

Environmental Fiscal Instruments and the Development of the Environmental Management Services Industry in Australia

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Introduction

- Defining the environment management services industry
- The industry globally
- The industry in Australia
- The introduction of environmental fiscal instruments in Australia
- The correlation between the use of environmental fiscal instruments and the growth of the environment management services industry

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Defining the environment management services industry

- OECD 1999:
- “activities which produce goods and services to measure...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.”

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WTO initial groupings under GATS

- Sewage services
- Refuse disposal
- Sanitation and similar services
- Others



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Expansion over last 15 years

- Negotiations under GATS have expanded to:
- Nature and landscape protection
- Air pollution control
- Remediation and clean-up of soil, surface water and groundwater



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Environment Industry Action Agenda (DITR 2001)

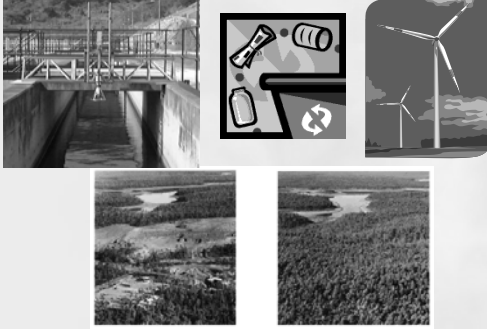
- “a...wider view including activities encompassing water and waste water management, river system and coastal zone management, land management, rehabilitation and remediation, air quality monitoring and control, energy efficiency and renewable energy, waste minimisation, resource recycling, waste treatment and waste disposal, cleaner production technologies, monitoring and instrumentation, research, analysis and technology and systems development”

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examples



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The industry globally

- Developing for some time
- Market estimated at US\$250 billion (1990-92) – larger than the pharmaceuticals industry but smaller than the IT industry
- 4-8% annual growth
- OECD countries accounting for 80% of the market

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Industry in Australia

- US\$2 billion in 1990 (OECD, 1992)
- AUD 8.6 billion 1996-7 (ABS, 1999)
- AUD 16.7 billion 1999-2000 (ABS, 1999)
- AUD 16 – 20 billion 2004-5 (Barton Group)
- Projection of AUD 40 by 2012 (DITR, 2001)

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Environmental fiscal instruments in Australia: some examples

- Deductions allowed for mine site rehabilitation expenditure: 1 July 1991
- Deductions allowed for expenditure on environmental impact statements and environmental protection activities: 1992
- Revised in 2001
- Conservation covenant incentives 2002

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Correlation: example

- Early 1990s Australia's environmental industry still in establishment stages but focusing on rehabilitation and remediation of mining and industrial sites, waste-water treatment, monitoring equipment and consultancy services.
- Rehabilitation incentives effective 1991

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Correlation

- Growth in the environment management services industry can be attributed to the ever increasing demand for improved standards of environmental management in industries that have typically been the polluters of the earth.
- Enforcement of stricter environmental regulation has been recognised as achieved "through a mix of government incentives and economic instruments" (Perkins 2006)

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