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## PARLIAMENTARY BRIEFING

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### 1 June 2011 - Scottish Government debate "Taking Scotland Forward"

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Our economic system has an important role to play in securing a future where we live within environmental limits – a 'One Planet' future. Securing this future requires us to re-think the purpose of our economy, how progress towards this aim can be better measured and what economic interventions can best drive progress towards this goal. With the right framework and approach, Scotland can establish a sustainable economy – a One Planet Economy - that focuses on ensuring a good quality of life, wellbeing and healthy environment for all. This transition will provide huge job opportunities for Scotland across many sectors.

#### Summary

- The purpose of our economic framework should be to support the delivery of sustainable development – reducing our impact, tackling inequalities and improving wellbeing. Measuring Scotland's economic progress needs to go 'beyond GDP' to measure what matters. Growth per se, as measured by GDP alone, can undermine progress towards environmental or social goals that in turn can impact on our economic wellbeing.
- Scotland's National Performance Framework should support a more sophisticated approach to measuring progress by improving the sustainability and wellbeing indicators and placing much greater emphasis on these aspects as high level purpose targets.
- A low carbon economy is a central component of a sustainable economy and should become the core of Scotland's overall economic strategy if we are to deliver Scotland's emissions reduction targets as established in the Climate Change Act and reduce our global footprint.
- To date, much of the 'green job' focus has been on renewables, whereas opportunities in other sectors such as energy efficiency, public transport, food production and waste prevention have not been sufficiently articulated, supported or stimulated.

#### Measuring what matters – going beyond GDP

While GDP is a useful indicator of economic activity, it also measures and reflects expenditure associated with things we would rather avoid e.g. the clean-up cost after an oil spill, the cost of ill-health or crime. The Gulf of Mexico oil spill, for example, contributed to an increase in GDP even though it damaged the environment and the livelihoods of many fishermen.

An increasingly large and robust body of research confirms that, beyond a certain threshold, further increases in material wealth as measured by GDP do not translate into increased wellbeing in terms of community cohesion, healthy relationships, knowledge, wisdom, sense of purpose, connection with nature, and other dimensions of human happiness.



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WWF Scotland believes that improved quality, activity, stability and strength of the economy are more important than simply increasing its quantity. In May this year the Carnegie UK Trust's Round Table report on economic performance and social progress in Scotland concluded 'we need to break our focus on economic growth and instead focus our effort on delivering well-being, now and into the future.'

### Recommendations for Scotland

Scotland's economic policy is making steps towards a broader purpose beyond economic growth, however GDP remains the dominant high-level indicator, benchmark of progress and decision making driver. Much greater prominence must be attached to additional indicators of progress beyond the traditional focus on GDP growth alone.

For example, the National Performance Framework (NPF) should be strengthened by:

- Improving the sustainability and wellbeing targets. On sustainability a high level purpose target for reducing our resource use or footprint should be adopted, targets for climate emission reductions strengthened to reflect the target commitments in the Climate Change (Scotland) Act.
- Attaching much greater prominence to these high level sustainability/wellbeing targets.

The Government's 2010 Low Carbon Economic Strategy provides a welcome framework for considering the linkages and opportunities between tackling climate change and the economy, but does not go far enough. 'Low carbon' must be at the core of Scotland's overall economic strategy, with a specific objective of supporting delivery of the Climate Change (Scotland) Act. Robust measures must be introduced to reduce production emissions and also those associated with consumption emissions – those embodied in the goods we import. In order to prevent 'offshoring' our emissions to meet our statutory climate change targets, the Scottish Government must reiterate its commitment to reduce Scotland's global footprint.

WWF Scotland supports the Government's commitment to develop green job opportunities in renewable energy. To date, opportunities in other sectors (e.g. sustainable transport, food and energy efficiency) have not been sufficiently articulated, championed or stimulated. The progression towards a low carbon economy requires that all jobs become compatible with a sustainable economy. This will also require support, training and skills development for all those currently employed in areas incompatible with a low carbon Scotland into alternatives.

The Scottish Budget is a very important lever in securing a transition to a low carbon economy and the delivery of the Climate Act commitments, particularly in areas such as energy efficiency in housing and sustainable transport. The Climate Change Act introduced a requirement for Ministers to publish a carbon assessment of each budget. To date the carbon assessments have provided very broad assessments of the carbon intensity of spend in different portfolios, limiting its value. Greater consideration should be given to ensure each tool supports multiple carbon assessments being undertaken, e.g. consumption, production, induced impacts.

### Conclusion

The principles of sustainable development and living within environmental limits should be central to all financial decisions and Parliamentary debate. WWF Scotland calls on all parties in Holyrood to ensure that financial decisions made now support solutions in the future to deliver multiple economic, social and environmental benefits. With the right framework and approach, Scotland can establish a sustainable economy and reap the huge job opportunities this presents.

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