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Book review

Rethinking Voluntary Approaches in Environmental Policy, by Rory Sullivan. Published by Edward Elgar Publishing, Cheltenham, UK, 2005, pp. v + 216, ISBN 1 84542 210 4 (hdbk).

This book provides a good overview of some voluntary approaches in environmental policy at the company or firm level. The author uses a multi criteria approach to assess the effectiveness of voluntary environmental policies. He focuses on three Australian initiatives: environmental management systems; the Australian Greenhouse Challenge; and the Australian mining industry's Code for Environmental Management. The book is based on the author's PhD thesis, where he systematically investigated voluntary approaches against criteria such as the environmental effectiveness, competitiveness, innovation, relative efficiency and acceptability by industry, government and other groups.

The author begins by arguing that the academic literature on voluntary approaches is limited and discipline specific. Voluntary approaches to environmental management are presented as complementing command and control approaches of regulation by addressing new issues, enhancing the accountability of companies and attempting to internalise environmental costs. Some disadvantages of using voluntary approaches are limited evidence of economic benefits to companies, vague wording, lack of performance criteria and the potential for double counting. The challenge in arguing for voluntary actions is that they often only emerge in anticipation of future regulation or to avert legislation being introduced.

The book consists of four parts: an overview (Part 1); literature review (Part 2); three case studies from Australia (Part 3); and discussion (Part 4).

In the introduction, some environmental policy evaluation criteria are identified from relevant literature and summarised in a table. From this table, the following nine criteria were systematically used for evaluation: environmental effectiveness; economic efficiency; transaction costs; competitiveness; soft effects; innovation; acceptability; inclusiveness and public participation; and law and public policy issues. Each criterion is discussed in some detail in the introduction. While the author has pursued a multidisciplinary approach, perhaps more could have been added in the discussion of economic efficiency, especially in relation to the potential use of non-market values. The competitiveness section of the introduction would have benefited from more discussion of competitiveness at a within-country level. Some sections (acceptability, inclusiveness, and law and public policy issues) are quite brief, which diminishes the comprehensiveness of the discussion.

The literature review includes an assessment of the strengths and weaknesses of environmental policy instruments, dividing them into four categories: command and control; economic instruments; information-based approaches;

and voluntary approaches. The discussion in the 'command and control' section is limited to setting standards and some issues associated with them. The section on 'economic instruments' focuses on taxes, permits and subsidies. The section on 'information-based approaches' is focused on some issues with public reporting, product certification and other information disclosing requirements. The discussion of the first three instruments is very brief while the 'voluntary approaches' section provides a lengthy discussion of environmental effectiveness of each of nine environmental policy evaluation criteria as well as their benefits for participating organisations. The literature review part concludes with a discussion of the role of voluntary approaches and their combinations in a policy mix.

The section on case studies follows the evaluation format used in the introductory section. Each of nine criteria is used to assess each case study. This part of the book starts with a description of the Australian economy, political structure, the national strategy for ecologically sustainable development and environmental policy instruments in Australia.

The first case study focuses on environmental management systems in Australia, including a description of the consequences of non-compliance with environmental regulation. The International Standard Organisation's (ISO) ISO14001 accreditation system for environmental management that was piloted in Australia in 1996 is described. In discussing the effectiveness of this standard in terms of nine criteria, quotes from interviews with environmental and other managers are presented. The benefits of adopting such a standard for businesses is analysed in the case study.

The second case study is the Australian Greenhouse Challenge. The author provides an overview of some details of climate change, economics and international initiatives such as the Kyoto Protocol. The Australian greenhouse emissions profile and policy responses to climate change are also reviewed. The Australian industry's Greenhouse Challenge initiative is described as an initiative for Australian public and private organisations to 'undertake and report on their actions to abate greenhouse gas emissions'. This voluntary program was supported so as to reduce the likelihood of introduction of a carbon tax by the government. The operation of the Greenhouse Challenge has been reviewed in relation to the set of nine criteria.

The last case study is the Australian Minerals Industry Code for Environmental Management. The author provides an overview of the impacts of mining, changing community opinions on mining in terms of stricter environmental and social requirements, and industry responses. In response to the considerations of the Commonwealth Environmental Protection Agency to introduce a code of conduct for Australian companies operating overseas, the Minerals Council of Australia launched its own Australian Minerals Industry Code for Environmental Management. This section provides the Code's objectives, requirements, issues and performance. The effectiveness of this initiative is assessed in the same manner as the other two voluntary initiatives against the set of nine criteria.

The discussion section of the book provides a review about how each of the criteria performed. The conclusion is drawn that the environmental effectiveness of voluntary approaches is difficult to assess due to limited data availability. In general, the voluntary environmental targets that are adopted are usually modest and can be criticised as being set by the industry itself with the potential for free-riding. The economic benefits of voluntary approaches tended to be limited, with the major benefit reported being the requirement of the firm to identify and estimate the costs and benefits of environmental improvements. The impacts of the three voluntary approaches on transaction costs, competitiveness and innovation appear to be either similar to those of the regulatory approaches or less, while soft effects seem to be important. The rest of the criteria had a low performance in all three case studies.

The implications for voluntary approaches is that their limitations can be addressed by developing standardised approaches to reporting, setting achievable quantified targets, clearly stating objectives and goals, identifying precise requirements, identifying reviewing and benchmarking mechanisms, and setting appropriate sanctions for failing to meet stated requirements. Making these changes would enable the performance of the voluntary initiative to be monitored over time by an external stakeholder.

This book can be recommended to those who develop, implement or assess the effectiveness of environmental policy, and to those interested in these case study areas.

GALINA IVANOVA
Centre for Social Science Research
Central Queensland University