

9.6 The environment

PRODUCT
DISTRIBUTION
PROMOTION
PEOPLE
FINANCE
RISK
GROWTH

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Environmental risks

Environmental and natural resource issues are two areas of business risk that have become increasingly important since the early 1970's. It is hardly surprising that the Australian food industry, which is so dependant on the natural resource base, has had to keep abreast of advances in our understanding of the Australian environment and natural resource capability.

Environmental management is the management of people's activities that effect the environment and is focussed towards reducing the effect. Industry practices in all sectors have been changing over the past few years to achieve less impact on our soils, water resources, air quality, and our biodiversity in terms of the richness of our native flora and fauna.

In 1987 the United Nation's Bruntland Commission Report on *"Our Common Future"* defined sustainable development as *'development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'*

The most recent thinking about what sustainable development means has focussed on the balance between human activity and social, economic and environmental factors—the so-called Triple Bottom Line.

A recent report on Environmental Sustainability in the Australian Food Industry, commissioned by the National Food Industry Strategy Inc., suggested the World Business Council for Sustainable Development's (WBCSD) definition of eco-efficiency provides the closest fit to what sustainability might mean for the food industry.

The WBCSD defines eco-efficiency as being achieved by:

'The delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life cycle, to a level at least in line with the Earth's estimated carrying capacity.'

It is this need to reduce environmental impacts progressively that had led people to examine systematic ways for improvement.

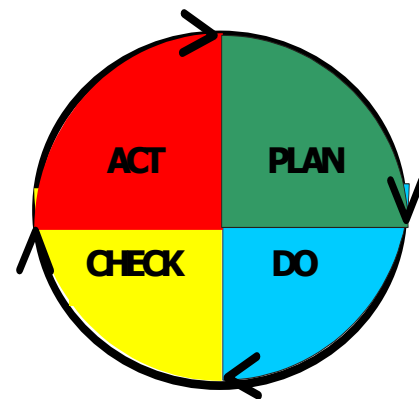
Management systems and continual improvement

The fundamental principle found within all of the international frameworks for establishing and benchmarking for good business practice is that of continual improvement

Without continual learning and improvement, your business will be doomed to repeat past mistakes. A Dr Edwards Deming

described an approach for avoiding this, a tool he referred to as PDCA.

The acronym PDCA stands for the four components to the process cycle, Plan, Do, Check and Act. The Deming cycle, as this is now known, is the basis of all management systems including quality, risk, environmental and occupational health and safety management systems.



Environmental Management Systems

Standards can be used to provide guidance on good management practice. The best-known standards for environmental management are the International Standards Organisation's standards ISO 14001 and ISO 14004.

ISO 14001 contains only those elements of a system that can be objectively audited whereas ISO 14004 is a more informative document and provides guidance on a broad range of environmental management systems (EMS) issues. Either standard can be used by a business to develop and implement an environmental management system. ISO 14001 is particularly relevant if you want to have your business certified.

The EMS standards are both based on Deming's PDCA cycle. The steps are:

1. **Plan:** Establish the objectives and the processes necessary to deliver results in accordance with the organisation's environmental policy.
2. **Do:** Implement the processes.
3. **Check:** Monitor and measure processes against the environmental policy, objectives, targets, legal and other requirements and report the results.

4. **Act:** Take actions to continually improve activities and processes in order to continually improve the performance of the management system.

Do you have to have an EMS?

It is not compulsory to have an EMS, and retailers and markets are not currently specifying the adoption of an EMS as a requirement. While some consumers are showing preferences for green and organic products, the most important consumer issues appear to be those of food safety, food quality and cost. There is no evidence that consumers are willing to pay a premium for foods produced by environmentally sustainable practices.

Reasons to adopt better environmental management approaches

The key driver for the adoption of better environmental management practices and in some cases EMS is the need to better manage business risks. The most important issue here is the possibility of losing access to the natural resources (such as water or cleared land) due to community concerns about their exploitation.

Additional business risks about environmental sustainability include the risk to brand / label trust and reputation, demands for greater transparency through the product life cycle, and the need to meet changing community needs.

Government programs

Two funded programs are the national framework for EMS in Agriculture (SA contact Elliot Dwyer (08) 8463 3191) and the eco-efficiency project.

The Environment Protection Authority has been running a program aimed at supporting businesses that wish to work with their partners and suppliers on “greening their supply process”.

'Greening the supply process' is a way of reducing the effects of business activities on the environment and bringing benefits to both customers and suppliers. “Greening” is in the form of improving efficiency of the use of materials, energy, water and recyclables and decreasing pollution, waste disposal and effects on the environment. The outcome therefore is a more environmentally conscious supply process rather than a “greener” end product.

An information document on this program can be accessed through the EPA website at www.epa.sa.gov.au/initiatives.html. The project manager for this project in the EPA is Kaye Best phone (08) 8204 9068

Websites

Environment Protection Authority www.epa.sa.gov.au/tools.html

Greening the Supply Process www.epa.sa.gov.au/initiatives.html

Office of Sustainability
www.environment.sa.gov.ausustainability/business.html

Zero Waste SA www.zerowaste.sa.gov.au

Australia's national framework for Environmental Management Systems in Agriculture www.affa.gov.au/content/publications.cfm?ObjectID=6166032A-0172-4C4B-A8A251F2E18912CE

Agriculture, Forestry and Fisheries Australia
www.affa.gov.au/ems_plan

The Demystifying Tour of ISO 14000 www.iso.org/iso/en/iso9000-14000/basics/general/basics_1.html

Case study

Pace Farm Eggs www.smallbiz.nsw.gov.au/frame.cfm?l=/issues/innovation/links.html&r=/issues/innovation/pace.html