



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
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It is a very positive sign to see academics and policy makers coming together, as they are today and tomorrow in this Conference, to discuss some of the most momentous, and complex, policy issues of the day.

If we are going to solve some of the critical environmental problems that face Australia and the world then we certainly need to draw upon the combined intellectual resources of universities, public administration and business.

So I commend the Resource Assessment Commission, and the Centre for Economic Policy Research here at the Australian National University, for so actively contributing to the discussion and advancement of policies that will make Australia, and the world, a better place to live in.

As a starting point, let me refer you to some comments I made earlier this week while announcing the agreement reached by the Commonwealth and New South Wales Government on the future of the South East forests. I told a press conference that I believed that it will be even harder in the future than it has been over the past seven years to integrate effectively environmental and economic decision-making.

That of course is precisely why over the last couple of years I have initiated new processes to analyse and resolve these issues - notably the ecologically sustainable development working groups and the Resource Assessment Commission. These processes are designed to bring together the full range of relevant interests - developers, unions, environmentalists, and State Governments - and to hear the full range of their views, so that the recommendations for decisions that emerge will be based on the broadest base of knowledge that can be assembled. Differences within the community that would otherwise, and inevitably, hamper the resolution of these issues will I trust to a considerable extent be resolved while decisions are being reached.

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This is a very large challenge for us all and it will demand hard work and a continued preparedness to look at the other person's point of view.

And essential to the success of the effort, of course, will be an improvement in the quality of the analytic skills that we all bring to environmental issues.

In this context, one of the most notable, and welcome, developments in the discipline of economics over the past decade has been the broadening of its scope to encompass some of our key concerns about the environment.

Not so many years ago, the environmental effects of industrial and resource developments were not considered by economists to be important factors - or, if their importance was conceded, they were believed to be unquantifiable and thus, by default, outside the scope of orthodox analysis.

That orthodoxy is now changing.

Economics of course is essentially concerned with the attainment of human well-being. That remains unchanged. What is new is the recognition - first at the level of the community, and then rapidly percolating throughout Government, academia and the professions - that human well-being these days depends on many issues including, critically, the quality of the natural environment.

Economists now better understand that the degradation of the natural environment has costs - for the economy, for society and for individuals. And they accept that those costs can be counted, and must be counted, so as to arrive at a more complete assessment of our overall well-being.

Let me point to three innovations in the discipline of economics which are helping us incorporate environmental effects explicitly into economic analysis of policy.

First, economists are seeking to develop new methods for valuing damage done to the environment. Putting a price on environmental damage forces us to recognise that the benefits of a development have to be set against any costs it incurs in the form of environmental damage.

Second, there has been a burst of activity in the area of environmental accounting - in other words, in attempting to incorporate into our system of national accounts the costs of depletion of natural resources. The Australian Bureau of Statistics is currently developing methods to adjust Australia's national accounts to reflect some of the costs of economic growth to the natural environment, and I await the outcome of this work with great interest.

Third, and as a result of all the foregoing, economists are helping develop policy options that may minimise damage to the natural environment. There are now vigorous debates over the merits of economic policy instruments such as pollution taxes, carbon taxes, tradeable permits and other market based incentives for protecting the natural environment.

All these advances in economic analysis are playing, and will continue to play, a major role in helping to resolve environmental questions. I know the Resource Assessment Commission is actively employing them all in its efforts to assess the questions that I have referred to it, and to develop the options that the Government should consider.

Let me also express here, as I have elsewhere, my appreciation of the fact that conservation organisations representing the views and concerns of millions of Australians have also accepted the challenge of integrating economics and environmental protection.

The contribution they are making to the Resource Assessment Commission inquiries is a very welcome and constructive one.

Of course, like any large groups, these conservation organisations embrace a diversity of opinions. And as I said earlier this week, there are some parts of the environmental movement who will never be satisfied unless they get 100% of their ambit claims. To those people I say that in confronting these complex issues no one, and certainly no Government, has the luxury of just being able to apply one criterion, be it economic or environmental. The important thing is to arrive at an integrated decision, and it is that truth that is now very widely accepted throughout the community.

But there is another important aspect to the way the Resource Assessment Commission is going about its task.

We can't expect economics to supply the whole solution to our environmental problems - even the enlarged concept of economics I have outlined this evening. Economic values are, still, mostly expressed through the mechanism of prices, and prices are not a good measure for the ethical or aesthetic values that are also tied up in any consideration of the environment.

There is no doubt in my mind that there are some extremely important ethical issues underlying many of the environmental disputes which we witness in our society and in the world today. The question of species preservation is an ethical issue more than an economic issue; the preservation of sacred sites, the retention of areas of natural wilderness - these are necessary actions but they cannot be easily explained or justified within the parameters of economic analysis. Price tags are not easy to pin on them.

So I am pleased that the Resource Assessment Commission - as an explicitly interdisciplinary body - is identifying and assessing the range of economic, ecological, social, cultural and ethical issues that are integral parts of environmental and resource-use disputes.

The Commission has been asking individuals and organisations making submission to its inquiries to state forthrightly the ethical and moral values which underlie their positions. This is commendable because frequently, the disputes in question come down to differences in the basic values people hold.

This is nowhere more clearly shown than in the difficult questions surrounding Kakadu. The Commission's inquiry into mining in the Kakadu Conservation Zone is due to report to me next April, with a draft report made public at the end of the year. Many people have suggested that asking the Commission to produce its first report on the Kakadu issue was a 'kiss of death', since the positions of the main parties in the Kakadu issue are so very deeply entrenched.

Let me simply express my very great confidence that I will receive from Justice Stewart and the RAC Commissioners a report that reflects the independence, professionalism and high calibre of their work and that of the Commission's staff. I am wholly confident that whatever conclusions the Commissioners reach will be reached only after all the issues have been weighed up, so as to determine where the best interests of Australians as a whole truly lie.

Further down the track is the RAC inquiry, that I foreshadowed in my Environment Statement last year, into Coastal Zone Management issues. The Government has decided that an initial reference will address Building, Tourism and Associated Development. I appreciate that the management, conservation and development of the coastal zone involves a huge range of very complex issues, and I have recently written to State Premiers and Territory Chief Ministers proposing detailed consultations on draft terms of reference. Consultation will also take place with other relevant interest groups prior to finalising the terms of reference.

I am grateful for your invitation to address you tonight and I regret that I can't stay for dinner. You probably know that I have an appointment in the Cabinet Room this evening at which these very issues I have been talking about - the integration of economic and environmental considerations - will be once again confronted, this time in relation to the question of greenhouse gas emission targets.

You will appreciate that I can't tell you anything about the substance of our deliberations themselves.

But I do want to say this. When the decision is made, I urge you to look closely at it, and to consider the issues that underpin it.

When we reached our decision in Cabinet over Wesley Vale last year, we were accused, by those people who didn't study the full decision properly, of being too green.

When we announced our decision this week over the South East forests, the same lack of careful study led us to being labelled excessively pro-development, with our so-called green credentials fading.

But the truth is, not surprisingly, more complex - for what we have done consistently is to make decisions on their merits, and not on the basis of lobbying campaigns or of emotional appeals by any side. So it's not a question of being pro-green or pro-development. It's a question of being pro-Australian, and the sooner we get our collective minds around that concept the better we will all be.

This Conference will help play an important role in that task, and I wish you well in that.