

Why we need environmental accounts alongside national accounts

Written by The Conversation USA

The Federal Budget has been delivered and Australians are headed for the polls. In this series, Reform Revisited, we ask writers for innovative ways to tackle our reform agenda.

Charles Dickens' character Oliver Twist is perhaps best known as the boy who wanted more. Of course, he got none. Instead, his efforts prompted Mr Bumble, the parish beadle (official) to offer a princely £5 to anyone who would take the boy off his hands.

The environment is something of a modern Oliver Twist in the budget workhouse. There's certainly no more porridge on offer – indeed significantly less [counting the changes to renewable energy funding announced on 23 March](#)

. Last Tuesday's federal budget contained no new policy and no new money, only some savings and the allocation of funds already set aside for environmental purposes. And, Mr Bumble-like, the Government remains committed to its "one-stop shop" policy of transferring environmental approval powers to "willing jurisdictions", to use the terminology of the [Department of Environment](#)

But how much budget porridge is needed for a hungry environment? And what does the environment do that deserves porridge anyway? The budget might at least be expected to consider the environment's contribution to the economy (for example, through agriculture) if not in relation to the broader goal of maintaining the environment for its inherent value, as articulated by [Environment Minister Greg Hunt's budget media release](#) .

The budget continues to support some worthy initiatives, such as the management and protection of the Great Barrier Reef through the [Reef 2050 Plan](#) . But, overall, we do not know if the budget funding will deliver the desired results across the environment, to maintain the functions that support our economy and lifestyle. Compare this the comprehensive information and accounting systems in place to measure the performance and contribution of different industries (agriculture, manufacturing, retail trade and education) in the economy.

The deficiency could be remedied by making better use of data – both scientific and economic. The economic part of the budget is well served with information and forecasts of economic conditions, but the environmental part is not, despite the increasing availability of environmental information, not only from established sources such as the [five-yearly State of the Environment](#)

[Report](#)

, [rainfall and temperature](#)

[outlooks from the Bureau of Meteorology](#)

, but from new sources, such as the recently released

[Australia's Environment in 2015](#)

which is the latest example of distilling the increasingly large amount information available from remote sensing technology.

None of this is factored into the Budget in the way that economic indicators such as unemployment or economic growth rates are, so the impacts and risks of the changing environment on the economy are ignored.

These days, the problem is more one of data organisation rather than data availability. The obscurely-titled [System of Environmental-Economic Accounting](#) (SEEA) attempts to do for the environment what the [System of National Accounts](#)

has done for the general economy: systematically and regularly present data in a way that reveals what is going on, and to some extent, why.

The [ABS already uses SEEA to produce accounts](#), although these are as yet very basic. If Treasury used information from a comprehensive set of environmental accounts alongside its existing information in developing the Budget, the economic and environmental justifications for environmental spending would be much clearer. More fundamentally, we would have a much better sense of whether we were on the path to sustainability, and if not, where additional investment could have most impact.

Oliver Twist was of course fiction. But in penning his novel Dickens had a real-world target: the British Poor Law Amendment Act of 1834, which ushered in a primitive work-for-the-dole scheme in the form of parish workhouses. While the immediate problem in the story might have been Oliver's empty bowl, the underlying problem in the real world was that with the industrial revolution, the parish system on which British society had operated for centuries was breaking down rapidly as rural workers migrated en masse to the newly-industrialised cities. Forcing the indigent into workhouses was a budget fix, when what was really needed was a new welfare system.

The approaches taken in managing Australia's environment, including through the Budget, are as obsolete as the Poor Law was in Dickensian Britain. We don't know how much

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environmental investment is needed, or where best to place it. But just as the Turnbull government has a 10-year economic plan for reducing company tax, and is making a 40-year investment in submarines, we need a long-term plan for environmental investment. Until we have a comprehensive set of environmental accounts linked to existing economic information, such a plan will lack foundation and our modern Oliver Twist will have no option beyond the poorhouse plea: “Please, sir, I want some more.”

Read more in the series [here](#) .

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