are committed to responding to the challenge these new demands place on their members.

- 2.14 There was a general awareness amongst these associations that, although the growth in the environment sector may have created some new employment opportunities, primarily it had made environmental credentials a necessary component of many existing 'mainstream' jobs. What constituted an environmental job has become hard to define.
- 2.15 In a joint supplementary submission to the inquiry, the Barton Group and the Environment Institute of Australia (EIA) commented that the conventional definition of the environment industry has a narrow focus on service delivery. This approach, they claim, has two shortcomings:
- It excludes emerging and new environmental issue areas (eg biodiversity, renewable energy and energy efficient and climate change, coastal ecosystem collapse, salinity); and
 - It focuses attention on delivery functions rather than policy and specification functions.⁴
- 2.16 Given the evidence presented, the Committee saw value in the inquiry expanding the interpretation of 'environment sector'. The Committee is of the view that 'green jobs' are happening in a range of sectors outside of what may traditionally or technically be considered the environment sector. This 'greening' of many mainstream areas of business and employment was an important step in achieving attitudinal change and sound environmental outcomes for the nation.
- 2.17 The Committee is of the view that environmental protection and conservation is an issue for all Australians and for all businesses operating in Australia. The Committee considers that all industries have an environmental accountability and should be involved in assessing and mitigating their environmental impacts. In line with this approach, the Committee considers that as a nation we must move toward integrating the environment into all companies and resisting the segregating of environmental concerns or environmental specialisation to a discrete group of industries. Similarly, all Australians have an environmental responsibility which we must begin to exercise – for example, as members of a community, as consumers and as investors.

4 Submission no. 33, p. 3.

- 2.18 This broad brush approach adopted by the Committee is in line with evidence presented by the Barton Group. The Barton Group is the industry group responsible for implementation of a number of agreed recommendations from the Environment Industry Action Agenda (EIAA).
- 2.19 The Barton Group noted the importance of recognising that environmental management is not a discrete industry, but rather is the everyday business of many companies, contractors and decision makers. The Group explained to the Committee that:
- ... the definition of the environment industry as the [Australian Bureau of Statistics] deals with it includes water pollution, waste water and so on. The reality is that ... we in the environment industry are simply backroom people cleaning up rubbish. The real environmental managers in this country are the many tens of thousands of people out there who make policy, write specifications, write work orders, draw up contracts and administer a business every single day. They are, in the main, absolutely unaware of what they are doing. The level of skill and training just is not there. Those people see themselves in a job. Institutionally, the system just gets them to do a job. They ask what their bosses ask of them. They are remote and unconnected to the environmental responsibility they actually discharge.⁵
- 2.20 Key to achieving an informed integration, advocated by the Barton Group, is developing and diffusing the knowledge and market information about environmental goods and services. Consistent with this approach, the Committee is of the view that the environment sector, and the growth of environmental employment, are issues relevant to all industries.
- 2.21 This view is supported by Environment Business Australia (EBA), a peak body representing environmental consultants and professionals. EBA predict the 'demise' of the environment industry as a discrete industry, due to the process of mainstreaming environmental concerns into all business practices. At a public hearing, a representative of EBA speculated that:

5 *Transcript of Evidence*, p. 47.

... in 12 to 15 years time there will be no such thing as an environment industry, because we will have become so mainstream. So, while I am arguing for the growth of the industry, the growth of change, better risk assessment, risk management and profiteering – in a good sense – from new opportunities are certainly going to be the major driving force.⁶

- 2.22 This was a view echoed by GreenChip, a consultancy company advising companies on improving efficiency and implementing sustainable development. The director of GreenChip suggested that environmental concerns needed to be ‘normalised’, and advised that:

One of the things about the environmental jobs is that we have to get away from thinking that we want to have more environmental jobs and instead have more ‘normal’ people, I would say—I am abnormal, maybe—or regular folk in any line of business actually seeing that no matter what they do they can also take responsibility for the decisions they make in their own work. I do not think there should be an industry called ecoarchitects. I think every architect in Australia should understand the basics of solar passive design. It is a simple thing really: when you build a home you should have simple things in place that minimise the amount of energy you use. When you are advising people on investing money, you give them the option and say, ‘Did you realise that the ethical investments funds are performing commensurably with other funds,’ so that client then knows that they have got options out there. It is really not necessarily saying that everyone has to become an environmentalist. If the government were providing that leadership and support and maybe bridging training for certain industries which have got their core business, and if they were also aware of some of the other sides of the environmental side of things in their core business, that advice would propagate.⁷

6 *Transcript of Evidence*, p. 170.

7 *Transcript of Evidence*, p. 117.

- 2.23 In light of this evidence from industry associations and companies, the Committee chose to define its approach to employment in the environment sector as one of ‘greening mainstream employment’. This approach recognises that, just as information technologies are now a standard tool in the jobs of many workers, and occupational health and safety is a shared workplace responsibility, so environmental awareness and management must be integrated into the daily work practices of employers and employees.
- 2.24 Reflecting this approach, and in contrast to earlier parliamentary and private sector ‘green jobs’ inquiries where the focus has been on different segments of the environment industry, this inquiry envisages the greening of consumers, the workforce, education and business, complemented by a body of skilled environmental operators and professionals.

The Environment Goods and Services Industry

Industry Overview

- 2.25 There have been a number of studies on the size, structure and prospects of the Australian environmental goods and services industry. An overview of the data collections available and the scope and limitations of national studies is provided at Appendix D.
- 2.26 Recently, the most significant and comprehensive national analysis of the industry in Australia was conducted as part of the development of the EIAA. Action Agendas are an Australian Government strategy for industry and Government to work in partnership developing a set of recommendations to overcome sector impediments and maximise opportunities for growth. The EIAA report was developed jointly by industry, ITR and DEH. The report was launched on 26 September 2001 and a progress report on the first year of implementation was released in November 2002.

- 2.27 The EIAA has set a vision ‘to add value to all Australian business by enabling competitive outcomes, and in the process build an environment industry with annual sales exceeding \$40 billion by 2011’.⁸ Australian Bureau of Statistics (ABS) data indicates domestic sales were \$8.6 billion in 1996-97.⁹
- 2.28 The Committee heard evidence on the EIAA from the Barton Group, DEH and ITR – formerly the Department of Industry Tourism and Resources (ISR). The Barton Group was formed in 2001 to oversee implementation of the EIAA recommendations. The Barton Group is an alliance of 12 Chief Executive Officers (CEOs) representing sectors such as: agriculture; waste management; infrastructure, technology and construction; investment services; and water and resource management. ITR is responsible for the implementation of the Australian Government agreed recommendations.
- 2.29 The ITR submission describes the EIAA as outlining:
- ... a vision for considerable growth in the revenues of the environment sector over the next 10 years which, if realised, could be expected to result in a significant increase in employment in that sector.¹⁰
- 2.30 The development of the EIAA was preceded by the release in 2000 of a discussion paper, which provided an overview of the environment industry, environment employment, and issues affecting the environment sector. The discussion paper used a number of data sources to compile the following summary statistics for the environment industry:
- Annual global environment market is estimated at around \$1 000 billion;
 - The domestic market is estimated at \$8.6 billion with a growth rate of 3 per cent per annum;
 - One third of the Australian goods and services supplied are imported;
 - Australian exports are estimated at \$300 million; and

8 ISR (2001), *Environment Industry Action Agenda: Investing in Sustainability*, p. 8.

9 ISR (2001), *Environment Industry Action Agenda: Investing in Sustainability*, p. 25.

10 Submission no. 18, p. 1.

- The industry accounts for 1.6 per cent of Gross Domestic Product in Australia and up to 127 000 jobs.¹¹
- 2.31 The discussion paper summarises as follows the main factors driving demand for environmental goods and services as follows:
- Environmental regulations, including evolving international environmental standards and their enforcement through incentives and economic instruments;
 - Consumer and community pressure reflecting changing awareness and lifestyle decisions;
 - Changing business attitudes to environmental issues;
 - The focus of public expenditure; and
 - Technological developments.¹²
- 2.32 The environment industry is described as consisting predominantly of SMEs with a low number of large enterprises and transnationals. The discussion paper notes that there is also considerable variation in the maturity and depth of development of segments within the industry. Further fragmentation of the industry comes in part from the ‘consumers’ of environmental goods and services which are divided between government, industry and households. While each share between 30 and 40 per cent of total domestic environment protection expenditure, each consumer of these goods and services is focussed in a particular segment of the industry.¹³
- 2.33 In 1996-97, total domestic environment protection expenditure was \$8 622 million. Government expenditure accounts for 29.6 per cent of this total. Nearly half of this government expenditure (45.9 per cent) is in biodiversity and landscape. Industry accounts for 39.8 per cent of total environment protection expenditure, of which 42.7 per cent is in waste management. Households account for 30.6 per cent of total expenditure, of which 66.3 per cent is in waste water and water protection.¹⁴

11 ISR (2001), *Environment Industry Action Agenda: Investing in Sustainability Discussion Paper*.

12 ISR (2001), *Environment Industry Action Agenda: Investing in Sustainability Discussion Paper*, p. 13.

13 ISR (2001), *Environment Industry Action Agenda: Investing in Sustainability Discussion Paper*, p. 13.

14 ISR (2001), *Environment Industry Action Agenda: Investing in Sustainability Discussion Paper*, p. 13.

- 2.34 The paper also analyses domestic and international opportunities for the Australian environment industry. Domestic opportunities include increased demand from mainstream businesses as sustainability awareness leads to implementation of eco-efficiency changes and TBL accounting.
- 2.35 Emerging international opportunities for the Australian environment industry are in markets in Asia and the Pacific and some Central European locations. In these areas, emerging economies are developing regulatory frameworks to manage the effects of rapid development on local environmental systems. However, the niche supply of environmental goods and services to industrialised countries such as Western Europe, Japan and the United States remains the most important overseas markets for Australia.
- 2.36 The United States Department of Commerce has estimated that global environment revenues were US\$500 billion in 2000 and growing at more than 3 per cent each year. The United States, Western Europe and Japan represent the sizable portion of these revenues (approximately 84 per cent). However, the Asia-Pacific region is expected to show marked growth in future demand for environmental goods and services.¹⁵
- 2.37 Internationally, the environmental goods and services industry is certainly a growth industry, with economic and employment opportunities for Australia. The 2002 Australian Conservation Foundation (ACF) report, *Natural Advantage*, claims that global pollution control represents an exciting market opening for Australia. By capturing just 2 per cent of the market, the ACF claims that 150 000 jobs could be created.¹⁶

15 United States Department of Commerce (2000), *US Industry and Trade Outlook, 2000*, Washington DC.

16 Australian Conservation Foundation (2002), *Natural Advantage: a blueprint for a sustainable Australia*, p. 57.

Lack of Reliable and Trend Data

- 2.38 Australian environmental goods and services market supply and demand data is available until 1996-97. However, data collection has not been continued and any ongoing expenditure data tends to be on selective industry segments sectors, which inhibits wide-ranging analysis of the environment industry. Details of the ABS data collections on the environment industry is provided at Appendix 3 of the EIAA.
- 2.39 The lack of a national data collection on the environment industry means that there remains a critical need for meaningful data on the size, characteristics and economic performance of the Australian environment industry. While the Committee has adopted a broad definition for the purposes of this inquiry, there remains a critical need for more data on the Australian environment industry, for the purposes of international comparative analysis, domestic policy, planning and market opportunities.
- 2.40 Existing industry and commodity classifications used by the ABS do not separately identify businesses as 'environment industry.' Given the global importance of the environment sector and its growth performance, it is important that Australia is able to benchmark its own industry, identify market openings and monitor trends across industry segments.
- 2.41 As indicated earlier, there have been a number of studies and small surveys on the environment industry in Australia. Industry organisations have undertaken surveys of the industry and contracted researchers to measure and describe the structure of the sector. These studies provide indicative 'snapshot' data on aspects of the industry.
- 2.42 However, each data set is limited by the size or location of the sample, and different classifications prevent the compilation of these studies into comprehensive or trend data. The ABS notes that several issues are apparent from this range of data collections:
- The data is not national or comprehensive;
 - Different definitions are applied across different surveys;
 - and

- Most surveys are voluntary and response rates tend to be not higher than 30 per cent, which compromises the reliability of data collected.¹⁷
- 2.43 During the inquiry, a number of industry associations referred to the lack of consistent, comprehensive and trend data. In its submission to the inquiry, ITR noted that the lack of adequate information is of concern to the Australian Government and the environment industry. ITR described the available data as disjointed and limited, and as representing only parts of the industry. Consequently, the data collections available do not provide the type of comprehensive or trend information which would aid sector analysis and strategic forward planning.
- 2.44 The Environment Industry Development Network (EIDN) stated that:
- There is no doubt that there is an urgent need for more information and more analysis in this sector, and it can be done now, quickly and strategically.¹⁸
- 2.45 In evidence to the Committee, a representative from the Barton Group also affirmed the need for sound data on the environment industry:
- Metrics is a very big area. If it is not measured properly, it will not be taken seriously. The ABS has a very narrow definition of, as I say, the environment industry. The funding of the next round of an ABS survey, which is recommended in the action agenda—I think it is \$1½ million—is an urgent requirement. There is also a need for a parallel study, probably by consultants. It has a broader view. It is more of a scoping study of where the real industry is, where the real decisions are being made and where the real capacity for growth, exports and technology growth are.¹⁹
- 2.46 Similar evidence was presented by the EIA who commented on the urgency of a clarifying and useful definition of the environment industry. The EIA considered that, while ABS data on the industry is needed, it is important that the environment industry be understood as extending to companies and business production beyond this statistical interpretation. The EIA considered that:

17 ABS (2001), *Prospectus on a National Survey of Environment Industry*.

18 *Transcript of Evidence*, p. 2.

19 *Transcript of Evidence*, p. 48.

The overarching theme [of the Action Agenda] of capturing the [high] ground has a big impediment in the definition of the environment industry, which is essentially treating threats and hazards to the environment or, in a traditional view, cleaning up somebody else's waste. Now if you are on the back foot and you see yourself in the environment industry as simply dealing with somebody else's rubbish, you will always be yesterday's men looking at yesterday's people—and it has been men rather than men and women. Tomorrow's issues are biodiversity, salinity, climate change, coastal ecosystem collapse, land clearing and so on. It is a long way from clearing up roads and rubbish.²⁰

- 2.47 The Western Australian Government, in their submission to the inquiry, also raised industry measurement and the lack of precise industry data as issues. The submission incorporated evidence from a number of state departments and agencies. The State Department of Training stated that:

A definitive estimate concerning the contribution of environmental goods / services to employment is not available for Western Australia. The inherent difficulty in calculating employment estimates for these sectors is well documented and encompasses definitional issues, inconsistencies in data collection methods and the complexity in assessing partial or indirect environmental components across the full gambit of industries and occupations.

At present the ABS industry and occupational data classifications, namely (1) the Australian and New Zealand Standard Industrial Classification and (2) the Australian Standard Classification of Occupations, do not enable precise identification of the sectors / occupation that provide environmental goods / services.²¹

- 2.48 The Western Australian Department of Training also advised the Committee that the ABS is developing an Australian Environment Activity Classification (AEAC). The AEAC is derived from the principles of the OECD environment definition, and adapted by the ABS for the Australian context. The AEAC would describe activities

20 *Transcript of Evidence*, p. 47.

21 Submission no. 22., p. 144.

undertaken by organisations within the environment industry. The Department of Training informed the committee that this classification is in draft phase with a pilot test to be conducted contingent on the availability of funding. The Department commented that such a classification would result in the provision of 'quality, detailed data on quantitative indicators pertaining to the environmental industry'.²²

- 2.49 Similarly, in the Western Australian Government submission, the Office of the Minister for State Development, Tourism and Small Business noted that a major challenge is in defining and scoping the environment industry. The Office raised the lack of current data on a national basis and concluded that this issue requires priority attention, stating that:

The implementation of the Commonwealth's Action Agendas for the Environment and Renewable Energy sectors, plus complementary State and Territory initiatives, places a greater urgency on the need for environmental industry data.

The matter is in the national interest and should be funded by the Commonwealth Government and implemented in consultation with State and Territory Governments.²³

- 2.50 The Committee agrees that having sound environment data is a priority and is also a matter of public good. The Committee investigated the progress made towards establishing a national survey on the environment industry.
- 2.51 The lack of sound data on the environment industry prohibits a detailed understanding of its size, structure and future trends. More importantly, this lack of data means there is little understanding of the integration of environmental management practices in businesses or the use of environmental goods and services across all industries. The Committee sees an urgent need to establish a national survey on the environment industry and addresses this need in the following section.

22 Submission no. 22, p. 2.

23 Submission no. 22, p. 2.

- 2.52 However the Committee also realises the difficulties inherent in understanding the environment industry, its integration across industries and its potential impact on employment. The Committee heard evidence from GreenChip that forecasting environmental jobs is a difficult task at this time. The future remains uncertain and future scenarios will be affected by Government action, or inaction, and by the priorities set at a national level.
- 2.53 DEH commented that, due to the increase in local government environmental responsibilities, ‘There is likely to be significant and increasing employment in environmental areas within local councils’.²⁴
- 2.54 While this may be the case, the Committee also heard anecdotal evidence suggesting that improved environmental outcomes may result in an overall decrease in employment in the environment industry. As communities, government and industries take up more sustainable business practices, waste production is reduced and environmental impact lessened. Given that a proportion of environmental employment is currently in site remediation, waste processing and the repair of environmental degradation, there is likely to be a reduction in the need for this type of ‘repair’ work.
- 2.55 However, balancing this potential decrease is the integration of environmental training into a range of other employment fields and also the employment of environmental management teams within larger corporations and businesses to oversee risk and impact processes.
- 2.56 This type of situation was seen by the committee during its site visit to Coca-Cola Amatil Ltd in Sydney. The Coca-Cola company has a dynamic environmental management team which introduces and oversees eco-efficiency measures in the company. This team employs people skilled in aspects of environmental assessment and management. In addition, within the company, environmental responsibility is considered to be ‘everyone’s job’ and the company prides itself on its ‘greening’ of the general workforce.

24 Submission no. 26, p. 196.

- 2.57 The Committee considers that national data should be available which captures employment in the environment industry and also integrated environmental employment across all areas of industry.

Proposal for a National Survey on the Environment Industry

- 2.58 The need for more wide-ranging and more informed data to market the industry and hence grow employment opportunities is identified in the EIAA. As part of the process of developing the Action Agenda, in 1998 a scoping study on the environment industry was commissioned by ISR.
- 2.59 The EIAA cited a lack of understanding of the environment industry as one of the impediments facing the industry and argued that:
- Available data is incomplete, lacks standardisation, and fails to capture the industry's linkages with other industries. This information failure ultimately leads to reduced investment in the industry.²⁵
- 2.60 The Action Agenda suggests the industry could overcome such an impediment through 'more accurate data on the environment industry' which would allow industry members to better position themselves and increase their understanding of the market and customer needs. In turn this would provide a better basis for marketing the industry and thus attracting investment.²⁶
- 2.61 Given the importance for industry of innovation and marketing new technologies, and also the fragmented structure of the industry which is characterised by a large number of SMEs, investment attraction is a key issue. Investment in the environment industry has obvious environmental benefits for the nation as Australia has greater access to state-of-the-art technologies and customised environmental solutions.

25 ISR (2001) *Environment Industry Action Agenda: Investing in Sustainability* p. 9.

26 ISR (2001) *Environment Industry Action Agenda: Investing in Sustainability* p. 9.

- 2.62 The Committee notes that a specific recommendation to improve the data available on the environment industry and was developed and agreed to by industry and the Australian Government in 2001.

Recommendation 3 of the EIAA report states that:

The Australian Statistician to improve the amount and level of statistical information available from the Australian Bureau of Statistics (ABS) on the industry. This should include regular (annual) collection of economic statistics on the environment industry and its clients by the ABS.²⁷

- 2.63 Responsibility for implementation of this recommendation lies with the Australian Government. In September 2001, when the EIAA was launched, a 12 month timeframe was agreed to develop the survey.

- 2.64 The Committee is encouraged that some progress has been made to address this key issue – although it is clear that implementation of any initiative has not been achieved.

- 2.65 In 2001 the ABS released the paper *ABS Prospectus on a National Survey of Environment Industry*. The prospectus outlines the context, demand, possible methodology and costings for a national survey on the environment industry, noting that:

Over the past 1-2 years, the Australian Bureau of Statistics (ABS) has received numerous requests from Federal and State government departments, industry organisations, businesses, and researchers, as well as international organisations such as APEC, for data on the economic performance and structure of the environment industry in Australia. This is because comprehensive and comparable data on the economic structure, activities and development of the ‘industry’ is currently lacking on a national basis.²⁸

- 2.66 The prospectus concluded that:

The ABS could therefore make a significant contribution to providing reliable and comparable estimates of the Australian environment industry covering all States and major areas of activity within the industry.²⁹

27 ISR (2001) *Environment Industry Action Agenda: Investing in Sustainability* p. 39.

28 ABS (2001), *Prospectus on a National Survey of Environment Industry*, p. 1.

29 ABS (2001), *Prospectus on a National Survey of Environment Industry*, p. 2.

- 2.67 The prospectus provided detail on the approach that would be taken, should a national survey on the environment industry be developed for Australia. Issues covered in the paper included: relevant concepts and classifications; types of businesses to be surveyed; data items to be collected; methodology; and the likely costs involved.
- 2.68 The ABS noted that the most significant barrier to the development and running of a national survey was the ‘significant levels of user funding’ which would be required.³⁰
- 2.69 The ABS has undertaken consultations with a number of potential users of environment industry statistics. The prospectus for the national survey summarised as follows the primary reasons that decision-makers require better data on the environment industry:
- To gain an understanding of the structure, characteristics and particular strengths of the Australian industry;
 - To assess changes in the industry’s capabilities over time;
 - To assist with the development of policies to encourage and support growth, job creation and international trade in the environment industry;
 - To provide a benchmark against which the effectiveness of government policies aimed at supporting the industry’s growth and development may be measured over time;
 - To assess the contribution of the industry to Australia’s economic, social and environmental performance, and to ecologically sustainable development;
 - To enable comparisons over the industry with other industry sectors, between States, and with other countries; and
 - To assist with promoting Australian industry’s expertise in international markets and with gaining greater access to those markets.³¹
- 2.70 The South Australian Government submission commented that the environment industry will continue to grow in significance and implementation of a national survey is required for economic forecasting and analysis. The submission recommended that:
- ... the Commonwealth work with States and Territories and the Australian Bureau of Statistics to establish the size and

30 ABS (2001), *Prospectus on a National Survey of Environment Industry*, p. 1.

31 ABS (2001), *Prospectus on a National Survey of Environment Industry*, p. 3.

nature of the environment industry in Australia, both on a national and regional basis.³²

- 2.71 From the evidence considered, the Committee concludes that an ongoing national survey of the environment industry has widespread support and long-term environmental and economic benefits to Australia.
- 2.72 The ABS prospectus provided costing estimates for a national survey of the environment industry. In 2001, the estimated total cost was \$1.54 million.³³ This cost included: survey development; fixed costs for processing systems; preparation of statistical output; and survey processing costs (depending on the size of the sample surveyed). Ongoing collections would not incur the same initial development costs and are estimated to total \$1 million per survey.
- 2.73 The ABS argues that, despite its keenness to respond to the strength of user demand for an environment industry survey, it is not currently in a position to solely finance this collection. The ABS suggested that contributions from Australian Government and State agencies interested in reliable and comparable data are necessary in order for the survey to proceed.
- 2.74 The provision of good data on the environment industry is a matter of public good. While there has been cooperative work between Australian Government departments and agencies to develop appropriate methodologies, scope and costs for such a survey, there is less willingness to cooperatively seek a means to fund such a survey.
- 2.75 The ITR submission provided an update on the recommendation relating to improving data on the environment industry, explaining that:

Industry representatives have called for more consistent and comprehensive data for the whole of the Australian environment industry. To this end, the Minister for Industry Tourism and Resources and the Minister for the Environment and Heritage have recently written to the Australian Statistician asking that the amount and level of statistical information available from the ABS on the environment industry be improved. While the ABS has considered the

32 Submission no. 32, p. 7.

33 ABS (2001), *Prospectus on a National Survey of Environment Industry*, p. 9.

conduct of such a survey and developed methodologies for conducting the survey, the ABS at present does not have the funding to undertake such a survey.³⁴

- 2.76 At a public hearing, ITR provided a further update on the progress of a national survey, stating that:

We have done quite a bit of work with the ABS to help them define how they might undertake a survey. Ministers have written to the ABS to request that the amount of information on the environment industry be increased. The response essentially, as I understand it, went along the lines of, 'We've done some work to figure out how we might do it, but essentially we need funding to carry out a survey of that size' ... The question of funding is something that is now back in our court.³⁵

- 2.77 The Committee notes there appears to be general industry and government consensus about the national value of such a survey, in terms of growing a sector that can potentially deliver economic, employment and environmental outcomes for Australia. Despite this consensus, it appears not a priority for any one department to assume the initiative and negotiate a funding arrangement for an ongoing national survey.
- 2.78 In the 2002 First Year Implementation Report of the EIAA, Recommendation 3 (which relates to improving the data available from the ABS on the environment industry) is reported as in progress.³⁶ However, beyond the ABS having developed options and classifications papers, there is no indication that an Australian Government agency is continuing to progress this recommendation.
- 2.79 The 2002 EIAA Implementation Report noted that the South Australian Government has worked with the ABS to conduct a survey of the state's environment industry. The findings of this survey have been published by the South Australian Government.³⁷

34 *Transcript of Evidence*, p. 19.

35 *Transcript of Evidence*, p. 20.

36 ISR (2002), *Environment Industry Action Agenda: First Year Implementation Report*.

37 www.environment.sa.gov.sustainability, last accessed 12 June 2003.

- 2.80 While the Committee is pleased that reliable data now exists for South Australia, the issue of national comparable data on the environment industry has not been addressed – despite the potential public and economic benefits. The Committee is disappointed that the concept of the national survey appears ‘shelved’ as the financial bill for it is passed between Australian Government departments and agencies. The budgetary constraints on departments and agencies are understood by the Committee as is the need for departments and agencies to make difficult funding decisions between competing priorities.
- 2.81 The ABS has received numerous requests for data on the Australian environment industry from government departments and agencies, industry organisations and researchers as well as international organisations such as the organisation for Asia-Pacific Economic Cooperation (APEC). The Committee considers that these requests reflect a strong need for more comprehensive national data on the economic performance and structure of the Australian environment industry.
- 2.82 In addition, evidence to the Committee suggested that:
- Current statistics on the Australian environment industry are limited and do not assist agencies or the industry with sector analysis and future strategic planning; and
 - Incomplete data on the environment sector is leading to reduced investment in the industry.
- 2.83 In addition, the Committee notes that substantial resources have already been devoted to developing an *ABS Prospectus on a National Survey of Environment Industry* and considers that additional funding should be made available to carry out ongoing national surveys on the environment industry. The Committee advises that failure to do so may impede the development of the industry and hence result in greater long term national costs to Australia.

Recommendation 1

- 2.84 **The Committee recommends that the Australian Government provide the additional funding required to enable the Australian Bureau of Statistics to collect and make available ongoing and trend data on the environment industry in Australia.**

