This is the published version:

O'Toole, Kevin 2007, Triple bottom line: why councils must use and integrated approach, *Councillor magazine*, vol. Sep/Oct, pp. 4-5.

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Triple bottom line: why councils must use an integrated approach

Local government's increasing focus on sustainability and use of 'Triple Bottom Line' management philosophy will only succeed if councillors and council managers ensure adequate resources are assigned to addressing environmental, social and economic issues on a collective, integrated basis, writes Deakin University Associate Professor DR KEVIN O'TOOLE.

The notion of sustainable development has produced a range of responses from the global to the local scale.

Such responses as Local Agenda 21 (LA21) and Cities for Climate Protection (CCP) have been devised to give local agencies a place in sustainable development that is both meaningful and practical.

The International Council for Local Environmental Initiatives (ICLEI) website carries a number of case studies that claim to have delivered changes to local government practices using these programs.

However, the question still remains as to whether the outcomes of these programs are sustainable in the light of the relative place of the environmental pillar in the use of a triple bottom line approach to governance.

The triple bottom line involves the development of a reporting system that takes into account not only financial but also environmental and social information.

In this sense, the triple bottom line focuses not just on the economic value that is added, but also on the environmental and social values that are either added or destroyed.

It requires a change in the institutional and cultural milieu of an organisation.

The initial response to LA21 and CCP was a sense of optimism that sustainable development could be achieved through the involvement of municipal government at local level.

The aims of LA21 were focused on challenging the practices of local planning authorities by developing fresh and innovative ways of including the local community into decision-making processes.

The argument was that participation in LA21 was essential to mobilise political, business and popular support, to bring new resources of various kinds into the strategy and implementation process, to improve local "ownership" of the whole strategy and to make links to other important policy areas, not least economic development.

It is assumed that citizens are inclined to work collectively and selflessly on sustainability issues and that service providers (notably local government) will readily respond to expectations of, and public debates about, improved provision of services affecting quality of life.

Instead, there is a sense that participation is generally stultified by public apathy or influenced by vested interests or NIMBY ("not in my back yard") attitudes.

Furthermore, CCP suffers from issues associated with all voluntary codes of behaviour - a lack of mandatory reporting standards.

The lack of clear guidance from higher levels of government, as well as the problems associated with voluntary standards of environmental reporting, raise questions about the development of a sustainable triple bottom line.

The International Organisation for Standardisation lists a range of voluntary environmental standards addressing management systems, auditing, labelling, life-cycle analysis, and environmental performance evaluation.

Yet voluntary initiatives are under-utilised and it is not clear that organisations with certified systems outperform those without certification.

Since the main focus of recent local government reforms have revolved around issues of statutory service obligations, financial accountability, local economic development and, to a lesser degree, democratic representation, local government has been forced to deal with the economic and, to a lesser extent, social pillars of the "bottom line" in the first instance.

Compliance with competition policy guidelines (or the new reform agenda), more efficient delivery of services with its client accountability, and significant cost shifting from higher levels of government have expanded local government's responsi-
bility in many areas without the concomitant resources.

In this process, the “environmental” pillar of the triple bottom line has had to compete with local entrepreneurialism (economic) and regeneration (social) for recognition.

Embedding the environmental dimension together with the economic and social dimensions requires a type of “joined up” thinking that is not readily apparent in other levels of government.

Furthermore, organisational knowledge that includes environmental accounting, auditing and compliance in the overall role of local government is not going to be easy when the environment is treated merely as one function among many others.

Social change can be difficult to achieve as people resist altering the ways they do things.

Long established patterns of behaviour, institutional cultures with fixed policy frameworks and the control of programs by central and local bureaucracies can hamper efforts toward local systems for sustainability.

Triple bottom line reporting will only succeed if specific staff are dedicated to working on the reporting process, with full management and councillor support and adequate resources to integrate the process.

The danger is that LA21 and CCP-type initiatives become bounded in a functional silo and become detached from other local government activities like service delivery and policy development.

Bringing the environmental, social and economic pillars into a unified accounting, auditing and monitoring system is like biodiversity itself: the whole is greater than the sum of its parts.

To that end, we may need to replace the “triple bottom line” with another term that encapsulates the “whole” as greater than the parts so that policy makers and managers can focus on the integrated process rather than three bottom lines.

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Dr O’Toole has published over 50 journal and conference papers in recent years and is on the editorial panel of the journal Rural Society that reports on a range of issues in rural Australia.

In 2006, he delivered a keynote address to the SEGRA (Sustainable Economic Growth for Regional Australia) conference in Launceston, and has been asked to give a keynote address to the Ecology and Community Development conference in Melbourne next year.