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Public Accounts Committee

SUSTAINABILITY REPORTING IN THE NSW PUBLIC SECTOR

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Membership & Staff

Chair	Noreen Hay MP, Member for Wollongong (from 19 October 2005)
Chairman	Matt Brown MP, Member for Kiama (until 23 September 2005)
Vice-Chairman	Steve Whan MP, Member for Monaro (from 19 October 2005)
	Paul McLeay MP, Member for Heathcote (until 13 September 2005)
Members	Steve Whan MP, Member for Monaro
	Gladys Berejiklian MP, Member for Willoughby (until 12 October 2005)
	Richard Torbay, MP, Member for Northern Tablelands
	John Turner MP, Member for Myall Lakes
	Kristina Keneally MP, Member for Heffron (from 12 October 2005)
	Greg Aplin MP, Member for Albury (from 12 October 2005)
Staff	Vicki Buchbach, Committee Manager
	Jackie Ohlin, Senior Committee Officer
	Eloise Murphy, Committee Officer (September - December 2004)
	Jacqui Isles, Committee Officer (February - June 2005)
	Mohini Mehta, Assistant Committee Officer
Contact Details	PUBLIC ACCOUNTS COMMITTEE Legislative Assembly Parliament House Macquarie Street Sydney NSW 2000
Telephone	02 9230 2631
Facsimile	02 9230 2831 or 9230 2354
E-mail	pac@parliament.nsw.gov.au
URL	www.parliament.nsw.gov.au/publicaccounts

Charter of the Committee

The Public Accounts Committee has responsibilities under Part 4 of the *Public Finance and Audit Act 1983* to inquire into and report on activities of Government that are reported in the Total State Sector Accounts and the accounts of the State's authorities.

The Committee, which was first established in 1902, scrutinises the actions of the Executive Branch of Government on behalf of the Legislative Assembly.

The Committee recommends improvements to the efficiency and effectiveness of government activities. A key part of committee activity is following up aspects of the Auditor-General's reports to Parliament. The Committee may also receive referrals from Ministers to undertake inquiries. Evidence is gathered primarily through public hearings and submissions. As the Committee is an extension of the Legislative Assembly, its proceedings and reports are subject to Parliamentary privilege.

Terms of Reference

On 1 September 2004, the Committee agreed to the following Terms of Reference:

1. That the Committee inquire into and prepare a report on Sustainability Reporting in the New South Wales public sector.

2. The Committee should:

   a. Review the current requirements for sustainability reporting, whether compliance with these requirements is mandatory and how compliance is monitored;

   b. Present information on the extent of sustainability reporting within and across NSW government agencies, with particular reference to the 'whole of government' approach to sustainability reporting initiated within the Premier's Department;

   c. Consider whether sustainability reporting should be linked to other reporting mechanisms to Parliament;

   d. Consider appropriate processes for auditing or verifying sustainability reports;

   e. Consider how effectively sustainability reporting is linked to actions within and across agencies;

   f. Review the adequacy of current central agency tools to assist individual agencies in applying sustainability reporting.

3. In conducting the inquiry, the Committee should:

   a. Consider sustainability reporting initiatives within the public sector in Australia and in international jurisdictions;

   b. Study the processes agencies are using to achieve integration between the dimensions of social, economic and environmental sustainability and core principles of sustainability;

   c. Examine the value of core sustainability indicators across all public sector agencies versus development of indicators which are agency-specific;

   d. Discuss processes by which sustainability reporting practice is communicated and discussed within and across agencies and to Parliament.

Chair's Foreword

I am pleased to table this important report on sustainability reporting in the NSW public sector. The Public Accounts Committee has a strong interest in improved transparency and accountability in public reporting. This includes reporting on the environmental, social and economic dimensions of agencies' performance.

We support the Auditor-General's comments that countries and governments should look beyond economic indicators when measuring progress.[1]

The Committee received information about the sustainability reporting actions being undertaken by individual NSW government agencies and the benefits flowing from these actions. The inquiry sought to understand the extent of sustainability reporting, how it is supported and how robust and effective it is.

During the inquiry, many witnesses urged the adoption of a whole of government approach to sustainability as well as sustainability reporting within this State.

Opponents of this view suggested sustainability reporting would be costly and a perceived 'impost upon agencies'.

However, the Government has a strong obligation towards sustainability as a landowner, building manager, vehicle operator and procurer of goods and services. The Committee felt that sustainability reporting was the next step towards a more comprehensive public sector reporting framework. This view was supported by witnesses to the inquiry and described eloquently by Dr Ian McPhail, the Victorian Commissioner for Environmental Sustainability. He remarked upon a number of areas of Government activity where sustainability gains could be easily achieved, referring to them as "low-hanging fruit, ripe for the picking".

The Committee believes that sustainability reporting in the public sector needs to be transparent and coordinated. Furthermore, the Committee supports greater consistency in the manner of such reporting. It feels that this could be achieved by the use of common indicators for reporting on agencies' internal operations. Many of these can be drawn from currently available data sets. The Committee also hears loud and clear the sense of frustration experienced by agencies who are currently required to develop disparate reports, and it feels that there could be gains by streamlining these separate reporting processes.

The Committee has recommended that agencies develop Sustainability Action Plans as part of a whole of government sustainability reporting framework. Plans could include both measures of the sustainability of an agency's internal operations and a requirement, to be phased in over time, for agencies to report on the way they influence sustainability issues in the community. The Committee believes that its recommended approach to sustainability reporting should be seen as a first step for the Government, and that the content, quality and benchmarking of sustainability reports should continue to evolve.

[1] Audit Office of NSW, *Auditor-General's Report to Parliament 2003 Volume Four*, p 6

The Committee recognises that implementing these recommendations will require extra effort for the Government. However, this work is needed for the parties to understand their current and future use of resources and the intergenerational impacts.

Support for agencies to find creative, holisitic and achievable ways to adopt and share sustainable practice was also examined and is discussed in the report.

I would like to thank all those who made submissions to the inquiry, and those who presented evidence during public hearings. These sources of information were invaluable to the Committee during its deliberations.

I would also like to thank the representatives of organisations and agencies in other States, The Netherlands, the United Kingdom, Canada and the United States of America who provided important and useful information in the course of this inquiry about the conduct of sustainability reporting in their own jurisdictions. I would also like to express my appreciation to the Secretariat for its assistance in the conduct of the inquiry, particularly Jackie Ohlin, Senior Committee Officer, for assistance in the preparation of this report.

Finally, there have been a number of recent membership changes to the Committee. Much of the activity relating to the inquiry was conducted under the Chairmanship of Mr Matt Brown MP. I would like to thank both the former and current Committee members for their hard work in thoroughly engaging with the issues addressed within the report.

Noreen Hay MP
Chair

List of Recommendations

RECOMMENDATION 1: That a whole of government framework for sustainability reporting be introduced for the New South Wales public sector, and that the framework should include:

- the development of Sustainability Action Plans to encourage integration and annual reporting by agencies of social, environmental and economic dimensions in their internal operations and their sustainability impact and influence upon the broader community;
- mandated sustainability reporting for all agencies, phased in according to a clear timetable and process;
- clear guidance and directions provided to agencies as to the Government's expectations of their role in sustainability reporting; and
- an annual whole of government sustainability report to Parliament.

RECOMMENDATION 2: That

(a) the set of common indicators at Appendix Three be considered as the basis of indicators for internal agency operations and

(b) individual agencies are encouraged to develop specific indicators addressing the sustainability effects of agency outcomes, in accordance with government guidelines.

RECOMMENDATION 3: That

(a) the Premier's Department be the central government agency coordinating development of the government's whole of government sustainability reporting framework and approach; and

(b) the Premier's Department be resourced appropriately to
provide the guidelines, focus, people and skills to fully develop the framework;
request agency Sustainability Action Plans; and
collate individual sustainability reports and other necessary information from agencies to provide an annual whole of government sustainability report to Parliament.

RECOMMENDATION 4: That

(a) NSW government agencies' sustainability reports should become an integral part of their annual reports to Parliament,

(b) central agency guidelines for annual reporting should be reviewed and re-issued to reflect this shift in focus and

(c) a key result of the whole of government approach to sustainability reporting should be an annual report to the Parliament on the sustainability of the NSW public sector, collated and researched by the Premier's Department.

RECOMMENDATION 5: That NSW Treasury consider adapting Budget reporting processes, specifically the 'Results and Services Plan' methodology, so that results can include integrated social, economic and environmental outcomes.

RECOMMENDATION 6: That the Premier's Department, in its coordination role for sustainability reporting, consider the use of targets and benchmarks to assist in providing feedback to agencies for improved performance.

RECOMMENDATION 7: That the Government consider the need for sustainability reports to be audited, and as it would be the most efficient for the State's dedicated professional auditing agency, the NSW Audit Office, to do this, then the powers of the Auditor-General should be appropriately enhanced.

Executive Summary

Chapter One of the Report describes the inquiry process and discusses the meaning of sustainability reporting.

Chapter Two of the report examines the key lessons learned from researching sustainability reporting in other jurisdictions.

Chapter Three addresses the status of sustainability reporting in New South Wales, including the lack of any formal requirements for government agencies, the mix of inconsistency and resourcefulness among current sustainability reporting arrangements and the potential for common reporting strands currently reported on by agencies to be further developed to inform sustainability reporting.

Chapter Four examines the need for a whole of government approach to sustainability reporting to include both internal operations and the broader influence of agencies on sustainability issues in the community. The Chapter also discusses issues of central agency coordination and direction of a whole of government approach, types and appropriateness of indicators, the importance of verification of sustainability reports and the question of leadership support for sustainability reporting.

In Chapter Five, the options for the content of sustainability reporting are discussed, including learning cycles or models, guidelines and assurance tools. Costs and benefits of sustainability reporting are canvassed, as is the contribution of sustainability reporting as a management or governance tool.

Appendix One lists submissions provided to the Committee, and Appendix Two identifies witnesses who gave evidence to the Committee in the course of the inquiry.

In Appendix Three, the Committee has combined, for consideration, a range of indicators which could be used by agencies and the government as the basis of sustainability reports on internal operations. The report notes that most of the measures are readily available and/or currently reported by agencies through Annual Reports and other mechanisms. The Table in Appendix Three identifies the type of information which each measure could provide at both an agency level and a whole of government level. The Table notes that many of these indicators have a corresponding Global Reporting Initiative (GRI) code.

Appendix Four details organisations visited and issues discussed during the study of international jurisdictions, while Appendix Five provides a similar description of events durng domestic visits of inspection.

Chapter One - Background to the Inquiry

1.1 This report contains the findings and recommendations of the Public Accounts Committee's inquiry into Sustainability Reporting in the New South Wales Public Sector.

1.2 The inquiry commenced on 1 September 2004 when the Committee adopted Terms of Reference.

1.3 While the scope of the inquiry addresses sustainability reporting in the New South Wales public sector, the Committee found that there were important lessons to be drawn from studying sustainability reporting practice in other jurisdictions and the private sector. These comparisons were particularly valuable where good practice is well-documented and where it influences matters such as partnerships between the public and private sectors.

PROCESS OF THE INQUIRY

1.4 The Committee called for submissions in September 2004. By the conclusion of the inquiry, it had received a total of 26 submissions. These are attached at Appendix One.

1.5 The Committee received many excellent submissions from government agencies, private sector organisations, individuals, research organisations and Local Governments. It was, however, disappointed at the lack of a comprehensive whole of government submission, in spite of specific requests from the Committee and the apparent willingness of individual agencies to contribute.

1.6 The Committee also conducted hearings on 23 and 31 March and 8 April 2005. A list of witnesses is attached at Appendix Two.

1.7 As a part of the inquiry process, the Committee undertook international visits of inspection to The Netherlands, the United Kingdom, Canada and the United States. These are discussed in Chapter Two and in Appendix Four of the Report. Domestic visits of inspection were undertaken to Brisbane, Queensland, Melbourne, Victoria. See Chapter Two and Appendix Five for more details.

1.8 Committee Chairman Mr Brown addressed a Conference of the Planning Institute of Australia (NSW) on social sustainability on 15 November 2004. He also addressed an International Clearinghouse on Local Environmental Initiatives (ICLEI) Forum on 'Leading the Sustainability Agenda' on 8 June 2005.

1.9 Committee Vice-Chairman, Mr McLeay addressed a Seminar organised by the Council of Social Service of NSW (NCOSS) on 21 March 2005, on 'Measuring Social Performance.'

1.10 The Committee received a briefing by ABN Amro (Australia) on its approach to sustainability reporting on 8 December 2004 and 25 February 2005.

1.11 Committee Member Mr Torbay and a member of the Secretariat staff attended the CPA National Public Sector Convention in May 2005. This included important sessions on sustainability reporting.

1.12 Secretariat staff participated in sessions of the Significant Issue Group on Sustainability, organised by the Institute of Public Administration Australia (IPAA), from late 2004 through to early 2005. Staff also participated in the Working Partnerships for Sustainability Conference in Manly in March 2005, in the ACCA Sustainability Reporting Awards and Workshop in Sydney on 4 May 2005 and in a Stakeholder Consultation on Sustainability Report of the Commonwealth Department of Environment and Heritage on 24 June 2005.

1.13 The research process revealed a wealth of material relating to sustainability and triple bottom line reporting both within Australia and from other jurisdictions. This greatly assisted the Committee in its deliberations.

WHAT IS SUSTAINABILITY REPORTING?

1.14 Sustainability reporting is generally understood as the process of reporting progress towards sustainability. To understand what is meant by sustainability in a public sector context, it is important to refer back to the 1987 World Commission on Environment and Development, and the Brundtland report, *Our Common Future*. The report focused on sustainable development, which it defined as 'an approach to progress which meet the needs of the present without compromising the ability of future generations to meet their own needs.'[2]

1.15 Prior and subsequent critics note that this definition falls short in a number of important dimensions, particularly in failing to appropriately recognise the interdependence of *all* biological life and by the assumption that a common future can be achieved through economic growth. However, even critics recognise that underpinning Brundtland was a view that 'unless capitalism was accommodated, any appeal to environmental protection would just not be taken seriously.'[3]

1.16 The pivotal importance of Brundtland is that it resulted in the 1992 Rio Declaration, where nations, including Australia, agreed to implement the recommendations of that report. Also in 1992, all levels of Australian governments adopted the National Strategy for Ecologically Sustainable Development, reflecting similar commitments to sustainable development.[4]

1.17 Current discussion about sustainability reporting in the public sector refers to a broader concept of 'balancing the environmental, social and economic concerns of any issue.' It is suggested that this wider scope allows for greater applicability in the public sector, for example in strategic planning.[5] This view is seen as important, because it does not 'pigeon-hole' sustainability reporting either as an environmental management tool, such as State-of-Environment Reports or as an economic management mechanism which addresses only fiscal conditions. Rather, the concept of balancing environmental, social and economic concerns suggests a considered approach to the consequences of decisions.

1.18 One dimension of sustainability reporting is the perceived need to chart the effects of climate change. It is instructive that scientists no longer debate whether climate change may occur, but how severe will be its impact. Dr Tony McMichael, Director of

[2] World Commission on Environment and Development, *Our Common Future*, April 1987, p 363
[3] Fry, Tony
[4] ref DEH
[5] Victorian Auditor-General, *Measuring and Reporting on Sustainability*, Occasional Paper, June 2004, p 2

the National Centre for Epidemiology and Population Health comments that 'the level of economic activity is so intense that we are actually starting to change the conditions of life on this planet.'[6] He goes on to discuss these changes in conditions, including climate change, accelerating loss of species and depletion of fresh water supplies. These are all conditions we can readily observe in New South Wales.

1.18 McMichael suggests that a response must be planning that 'think[s] hundreds of years ahead in order to take account of the sorts of longer-term changes that we're beginning to induce.'[7]

1.19 The Victorian Auditor-General also notes that although there is no universal definition of sustainability, there is a common understanding about the broad principles of sustainability.[8]

1.20 The Victorian Auditor-General describes these principles as follows:

1. Sustainability comprises at least three pillars: environmental, social and economic
2. The three pillars are interrelated
3. Sustainability strives for equity within generations
4. Sustainability strives for equity between generations
5. Sustainability uses the precautionary principle
6. Sustainability conserves biological diversity.[9]

1.21 In the uptake of sustainability reporting within Australian jurisdictions, the Committee has observed some commonalities and differences in the way in which these sustainability principles are applied. These will be discussed later in the report.

[6] McMichael, Tony, Radio National interview, 16 August 2003
[7] Victorian Auditor-General, *Measuring and Reporting on Sustainability*, Occasional Paper, June 2004, p 2
[8] *ibid,* p 5
[9] *ibid*, p 6

Chapter One

Chapter Two - Sustainability Reporting in Other Jurisdictions

2.1 In the course of the inquiry, the Committee undertook study tours to Brisbane, Queensland, Melbourne, Victoria and to The Netherlands, the United Kingdom, Canada and the United States to study sustainability reporting. It also undertook additional research into the extent of sustainability reporting in a range of jurisdictions. The research and information collated through these processes has helped to inform the directions of the inquiry.

SUSTAINABILITY REPORTING IN AUSTRALIAN JURISDICTIONS

Western Australia

2.2 The State Sustainability Framework was launched by the WA State Premier, Dr Geoff Gallop, in September 2003. It requires each State government agency to respond to a Sustainability Code of Practice and develop a three-year Sustainability Action Plan to address a range of issues including:

> energy use, waste minimisation, community engagement, sustainability procurement and vehicle use.[10]

2.3 The Western Australian Government approach is the most comprehensive sustainability framework of any Australian government.

2.4 The Western Australian *State Sustainability Framework* includes a set of seven foundation principles. These address:

- Long-term economic health
- Equity and human rights
- Biodiversity and ecological integrity
- Settlement Efficiency and Quality of Life
- Community, regions, 'sense of place' and heritage
- Net benefit from development
- Common good from planning.

2.5 The Strategy is also supported by four process principles:

- Integration of the Triple Bottom Line
- Precaution
- Accountability, transparency and engagement
- Hope, vision, symbolic and iterative change.[11]

[10] Western Australian Government, *Hope for the future: 2004 Progress Report*, p 7
[11] Western Australian Government, *Hope for the future: State Sustainability Framework,* September 2003, pp 29,30

2.6 As well as operational issues, agencies are asked to report on how they influence sustainability issues in the community and industry, and help create opportunities for the future.

2.7 The WA Government's whole of government approach is managed by a small Sustainability Policy Unit in the Department of Premier and Cabinet consisting of two full time equivalent staff. From time to time, the Unit has the support of volunteers, students and contractors. This has ensured the advantage that a holistic definition of sustainability has been adopted from the outset. This integrates environmental protection, social advancement and economic prosperity, rather than just a concern with environmental matters. The Unit is working closely with other branches to revise the annual reporting framework for agencies which would enable reporting tasks to be streamlined. It is also working on the development of 'true measures of progress'.

2.8 The WA State Sustainability Strategy envisages a staged approach towards sustainability actions and reporting over a five to ten year period. This includes a transition to a new annual reporting process, where agencies will report against the government's 'high-level' triple bottom line goals and strategic outcomes, with a particular focus on governance.

Victoria

2.9 In Victoria, the State Government commenced a *Growing Victoria Together* strategy in 2001, which identifies a broad vision and goals for the whole State. The strategy was updated in March 2005, and launched by the Victorian Premier, Mr Steve Bracks. The goals of the new strategy are as follows:

- More quality jobs and thriving, innovative industries across Victoria
- Growing and linking all of Victoria
- High quality, accessible health and community services
- High quality education and training for lifelong learning
- Protecting the environment for future generations
- Efficient use of natural resources
- Building friendly, confident and safe communities
- A fairer society that reduces disadvantage and respects diversity
- Greater public participation and more accountable government
- Sound financial management.[12]

2.10 The goals are supported by a series of measures against which Victorian government agencies are required to report annually to the Department of Premier and Cabinet. The Department examines and collates the reports, seeking further information as required. The collated reports are then provided to the Department of Treasury and Finance to assist the Budget process. There is close liaison between the two central agencies in this process. The Department of Premier and Cabinet is currently examining ways of ensuring these data reports can be better integrated by agencies with their annual reports.

[12] Victorian Government, *Growing Victoria Together*: a Vision for Victoria to 2010 and Beyond, at www.growingvictoria.vic.gov.au

2.11 The *Growing Victoria Together* document was distributed to every public servant in the State.

2.12 Parallel mechanisms such as the State's Environmental Sustainability Framework *Our Environment Our Future* and the Commissioner for Environmental Sustainability are intended to complement the *Growing Victoria Together* vision.

2.13 The Committee delegation which visited Victoria in May 2005 learned of a new strategic partnership between the Centre for Public Agency Sustainability Reporting, Melbourne City Council and the Victorian Department for Environmental Sustainability. This was set up to test the Global Reporting Initiative (GRI) Public Sector Guidelines. The Centre for Public Agency Sustainability Reporting plans to extend the process to at least 25 Local Governments and 25 public sector agencies around Australia over the next twelve to eighteen months.

2.14 Dr Robyn Leeson, Executive Manager of the Centre for Public Agency Sustainability Reporting, identified efficiency as the greatest incentive for sustainability reporting by agencies. This view was echoed by Dr Ian McPhail, the Victorian Commissioner for Environmental Sustainability. Dr Leeson noted that the other key 'drivers' of sustainability reporting for organisations were eco-efficiency, reputation and, when embedded in practice, benefits for improved business planning.

Australian Capital Territory

2.15 In July 2004, the ACT Chief Minister, Jon Stanhope, launched the first ACT sustainability report. The ACT Government has an Office of Sustainability in the Chief Minister's Department which has worked together with a Sustainability Expert Reference Group to 'develop a practical expression of what sustainability means for the ACT' and to measure progress against a set of sustainability dimensions and indicators.[13] More recently, the ACT Auditor-General reported on how the actions of agencies and their legislation accorded with the principles of ecologically sustainable development (ESD) under their obligations to:

> the EPA, Annual Report Directions and other relevant departmental legislation and policies, as well as the adequacy of guidelines issued by the Chief Minister's Department.[14]

2.15 The ACT Auditor-General's report also used as a point of reference the Intergovernmental Agreement on the Environment which was signed in 1992.

2.16 The Auditor-General's report observed the difficulties many agencies are having in complying with robust ESD reporting, but noted the commitment of the Government to develop a framework for reporting that is both theoretically sound and practical. The report made several recommendations to assist in improving ESD reporting, including:

- allowing time to set up data collection systems;
- aligning ESD reporting with annual reporting;
- including meaningful information in reports;
- developing awareness of better indicators, in particular those recommended by GRI; and

[13] ACT Office of Sustainability website, www.sustainability.act.gov.au

[14] ACT Auditor-General's Office, *Reporting on Ecologically Sustainable Development,* Report 3, July 2005, p 2

- adopting continuos improvement and ensuring management decisions are made against a backdrop of ESD information.[15]

Tasmania

2.17 Since 2001, a range of community forums supported by the Tasmania Together Progress Board has established a series of genuine progress goals, some 212 benchmarks and indicators and actions for the State.

2.18 The Tasmania Together Board is modelled on the experiences of the Oregon Progress Board in the USA. Tasmania Together is a long-term social, environmental and economic plan for the State's development over 20 years, for both the government and non-government sectors. The Tasmania Together Board has a nominal level of power to require agencies to provide information to assist in its report to Parliament.

2.19 Under the *Tasmania Together Progress Board Act 2001*, the Premier is required to table a biennial report of the Progress Board, the 'Tasmania Together Progress Report' in each House of Parliament to determine how the Tasmanian economy, environment, community, culture and democracy compares against the benchmarks.[16]

South Australia

2.20 The South Australian Government has an Office of Sustainability located within the Department of Environment and Heritage. There is also a Premier's Round Table on Sustainability involving people with expertise in sustainability issues. The Round Table advises the Premier and Environment Minister on sustainability issues, but also works closely with the Cabinet Office, the Economic Development Board and the Social Inclusion Board. The Round Table has considered the State's Strategic Plan, which the Government indicates is effectively a sustainability strategy. The State Strategic Plan was presented in March 2004, and has 79 targets. It is proposed that progress will be measured using an ecological footprint. There is a strong commitment to the greening of government operations and the Government has issued two 'Green Print' reports as a part of an election commitment to assess progress on meeting environmental targets.

2.21 The South Australian Government has also responded to recommendations from urban ecologist, Herbert Giardet's period as a Thinker in Residence with a report *Government's Progress on Creating a Sustainable Adelaide*.[17]

Queensland

2.22 The Queensland Government has a commitment to sustainable urban development which it defined in its January 2005 statement as 'Growth management – making communities great.' This includes seven priority action areas covering:

- urban form
- environment, resources and rural production
- strong communities

[15] *ibid*, pps 6,7
[16] www.tasmaniatogether.tas.gov.au
[17] www.environment.sa.gov.au/sustainability

- a diverse economy
- integrated transport
- infrastructure and services, and
- engaging indigenous peoples.[18]

2.23 The Office of Urban Management has developed a range of sustainability indicators across these areas. The Committee received a briefing from the Office of Urban Management (OUM) about its use of QUEST, an interactive model for community scenario-building based on decisions about sustainability. The model is an educational tool which illustrates the effects of particular actions on a system as a whole. The OUM officers indicated that the process works effectively by allowing participants to discuss the trade-offs of policy and consumption decisions.

Northern Territory

2.24 In its *Strategic Directions 2005-2007,* the Northern Territory Government addresses as one of its major strategies, the achievement of balance in social and economic development.[19] Environmental reporting is conducted through the Department of Infrastructure, Planning and the Environment.

Commonwealth Government

2.25 At Commonwealth Government level, the Departments of Family and Community Services and of Environment and Heritage produce sustainability reports. These reports have been verified by the Australian National Audit Office (ANAO) and the verification statement included in the published reports. The scope of the verification includes:

- Selection of a sample of data parameters, from the total data reported upon;
- Definition of the scope of activities within each entity to be covered by verification; and
- Undertaking the necessary tasks to verify or otherwise the data parameters selected.

The ANAO commended both Departments for their commitment to transparency and accountability in the preparation of the reports.[20]

SUSTAINABILITY REPORTING IN INTERNATIONAL JURISDICTIONS

2.26 In November and December 2004, the Committee sent a delegation to study sustainability reporting in international jurisdictions. The delegation held meetings with representatives of 23 organisations in The Netherlands, United Kingdom, Canada and the United States. The organisations visited and key issues discussed are listed in Appendix Four. They included academic institutes, banks, private consulting firms, non-government standard setting bodies, community groups, parliamentary committees and national, state and local government agencies.

[18] www.premiers/qld.gov.au
[19] www.nt.gov.au/dcm/strategic
[20] Australian National Audit Office, *Audit of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2004*, pps 64, 65

2.27 The following sections of the report address the principal lessons which can be drawn from work in those jurisdictions about the use and effectiveness of sustainability reporting, and the use and effectiveness of particular sustainability reporting tools.

PARLIAMENTARY OVERSIGHT

2.28 Oversight of reporting by parliaments in international jurisdictions has tended to focus upon the environmental aspect of sustainability. The following section refers to arrangements in The Netherlands, the United Kingdom and Canada.

The Netherlands

2.29 The Netherlands Government currently requires the top 150 private companies to report on environmental impacts, although it was indicated to the delegation that this may become voluntary in the near future as part of a drive to reduce the compliance burden for companies. However, the delegation also heard that the enthusiasm for sustainability reporting by organisations already involved in it appears to be strong.

United Kingdom

2.30 The Environmental Auditing Committee (EAC) of the UK Parliament was established in 1997 as a matter of policy for the incoming government to look at the environmental impact of all government departments. The remit of the EAC is to consider the extent to which policies and programs of government departments and non-departmental public bodies contribute to environmental protection and sustainable development.

2.31 The Eighth *Greening Government* Report of the Committee, produced during the then current session, noted that the Sustainable Development section in the Government's Annual Report for 2003 is far narrower in scope and significance than previous Government reports in the series. It is critical of the apparent abandonment by Government of monitoring policy and awareness aspects of the Greening Government initiative. It warns that unless Government systematically collects information on issues relating to greening policy and awareness, the Committee will, itself, return to the practice of collecting such information. The Committee Report points to large variations in Departmental performance and suggests this needs further analysis. The Report also expresses disappointment that procurement targets are below satisfactory levels.

Canada

2.32 The Office of the Commissioner for the Environment and Sustainable Development is located within the office of the Canadian Auditor-General. The role of the Commissioner was established under the *Auditor-General Act 1995*. It includes monitoring the action plans resulting from sustainable development strategies in 29 government departments (prepared in departments and updated every 3 years), conducting audits and special studies in areas such as climate change, ozone depletion, management of toxic substances and greening government operations. The Office also monitors the status of citizen petitions on environmental matters and reports annually to the House of Commons on environment and sustainable development matters.

2.33 However, there is no central whole of government sustainable development strategy and targets have been criticised by the Commissioner (and more generally) for being less than ambitious. Some agencies see the action plans as a paper exercise. The Commissioner commented that many Departmental reports on action plans are simply 'repackaging of business as usual.' She indicated that a weakness is that only some Departments link these strategies to their financial management systems. This means that sustainability receives less priority in management than other activities. There are, however, some positive examples such as Industry Canada, Transport Canada and Natural Resources Canada.

2.34 Environment Canada, as the lead agency in environmental protection, is critically involved in innovations in sustainability reporting. It has a robust Sustainable Development Strategy built upon themes of:

- Information for Decision-Making;
- Innovative Instruments;
- Partnerships for Sustainable Development; and
- Managing for Sustainable Development.

VOLUNTARY STANDARD SETTING

2.35 Global Reporting Initiative (GRI) is an independent agency formed as an initiative of the United Nations Environment Program (UNEP) to facilitate the development of sustainability reporting worldwide. It works primarily within private sector organisations but has a growing involvement in the public sector. GRI develops reporting guidelines in a participatory manner so that the views of all relevant stakeholders are reflected. GRI organised Regional Forums (Roundtables) for discussion on sustainability principles and practice. In 2002 one was held in Melbourne. In August 2004, GRI developed a draft set of Sustainability Reporting guidelines and suggested indicators for public sector agencies, which it has issued for public comment. While the Head Office of GRI is located in Amsterdam, the Chair of the Board is Dr Judy Henderson, an Australian citizen and former Chair of Oxfam International and Australian Ethical Investments.

2.36 The Institute of Social and Ethical Sustainability (also known as AccountAbility) is an international organisation committed to enhancing organisational performance and individual competencies in social and ethical accountability and social development. AccountAbility is based in the United Kingdom but operates internationally. AccountAbility's members include respected organisations in financial and assurance sectors. AccountAbility has developed a wide range of sustainability accountancy standards and modelling tools, to assess organisations' sustainability reporting and rank companies' 'accountability ratings.' This standard emphasises assurance that the most materially important issues are addressed by the organisation in preparing its report, including its completeness and the organisation's responsiveness to stakeholders. AccountAbility also conducts extensive training programs.

2.37 The 'Ecological Footprint' defines the environmental impact of citizens in terms of the land area required to support their consumption of resources. It is used, for example, by Sustainable Sonoma County internationally and the ACT Government locally. Using the Ecological Footprint, Australians average of 7.9 hectares to support our consumption of resources, compared a world average of 2.1 hectares. The delegation

noted that officials in Marin County in California believe that the ecological footprint is a simple and quite effective tool for communicating environmental impacts.

2.38 The delegation observed that a range of useful sustainability reporting frameworks and tools for auditing sustainability reporting were in place. GRI was the most prominent of the frameworks used. There was some criticism of GRI by particular organisations (eg AccountAbility) but organisations acknowledged the voluntary nature of association with GRI.

REPORTING RULES IN PRACTICE

The Netherlands

2.39 Triodos is an independent international financial institution established in 1980. It aims to be a pioneering force in the world of sustainable banking. It operates in The Netherlands, United Kingdom, Belgium and Spain. The bank finances companies, institutions and projects that add social, environmental and cultural value, with the support of depositors and investors who want to encourage the development of responsible and innovative business. The bank uses a social and ethical as well as financial approach in all its business activities. The name Triodos when translated from Greek means 'three way approach'.

2.40 Triodos Bank is a GRI stakeholder. The Bank's annual reports are based on GRI Guidelines. By using GRI guidelines, Triodos hopes to ensure close comparison between the Bank's report and those of other organisations using the same guidelines. The bank also includes a range of indicators in its annual report over and above those identified in the GRI Guidelines. External experts (SGS Systems and Services Certification) verify data included in the annual report relating to consumption of paper, water and energy, volume of waste, business transport, commuting, calculation of environmental impact and CO2 balance, the number of women in management positions and absenteeism.

2.41 In 2003, ABN Amro (The Netherlands) produced a Sustainability Report *Colour your world*, the first report of the bank to cover the sustainability efforts of all of its business units across the globe. Prior to this, the bank had produced annual environmental reports. The bank is a GRI stakeholder. ABN AMRO reported that it adopted sustainable development strategies and reporting in response to negative publicity it had received for investing in a third world goldmine with poor environmental practices.

2.42 ABN Amro's initiatives for 2004 and 2005, include

- the further integration of sustainable development into business practices;
- validation of its sustainable development strategy; and,
- active support for clean or renewable technologies.

2.43 ABN AMRO also noted that its employees felt more motivated as a result of the bank adopting sustainable development strategies.

United Kingdom

2.44 The Sustainable Development Commission is the United Kingdom Government's independent body reporting on and facilitating sustainable development. It is

overseen by a number of Commissioners. As well as encouraging sustainable development practice within government and business, the Commission is active within local communities.

2.45 In April 2004, the Commission handed down a Sustainable Development Strategy Review of the UK Government's annual report on sustainable development. The Commission's review is entitled *Shows Promise But Must Try Harder*. The review was very critical in its assessment of the Government's reported progress on sustainable development over the past five years. This assessment was conducted against 'headline indicators'. In May 2004, a consultation was launched on a revision of the Sustainable Development Strategy. On 7 March 2005, the UK Government and Devolved Administrations launched a Sustainable Development Framework, spanning out to the year 2020. The Framework is entitled *One future – different paths.*

Canada

2.46 The International Institute of Sustainable Development (IISD), located in Winnipeg, is an internationally respected research body, championing change through sustainable development. It is involved in leadership development with decision-makers in both government and non-government sectors, the development of indicators and assessment tools to measure progress, and in promoting 'knowledge networks' for sharing information about sustainable development. The IISD selected from GRI guidelines in preparing its own sustainability report. The Institute supports the GRI approach because it is incremental so that, in the first year, they used five indicators and expanded this to 11 in the following year.

2.47 The IISD noted that defining indicators includes both deciding on the values embraced and the technical side of data collection and monitoring. In its view, as soon as something starts to be counted, people pay more attention to it, so it is important to ensure that the right things are being counted.

2.48 Environment Canada hosts the Interdepartmental Network for Sustainable Development. Environment Canada also supports partnership initiatives, some of which the delegation discussed during the study tour. One such partner is Stratos Inc (described below) which assists Environment Canada among others in the task of performance measurement and auditing.

2.49 The National Roundtable on the Environment and Economy is a group of stakeholders across a broad range of sectors appointed by the Prime Minister to act as an advisory body to discuss and recommend changes in the area 'overlapped' by environmental and economic issues. It can commission research, promote consultations, report on agreements and disagreements and recommend ways of promoting sustainability.

2.50 The Roundtable has a current focus on using fiscal instruments to reduce energy-based carbon emissions without increasing other pollutants. Case studies on renewable power, hydrogen and energy efficiency are in their second phase. The Roundtable uses 'headline indicators' which it believes can be more readily digested by the public, although they may lack comprehensiveness.

2.51 Stratos is a private company which has developed sophisticated and widely used tools for the measurement, reporting, audit and verification of sustainable development. It is used by Environment Canada and other key agencies. It reports on corporate

reporting and provides consulting services about improvement in this area. It also publishes its toolkit on the company website.

2.52 The Sustainable Development Research Institute (SDRI) is a part of the University of British Columbia. It was established in April 1991 to foster policy relevant research on sustainable development. The Initiative encourages interdisciplinary collaboration on sustainable development within Canada and around the world. It recognises the linkage between the environment and development issues, and focuses on the linkages in trying to achieve better integration between social, economic and environmental institutions.

2.53 SDRI has been developing research 'tools' to understand the complexity of issues around sustainable development. In this regard, it has formed significant partnerships, including with Envision Sustainability Tools. A major project is the Georgia Basin Futures Project, which explores ways of living within natural limits by a combination of expert knowledge and considered public opinion.

2.54 Envision Sustainability Tools developed software based communication tools to show people the potential impacts of planning decisions on the economy, social well-being and the environment. The rest of the Committee had the opportunity to see these tools demonstrated at the Office of Urban Management in Brisbane.

2.55 BC Hydro is one of the largest electricity utilities in Canada, serving British Columbia. BC Hydro has a strong reputation in the area of sustainability reporting. It has formed partnerships with the Georgia Futures Basin Project and prepared a separate report on greenhouse gas emissions. BC Hydro's sustainability reports are informed by GRI Guidelines and the reports are integrated with the organisation's annual report.

2.56 Abbott Strategies is a private company which works with private and public sector organisations globally, including in Australia, to assist them to develop strategies based upon principles of sustainability. It encourages these organisations to create a vision of the future, engage with stakeholders and focus on core competencies.

2.57 The services offered by Abbott Strategies include strategic planning, sustainability strategy design and performance measurement and reporting.

2.58 Overall, the delegation heard that the mandating of sustainability reporting has had mixed results. Some parties believed that mandatory sustainability reporting probably encourages agencies to follow a 'tick the box' approach to reporting rather than ensuring there is commitment to producing meaningful reports. The alternate view, articulated by Michael Jacobson, of King County, USA, is that people rarely provide information voluntarily.

EXPERIENCE OF LOCAL AUTHORITIES IN THE USA

2.59 One strategic partnership of Abbott Strategies, together with engineering firm CH2M-Hill, involves the design and delivery of a year-long series of environmental management and sustainability workshops for the City of Seattle, USA (with which the delegation met). Abbott Strategies has also worked with the Canadian Institute of Chartered Accountants on sustainability performance measurement and reporting and with Environment Canada on auditing and assessment.

2.60 Sustainable Seattle, USA, is a practice-based organisation which has a worldwide reputation as a leader in quality of life/sustainability indicator development, dating

from 1993. These 'indicators of sustainable community' have been updated at regular intervals (1995 and 1998). The delegation was told that a further report was due in 2005. Sustainable Seattle is active in local community involvement programs, leadership awards and sustainability education. Sustainable Seattle believes in can use available data to monitor the performance of the city in a more outspoken way than a government agency would.

2.61 The City of Seattle Office of Sustainability and Environment (OSE) provides leadership, tools and information to help City government and other organisations to:

- manage natural resources efficiently;
- prevent pollution; and
- improve economic, environmental and social well being of current and future generations.

2.62 OSE specifically works with City departments and other partners to facilitate and co-ordinate implementation of the City's Environmental Action Agenda (EAA), which strives to develop sustainable operations (lean and green) within departments and encourage sustainable practice at neighbourhood level. The OSE is charged with evaluating the long-term environmental impacts, and social and economic costs and benefits of the City's operations and address these in City plans. Leveraging the City's programs and services is encouraged as a strategy to accelerate adoption of more responsible practices by households, businesses and institutions.

2.63 The Leadership Institute for Ecology and the Economy is based in Sonoma County, California, USA. It is an organisation devoted to public education on the need to integrate environmental, economic and social equity issues in order to live sustainably and ensure a high quality of life for future generations. The Institute offers community leadership training, training for public policy-makers and works closely with other community groups.

2.64 It grew out of Sustainable Sonoma County (SSC), a community based program committed to sponsoring and supporting sustainability at a local, regional and global level.

2.65 SSC's vision is for a 'future with societies that are a harmonious part of the natural world and that offer satisfying lives for all, including humans.' In order to bring about that vision, SSC pioneers and promotes understanding of sustainability and empowers people working towards the shift to a sustainable society.

2.66 SSC's current work includes:

- Sustainability Management Systems Coaching Program (a systematic approach to making organisations more sustainable);
- MASH - Making Amazing Stuff Happen (Sustainability Education Workshops);
- a community education and action program; and
- increasing public awareness and understanding of sustainability.

2.67 Previous projects include:

- *The Ecological Footprint: Measuring and Educating about Sonoma County's Impact on the World,* and

- *Climate Protection Campaign: Educating about International and Local Campaigning to Reduce Greenhouse Gas Emissions.*

VERIFICATION OF SUSTAINABILITY REPORTS

2.68 While not all organisations visited verified their sustainability reports, the verification of reports was widely regarded as important for organisational credibility and public confidence in results.

THE ROLE OF LEADERSHIP IN DEVELOPING SUSTAINABILITY REPORTING

2.69 The delegation heard that leadership was important in promoting and inculcating sustainability reporting as part of organisational decision-making, rather than 'box-ticking'. For the public sector, this was coupled with the importance of a whole of government approach to sustainability reporting. This issue was highlighted in the United Kingdom by the Sustainable Development Commission and the Environmental Auditing Committee of the House of Commons. The Canadian Commissioner of the Environment and Sustainable Development has said:

> I am especially troubled when we find a lack of consequences for failing to implement direction that comes from the very centre of the federal government. The feeble response by many departments to Cabinet's directive on strategic environmental assessment is such a case. Our audit found that departments showing the most progress were those where senior management commitment was evident. Yet, in the 14 years since the directive was first issued, the federal government has not promoted this commitment by systematically reviewing whether departments are complying and holding deputy ministers to account.[21]

2.70 The delegation was also reminded, by several organisations, of the critical importance of staff training. This led to better understanding of how sustainability reporting applied to management decisions and changed behaviour and organisational performance.

INDICATOR DEVELOPMENT FOR BETTER REPORTING

2.71 The definition of relevant indicators was regarded by organisations visited as an important challenge, in order to measure 'the right things.' While many groups visited by the delegation commented on the difficulty of defining useful, meaningful and quantifiable social indicators, none were retreating from this task in seeking to report on sustainability.

2.72 The delegation noted that there is also a tension between having specific relevant indicators and the need for comparability between organisations. For example, the IISD worked with the province of Manitoba to set up a reporting system with a lot of public participation but they believed this led to a 'lowest common denominator' set of indicators which were too general. As a result, a two tier reporting system was introduced. Each department reports against a core set of general indicators and then individually on other issues specific to their areas of operation.

2.73 Ron Perry of King County considered that effective performance measures needed:

- commitment at the top and people doing the work need to see value;

[21] Office of the Auditor-General of Canada, *Report of the Commissioner of the Environment and Sustainable Development to the House of Commons*, October 2004, p 7

- public involvement;
- to show not only what have happened but what has improved;
- strategic connections between strategic plan and measures;
- measures that reflect targets and goals or else they risk overwhelming people with numbers; and
- reality check of how useful was the information to the users of it.

2.74 The integration of sustainability reports with annual reports was a practice adopted by some organisations, to ensure reports were robust, accountable and linked to actions.

2.75 The delegation also noted the propensity for strategic partnerships in the sustainability reporting process, to promote shared learning and to allow for mutual benefit between parties.

Chapter Three – Status of Sustainability Reporting in New South Wales

SUSTAINABILITY AND NEW SOUTH WALES GOVERNMENT AGENCIES

3.1 Despite what appears to be a very active approach to sustainability by many government agencies, there are no current legislative requirements for NSW government agencies to undertake sustainability reporting.

3.2 A survey of 38 budget and off-budget agencies carried out for the Premier's Department in 2002 found that all agencies in the sample were taking action to support at least one of the following issues:

- Protecting the natural environment, for example through conservation, preservation of natural diversity and reduction of waste and pollution;
- Promoting sustainable economic growth, for example through integrating environmental protection, social advancement and economic prosperity;
- Creating socially just communities, for example through strategies to promote social equity, employment and other life opportunities, participation in all aspects of public life, and safe and secure communities; and
- Exercising responsible use of public sector resources, for example by ensuring fiscal prudence and accountability and by implementing policies such as the Government Energy Management Policy and the Waste Recycling and Purchasing Policy.

3.3 A common theme of respondents to the survey was that sustainability involves 'meeting the needs of the present generation without compromising the ability of future generations to meet their own needs', the definition originally adopted by the World Commission on the Environment and Development (the 1987 Brundtland Commission) report.[22]

3.4 State-Owned Corporations (SOCs) do appear to have a statutory sustainability requirement. Under Section 8 of the *State Owned Corporations Act 1989,* a SOC must give 'equal importance' to economic objectives, to exhibiting a 'sense of social responsibility' to the community and region in which it operates and, where its activities affect the environment, to conduct operations in compliance with ecologically sustainable development principles.[23] Some SOCs have interpreted this direction as the basis of their commitment to sustainability reporting. There is, however, no evidence of a whole of government coordination of SOCs effort in this regard.

3.5 Government agencies are required to provide a range of reports as part of annual reporting and other statutory reporting arrangements. These include:

- reporting on equal employment opportunity (EEO) outcomes;
- progress in implementing Disability Plans; Ethnic Affairs Priority Statements (EAPS);

[22] www.premiers.nsw.gov.au/our_library/ps_reform/SurveyofSustainabilityInitiatives.doc
[23] *State Owned Corporations Act 1989*, section 8

- any agreement, objectives and action on NSW Government Action Plan for Women;
- Occupational Health and Safety performance; progress on the government's Waste Reduction and Purchasing Policy (WRAPP);
- outcomes of performance goals in relation to the Government Energy Management Policy; and
- State of the Environment reporting.

3.6 In essence, these requirements have evolved over time. As new policies have developed, additional reporting requirements have been added to the annual reporting regulations in an *ad hoc* fashion. A fundamental review of annual reporting requirements has been under way since 1996 without result.

3.7 The Committee does not believe that, in isolation, the current reporting processes constitute sustainability reporting.

3.8 The current reporting processes are not integrated or holistic, they do not conform with the broad principles of sustainability, nor do they suggest a considered approach to the consequences of decisions. The Committee acknowledges that there has been no concerted effort to introduce sustainability reporting across the public sector.

3.9 The Committee does, however, believe that, under the right conditions, the potential for whole of government reporting to develop from these requirements. This potential is addressed in detail in Chapter Four and in Appendix Three of the Report.

3.10 In the early stages of the inquiry, the Committee received a submission from URS Australia, an independent verifier of sustainability reports. This indicated that, among the NSW government agencies undertaking voluntary sustainability reporting, there were national leaders in that field. At the same time, URS Australia commented on the lack of consistency in sustainability reports produced by agencies across New South Wales.[24] Sydney Water received the national award of the Association of Certified Chartered Accountants for the Best Joint Sustainability Report for 2003. The Committee was keen to receive evidence from Sydney Water regarding its outstanding performance in sustainability reporting. Regrettably, this did not occur.

3.11 Across other NSW government agencies, reports are produced which range from environmental reports to comprehensive sustainability reports and all shades in between. The Committee was not formally advised of the extent and nature of sustainability reporting in New South Wales, because this information was not included in the whole of government submission. The Committee *is* aware that many individual agencies prepared submissions to be used as part of Treasury's submission to the inquiry and it received some of those submissions and evidence independently.

3.12 The Committee believes that the range and extent of voluntary sustainability reports referred to below is by no means complete. Nevertheless, it provides an indication of the various approaches to sustainability reporting being undertaken by NSW government agencies such as State Forests, Integral Energy and Landcom.

[24] URS Australia, submission to the inquiry

State Forests

3.13 Forests NSW has prepared a Social, Economic and Environmental report (entitled the *SEEing Report)* since 1997-98. It initially drew upon indicators from the Montreal protocol, an international forestry reporting agreement, but has also used GRI guidelines and the agency's own resources and stakeholder consultation to develop a set of 32 indicators which now form the basis of the report. For the first time in 2003/04, the SEEing report included a sustainability section that brought together the three performance areas with financial performance, with a view to the future. Indicators are compared with previous years. While the report includes targets, these are clearly acknowledged as qualitative rather than quantitative targets. In evidence to the inquiry, Mr Peter Duncan, Chief Executive Officer of State Forests, commented on the value of sustainability report as a management tool. It promoted innovation and improved capacity for analysing trends.[25]

3.14 The Committee noted that the SEEing report is not tabled in Parliament. Mr Duncan indicated that, while there was no opposition to its tabling alongside the agency's Annual Report, there might potentially be some loss to the innovation and change the SEEing report promotes if its production became a statutory requirement.[26]

Integral Energy

3.15 In 2000-2001 and 2001-2002, Integral Energy produced a sustainability report separate to its annual report. These were merged into the one report in 2002-2003. In its submission to the inquiry, Integral Energy indicated that, while its sustainability reporting is still at a developmental stage, the practice of sustainability is embedded in business planning and organisational principles.[27] Integral Energy noted that its approach to sustainability reporting is based on GRI principles:

> because of its (GRI's) wide global acceptance by leading organisations, public and private.[28]

Integral Energy has had its sustainability report independently verified. However, in its submission, it describes the need for verification to drive a process of business improvement, rather than merely compliance. As the sustainability report is integrated with the annual report, this document is tabled in Parliament.[29] Integral Energy also argued effective sustainability reporting required a fourth dimension: good corporate governance, or the way in which the information gained through sustainability reporting is used to change management practice. Integral Energy indicated this should be a mandatory component in any sustainability report.[30]

Landcom

3.12 Landcom produces a sustainability report in addition to its annual report and other mandatory reporting requirements. Some of these data are also included in Landcom sustainability reports.[31] Landcom has developed indicators of sustainability in consultation with stakeholders. It has also developed sustainability targets. Landcom

[25] Mr Peter Duncan, Transcript of Evidence, 31 March 2005, p 6
[26] *ibid*, p 8
[27] Integral Energy, submission to inquiry, p 3
[28] *ibid*, p 7
[29] *ibid*, p 6
[30] *ibid*, p 5
[31] Landcom, submission to the inquiry, p 2

has integrated sustainability practice into business decision-making, though strategic planning and annual Corporate Plans. The sustainability report is independently verified and tabled in Parliament at the same time as the annual report, although there is no requirement for it to do so. Landcom used most of GRI's key principles to guide its sustainability reporting process, but felt that accordance with the GRI framework was not necessarily appropriate at this time.[32]

OTHER AGENCIES

3.13 Through its own research and in various submissions, the Committee was also made aware of voluntary sustainability reporting of various types being undertaken by NSW government agencies or State Owned Corporations such as Sydney Water, the Sydney Catchment Authority, the Roads and Traffic Authority and WSN Environmental Solutions.

3.14 The Committee also received submissions from, and information about, NSW local government authorities undertaking voluntary sustainability reporting, including the Western Sydney Regional Organisation of Councils (WSROC), Sutherland Shire Council, Eurobodalla Shire Council, Penrith City Council and Gosford City Council.

3.15 Although the Committee's access to information about the extent of sustainability reporting by NSW government agencies was limited, it was impressed with the level and sophistication of sustainability reporting being undertaken by those agencies about which it did receive information. Importantly, this included the degree of planning and consultation that accompanied the selection of appropriate indicators, how sustainability reports have been integrated with management processes and the thinking behind decisions such as whether to seek verification of reports.

STEPS TOWARD WHOLE OF GOVERNMENT COORDINATION

3.16 In 1998, the *Urban Infrastructure Management Plan* identified four key NSW Government commitments as 'foundations' of that Plan. These were:

- integrating environmental protection into all activities
- encouraging economic development and sustainable employment
- achieving greater social justice for all members of the community
- delivering more financially responsible programs that reduce public debt and unfunded liabilities.[33]

3.17 In August 2002, as the NSW Treasury submission notes:

> the Premier of NSW announced the establishment of a senior officers' group to investigate options for how the NSW Public Sector could incorporate 'sustainability' into its operations.[34]

The Committee understands that this senior officers' group has not met since approximately August 2004.

3.18 The Premier's Department subsequently conducted a survey of Government agencies to examine issues identified by them in relation to sustainability. The Department

[32] Ms Armineh Mardirossian, Transcript of Evidence, 31 March 2005, p 14
[33] Ministry of Urban Infrastructure Management, *Urban Infrastructure Management Plan*, March 1998, pp 1,2
[34] NSW Treasury, submission to the inquiry, p 4

also commissioned consultant, Ms Kendal Hodgman to develop a report, *Sustainability: A Whole of Government Approach*. Again, the NSW Treasury submission notes that a seminar reporting on progress of this project was held for agencies in August 2004.[35]

3.19 The Premier's Department has subsequently posted an item on its website indicating that the Department is currently working on:

> a Definition and set of Sustainability Principles that will provide a common understanding of sustainability across the whole NSW public sector.

In addition, the item notes that the Premier's Department is currently developing a *whole of government* approach to sustainability with input from the Chief Executive Committee.[36]

[35] *ibid*
[36] www.premiers.nsw.gov.au/our_library/ps_reform/SurveyofSustainabilityInitiatives.doc

Chapter Four – The Need for a Whole of Government Approach to Sustainability Reporting?

INTRODUCTION

4.1 Most Australian jurisdictions, and several international jurisdictions, have indicated the importance of a whole of government approach to sustainability reporting. The Committee was keen to understand the imperatives driving the interest of governments in seeking holistic sustainability reporting. The ACT and Tasmanian Governments, for example, identify the desire to understand and measure progress toward or away from sustainability.[37] The Western Australian and Victorian Governments each identify the 'business case' for embracing sustainability, focusing on advantages to be gained by ensuring that sustainability is at the core of decisions about procurement, energy use, community engagement and waste management.[38]

4.2 Several jurisdictions suggested that the need for government to take a leadership and governance role was a key driver for a whole of government approach. This is possibly best encapsulated by the title of the Western Australian Government's Sustainability Code of Practice, entitled *Leading by example*. Several jurisdictions also emphasised that a whole of government approach enables a *balance* of economic, social and environmental goals, again best exemplified by a statement to this end in the Victorian Government's *Growing Victoria Together* report.[39]

4.3 The Auditor-General has suggested that, in spite of there being no comprehensive public sustainability reporting in New South Wales:

> There are clear benefits in broad-based social, environmental and economic measuring and reporting, and New South Wales could help shape the direction this trend takes in Australia.[40]

A WHOLE OF GOVERNMENT FRAMEWORK

4.4 The Committee heard both in Australia and overseas that the benefits of a whole of government approach were:

- improved planning and coordination;
- improved efficiencies;
- improved transparency and accountability; and
- improved clarity of outcomes.

4.5 Unlike the private sector, governments can take advantage of economies of scale generated by whole of government thinking and action on sustainability issues. They can also effectively benchmark progress toward or movement away from desired outcomes and provide a supportive environment for systemic improvement.

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[37] ACT Government, *Reporting on progress towards sustainability in the ACT – an issues paper*, 2003, p 5; www.tasmaniatogether.tas.gov.au

[38] Western Australian Government, *Leading by example,* 2004; Victorian Government, *Growing Victoria Together*, 2005

[39] *ibid*, p 2

[40] Audit Office of NSW, *Auditor-General's Report to Parliament, Volume Four*, 2003, p 6

4.6 These views were echoed by witnesses to the inquiry. Professor Newman described how, in Western Australia, government agencies collaborated on the development of that State's sustainability strategy. He noted that agencies are now undertaking sustainability reporting via a standard template.[41]

4.7 Dr Judy Henderson, Chair of Global Reporting Initiative, told the Committee that, in her view, the use of standard systems and processes for whole of government sustainability reporting would help to free up the reporting requirements on agencies. Dr Henderson indicated that this would help the Government to report on the impact of government activities. She also stated that she would like to see the New South Wales Government take a leadership role in sustainability reporting.[42]

4.8 Mr Gary Moore, Director of the Council of Social Service, supported the need for a whole of government approach to sustainability reporting. He thought that this could be largely achieved through the rationalisation of existing data sets with some additional supplementation.[43]

4.9 In its submission to the inquiry, Integral Energy recommended a process that would assist whole of government sustainability reporting. The recommendation called for:

> The development of a code of practice to foster the introduction and development of high standards of sustainability reporting across all government agencies and departments.[44]

4.10 In its submission to the inquiry, NSW Treasury acknowledged that there is no single reporting framework integrating economic, environmental and social performance. It suggested, without specifying how this occurred, that there was continual improvement in improving the quality of reporting, 'highlighting known sustainability issues'.[45] In its response to questions of notice, NSW Treasury noted that:

> The benefits of sustainability reporting should be weighed up against the costs of scaling back other services, to ensure that it represents a net benefit to the state. If a net benefit can be shown, clear standards for sustainability reporting will need to be developed, so that the burden on agencies is minimised, and the greatest benefits realised.[46]

4.11 Recently, the Auditor-General recommended that the Government build on existing agency performance systems by:

- identifying the key outcomes (social, economic, environmental) that the Government is seeking to achieve
- developing a suite of performance indicators that best measure progress towards those outcomes
- reporting on these annually, either in conjunction with the Treasurer's Report on State Finances or shortly thereafter.[47]

[41] Professor Peter Newman, Transcript of Evidence, 23 March 2005, pp 3, 4
[42] Dr Judy Henderson, Transcript of Evidence, 8 April 2005, pp 18-20
[43] Mr Gary Moore, Transcript of Evidence, 8 April 2005, p 23
[44] Integral Energy, submission to the inquiry, p 9
[45] NSW Treasury submission to the inquiry, p 8.
[46] NSW Treasury correspondence, 10 June 2005, p 5
[47] *Auditor-General's Report to Parliament 2005, Volume Three*, p 1

4.12 Further, in his Report to Parliament for 2005, the Auditor-General comments on the importance of such holistic reporting, both for improving agencies' performance information and their decisions about priorities and spending, but also to contribute to a systematic process of state level performance information.

4.13 The Auditor-General includes in his Report a reference to other Australian jurisdictions. He also includes a suite of goals and indicators from the Government of the province of Alberta, Canada, as an example for consideration.[48]

4.14 The Committee welcomes these comments which are broadly consistent with its own recommendations, below.

4.15 The Committee finds that there is sufficient indication, from the evidence presented and from the work being undertaken in other jurisdictions, to proceed toward whole of government sustainability action and reporting for New South Wales.

4.16 The Committee further supports an approach whereby agencies 'sign on' to internal, systemic sustainability planning, action and reporting. This should occur via the development of individual agency Sustainability Action Plans that respond to a whole of government framework with established principles and goals. The Committee notes that, in the Western Australia public sector, each CEO's performance agreement requires compliance with a Sustainability Code of Practice and the production of an agency Sustainability Action Plan. Such an approach may provide the impetus necessary for universal adoption of sustainability reporting in NSW.

4.17 As other jurisdictions have recognised, the Committee finds that there needs to be a staged introduction to the development of sustainability action plans, their implementation and reporting. In the case of Western Australia, compliance with the sustainability code of practice and reporting is mandated. Agencies were given three months from the issue of the *Code of Practice* by the Premier, in September 2004, to develop their three-year Sustainability Action Plans. Agencies were also advised of a staged process by which they are expected to achieve transition to a new annual reporting process, which will ultimately become whole of government reporting. [49]

4.18 In Western Australia, agencies report both on aspects of the sustainability of internal operations (such as energy use, waste minimisation, community engagement, sustainability procurement and vehicle use) as well as on how agencies influence sustainability issues in the community and industry.[50]

4.19 The weaknesses exposed by the ACT Auditor-General in agencies' reporting of compliance with ESD principles is also useful for understanding how better to design a sustainability reporting framework. That report indicates that agencies require higher-level government guidance on reporting requirements. Where this guidance occurs, agencies are better focused on achieving their requirements through action plans.[51]

4.20 The Committee believes that, ideally, sustainability reporting should be mandated for all agencies and phased in according to a clear timetable and process. The mandating of reporting will ensure that there can be an appropriate focus on sustainability issues,

[48] *ibid,* pps 5,6
[49] Government of Western Australia, *Leading by Example: The Sustainability Code of Practice for Government Agencies and Resource Guide for Implementation*, September 2004, p 14
[50] Government of Western Australia, *Implementation and Action Plan,* p 282
[51] ACT Auditor-General's Office, *Reporting on Ecologically Sustainable Development*, July 2005, p 19

but also that whole of government reporting can occur. Three distinct phases are identified:

- Current (but streamlined) reporting on sustainability of agency operations
- Agencies reporting on their broader impacts or influence on sustainability across the State
- Comparisons of sustainability impacts and influence across the State and between jurisdictions.

CONCLUSION

4.17 The Committee accepts that the process of reporting in a complete way will need to be both incremental and iterative. In some government jurisdictions, and in much of the private sector, reporting has not progressed beyond reporting on the sustainability of internal operations. The Committee believes that, while operational reporting provides important information and a basis for addressing practical dimensions of agency operations, common indicators are either already available or can be readily developed or collated for reporting on agency operations. The greater responsibility is to lift sustainability reporting to the next level, that is, how agency outcomes influence sustainability issues. Indeed, the Committee believes that there are some efficiencies to be gained by so doing.

RECOMMENDATION 1: That a whole of government framework for sustainability reporting be introduced for the New South Wales public sector, and that the framework should include:

- the development of Sustainability Action Plans to encourage integration and annual reporting by agencies of social, environmental and economic dimensions in their internal operations and their sustainability impact and influence upon the broader community;
- mandated sustainability reporting for all agencies, phased in according to a clear timetable and process;
- clear guidance and directions provided to agencies as to the Government's expectations of their role in sustainability reporting; and
- an annual whole of government sustainability report to Parliament.

4.21 The Committee believes that the sustainability reporting framework should be able to contribute to effective, holistic decision-making and problem-solving within and between agencies. Existing sustainability reporting and decision-making processes, including GRI guidelines, a Decision/Practice model (known as 'D4P4' and discussed in Chapter Five) and the Western Australian State Sustainability Strategy offer valuable examples. Using these as a model would ensure that the NSW framework becomes a strong governance tool both for individual agencies and for the government as a whole.

OPERATIONAL AND BROADER EFFECTS

4.22 Agencies should, themselves, be required to address the development of specific indicators to assess the sustainability effects of agency outcomes, in accordance with government guidelines. It is suggested that this could occur on an agency-by-agency basis, as part of the agency Sustainability Action Plan. In Western Australia, for

example, the *Year One Progress Report* details actions being taken by agencies about the way in which they influence sustainability issues in the community.[52]

4.23 The *Triple bottom line report 2003*-04 of the Commonwealth Department of Family and Community Services focuses on internal operation. Beneficial effects included a 27 per cent reduction in electricity consumption at one key site, leading to a department-wide energy-saving program. However, in introducing the second triple-bottom line report, the Departmental Secretary commented on broader sustainability effects, including 'efforts to care for our own people and engage in community activities'.[53] This Departmental commitment was, in part, a response to the 2003 Canberra bushfires, reported upon in the *Triple bottom line report 2002-03*.[54] The Department has determined to track and respond to commitments made in successive triple bottom line reports.

4.24 The Committee also notes that the *Tasmania Together* process has been designed specifically to tackle the broader issue of the impact of government and community actions on sustainability, and *vice versa*, through the development and tracking of progress indicators. This process was previously described in Chapter Two.

4.25 The Committee has drafted a common set of indicators to assist agencies to report on the sustainability of internal operations. That is included at Appendix Three. These address social, environmental and economic dimensions of agencies' operations, but also include process indicators which integrate sustainability actions across all three dimensions. In developing these, the Committee drew from indicators proposed by GRI and those used in a number of NSW and Australian government agencies.

4.26 The GRI comments that the 'current youthful state of comprehensive economic, environmental and social reporting [means that] that many organisations are still building their reporting capacity.' It encourages an incremental approach to reporting, whereby organisations may expand their use of reporting principles and/or indicators and so move the organisation toward more comprehensive coverage of its economic, environmental and social capacity.[55] An incremental approach also acknowledges that larger agencies with greater resources may take the lead in extending and enhancing their sustainability reporting practice. The Committee supports this concept.

4.27 Currently, a number of NSW government agencies undertaking voluntary sustainability reporting provide comment on their policy and program influences in a wider context than simply the organisation. The Committee supports the continuation and development of the work of these agencies. It suggests that an evolution of sustainability reporting in the public sector could ultimately provide strong leadership and direction to inform wider community attitudes and behaviour.

RECOMMENDATION 2: That (a) the set of common indicators at Appendix Three be considered as the basis of indicators for internal agency operations and (b) individual agencies are encouraged to develop specific indicators addressing the sustainability effects of agency outcomes, in accordance with government guidelines.

[52] Sustainability Policy Unit, Department of Premier and Cabinet, Western Australia, *Hope for the future: Year One Progress Report 2004,* December 2004, pps 9-22
[53] Department of Family and Community Services, *Triple bottom line report 2003-04*, p 4
[54] Department of Family and Community Services, *Triple bottom line report 2002-03*
[55] Global Reporting Initiative, *Sustainability Reporting Guidelines*, 2002, pps 14, 15

CENTRAL AGENCY SUPPORT AND DIRECTION

4.23 The Committee is concerned that, at present, NSW central agencies may not be sufficiently resourced or mandated to drive sustainability reporting. It is pleased, however, to note the progress by the Premier's Department toward sustainability principles, referred to in Chapter Two. It also notes the cross-governmental networking and information role of the Chief Executives Committee regarding the sustainability impacts of internal agency operations.

4.24 The Committee believes that strong leadership support similar to that exhibited in other Australian jurisdictions would help to ensure the commitment necessary to deliver the proposed sustainability reporting framework for the NSW public sector. It is a view echoed by Dr Tim Flannery:

> What we need now, in both the environment and politics, are leaders who can admit to changed circumstances and steer us on a bold new course towards sustainability.[56]

4.25 The Committee notes that, in other Australian jurisdictions, the actual full-time equivalent (FTE) level of staff resourcing required to undertake the whole of government coordination of sustainability reporting and action is quite low. The Committee believes that it is similarly possible to achieve appropriate coordination of sustainability reporting in this State with a relatively low staffing level.

4.26 The Committee notes the criticism by the UK Sustainable Development Commission (SDC) of *its* Government's implementation of progress toward sustainability. The SDC identifies 'a significant gap between the Government's assessment of progress and our own.'[57] Among the reasons it advances for this is the failure of 'the centre of Government and central Departments [to have] given a steady or consistent political or institutional drive for sustainability in their relations with other Departments.'[58] The House of Commons Environmental Audit Committee echoes this call:

> Moreover, the Government should fulfil its commitment to review the remits of all departments and public sector bodies with a view to incorporating the promotion of sustainable development as a primary objective. It must also make available adequate staff resources within departments to developing the sustainable development agenda.[59]

4.27 In her 2004 Report, the Canadian Commissioner of the Environment and Sustainable Development, Ms Johanne Gelinas, identifies failures in the use of sustainability assessment and policy tools, patchy approaches to measurement and weakened accountability by government departments. Ms Gelinas suggests that these concerns are, in part, due to the poor quality of direction from the centre.[60] She argues the need for senior management leadership in that government's public service to ensure whole of government advances in sustainable development. She further suggests that picking up the standard of reporting is critical in order to better enable the Canadian

[56] Flannery, T, 'Earth needs a climate of change', *Sydney Morning Herald,* 18 July 2005
[57] Sustainable Development Commission, *Shows promise but must try harder*, April 2004, p 1
[58] *ibid*, p 4
[59] House of Common Environmental Audit Committee, *The Sustainable Development Strategy: Illusion or Reality?* Thirteenth Report of Session 2003-04, p 11
[60] Office of the Auditor-General, *Report of the Commissioner of the Environment and Sustainable Development to the House of Commons*, 2004, p 9

Parliament to hold government to account for its sustainable development responsibilities.[61]

4.28 In evidence before the Committee, the Auditor-General identified a need for an overarching framework for sustainability reporting. This would give agencies central direction and improve consistency in reporting. Mr Sendt was asked to comment on the mismatch between the level of innovation being shown by the sustainability reporting of individual government agencies and how central government agencies only require compliance. Mr Sendt noted that:

> [neither] the Premier's Department [nor] Treasury are resourced at the moment in a way that would allow them to devote the time and effort to providing that leadership.[62]

4.29 Mr Sendt commented, however, that the responsibility of setting a sustainability reporting framework would appropriately be that of the Premier's Department. He considered that Treasury should also be involved as a central agency providing leadership to individual government agencies.[63]

4.30 The Committee finds that, to be effective, sustainability reporting should be coordinated by a central government agency which can provide guidelines, agency support, opportunities for shared learning across agencies and monitoring for sustainability reporting. It is envisaged that the central agency would also have the principal role in coordinating a whole of government sustainability report.

4.31 The Committee concludes that the Premier's Department would be the most appropriate central government agency to undertake the whole of government coordination of sustainability reporting for the NSW public sector. It acknowledges that other central government agencies currently undertake components of the work that might be viewed as sustainability reporting. The Committee would urge the need for effective consultation between such agencies in order for effective whole of government coordination. The Committee notes, for example, the close degree of cooperation between the Department of Premier and Cabinet in Victoria and its Department of Treasury and Finance in the development of a whole of government sustainability report as an input to that State's Budget process.

RECOMMENDATION 3: That (a) the Premier's Department be the central government agency coordinating development of the government's whole of government sustainability reporting framework and approach; and (b) the Premier's Department be resourced appropriately to:

- provide the guidelines, focus, people and skills to fully develop the framework;
- request agency Sustainability Action Plans; and
- collate individual sustainability reports and other necessary information from agencies to provide an annual whole of government sustainability report to Parliament.

4.32 The Committee believes that a mechanism such as a Round Table of high level advisers would be a further boost to the sustainability reporting coordinating role in the Premier's Department. A Round Table could include appropriate community, technical, industry and public sector expertise and provide independent, strategic

[61] *ibid*, p 11
[62] Mr Bob Sendt, Transcript of Evidence, 8 April 2005, p 29,
[63] *ibid*, p 29

advice on sustainability reporting and activities in the wider community. It could also review and comment on methods of application of sustainability reporting in New South Wales, such as stakeholder engagement and the appropriateness or refinement of core indicators. In South Australia, a Round Table of individuals undertakes sustainability thinking and action and provides independent advice about the sustainability of the State's Strategic Plan.

4.33 As noted earlier, in Chapter Three, the agencies voluntarily undertaking sustainability reporting have a range of different approaches to the documentation and tabling of reports. Some agencies table their sustainability reports in Parliament, some do not. Some have merged sustainability reporting with their annual reporting requirements. As implied in the above recommendations, the Committee considers that agencies' sustainability reports should ultimately become part of their annual reports and be tabled in Parliament. This will require the review of current guidelines for annual reporting by agencies.

4.34 Further, the Committee believes that a key result of the whole of government approach to sustainability reporting should be a separate annual report to the Parliament on the sustainability of the NSW public sector. Accordingly, the Committee makes the following recommendation.

RECOMMENDATION 4: That (a) NSW government agencies' sustainability reports should become an integral part of their annual reports to Parliament, (b) central agency guidelines for annual reporting should be reviewed and re-issued to reflect this shift in focus and (c) a key result of the whole of government approach to sustainability reporting should be an annual report to the Parliament on the sustainability of the NSW public sector, collated and researched by the Premier's Department.

4.35 With regard to the timing of the reporting process, the Committee noted the example where the Victorian Department of Premier and Cabinet collates information from annual reports. It then provides this information to its Department of Treasury and Finance in 'real time' to assist the Budget process. The Committee's recommendation proposes that a collated report of this type should also be tabled in the Parliament. The Committee believes that it may be possible for a draft whole of government report to be prepared within three months of the tabling of individual agency reports. The draft could thus be used to assist Budget preparations and be tabled at the conclusion of the Budget process.

4.36 The Committee received evidence from NSW Treasury about the approach it is using for the development of agency 'Results and Services Plans'.[64] The Committee was concerned that the Treasury approach did not provide a holistic approach to understand, identify or integrate social, environmental and economic outcomes for agencies or the NSW government as a whole. As a complementary measure to streamlining reporting processes, the Committee suggests that NSW Treasury consider adapting the 'Results and Services Plan' methodology so that results can include integrated social, economic and environmental outcomes.

RECOMMENDATION 5: That NSW Treasury consider adapting Budget reporting processes, specifically the 'Results and Services Plan' methodology, so that results can include integrated social, economic and environmental outcomes.

[64] Mr Mark Pellowe, Transcript of Evidence, 8 April 2005, pp 5,6

STREAMLINING REPORTING ON PROCESES

4.37 As noted above, the Committee believes there needs to be a set of core indicators for sustainability reporting. The Committee notes that much of this information is already encased in current, disparate reports or is inherent in current annual reporting requirements. Certainly, current reporting processes will require some recasting accommodate sustainability action plans within annual reports. Central agency support for sustainability reporting should assist in shaping this process.

4.38 The Committee notes that, in relation to annual reporting, central agencies have published information to assist agencies to comply with reporting requirements. For example, the NSW Treasury, on its website, has a page directing readers to a Compliance Checklist for Annual Reporting, a list of Treasury Circulars relating to Annual Reporting and other useful information.[65] This site directs an agency compiling to a number of different Departmental sites and processes in order to understand its reporting obligations. The Premier's Department website contains a Strategic Management Framework and Calendar which sets out agencies' requirements in terms of planning, budgeting and reporting.[66] These current tools could be further adapted and promoted to assist the sustainability reporting process.

4.39 The Committee also believes that central agency coordination would help to reduce the waste and inefficiency of current, disparate sustainability reporting styles. Central agency coordination could also streamline a range of current mandatory reporting processes such as energy management, EAPS, EEO, WRAPP, OH&S, Action Plan for Women, and Disability Plans. These separate reports could form some of the basic elements of a sustainability report. However, as already outlined, the Committee believes that there would be a need to extend some of these processes. For example, the data in current reports should include targets. These should be monitored and benchmarked to achieve both an aggregated view of agencies' performance and for internal performance review by individual agencies.

4.40 In general terms, throughout the inquiry, the Committee heard that individual agencies receive insufficient feedback from central agencies about their performance in relation to these disparate reports.

4.41 In her submission, Ms Amanda Steele suggested the need for central agencies to:

> pull together the disparate regulatory regimes that many New South Wales' agencies face and should do so to alleviate reporting burnout.[67]

4.42 In evidence provided to the Committee, Ms Armineh Mardirossian, Director of Sustainability and Policy with Landcom, suggested the need for better central agency support in standardising and communicating with agencies about generic indicators.[68]

4.43 Director of the Council of Social Service of New South Wales (NCOSS), Mr Gary Moore, also queried the current value of reporting to central government agencies via a system of reporting that:

> is not integrated, is not simple, is time consuming, [and] does not deliver on results.[69]

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[65] www.treasury.nsw.gov.au/annfaq/arpage.htm
[66] www.premiers.nsw.gov.au/WorkandBusiness/WorkingforGovernment/StrategicManagementFramework
[67] Ms Amanda Steele, submission to inquiry, p 7
[68] Ms Ardmineh Mardirossian, Transcript of Evidence, 31 March 2005, p 15
[69] Mr Gary Moore, Transcript of Evidence, 8 April 2005, p 22

4.44 Mr Moore indicated to the Committee that, in his view, much of the reporting to central government agencies resulted in little change or reforms or feedback to individual government agencies:

> It is seen as an old chore on top of what you do already for your business.[70]

4.45 The Committee also heard from Sutherland Shire Council that a major concern for Local Governments is the burden of current, disparate reporting processes, particularly for smaller councils. General Manager, Mr John Rayner, suggested that there is the potential for the rationalisation of statutory reporting requirements for local governments through sustainability reporting. But he also cautioned against any imposition of any additional reporting requirement and suggested the need for closer liaison between State Government Departments and local government in setting their plans and directions.[71]

4.46 In the Committee's view, sustainability reporting must not become another layer of reporting on top of that already required of agencies, but an opportunity to rethink agency and government reporting and actions in the light of a commitment to more sustainable outcomes. The benefits of this shift should be identified as streamlined reporting, improved governance and improved feedback to agencies on sustainability issues.

4.47 The Committee believes the setting of targets and encouragement of benchmarking may help address the sense of frustration expressed by some agencies who indicated that they receive little analysis or feedback from central agencies about their performance in these currently mandated areas of reporting.

RECOMMENDATION 6: That the Premier's Department, in its coordination role for sustainability reporting, consider the use of targets and benchmarks to assist in providing feedback to agencies for improved performance.

THE CHALLENGE OF DEVELOPING APPROPRIATE INDICATORS

4.48 The Committee heard about the difficulties experienced by agencies in developing indicators that are relevant, reliable, replicable, clear and comparable. Committee members were impressed at the depth of thinking that had accompanied the search for useful and concise indicators by agencies that are voluntarily undertaking sustainability reporting. The Committee considered that the most legible sustainability reports were those in which the principals had worked to distil the essence of sustainability into a brief report with relatively few indicators. It felt that Forests NSW *SEEing Report* was one good practice example of a clear, comprehensive sustainability report. The Committee acknowledges that the process of getting to the point of the 2003/04 *SEEing Report* took a great deal of management and logistic support, a number of iterations and a good deal of shared learning. It nevertheless indicates the possibilities for other agencies to follow their lead.

4.49 The Committee heard in particular about the difficulty of developing appropriate indicators of social sustainability. Organisations such as the International Institute of Sustainable Development commented on the difficulty of defining the social dimension of sustainability reporting. The Sustainable Development Research

[70] *ibid,* p 22
[71] Mr John Rayner, Transcript of Evidence, 31 March 2005, pp 24, 26

Initiative told a Committee delegation that while there are abundant social indicators, these are hard to correlate. GRI notes that:

> Social performance measurement enjoys less of a consensus than environmental performance measurement.

and suggests:

> Given the diversity of social situations and issues that confront them, organisations should use stakeholder consultation to ensure that the social impacts on which they report are as complete as possible.[72]

4.50 The Federal Department of Family and Community Services developed an internal guide for reporting against social indicators, in the development of its 2002-2003 *Triple bottom line report.* In that report, the Department used indicators that measure only aspects of the agency's operations, rather than broader community impacts. However, in so doing, the Department acknowledged the importance of building upon particular indicators. For example, the Department reported on diversity rather than the traditional concept of EEO, because it believes that:

> Our commitment to diversity helps us achieve excellence in policy development, program management and client service.[73]

4.51 Since then, the Department established a Diversity Council, in December 2003. In its 2004 *Triple bottom line report*, the Department notes that it reviewed and updated its diversity plan to ensure even better responses to diversity.[74] Both of the Department's triple bottom line reports articulate commitments in each of the areas of social, environmental and economic performance against which progress is reported.

4.52 Director of the Council of Social Service of NSW, Mr Gary Moore, informed the Committee about the discussion paper *A Framework for Government Social Performance Reporting in NSW* which NCOSS has developed. The Framework includes a comprehensive set of social benchmarks and indicators against which Government could choose to report. Mr Moore said that many of the data sets to report on these indicators were already in existence. Further, he indicated that where particular information was not available, this could be provided through seeing the job of sustainability reporting as incremental.[75]

4.53 The Committee acknowledges that, for some agencies, the task of developing indicators addressing the sustainability influence of agencies on the broader community will be a new challenge. It believes that, to a large extent, this will be offset by the availability of common indicators for internal operations and the development of a whole of government culture supporting the task.

VERIFICATION OR AUDITING OF SUSTAINABILITY REPORTS

4.54 The Committee considers it important that sustainability reports are verified and/or audited to confirm that robust measures of sustainability have been selected. Agencies and the community need to have confidence in their sustainability reporting standards and processes, and that reporting is linked to actions. External scrutiny of

[72] *ibid*, pps 51, 52
[73] Department of Family and Community Services, *Triple Bottom line report,* 2003, p 14
[74] Department of Family and Community Services, *Triple Bottom line report,* 2003-04, p 17
[75] Mr Gary Moore, Transcript of Evidence, 8 April 2005, p 23

the standard of sustainability reports is clearly a driver for organisations who currently report in this way. In its submission to the inquiry, Integral Energy stated:

> This is important against a backdrop of increased scrutiny by Non Government Organisations (NGOs) to standards of sustainability reporting, where some businesses have done little more than re-package existing information under the banner of a sustainability report, leading NGOs to allege that some businesses are guilty of 'greenwash'.[76]

4.55 Underscoring the importance of agency actions arising from sustainability reporting and verification, Integral Energy continues:

> However, auditing and verification for its own sake merely ensures compliance, rather than driving any real improvements to business processes. Unless verification is used to drive improved business processes; enhance customer outcomes; and deliver more transparent reporting practices, Integral Energy does not believe that it adds value to sustainability reporting.[77]

4.56 The Committee supports this view.

4.57 As sustainability is currently voluntary, agencies have a choice about whether to have their sustainability reports externally verified. However, the Committee heard that many opt for external verification. Some NSW agencies have annual and some biennial verification processes.

4.58 Forests NSW, for example, has undertaken to have external verification or assurance of its sustainability report every two years. Typically, the process involves a review of the report for any major anomalies and an examination of the agency's measurement and reporting procedures, background documentation and data collection and reporting procedures. Further, selected material claims and data streams are audited with regard to the level of accuracy in data collection and aggregation processes. The extent to which the agency's key social, environmental and economic policies are embedded is also assessed. The agency's assurance process is based upon both the *AA1000 Assurance Standards* and GRIs *Sustainability Reporting Guidelines.*

4.59 Auditing or verification of sustainability reports may be seen to be expensive for agencies, and is probably a factor contributing to its varied application by agencies. From the information it has received, however, the Committee believes that auditing or verification of sustainability reports would improve a consistency of approach and improved rigour in reporting standards. Subject to appropriate resourcing and capacity development, the auditing/verification role could be taken up by the NSW Auditor-General. Alternatively, agencies could continue to commission auditors separately.

4.60 The Auditor-General indicated to the Committee that, at present, there is no mandate for the Audit Office to validate or comment on sustainability information provided in government agency annual reports:

> The only information we, as auditors, are required to verify in the balance of the annual report is any financial information or statement that may conflict with the audited financial statements.[78]

[76] Integral Energy, submission to the inquiry, pp 5,6
[77] *ibid*, p 6
[78] Mr Bob Sendt, Transcript of Evidence, Friday 8 April 2005, p 29

4.61 The Committee noted the Auditor-General's comment that the lack of a mandate to audit performance information had been a constraint on the NSW Audit Office for some time, while other jurisdictions have been able to audit key performance indicators on a selective basis or across the whole of government.[79]

4.62 In its submission and evidence to the inquiry, the Council of Social Service of NSW supported a role for the Auditor-General in the auditing of sustainability reports, including social results for NSW.[80]

4.63 The Committee considers that the Auditor-General should have a principal role in the verification or auditing of sustainability reports for the NSW public sector. The Committee is conscious that this may imply a resourcing issue, both in terms of the initial skilling of staff as well as undertaking the actual audits. In the evidence provided to the Committee, the Auditor-General indicated the scope of the audit process would be critical to estimating the resources required, ie whether the audit would address only the accuracy of performance indicators or their appropriateness. However, he also suggested that Audit Office staff, once trained in the area, could conduct financial and KPI audits concurrently with other audit processes.[81]

4.64 The Committee is also mindful that, should its recommended approach to sustainability reporting in the NSW government sector be accepted, many agencies new to sustainability reporting may be initially constrained in their capacity to implement verification or audit processes. In this regard, an incremental approach to the verification or auditing of key elements of reports may be a preferred option.

4.65 The Committee also believed that auditing or verification of sustainability reports should be viewed as a way of agencies achieving business improvement, not just compliance.

RECOMMENDATION 7: That the Government consider the need for sustainability reports to be audited, and as it would be the most efficient for the State's dedicated professional auditing agency, the NSW Audit Office, to do this, then the powers of the Auditor-General should be appropriately enhanced.

SUPPORT FOR INTEGRATED SUSTAINABILITY REPORTING

4.66 The Committee is aware of two existing mechanisms established at a central government agency level to support the incorporation of sustainability (and hence reporting) within NSW government agencies. These are: the Senior Officers' Group, established by the Premier in 2002, which, as noted above, has not met for some time; and the Chief Executives Committee, under the auspice of the Premier's Department, which now has this matter on its agenda.

4.67 The Committee received evidence from a number of NSW government agencies undertaking voluntary sustainability reporting to the effect that they would value central government agency support for their sustainability reporting role. Forests NSW noted that its previous participation in the Senior Officers' Group had been useful for discussion about information-sharing about policies and procedures for sustainability

[79] *ibid*, p 30
[80] NCOSS, *Measuring Up: A Framework for Government Social Performance Reporting in NSW*, March 2005, p 8, and Transcript of Evidence, 8 April 2005, p 21
[81] *ibid,* pp 32, 33

reporting.[82] Consultant and former Sustainability Reporter for Sydney Water, Ms Amanda Steele proposed that, while useful for information-sharing, the Senior Officers' Group could be improved with a formally mandated role to develop sustainability reporting tools.[83]

4.68 Integral Energy indicated that a whole of government approach would assist *its* current process of reviewing the methodology and accuracy of data collected, by providing best practice examples which had been implemented in the public sector.[84] In its submission, the agency also indicated that, while Treasury guidance on annual report preparation was useful, this continued to focus upon compliance with conduct, rather than to offer a 'code of practice' for sustainability reporting. Integral Energy suggested that the introduction of such a code would 'give renewed emphasis to standards of reporting'.[85]

[82] Ms Sally Arundell, Transcript of Evidence, 31 March 2005, pp 6,7
[83] Ms Amanda Steele, submission to the inquiry, p 7
[84] Integral Energy submission to the inquiry, p 5
[85] *ibid*, p 6

Chapter Five – Options for Report Content

INTRODUCTION

5.1 Should the Committee's recommendations regarding whole of government sustainability reporting be adopted, a range of options is available for addressing the way in which report contents are realised. These are outlined below.

THE NATURE OF SUSTAINABILITY REPORTS

5.2 The Committee's research indicates the importance of ensuring the integration of all three dimensions of sustainability – social, environmental and economic – in a reporting process. Some suggest that integration is indeed the very essence of sustainability. Emeritus Professor Valerie Brown states:

> It is becoming increasingly apparent that the future sustainability of the human species depends upon adaptive, system-wide solutions to linked social, economic and ecological issues.[86]

5.3 Professor Brown believes that sustainable solutions in the public arena will need to link knowledge to action. This is one of the terms of reference of the inquiry and a key concern of the Committee. Professor Brown draws attention to early work undertaken by Kolb in the area of adult learning, in which he demonstrated that in problem-solving, different professions concentrated on one or more steps of a cycle - engineers on concrete observation, scientists on active experimentation and management on reflection and observation. Kolb noted that a key deficiency was that an individual or project team often failed to complete the problem-solving cycle and thus inquiry was unsustainable in the long-term. Added to Kolb's research is Brown's finding that different professions have often acted in compartmentalised administrations, believing they were addressing a sustainability agenda, but in reality, competing for the same resources.[87] Professor Brown established that there was a need to link, in a practical way, the tools used by people implementing policy with processes of reflecting upon the effects and value of their actions (ie decisions and practice), and thus lead to continuous improvement.

5.4 Professor Brown describes a Decision-into-Practice cycle, referred to as 'D4P4' (figure 1), as a means by which participants can:

- develop shared sustainability principles;
- articulate relevant and appropriate indicators and goals; and
- undertake practice solutions that do as much as possible to achieve the potential of the organisation or entity.

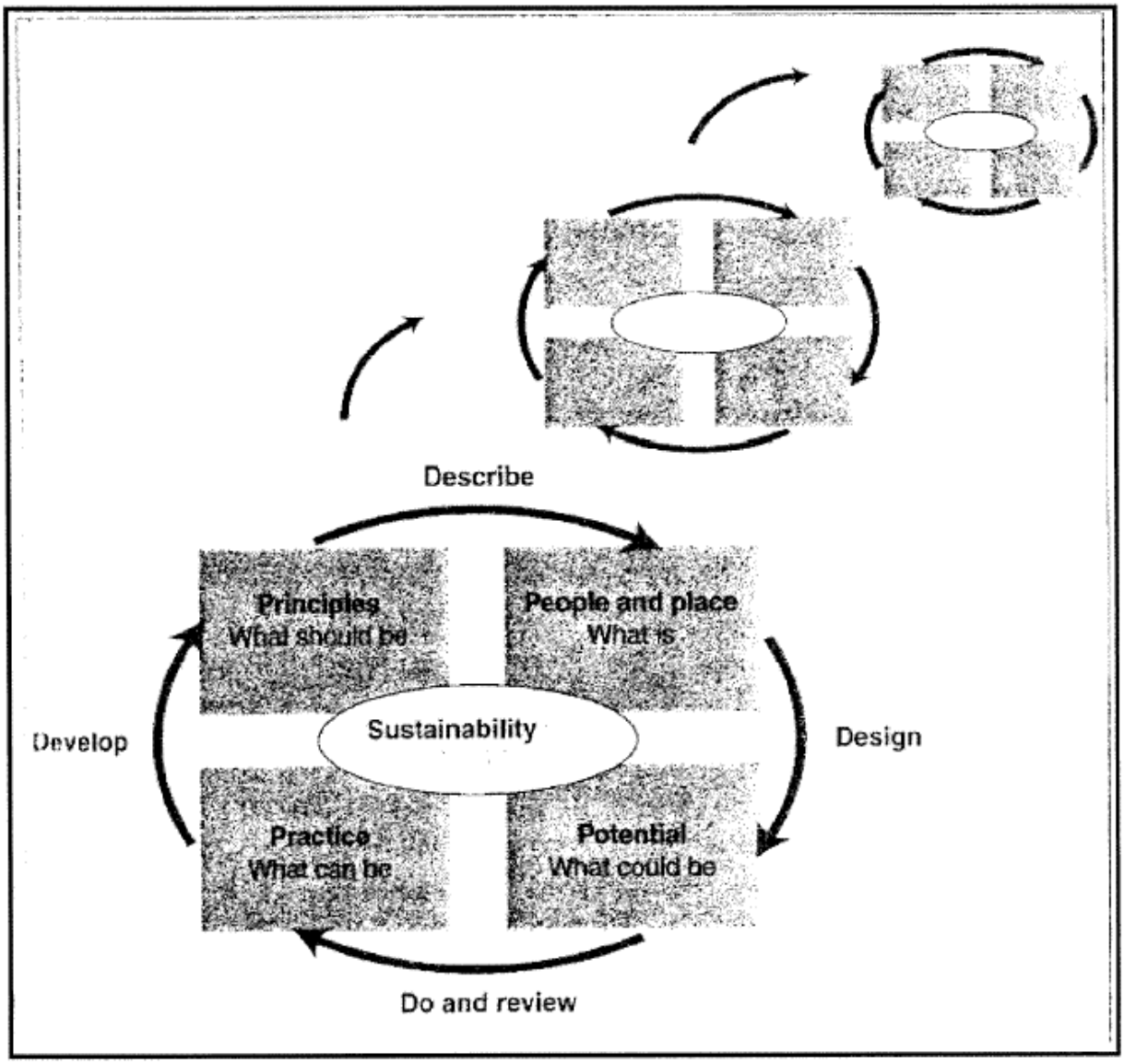
5.5 This process was first developed in partnership with local authorities as a monitoring and evaluation tool for local integrated state-of-the-environment reporting. It has since been used for as a change management tool by organisations such as land care, public health teaching and regional development bodies. The D4P4 tool has helped

[86] Brown, Valerie A, Jan Ritchie, John Grootjans and Bernard G Rohan, "Public Health and the future of life on the planet" in *Sustainability and health*, Brown et al, Allen and Unwin, 2005, p 22

[87] Emeritus Professor Valerie A Brown, Director, Local Sustainability Project, School of Resources, Environment and Society, Australian National University, *Submission to House of Representatives Standing Committee on Environment and Heritage Inquiry into Sustainable Cities*, October 2003, p 6

to ensure that structural organisational change has been accompanied by a shift to collective thinking and action to ensure organisations' supporting systems are also changed.

Figure 1. Sustainability decision-making framework, adapted from 'Living', Brown *et al*, *Sustainability and Health,* 2005, p 23



5.5 Forests NSW has taken a step towards an integrated decision-making process by incorporating a Sustainability section into its current *Seeing* (Social, Environmental and Economic) Report. As well as reporting against the separate social, environmental and economic indicators used in previous reports, several of these were combined to produce a holistic picture. The report indicates that:

> This approach examines the outcomes of decision-making in terms of social, environmental and economic results as well as financial performance.[88]

[88] Forests NSW, *Seeing* Report, 2003/04, p 3

5.6 Integral Energy told the Committee that it has a similar approach, whereby it sustainability reporting and practice has become a part of business planning and organisational principles.

5.7 ABN Amro indicated to the Committee that sustainability reporting and practice was 'part of the DNA' of that organisation.

5.8 This increasing recognition of the importance of focussing on *processes* as well as outcomes is highlighted by the Western Australian Government's State Sustainability Strategy. The framework for that Strategy includes a set of 'Foundation' principles, as follows:

- Long term economic health
- Settlement efficiency and quality of life
- Net benefit from development
- Equity and human rights
- Biodiversity and ecological integrity
- Community, regions, 'sense of place' and heritage
- Common good from planning.

The WA framework also includes a set of process principles. They are:

- Integration of the Triple Bottom Line
- Precaution
- Accountability, transparency and engagement
- Hope, vision, symbolic and iterative change. [89]

5.9 These views were echoed by Dr Judy Henderson, Chair of GRI, in her evidence to the Committee. Dr Henderson identified process issues as critical for public sector agencies to monitor not only outcomes, but how they achieve and improve upon outcomes.[90]

GRI GUIDELINES FOR SUSTAINABILITY REPORTING

5.10 Several agencies and individuals, including the NSW Auditor-General, URS Australia, Peter Maganov and Integral Energy suggested that a framework for sustainability reporting in New South Wales should be modelled on international reporting best practice, specifically on those of the Global Reporting Initiative (GRI).[91] Its objective is to develop a consistent and comparable global standard framework for sustainability reporting within organisations.[92] In a sense, GRI sought to achieve harmonisation of sustainability reporting standards from the outset, an action which is only now being addressed globally by reporters of financial standards.

[89] State Sustainability Strategy, Western Australian Government, downloaded from website: www.dpc.wa.gov.au
[90] Dr Judy Henderson, Transcript of Evidence, 8 April 2005, p 16
[91] Auditor-General's submission, p 6; URS Australia submission; Peter Maganov submission, p 7; Integral Energy submission, p 2
[92] Global Reporting Initiative, *Sustainability Reporting Guidelines*, Boston, 2002, p i

5.11 Chair of GRI International, Dr Judy Henderson reported to the Committee that a large part of the success for GRI's acknowledged leadership in sustainability reporting in the private sector comes from its multi-stakeholder process.[93] This has assisted its credibility and acceptance in 51 countries around the world. Dr Henderson described the GRI process which calls for organisations to examine their vision and strategy, organisational profile, governance structures, management systems, stakeholder engagement and policies.[94] These are then supported by performance indicators on economic, environmental and social impacts. Dr Henderson indicated that, while a great challenge for public sector agencies in sustainability reporting will be the focus on public policies and implementation measures, the process also presents an opportunity to improve internal processes, efficiencies and the alignment of policies. Further, the framework offers agencies the flexibility to report on additional goals or issues of importance.[95] Hence, while there is a cost associated with sustainability reporting, it can also be used as a management tool and instrument to restructure and augment the components an organisation currently measures.

5.12 The 2005 international survey by KPMG of corporate social responsibility reporting noted that GRI's sustainability reporting guidelines are well-accepted, with 650 companies spread through 50 countries currently reporting on the basis of these guidelines.[96] The KPMG report includes a response to the survey by the CEO of GRI, Mr Ernst Ligteringen, in which he remarks on the imperative for GRI as the pre-eminent body providing a framework for sustainability reporting to be responsive to its stakeholders:

> The increase in the use of the GRI guidelines since 2002 as the single, global, framework for sustainability reporting highlights the need for a more robust platform to support growth in numbers of reporters, and increases in high-quality, relevant, performance-focused, and comparable reporting. This will be an ongoing reminder about GRI's constant responsibility to its stakeholders to continuously improve the Sustainability Reporting Guidelines based on user's [sic] experience and needs.[97]

5.13 Arguably, that process of continuous improvement is occurring, with the March 2005 issue by GRI of its *Sector Supplement for Public Agencies.*[98] The Committee has drawn upon this Supplement to inform the set of common indicators for possible use by NSW agencies and government provided at Appendix Three.

5.14 Some NSW government agencies voluntarily undertaking sustainability reporting felt that GRI indicators were not suitable for their circumstances. Forests NSW, Landcom and Sutherland Shire each opted to develop their own indicators because they saw these as more directly relevant and better aligned with organisational performance objectives.[99]

5.15 NCOSS is supportive of the GRI framework and endorses its principles. However, its Director, Gary Moore, indicated the belief that GRI was weaker in relation to social

[93] Dr Judy Henderson, Chair, Global Reporting Initiative, Transcript of Evidence, 8 April 2005, p 15
[94] *ibid,* p 18
[95] *ibid*, pp 18, 19
[96] KPMG, *KPMG International Survey of Corporate Social Responsibility 2005*, June 2005, p 7
[97] *ibid, p 7*
[98] Global Reporting Initiative, *Sector Supplement for Public Agencies, Pilot Version 1.0*, March 2005
[99] Ms Sally Arundell, Transcript of Evidence, 31 March 2005, p 2; Ms Armineh Mardirossian, Transcript of Evidence, 31 March 2005, pp 14, 15; and Ms Simone Schwarz, Transcript of Evidence, 31 March 2005, pp 21, 22

performance indicators.[100] NCOSS does, however, regard the GRI model as 'a very useful work in progress.'[101] It should be noted that GRI had also acknowledged this weakness as a particular challenge to be addressed in the new generation of guidelines under current development:

> Social indicators are the ones that are quite difficult because they are much more qualitative than quantitative.[102]

5.16 In order to promote a focus on social performance reporting in New South Wales, NCOSS developed, in March 2005, a *Framework for Government Social Performance Reporting in NSW*. The document provides a challenge to the NSW Government to ensure that social performance reporting becomes a central feature of the governance of the State.[103] Importantly, it also identifies specific benchmarks and indicators for social objectives. In evidence to the Committee, Mr Moore indicated that these:

> should form part of the targets of government, sitting alongside some of the existing economic ones and some environmental ones. NCOSS has done the social side. Most of that is already collected, in some way or another.[104]

5.17 Asked by the Committee whether the NSW public sector should wait until sustainability reporting processes are perfected, Dr Henderson replied:

> No… I would really encourage the New South Wales Government to have a process of sustainability reporting for the agencies for all of the reasons I have given – impact and so on…. I would like to see New South Wales take a leadership role in this.[105]

OTHER SUSTAINABILITY REPORTING TOOLS

5.18 It is worth noting that although GRI's principles are well regarded, its Guidelines are by no means the only tool available for sustainability reporting. In her submission, Amanda Steele suggested a range of tools, including GRI's, but also the Ethos Indicators, developed by the Ethos Institute of Business and Social Responsibility, the work of the Australian Collaboration, and of the International Organisation for Standardization.[106] The CPA Australia submission also highlights the versatility and flexibility of GRI guidelines. But it also considers the System of Integrating Economic and Environment Accounting (SEEA2003), endorsed by the UN, World Bank, OECD, the IMF and the European Commission in 2003 as a common framework for measuring the contribution of the environment to the economy and the impact of the economy on the environment.[107] Richard Osborn, Principal, Green Measures, also noted a shift toward the use of SEEA2003.[108]

5.19 A submission by the University of Sydney's Sustainability Reporting Project advocates full supply chain analysis as the only reliable methodology to 'calculate the bottom

[100] Mr Gary Moore, Director, Transcript of Evidence, 8 April 2005, p 26
[101] Council of Social Service of New South Wales, *Measuring Up: A Framework for Government Social Performance Reporting in NSW*, Surry Hills, March 2005, p 9
[102] Dr Judy Henderson, Chair, Global Reporting Initiative, Transcript of Evidence, 8 April 2005, p 19
[103] Council of Social Service of New South Wales, *Measuring Up: A Framework for Government Social Performance Reporting in NSW*, Surry Hills, March 2005, p 5
[104] Mr Gary Moore, Director, Transcript of Evidence, 8 April 2005, p 21
[105] Dr Judy Henderson, Chair, Global Reporting Initiative, Transcript of Evidence, 8 April 2005, p 20
[106] Ms Amanda Steele, submission to the inquiry, p 10
[107] CPA Australia, submission to the inquiry, pps 7,8
[108] Richard Osborn, Green Measures, submission to the inquiry, p 1

line' because it suggests this does not limit analysis to onsite inputs regarded as within the control of the organisation reporting.[109]

5.20 KPMG Sustainability Advisory Services notes the role of GRI guidelines, but also indicates a range of standards in use for the assurance or review of sustainability reports. These are:

- the AA1000 Assurance Standard published by the UK based Institute of Social and Ethical Accountability (AccountAbility);
- various Australian Auditing Standards (AUS102.44, AUS502, AUS402, AUS512 and AUS514);
- the International Standard on Assurance Engagements ISAE3000, issued by the International Federation of Accountants (IFAC) in 2003; and
- Standards Australia's General Guidelines on the Verification, Validation and Assurance of Environmental and Sustainability Reports.[110]

5.21 In its research, the Committee also noted the work of the Global Footprint Network, based in Oakland, California, which assesses the quantum of biologically productive land a population needs for the resources it consumes and to absorb its waste, using current technology. According to the World Wildlife Fund's 2004 *Living Planet Report,* which used the analysis of the Global Footprint Network to compare the ecological footprints of 150 nations, humanity is now consuming over 20 per cent more natural resources than the earth can produce. Referring to that Report, Global Footprint Network concludes: 'Ecological overshoot has become a reality'.[111]

5.22 It should be noted that not all of these tools identified above are mutually exclusive. In fact, some are already applied, in combination, by organisations in a complementary way.

COSTS AND BENEFITS OF SUSTAINABILITY REPORTS

5.23 The Committee received information from NSW Treasury which indicated that sustainability reporting 'can be a costly process.' The Treasury correspondence quoted a 2001 GRI report which reviewed sustainability reporting costs, and:

> showed GRI sustainability reporting costs ranging from between $105,000 and $3 million, at an average cost of $607,000.[112]

5.24 On the basis of this report, the NSW Treasury estimated:

> the cost of requiring the 68 general government budget dependent agencies in NSW to prepare sustainability reports would be around $21 million each year. If non budget dependant (sic) agencies were also required to prepare reports, this would rise to around $30 million.[113]

5.25 The Committee looked a little more deeply into the GRI report in question. It found that the review referred to private sector organisations and that among these were large multi-national organisations such as Shell and Nike, with far greater reporting

[109] Sustainability Reporting Project, University of Sydney, submission to the inquiry, p 2.
[110] KPMG Sustainability Advisory Services submission to the inquiry, pp 3,4
[111] Global Footprint Network website: www.footprintnetwork.org/gfn_sub.php?content=1pr2004
[112] Ronsisvalle, Mark, NSW Treasury correspondence, 10 June 2005, p 4, "The Costs of Preparing a Sustainability Report", GRI.
[113] *Ibid,* p 4

and distribution costs than the average organisation. Factors contributing to the high cost of reporting prior to 2001 included:

- organisations were 'first-time' sustainability reporters under developmental conditions, and as such, were 'pioneering' sustainability reporting, and
- the organisations included the costs of verification of reports as well as direct sustainability reporting, leading to a skewing of the costs.

5.26 Dr Robyn Leeson, Executive Manager of the Centre for Public Agency Sustainability Reporting, indicated to the Committee that current costs of sustainability reporting among the companies reviewed by GRI in 2001 are substantially lower than at that time. However, Dr Leeson commented that there is very little empirical evidence about the cost of reporting, because every organisation tracks things differently.[114]

5.27 The Committee notes a report of the Canadian Certified General Accountants Association, which found that over 80% of companies spend less than $200,000 per year on external reporting, while 5.3% spend greater than $1m annually on reporting. The report indicated that, on average, more than two-thirds (68.8%) of reporting budgets in these companies is allocated to cover financial performance, while only 4% is spent on reporting sustainability issues. The Committee notes that this rises to 11.8% for companies with a large capital base. The report states that on average, companies are spending at least $119,000 annually to report on sustainability issues, while 43.9% are spending less than $1,000.[115]

5.28 The Commonwealth Department of Environment and Heritage has indicated that its first Triple Bottom Line Report was produced for $110,000, including staff costs and verification, and the Department is working to a similar budget for the second report.[116]

5.29 The Cooperative Bank based in the United Kingdom has received several commendations and awards for its sustainability reports, including the title of world's best sustainability report, from the United Nations Environment Programme in 2003. Paul Monaghan was responsible for initiating the Cooperative Bank's sustainability reporting process, and describes how the world-leading report was put together by a team of four over four months at a cost (including external assurance) of less than 50,000 pounds. He says:

> It is the Cooperative Bank's experience that the resources required for sustainability reporting are small.[117]Monaghan continues:
>
> Usually, the biggest block to social and environmental reporting is the prevalent internal corporate culture, not a lack of financial resources or technical expertise. Companies are traditionally geared to 'hype' the good news and 'kill' the bad news.... Therefore when the business case is put together for reporting it is essential to tackle such inertia up front.[118]

5.30 While much of the current information still relates to companies, not government entities, there are a number of factors which suggest to the Committee that it can

[114] Leeson, R, correspondence, 17 June 2005
[115] Certified General Accountants Association of Canada, *Measuring Up: A Study on Corporate Sustainability Reporting in Canada*, June 2005, pp 56, 57
[116] Starr, P, Department of Environment and Heritage, correspondence, 22 July 2005
[117] Monaghan, Paul, "Put Up or Shut Up" in *The Triple Bottom Line: Does it all Add Up*, 2004, p 148
[118] *ibid*, p 149

reasonably expect the cost of sustainability reporting for the NSW public sector to be lower than the Treasury's estimates. These factors are that guidance and expertise in sustainability reporting has advanced considerably since 2001, and information about guidelines is readily available to Government and agencies.

5.31 The Committee does not envisage that sustainability reporting by NSW government agencies will be on the scale undertaken by the multinational organisations reviewed by GRI in 2001. Further, it believes there are potential economies of scale via the development of a whole of government framework for the NSW public sector which would not have been available to individual organisations undertaking sustainability reporting under developmental conditions.

5.32 The Committee is aware that the tasks of selecting indicators for sustainability reporting, establishing reliable data collection systems, reporting, reflecting on data and monitoring the results of actions on outcomes are tasks that require resources. The Committee believes that at least some of these tasks are, or should be the legitimate governance functions within the ambit of agencies' management.

5.33 Further, the Committee has indicated in this report, the potential for whole of government savings in reviewing and re-focussing current disparate reporting arrangements. This is particularly true in relation to agency reporting on internal operations in areas such as energy management, EAPS, EEO, WRAPP, OH&S, Action Plan for Women and the Disability Plan.

5.34 Dr Judy Henderson told the Committee:

> Sure, to actually set up the systems to do the reporting is an expense, like any capital expense. To set it up is not inexpensive, but once the processors and systems are set up, and the second and third reporting phases are in place, the expense certainly goes down. But most of the indicators that GRI is asking agencies to report on will be measuring this in some way anyway. We know the old adage "You can only manage what you measure". They [agencies] should be measuring that.[119]

5.35 Executive Director of NCOSS, Mr Gary Moore told the Committee that he did not believe that there are serious financial reasons why sustainability reporting cannot happen. He indicated that a number of data sources are available which can be used or built upon. He said:

> We are not talking about creating whole new data sets.....Some of this data, not all of it, is getting better at local areas sourcing and some of it is not. We recognise that. But by and large, we think it is an incremental job as well. You do not go for the perfect system on day one because it would not be. And that would also mean ... reducing and removing a number of existing reports.[120]

5.36 Commenting on the costs and benefits of acting on sustainability reporting, Emeritus Professor Valerie Brown notes:

> The 1995 Lead in Petrol Review by Deni Greene *et al* at Monash University found the estimated industry costing of taking lead out of petrol to be in the order of tens of millions of dollars. The costs of *not* taking lead out of petrol (in terms of health and social effects) was then done, and found to be in the order of hundreds of millions of dollars. It came out.[121]

[119] Dr Judy Henderson, Transcript of Evidence, 8 April 2005, p 19
[120] Mr Gary Moore, Transcript of Evidence, 8 April 2005, p 23
[121] Emeritus Professor Valerie Brown, email correspondence 16 June 2005

SUSTAINABILITY REPORTING AND GOVERNANCE

5.37 Related to the costs and benefits discussion, and of concern to the Committee is the Treasury's view that:

> [T]here is little scope to incorporate this additional task (sustainability reporting) within existing resources. If agencies are asked to prepare sustainability reports, they will need to allocate funds within their agency, requiring other services to be scaled back.[122]

5.38 In contrast with this view, the Committee heard from NSW government agencies and other witnesses that the task of sustainability reporting helps them to better manage their agency functions. Richard Powis, CEO of Integral Energy indicated that the sustainability report was both part of the management process and a driver for the organisation.[123] As noted above, Integral Energy's submission also addressed the issue of governance:

> Arguably, there is a fourth dimension to effective sustainability reporting – that of good governance – which should be a mandatory component in any sustainability report.[124]

5.39 Peter Duncan, CEO of Forests NSW indicated that the task of sustainability reporting was viewed as critically important to the organisation because of the range of benefits it provided. Asked to describe the burden of doing sustainability reporting from an organisational perspective, he responded:

> From a management point of view, I do not see it as a burden. It is actually a great result because these trends are really useful. Nearly every time we make a management decision we look at these types of trends. …management-wise we are not just collecting what we have to collect … although staff time is involved, up to 100 different people have input into the information so that they all get to understand a bit about our trends, and they all get to see the report at the end and understand more about the organisation.[125]

5.40 Throughout the inquiry, the Committee was provided with convincing evidence that organisational governance was a key element in the successful use of sustainability reporting as a tool to bring about needed organisational change. The Committee believes that there is scope for the Government and agencies to focus upon ways in which current reporting can be recast both to streamline reports and to inform management performance and agency/government directions. The Committee therefore supports the use of forums among agencies to promote good practice in sustainability reporting, and the development of mechanisms by which recommendations arising from such forums can be directed for consideration by senior management.

5.41 At a minimum, the Committee suggests that the Senior Officers' Group established by the Premier's Department to discuss sustainability reporting and actions should be reconvened and provided with terms of reference to enhance its role on sustainability reporting and improved governance practices.

[122] Ronsisvalle, Mark, NSW Treasury correspondence, 10 June 2005, p 4
[123] Mr Richard Powis, Transcript of Evidence, 31 March 2005, p 34
[124] Integral Energy submission to the inquiry, p 4
[125] Mr Peter Duncan, CEO, Transcript of Evidence, 31 March 2005, pp 5, 6

BEYOND REPORTING

5.42 The Committee is conscious that sustainability reporting requires an accompanying commitment by agencies and Government to act on the results of reports. It is for this reason that the Committee has deliberated upon a framework for sustainability reporting and action that puts the reporting task at the heart of agencies' and the Government's role in governance.

5.43 The Committee feels that the use of sustainability reporting will be a vital tool for effecting change in the ways the public sector and ultimately the broader community account, holistically, for social, environmental and economic factors.

5.44 The Committee suggests that the value of sustainability reporting will be fully realised through an iterative approach, whereby organisations reflect upon their areas of activity and how to improve the sustainability of these.

5.45 The Committee believes that the provision of a whole of government report to Parliament will provide the necessary opportunity for scrutiny of the progress of sustainability reporting, both to remark upon successes and to raise any concern about unsatisfactory progress on issues.

5.46 Distinguished journalist, Phillip Adams fondly relates a story which could become the catch-cry for sustainability reporting in the NSW public sector. It is:

> On his 80-somethingth birthday, the great Spanish cellist, Pablo Casals contemplated the state of the world and said, very sadly to the assembled media, 'the situation is hopeless.' After a pause, he added, 'We must take the next step.'[126]

[126] Adams, Phillip, letter seeking sponsorship on behalf of Oxfam, undated

Appendix One – List of Submissions

The Committee received submissions from the following:

1. **Mr A. V. Hercok (Individual)**
2. **URS Australia Pty Ltd**
3. **Special Minister of State**
4. **Council of Social Service of NSW**
5. **Mr Peter Maganov (Individual)**
6. **Country Energy**
7. **Ms Amanda Steele (Individual)**
8. **The University of Sydney**
9. **KPMG Audit and Risk Advisory Services**
10. **Western Sydney Regional Organisation of Councils Ltd**
11. **The Audit Office of New South Wales**
12. **CPA Australia**
13. **Sutherland Shire Council**
14. **Ms Kala Saravanamuthu (Individual)**
15. **Penrith Council**
16. **Green Measures**
17. **Treasurer of New South Wales, Australia**
18. **University of Sydney**
19. **Burson-Marsteller**
20. **Bureau of Rural Sciences**
21. **Orfeus Research**
22. **NSW Forests, Department of Primary Industries**

23. Landcom

24. Integral Energy

25. Econeco PL

26. Gosford City Council

Appendix Two – Witness List

The Committee received evidence from the following witnesses:

23 March 2005

Professor Peter Newman	NSW Sustainability Commissioner and Chairman of Western Australian Government Sustainability Roundtable Murdoch University

31 March 2005

Mr Peter Duncan	Chief Executive Officer Sustainability Group Forests New South Wales
Ms Sally Arundell	Sustainability Project Officer Sustainability Group Forests New South Wales
Ms Armineh Mardirossian	Director of Policy, Sustainability Landcom
Mr J W Rayner	General Manager Sutherland Shire Council
Ms Simone Schwarz	Manager, Strategic Planning Sutherland Shire Council
Mr Richard Powis	Chief Executive Officer Integral Energy

8 April 2005

Mr Mark Ronsisvalle	Deputy Secretary NSW Treasury
Mr Mark Pellowe	Acting Senior Director NSW Treasury
Ms Alexandra Gordon	Director NSW Greenhouse Office Cabinet Office

Dr Elizabeth Coombs	Assistant Director-General Premier's Department
Dr Judy Henderson	Chair Global Reporting Initiative
Mr Gary Moore	Director NCOSS
Mr R J Sendt Auditor-General	Auditor-General Audit Office of NSW
Mr Stephen Horne	Assistant Auditor General Audit Office of NSW

Appendix Three – Sample Indicators for Assessing Sustainability of Agency Internal Operations

The following draft indicators refer to measures generally readily available and/or currently reported by agencies in relation to their operations. The table illustrates how these indicators could be collated by a central agency to develop a whole of government picture. Indeed, a further column could be added to this table which would allow comparisons with other sectors in NSW, or other jurisdictions. Note the 'codes' listed against indicators. These are GRI codes, which illustrate how readily inter-jurisdictional comparisons can be effected.

However, these 'operational' indicators represent only the internal operational component of sustainability reporting recommended by the Committee for NSW public sector agencies. As indicated in the recommendations, individual agencies should also be required to develop indicators of their sustainability influence in the community as a part of their Sustainability Action Plans.

Most if not all of the social, environmental and economic indicators identified below are reported on by the NSW Government agencies undertaking sustainability reporting that gave evidence to the Committee. They are also being reported by agencies at the Commonwealth Government level undertaking sustainability reporting, specifically Department of Family and Community Services and Department of Environment and Heritage.

Some State Government agencies (for example Landcom and State Forests) are doing additional reporting on social indicators. State Forests is providing much more extensive reporting on environmental indicators, in particular, on biodiversity. Some of the agencies are already reporting on aspects of the Process indicators identified below. For example, Landcom has a description of its sustainability framework and Integral Energy reports on corporate governance aspects, including the linkage of sustainability performance to management performance.

Social Indicators

Sustainability dimension	Agency level	Whole of Government	Unit of performance measure
Workforce composition	(LA1) Geographical breakdown of workforce by status, employment type and employment contract	Total government employment breakdown and regional employment breakdown	Total and % FTE personnel x regions
Workforce retention	(LA2) Employment net creation and average turnover	Identification of strategies for bridging knowledge or service gaps	No and % ongoing staff
Workforce planning	(LA16) Programs supporting continued employability of employees and management of career endings	Current and future workforce needs	No and types programs

Social Indicators (cont)

Workplace diversity	(LA10 and HR12) EEO outcomes as per monitoring systems (for women, ATSI, ethnicity and disability)	Proportion of demographic groups employed across public sector	Total and % staff by gender and other demographic groups
Diversity in management structures	(LA11) Composition of senior management viz male/female ratios and other diversity indicators	Government commitment to diversity in management structures	% board composition by gender and other demographic groups
Workplace democracy	(LA13) Existence of ongoing formal consultative arrangements between agency Head and employees	Total number of ongoing formal consultative arrangements between agency Heads and their employees	Total number and types of consultative arrangements
Workforce training	(LA9) Average hours per year of training per employee by category of employee	Government investment in workforce training	Total hours per year by age of employees; Graduate programs, etc
OH & S	(LA7 and PR1) Number of incidents or fatalities or serious injuries affecting workers, non-workers and the public (incl lost days and absent rates and amounts paid as compensation)	Government workplace health	Total no and type of compensation claims; absentee rates (sick leave days per employee); level of use of counselling services, etc
OH & S	(LA12) Employee benefits beyond those legally mandated	Government commitment to work-life balance	Description of types of programs offered
Participation in the community	(SO1) Description of ways in which impact on communities in areas affected by agency's activities is managed	Description of ways in which impact on communities in areas affected by Government's activities is managed	Provision of access to paid leave for services such as blood donors, emergency services, defence force training
Client satisfaction	(SO1) Description of procedures for identifying and engaging in consultation with community stakeholders, incl FOI	Collated description of procedures for identifying and engaging in consultation with community stakeholders, incl FOI	Description of programs
Anti-corruption	(SO2) Procedures and numbers of referrals to ICAC for investigation	Procedures and numbers of referrals to ICAC for investigation	Numbers and types of procedures

Environmental Indicators

Sustainability dimension	Agency level	Whole of Government	Unit of performance measure
Environmental management system	(M1) Environmental management system conformance	Overall level of environmental management system conformance	No of agencies with a good practice EMS
Environmental management system	(M2) Environmental performance improvement process	Government environmental performance improvement processes	Description of process
Environmental management system	(M3) Integration of environment with other business management systems	Overall level of integration of environment with other business management systems	Description of process
Energy use – electricity	(EN4) Direct use of electricity	Direct use of electricity	Kilowatt hours (kWh)
Greenhouse gas emissions - electricity	(EN8) Total greenhouse emissions resulting from electricity consumption	Total greenhouse emissions resulting from electricity consumption	Tonnes CO2
Energy use- transport	(EN 4) Direct energy use - transport	Direct energy use - transport	Total litres fuel
Greenhouse gas emissions - transport	(EN 8) Total greenhouse gas emissions - transport	Total greenhouse gas emissions - transport	Tonnes CO2
Vehicles in fleet	(EN34)Total number of hybrid, electric and other vehicles in agency fleet	Total number of hybrid, electric and other vehicles in Government fleet	Total number/type of vehicles
Travel	(EN34) Significant environmental impact of transportation (other than motor vehicles) used for logistical purposes	Cumulative environmental impact of transportation (other than motor vehicles) used for logistical purposes	Total VKm travelled
Paper consumption	(EN1) Total materials used - paper	Total materials used - paper	Total Kg to landfill and/or recycled
Waste and recycling	(EN11) Total amount of solid waste by type and destination	Total amount of solid waste by type and destination	Total Kg to landfill and/or recycled
Water use	(EN5) Total water use	Total water use	Total Ml used
Land use	(EN29) Business units operating or planning operations in or around protected or sensitive areas	Number and locations of business units operating or planning operations in or around protected or sensitive areas	Total number of units

Economic Indicators

Sustainability dimension	Agency level	Whole of Government	Unit of performance measure
Payroll	(EC5) Total payroll benefits (incl wages, pensions, other benefits and redundancy) by region	Statewide regional breakdown of effect of Government payroll	Total expenditure ($) x region
Purchasing	(EC3) Cost of all goods, material and services purchased	Cost of all goods, material and services purchased	Total expenditure ($)
Contract management	(EC4) Percentage of contracts paid in accordance with agreed terms, excluding penalty arrangements	Percentage of all Government contracts paid in accordance with agreed terms, excluding penalty arrangements	% invoices paid within x days
Debt	(EC6) Agency debt and borrowings	Total public sector debt	Total debt ($)
Liability management	Description of liability management policies	Types of liability management policies	Description of policies in place
Investment in infrastructure	Expenditure on capital assets	Expenditure on capital assets	Total expenditure ($)
Donations/sponsorships	(EC10) Donations to or sponsorship of community, civil and other groups	Donations to or sponsorship of community, civil and other groups	Total value ($)

Public Sector Process Indicators

Sustainability dimension	Agency level	Whole of government	Unit of performance measure
Defining and explaining sustainable development	(PA2) Explanation of source of the agency's definition of sustainable development and brief description of statements or principles adopted by the agency and published in annual report	Explanation of source of the Government's definition of sustainable development and brief description of Government statements or principles	No and type of sustainability model
Aspects of public policy addressed	(PA3) Identification of the aspects of public policy addressed by the agency that refer to sustainable development (eg climate change, community health, etc)	Identification of the aspects of public policy addressed by the Government that refer to sustainable development	Description of range of agency and/or government activity

Public Sector Process Indicators (cont)

Organisational sustainable development goals	(PA4) Brief description of short and long-term sustainability goals for the agency are identified, and Results in the agency's Results and Services Plan are identified	Brief description of short and long-term sustainability goals for the Government are identified and quantified as per Results and Services Plans	Presence of sustainability goals in RSPs
Management	Sustainability reporting and action is identified as a factor in the CEO/Director's performance agreement	Total number of agencies identifying sustainability reporting and action as a management issue	Total number of agencies identifying sustainability reporting and action as a management issue
Decision-making	Description of internal decision-making process for managing agency outcomes sustainably: seeking mutually supportive benefits with minimal trade-offs, managing risk, informing and auditing and embedding sustainability practice in organisational culture; and whether a specified person or unit has responsibility for sustainability initiatives	Description of internal decision-making process for managing Government outcomes sustainably: seeking mutually supportive benefits with minimal trade-offs, managing risk, informing and auditing and embedding sustainability practice in organisational culture	Description of processes for comparative purposes
Implementation and assessment	(PA6) Description of progress toward goals, actions to ensure continuous improvement, benchmarking processes, where targets are exceeded or fall short, and evaluation strategies; and regular publication of measures of achievement on agency's website	Description of progress toward goals, actions to ensure continuous improvement, benchmarking processes, where targets are exceeded or fall short and evaluation strategies and	Description of processes for comparative purposes
Stakeholder engagement	(PA7) Description of the role and engagement of stakeholders in relation to sustainability goals and actions	Description of the role and engagement of stakeholders in relation to sustainability goals and actions	Description of processes for comparative purposes

Appendix - Three

Appendix Four – International Study Tour

The Committee's Chairman, Matt Brown MP, and John Turner MP accompanied by the Committee Manager, Vicki Buchbach, undertook a study tour of international jurisdictions in November and December 2004.

In 10 working days, the delegation held meetings with representatives of 23 organisations in The Netherlands, the United Kingdom, Canada and the United States of America. These organisations included academic institutes, banks, private consulting firms, non-government standard setting bodies, community groups, parliamentary committees and national, state and local government agencies.

Thursday 18 November

Travel: The delegation left Sydney.

Friday 19 November 2004

Travel: The delegation arrived in Amsterdam.

Meeting with Global Reporting Initiative (GRI)

Participants: Sean Gilbert – Associate Director
Alyson Slater - Director of Communications
Naoko Kubo - Project officer: GRI public sector

Description of organisation

GRI is an independent agency formed as an initiative of the United Nations Environment Program (UNEP) to facilitate the development of sustainability reporting worldwide.

Key issues discussed

- GRI guidelines focus on an organisation's operations. This means that reports using GRI guidelines are a good place to bring together all sustainable information and the operational report.
- Consultation on draft guidelines for public sector sustainability reporting was well advanced.
- Sustainability reporting has benefits for organisations both externally and as a way of improving internal management.
- Using a third party standard gives reports credibility and enables comparisons with other organisations
- In 2006 the guidelines will become a standard. The standards will be freely available but GRI hopes to establish a paid registration system for organisations stating that they are reporting against the standards. Compliance with the standard will be tested for registered users.

Meeting with Triodos Bank

Participants: Ir Bas Ruter - Deputy Managing Director
Geert Jan Schuite – Sustainability Analyst

Description of organisation

Triodos was established in 1969-70 as an ethical investment fund and was established as a savings bank in 1980. It operates in The Netherlands, United Kingdom, Belgium and Spain. The bank finances companies, institutions and projects that add social, environmental and cultural value such as sustainable farming and alternative energy. Triodos is a GRI stakeholder and its annual reports are based on GRI Guidelines.

Key issues discussed

- Triodos is the first bank globally to adopt GRI principles in the annual report.
- Importance of developing their own indicators in addition to the GRI guidelines and including a statement about the applicability of particular indicators in the report.
- A key benefit of using the GRI guidelines is the ability to compare the performance of similar organisations.
- Using the guidelines also improved internal management such as by leading to documentation of paper recycling policies. This process also made them add many things they had not previously thought of. GRI was therefore a way of improving their management systems which in turn led to improved decision making about whether or not they needed policies.
- There are a number of sector specific issues for the bank's loan portfolio where there are major sustainability impacts. The bank has to look beyond borders of the company for the full environmental impacts of its activities.

Monday 22 November

Travel: The delegation visited The Hague.

Meeting at the Dutch Parliament

Participants: Mr Th Winfried de Valk
Deputy Secretary of the Public
Expenditure Committee

Brett Cooper, Third Secretary, Australian Embassy

Description of organisation

The Public Expenditure Committee promotes general accountability practices and encourages standing committees to be rigorous in reviewing reports of outcomes.

Key issues discussed

- Parliamentary scrutiny of the budget and reports of government expenditure.
- The difficulty of monitoring performance of government agencies.

- A recently announced Cabinet decision to lower the compliance burden on companies by removing the mandatory requirement for top 150 companies to prepare sustainability reports.
- The nature of current sustainability reporting by companies.

Travel: The delegation returned to Amsterdam.

Meeting with ABN AMRO

Participants: Madeliene Jacobs, Senior Vice President, Head of Group Sustainable Development
Sandrijn Weites, Senior Vice President, Head Strategy and Sustainability Reporting
Johan Bos, Senior Officer SD Reporting

Description of organisation

ABN Amro is a global provider of banking and financial services. In 2003, ABN Amro (The Netherlands) produced a Sustainability Report *Colour your world*, the first report of the bank to cover the sustainability efforts of all of its business units across the globe (prior to this, the bank had produced annual environmental reports). ABN Amro is a GRI stakeholder, and has drawn on GRI guidelines in the development of its Sustainability Report.

Key issues discussed

- Implementing sustainable development practices in a global bank was a precursor to producing sustainability reports.
- The 80/20 rule about focusing on the 20 per cent of issues that matter and will make 80 per cent of the difference. This led to the bank focussing on five key areas of most relevance to people or with the biggest sustainability impacts.
- There should not be unique data collected for a sustainability report but the data should already be collected for other business needs of the operation. This makes operational areas really think about the way they do business.
- The reporting process has benefits of providing information to stakeholders both internally and externally and creating trust. The importance for internal relations shown by Shell where despite the huge problems faced by the company it won a contest as the best employer because it has trust and good underlying value.
- The GRI guidelines are a handy reference but many things in them are not relevant to the bank's operations. They considered that sustainability reports should stand on their own. However.
- The value of the report has been enhanced by external auditing by the same auditor as for the financial report (Ernst and Young). The Dutch Society for Chartered Accountants has set standards for auditing sustainability reports.

Travel: The delegation flew to London.

Tuesday 23 November

Meeting with the Sustainable Development Commission

Participants: Derek Osborne – Commissioner

Scott Ghagan – Secretary/Divisional Manager

Description of organisation

The Sustainable Development Commission is the United Kingdom Government's independent body reporting on and facilitating sustainable development. It is overseen by 19 part-time Commissioners, and has offices in London and Edinburgh. As well as encouraging sustainable development practice within government and business, the Commission is active within local communities.

Key issues discussed

- Role of the Commission in providing commentary on the performance of the government through publicly available information. The Commission produces two types of reports: the simple report card report and more detailed reports with far more developed indicators for a more specialist audience.
- In April 2004 the Commission produced a headline indicator report call *Good progress but must try harder* which identified 20 key challenges for the government. It was published as a way of influencing the Sustainable Development Strategy review of the areas where
- Role of Commission in engaging with different sectors and building links between business, government and the community.
- Difficulty in producing indicators, especially for social impacts. For instance the Commission was debating Treasury about the meaning of 'well being' as a single overarching indicator for a successful society.
- Debate about whether the Audit Office should scrutinise agencies' performance against their sustainable development strategies.
- Considered GRI indicators might be too complicated for general use and commented GRI started from the viewpoint of measuring everything but there are a lot of soft issues that are not amenable to measuring. They see a need for a reflective period now. They considered that organisations will use GRI reporting guidelines if they see a benefit but not if they are too complex or too hard to implement.

Meeting with Institute of Social and Ethical Sustainability (also known as AccountAbility

Participants: Philip Monaghan - Service Manager
Jeanette Oelschlaegel - Standards Researcher
Sam Hoddle – looks after Great Place to Work

Description of organisation

AccountAbility is an international non-government organisation committed to enhancing organisational performance and individual competencies in social and ethical accountability

and Social Development. AccountAbility's members include respected organisations in financial and assurance sectors. AccountAbility has developed a wide range of sustainability accountancy standards and modelling tools, and it conducts extensive training programs.

Key issues discussed

- AccountAbility has developed a wide range of sustainability accountancy standards and modelling tools, to assess organisations' sustainability reporting and rank companies in terms of their level of accountability.
- AccountAbility standards are about assurance whereas GRI's are about measuring the footprint of activities and provides prescriptions for the format of reports eg disclose CO2 emissions. AccountAbility's approach does not prescribe the form of the report butexamines the "big issues" of materiality, completeness and responsiveness to stakeholders.
- Noted that there are 2,000 sustainability reports in the world out of 70,000 companies. Some 25% of these are using the GRI standard. See investors as driving increased use of GRI as are looking for a basis of comparing reports.

Wednesday 24 November

Meeting with Committee of Public Accounts

Participants: Mr Edward Leigh MP, Chairman
Christine Randall, Committee Assistant

Description of organisation

The Committee consists of sixteen members of the House of Commons. The main work of the Committee is the examination of reports produced by the Comptroller and Auditor-General on value for money studies of the economy, efficiency and effectiveness of Government Departments and related agencies.

Key issues discussed

- Relationship between the Committee and the National Audit Office. The Committee Chairman is a member of the Public Accounts Commission which watches over the National Audit Office.
- Operations of the Committee in holding public hearings on each efficiency audit
- Limited role of the Committee in relation to financial audit.

Meeting with Environmental Auditing Committee

Participants: Mr Peter Ainsworth MP Chairman
Mike Hennessey, Clerk of the Committee
Eric Lewis, Committee Specialist (Sustainability)

Description of organisation

The Environmental Auditing Committee consists of 15 members of the House of Commons. It was established in 1997 as a matter of policy for the incoming government to look at the

environmental impact of all government departments. The remit of the EAC is to consider the extent to which policies and programs of government departments and non-departmental public bodies contribute to environmental protection and sustainable development.

Key issues discussed

- The Committee operates in a multidisciplinary way to conduct issues-based inquiries such as on Genetically Modified food and the environmental impacts of aviations (four aviation reports) and environmental auditing of agencies.
- The committee inaugurated questionnaires for each agency. This led to better data. The Eighth *Greening Government Report* of the Committee shows the huge variation between agencies in the effort involved and what they measure.
- The Sustainable Government Strategy launched in 1994 and a revised standard was launched in 1999. There is a commitment to report on this every year. There have been four government reports since the revision.
- There is no consistency of approach to sustainability reporting by agencies. Only some agencies produce separate environmental reports.

Travel: The delegation flew to Ottawa.

Thursday 25 November

Meeting with Institute of Sustainable Development (IISD),

Participants: Mr William Glanville Vice President and Chief Operating Officer
László Pintér, Marlene Roy, Stephan Barg and Darren Swanson (teleconference from Winnipeg)
David Runnalls (in Ottawa)

Description of organisation

The International Institute of Sustainable Development (IISD), located in Winnipeg, Canada, is an internationally respected research body, championing change through sustainable development. It is involved in leadership development with decision-makers in both government and non-government sectors, the development of indicators and assessment tools to measure progress, and in promoting 'knowledge networks' for sharing information about sustainable development.

Key issues discussed

- The IISD selected from GRI guidelines in preparing its own sustainability report. The Institute supports the approach because it is incremental so that, in the first year, they used five indicators and expanded this to 11 in the following year.
- However they noted that there was not a cookbook for sustainability reporting. Everyone should go through the process themselves. They see the GRI approach as halfway between a cookbook and principles. GRI approach doesn't capture the **policy impact** of the IISD's work. As the IISD is there to effect change it is appropriate to attempt to measure this so they are starting to tackle it without really knowing where they'll end up.

- The IISD noted that defining indicators includes both deciding on the values embraced and the technical side of data collection and monitoring. In its view, as soon as something starts to be counted, people pay more attention to it, so it is important to ensure that the right things are being counted.
- There is tension between having specific relevant indicators and the need for comparability between organisations.
- Each of 18 Departments is required to report on sustainable development. The Commissioner of the Environment and Sustainable Development audits performance against three-yearly sustainable strategies as well as examining compliance with treaty obligations.
- Canadian departments have both their sustainable development strategies and their reports on plans and priorities which are developed for Finance to set the Budget. In only a couple of departments do these plans look the same. Positive examples are Natural Resources Canada and Agriculture Canada. Until these reports are integrated, then sustainability strategies will be a lower priority.

Meeting with Commissioner for the Environment and Sustainable Development

Participants: Johanne Gélinas, Commissioner
Charles Caccia, former chair of House of Commons Standing Committee on the Environment and Sustainable Development

Description of organisation

The Office of the Commissioner for the Environment and Sustainable Development is located within the office of the Canadian Auditor-General. The Commissioner monitors the action plans resulting from sustainable development strategies in government departments, conducts audits and special studies in areas such as climate change, monitors the status of citizen petitions on environmental matters, and reports annually on environment and sustainable development matters.

Mr Caccia chaired the House of Commons Standing Committee on Environment and Sustainable Development for ten years. He retired in June 2004 and now run an institute for Sustainable Development.

Key issues discussed

- Good Sustainable Development strategies include those of Industry Canada, Natural Resource and Transport Canada although the actual results of these strategies is less demonstrable. Many strategies are simply repackaging of normal operations.
- The third generation of strategies was produced in February 2004. The Commissioner has reported that these are not the drivers for change that they were intended to be. She noted that senior managers are not becoming involved in the process and the responsibility for planning is given to junior people. In the examples provided at least there are links in the strategies to usual operation of the rest of the departments.
- Targets have been criticised by the Commissioner and more generally for being less than ambitious. Departments set the targets themselves. The Commissioner is not able to comment on the quality of the targets themselves but she can benchmark

them with other countries and leave for others such as the Committee to ask why the target was set so low.

- A major gap is the lack of a central whole of government sustainable development strategy.

Friday 26 November

Meeting with Environment Canada

Participants: Nancy S. Hamzawi, Director International Policy and Cooperation Branch
Christina Paradiso, Policy Analyst, International Policy and Cooperation Branch
Bill Jarvis, Director-General of Policy Research Directorate
Cynthia MacRae, Sustainable Development Branch
Troy Joseph, Policy Research Directorate

Description of organisation

Environment Canada is the lead agency in environmental protection and is critically involved in innovations in sustainability reporting. It works with the National Roundtable on the Environment and Economy (NREE), a group of stakeholders from a wide range of backgrounds appointed by the Prime Minister to act as an advisory body to discuss and recommend changes in the area 'overlapped' by environmental and economic issues.

Key issues discussed

- The NREE process has developed indicators for reporting on environmental performance accessible to both the public and the government. This led to the development of a set of signals informing Canadian citizens about whether things were getting better or worse called *Environmental Signals: Headline Indicators 2003.*
- The indicators had to be rigorous because they were designed to make politicians concerned the way unemployment figures do but it was difficult to gain agreement from the scientific community which resisted aggregating data to the extent needed to produce a result.
- Difficulty of developing sustainability indicators. Over the last decade, people have developed a good understanding of Sustainable Development as an integrated concept leading to good decision making but it is hard to develop indicators that can measure things meaningfully.
- Development of Sustainable Development strategies within the Department and opportunities to share knowledge across Government.

Meeting with Stratos Inc

Participants: David Fairbairn, Principal

Description of organisation

Stratos is a private company which has developed sophisticated and widely used tools for the measurement, reporting, audit and verification of sustainable development. It is used by Environment Canada and other key agencies. It reports on corporate reporting and provides consulting services about improvement in this area. It also publishes its toolkit on the company website.

Key issues discussed

- Role of Stratos in performing assessments of agencies Sustainable Development Strategies for agencies and of advising agencies on internal systems.
- Stratos assesses Canadian companies on their reporting using the GRI standards and ranked them in a report. This was part of a project funded by government and a consortium. Stratos uses a similar assessment system to AccountAbility and find can assess reports if there is a minimum of six pages of text.
- The limited effectiveness of Sustainable Development Strategy process for driving change so far as there is a lack of commitment at the highest level of government to setting expectations and departments are working in silos. There are weaknesses in areas of implementation and monitoring and reporting progress. Oversight of the SDS process is also weak with the exception of the Commissioner's work. Many commitments in strategies are not substantive in changing the direction of departments. However, this is improving and there have been differences on the ground as a result of the strategies. The oversight by the Commissioner is making a difference.
- The first time departments reported against strategies, they did it very badly and focussed on telling good news stories. The Commissioner made it clear that this was not good enough. Departments' commitments were listed in a database. Performance against these was tracked every year. This led to every department establishing its own tracking system as well.

Travel: The delegation flew to Vancouver.

Monday 29 November

Meeting with Sustainable Development Research Institute

Participants: Dr John Robinson

Dr Jeff Carmichael

Description of organisation

The Sustainable Development Research Institute (SDRI) is a part of the University of British Columbia. It was established in April 1991 to foster policy relevant research on sustainable development. The Institute encourages interdisciplinary collaboration on sustainable development within Canada and around the world. It recognises the linkage between the environment and development issues, and focuses on the linkages in trying to achieve better integration between social, economic and environmental institutions.

Key issues discussed

- SDRI has been developing research 'tools' to understand the complexity of issues around sustainable development. Envision Sustainability Tools arose from the Institute's research and was established to market software called 'Quest'.
- Traditional views of sustainability has a risk of imposing values on user communities which can seem to preach. This led them to develop a more participatory approach. In discussing where they want to be framed by an understanding of the consequences of particular choices, people come to an emerging judgement about their shared

futures. It is a process oriented participatory approach involving long term projection of consequences of particular choices.

- The Quest system is intended entirely as a public education tool, not as a planning tool. It is used to show people the outcomes of the choices they might make. The Federation of Canadian Municipalities has agreed to pay municipalities half the cost of setting up Quest. Hamilton, Calgary and Edmonton have already signed up.
- SDRI developed PowerQuest for BC Hydro which is quite simple (available on BC Hydro's website). It show projected future power plants with different long term patterns of electricity use. They want to upgrade to something called EnergyQuest to show different energy sources as well as energy demand. It will also allow users to generate their own models.

Meeting with BC Hydro

Participants: Mr Ken Pawluk, Controller
Linda McMahon, Corporate Performance Measurement
John Arthur, Manager Performance Measurement

Description of organisation

BC Hydro is one of the largest electricity generating utilities in Canada . Most of the energy is sourced from hydroelectric generators with some from gas powered stations. BC Hydro prepares sustainability reports informed by GRI Guidelines. These reports are integrated with the organisation's annual report. It has used Quest software for public consultation and reports on its greenhouse gas emissions.

Key issues discussed

- In 2000, the company produced a vision of being 'clean' (as in hydro power) and 'green' (environmentally responsible and using alternative energy sources to conventional hydro). There is a commitment of having 50% of generators being clean and green by 2012.
- The company considers sustainability both good for business and the right thing to do. However this aim is at odds with BC Hydro's charter as a power generator which does not include social considerations and has very limited responsibility for environmental issues. The company has had difficulty gaining regulatory approval spending on new environmental initiatives unless these can be shown to be in the direct interest of customers.
- BC Hydro is working on a Triple Bottom Line tool to add numerical value of social and environmental effect to the bottom line. The company is examining three different methods – Net Present Value, multivariate analysis and full monetisation (which differs from NPV by including a figure for externalities).
- Reporting has developed from environmental reports in 1992 to sustainability reports from 1999. In 2002 they integrated the two types of reporting which significantly reduced the cost of reporting.

- They use some GRI guidelines but consider not all the indicators are relevant and full compliance would require an unmanageable number of indicators. There is the advantage of benchmarking performance with similar organisations.

Tuesday 30 November

Meeting with Envision Sustainability Tools

Participants: Mike Walsh, Co Founder
Denise Lawson, Vice President Operations

Description of organisation

Envision Sustainability Tools develops and markets software based communication tools called Quest to show people the potential impacts of planning decisions on the economy, social well-being and the environment. It is connected to the Sustainable Development Research Institute.

Key issues discussed

- Demonstration of the Quest software. The software uses a graphical representation on the dartboard or spider's web of many indicators such as congestion, pollution. This presentation changes under various scenarios to demonstrate the effects of particular decisions.
- Quest is primarily designed to engage the community in conversations about the future. Quest is about speaking to people at a higher level about what they need to people who are not normally engaged with planning processes.
- In 2003 they installed a system in Queensland called 'SEQ Quest'. This was sponsored by the Queensland Department of Local Government and Planning as a tool for consulting on the regional plan. It combined modules on demography, air quality and water.
- Envision builds Quest to suit customers. Data collection can be time consuming difficult and expensive but they are developing a streamlined version called Metroquest which will reduce the data processing effort and cost for individual clients will be much lower.

Meeting with Abbott Strategies

Participants: Mr Rob Abbott, Founder and President

Description of organisation

Abbott Strategies is a private company which works with private and public sector organisations globally, including in Australia, to assist them to develop strategies based upon principles of sustainability. It encourages these organisations to create a vision of the future, engage with stakeholders and focus on core competencies. Abbott Strategies services include strategic planning, sustainability strategy design and performance measurement and reporting.

Key issues discussed

- Abbott Strategies focuses on encouraging agencies and companies to understand sustainability. The company was founded in Vancouver. There are associates in Europe and in Brisbane with hopes to expand to Sydney soon.
- Positive examples of sustainability reporting includes Fraser Basin and Seattle Public Utilities. The Noranda Forest 1997 report (produced by Abbott Strategies) is one of the best examples of integrating TBL with annual reporting. Scottish Power's performance indicators are highly effective because of their brevity. There are only four pages which cover everything.
- There is increased attention on sustainability issues in energy companies in particular eg Suncor has made a sincere commitment at CEO level and now has a Vice President for Sustainable Development.
- Commented that the draft GRI guidelines are that while there is a lot of value in the process of engaging stakeholders in the development process, the marginal benefit of looking at many of these indicators is very small.
- Need to consider what it is that you are trying to achieve from different standpoints. GRI is bad at "cross-cutting measure" eg connecting the dots between air quality and hospital costs from health problems caused by poor air quality.

Travel: The delegation flew to Seattle.

Wednesday 1 December

Meeting with Sustainable Seattle Round Table

Participants: Chantal Stevens, Executive Director, Sustainable Seattle
Tracy Morgenstern, City of Seattle, Office of Sustainability & Environment
Michael Jacobson, Performance Measures Lead, Department of Natural Resources and Parks, King County
Ron Perry, Principal Management Auditor, King County Auditor's Office

Description of organisation

Sustainable Seattle, USA, is a practice-based non-government organisation which has a worldwide reputation as a leader in quality of life/sustainability indicator development, dating from 1993.

The City of Seattle Office of Sustainability and Environment is a small office which provides leadership, tools and information to help City government and other organisations natural resources efficiently, prevent pollution, and improve economic, environmental, and social well being of current and future generations.

Representatives from the King County Administration had expertise in environmental and performance reporting.

Key issues discussed

- Sustainable Seattle's process of developing sustainability indicators has had mixed success with their indicators as they were at the vanguard of the sustainability

reporting movement but they probably received more initial attention outside Seattle than from within. They do have good local recognition but have had limited effect on the ground. Previous reports did not set targets. This will be addressed in the next iteration (to occur in 2005).

- Sustainable Seattle used 40 indicators in five categories. They used existing data wherever possible such as census data. However a key decision was that if no data was available to measure something they would keep it as an indicator if the panel thought it was important enough.
- Sustainable Seattle believes in can use available data to monitor the performance of the city in a more outspoken way than a government agency would.
- Office of Sustainability and Environment produces a "Moving Toward Sustainability" report every two years. Originally these looked internally to the cit with a focus on monitoring performance. Since the 2001 have been loosely based on ISO 2001. The Mayor produces an annual high level environmental action agenda.
- Notes that are still very much focused on the environmental side of sustainability. This year they are working to have an action agenda organised around the objectives of air, health and effective neighbourhoods. This should be released in February 2005.
- King County's Department of Natural Resources and Parks produces a detailed report called "Measuring for Results". It is somewhat of a State of the Environment report – omissions include things that the county can't affect such as air quality. Targets for 2007 were set in 2002 and this reports on progress. The targets are ambitious eg to replace a much larger number of sewage treatment plants than is practicable.
- King County has "Priorities in Government" 2004 planning document organised into 11 priority areas. The County's Department of Corrections is a leader in strategic planning, performance measurement and management.

Travel: The delegation flew to San Francisco.

Thursday 2 December

Travel: The delegation drove to Santa Rosa in Sonoma County.

Meeting with Leadership Institute for Ecology and the Economy

Participants: Ron Sundergill, President, Leadership Institute for Ecology and the Economy
Susan Briski, Business Consultant and Educator, Sustainable Progress
Ann Hancock, Campaign Coordinator, Climate Protection Campaign
John Garn, Managing Partner, Viewcraft
Ned Orrett, President, Resource Performance Partners
Scott Rosenblum, Project Coordinator, Sonoma County Economic Development Board

Description of organisation

The Leadership Institute for Ecology and the Economy, is based in Sonoma County, California, USA. It is an organisation devoted to public education on the need to integrate environmental, economic and social equity issues in order to live sustainably and ensure a

high quality of life for future generations. The Institute offers community leadership training, training for public policy-makers and works closely with other community groups.

Key issues discussed

- Series of presentations on sustainability reporting, community education and business improvement strategies.
- The county has worked to find science based approaches to sustainability systems. Noted the importance of frameworks for this. Two were looked at 'The Natural Step' and the 'Ecological Footprint.'
- The local wine industry has developed Green Business Program to improve sustainability of the industry and assist small business operators with compliance burdens. This consolidated the many compliance checklists for companies to fill in. If a company was certified as compliant, it could advertise itself as a green business.
- Sonoma County Economic Development Board works on guiding business towards sustainability on grounds that it is good for business to be sustainable and has produced a report from a survey of practices.
- The importance of effective leadership in translating plans to real change.

Travel: The delegation drove to San Rafael.

Meeting with Marin County Community Development Agency

Participants: Alex Hinds, Director, Marin County Community Development Agency
Gwen Johnston, Greenhouse Program, Marin County Community Development Agency
Steve Goldfinger, Director, Research and Standards, Global Footprint Network

Description of organisation

Marin County Community Development Agency is an agency of the County government charged with developing a sustainability framework.

The Global Footprint Network was established 18 months ago. Members include EPA Victoria and Manfred Linzen from the University of Sydney. The Network is working to strengthen the footprint tool by standardising it.

Key issues discussed

- Mr Hinds and Ms Johnston were working on a climate change plan which will be implemented in a sustainability framework. This will be part of a legally mandated plan and performance against it will be measured.
- The County also produces operations reports which measure the performance of the county government. This is now in its third year. If agencies do not meet the targets they must explain why in operations reports.

- The County spent a great deal of time developing targets and indicators in consultation with groups. They recognised they needed 'buy-in' eg in promoting sustainable building, found that builders were surprisingly receptive as they could see a competitive advantage with the public.
- The 'Ecological Footprint' approach defines the environmental impact of citizens in terms of the land area required to support their consumption of resources (Australians average of 7.9 hectares compared a world average of 2.1 hectares). The County initially used the Ecological Footprint as a consciousness raising tool. Their goal is to be more like Western Europe and reduce their footprint by half.

Travel: The delegation drove back to San Francisco and, in the evening, flew back to Sydney.

Saturday 4 December

Travel: The delegation arrived in Sydney.

Appendix - Four

Appendix Five – Domestic Study Tours

OVERVIEW

The Committee had the opportunity, during the inquiry, of visiting two interstate jurisdictions to discuss issues pertinent to the inquiry.

BRISBANE

Five Members of the Committee travelled to Brisbane in February 2005 for a meeting of the Australasian Council of Public Accounts Committees.

As a part of that visit, on Wednesday 9 February 2005, the Committee met with Mr Ian Schmidt and Mr Colin Wade of the Queensland Department of Local Government and Planning.

The topic of discussion was Sustainability Planning, and specifically, the Department's interest in the use of QUEST sustainability planning techniques.

MELBOURNE

A delegation of the Committee visited Melbourne over two days, 19 and 20 May 2005. The aim of the study tour was to investigate the state of sustainability reporting in the Victorian public sector and any 'lessons' for the NSW public sector.

The delegation comprised the following individuals:

- Mr Paul McLeay MP (Vice-Chairman)
- Mr Steve Whan MP
- Ms Gladys Berejiklian MP
- Mr Richard Torbay MP
- Ms Jackie Ohlin (Senior Committee Officer).

Public Accounts and Estimates Committee

On 19 May 2005, the Committee met with the Members of the Victorian Public Accounts Committee.

Topics of discussion included both the inquiry into sustainability reporting and the inquiry into privately financed initiatives.

ICLEI/Centre for Public Sector Sustainability Reporting

Also on 19 May 2005, the Committee met with Dr Robyn Leeson, Executive Director of the Centre.

Topics for discussion included:

- The role of the Centre for Public Sector Sustainability Reporting
- The Centre's partnership with GRI to trial the recently-developed Public Sector Guidelines, and opportunities for public sector agencies to be a part of and influence upon that process
- The nexus between planning and reporting by agencies
- The need for sustainability reporting to reflect upon agencies' outcomes – eg fleet management
- Cost-benefit analysis of sustainability reporting: improved performance and the decision-making tools it provides for governance.

Commissioner for Environment and Sustainability

On 19 May 2005, the Committee also met with Dr Ian McPhail, Commissioner; Ms Jane Tovey, Program Manager and Mr Hugh Wareham, Director of the Office for the Commissioner for Environment and Sustainability.

Topics for discussion included:

- The role of the Sustainability Commissioner regarding directives to agencies to develop and Environmental Management System and targets (currently only head offices of agencies, and focused on internal operations)
- Alignment of EMS targets with GRI objectives
- The difficulty of achieving a cultural shift to sustainability objectives within agencies
- The importance of ensuring that sustainability reporting is viewed seriously by management, and not delegated to a relatively junior member of staff to undertake
- The need to view sustainability reporting and action as a continuous improvement process
- The linkages between the Commissioner's role and "Growing Victoria Together"
- The encouragement which can be provided by the Commissioner's Office to agencies, for example in savings: the Commissioner believes that currently agencies have only harvested 'low-hanging fruit' in their savings through sustainability planning and reporting
- The Commissioner's Data Review Project, which is currently reviewing potential indicators for whole of government energy targets.

Victorian Auditor-General

Later, on 19 May 2005, the Committee met with Dr Vivienne Roche, Director, Education and Justice and Mr Scott Bayley, Director, Environment and Development at the Victorian Auditor-General's Office.

The topics of discussion included:

- The capacity of the Auditor-General's Office to undertake either agency-specific audits on sustainability issues, or a review on one aspect of sustainability, for example, river health
- The view that Growing Victoria Together indicators are somewhat vague
- The importance of the good governance aspect of sustainability reporting
- Issues relating to the Committee inquiry into privately financed initiatives.

Department of Treasury and Finance

On 20 May 2005, the Committee met with Mr Glenn Maguire and Mr Alan Clayton, Department of Treasury and Commissioner Kelvin Anderson, Commissioner for Prisons.

The topic for discussion was the Department's role in relation to privately financed initiatives.

Department of Premier and Cabinet and Department of Treasury and Finance

Also on 20 May 2005, the Committee met with Ms Madeleine Frere, Policy Adviser, Department of Premier and Cabinet and Mr Keith Baxter, Policy Manager, Performance Management, Department of Treasury and Finance.

The topics for discussion included:

- The whole of government approach of "Growing Victoria Together"
- The coordination role of the Department of Premier and Cabinet, and the liaison with the Department of Treasury and Finance
- The need for tighter 'measures of progress' and the way these are being devised, including identifying sources of data for the measures
- The current examination by DPC about how to get integration by agencies of their GVT reports with their annual reports.

URS Australia

Later on 20 May 2005, the Committee met with Mr Terence Jeyaretnam, Principal, and Mr Ken Fung, Auditor with URS Australia.

The topics for discussion included:

- The role of URS Australia as a verifier of sustainability reports
- The experience of URS Australia in verifying reports for NSW Government agencies
- The qualities of a sustainability report examined in a verification process
- Current good practice in sustainability reporting.