

ACT Auditor-General's Office

Performance Audit Report

Reporting on Ecologically Sustainable Development

July 2005



AUDITOR-GENERAL
AUSTRALIAN CAPITAL TERRITORY



PA04/13

The Speaker
ACT Legislative Assembly
Civic Square, London Circuit
CANBERRA ACT 2601

Dear Mr Speaker

I am pleased to forward to you a Performance Audit Report titled “**Reporting on Ecologically Sustainable Development**”, conducted under the authority contained in the *Auditor-General Act 1996*.

I would appreciate if you could arrange for the distribution of the Report to each member of the Legislative Assembly, and its subsequent tabling in the Legislative Assembly pursuant to Section 17(5) of the *Auditor-General Act 1996*.

Yours sincerely

Tu Pham
Auditor-General
1 July 2005

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1 REPORT SUMMARY

INTRODUCTION

1.1 In 1992 the Australian Capital Territory (ACT), along with Commonwealth and State Governments, adopted the principles of Ecologically Sustainable Development (ESD) contained in the Intergovernmental Agreement on the Environment.¹ The Agreement aims to:

- facilitate a cooperative national approach to the environment;
- provide a better definition of the roles of the respective governments;
- achieve a reduction in the number of disputes between the Commonwealth and the States and Territories on environment issues;
- provide greater certainty of Government and business decision-making; and
- facilitate better environment protection.

1.2 At the time of audit, ESD in the ACT was defined as ‘providing for people, protecting our place and creating prosperity – now and into the future’.²

1.3 The term sustainability is used inter-changeably with ESD in ACT policies, documentation and throughout this report. The principles of ESD used in the ACT as articulated in Government policy papers, such as *People, Place, Prosperity: a policy for sustainability in the ACT*, can be broken into three components:

- ‘recognition of the inter-dependence of social, economic and environmental well-being;
- a focus on equity and fairness, and that we need to take account of the effect of our actions on others in an interdependent world; and
- recognition that meeting the needs of today must not be at the expense of future generations being able to meet their own needs’.³

1.4 The ACT Government’s approach to ESD recognises ‘the requirement for a long-term perspective, the need for responsibilities and benefits to be shared equitably, and the interdependence of our economy, environment and society’.⁴ Reflecting the government’s commitment, there has been a requirement for the ESD principles to be incorporated into the ACT’s decision-making processes, policies and legislation since their adoption.

¹ Intergovernmental Agreement on the Environment, 1 March 1992, <<http://www.deh.gov.au/esd/national/igae>>.

² *People Place, Prosperity: A policy for sustainability in the ACT*, Chief Minister’s Department, March 2003, p.3, 10, <http://www.sustainability.act.gov.au/pdfs/PPP_text_final.pdf>.

The definition of ESD is subject to change pending research outcomes by the Office of Sustainability within the CMD and a proposed sustainability bill.

³ *People Place Prosperity*, p.11.

⁴ *Ibid.*

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1.5 All ACT agencies are required to report on how their actions and administration of legislation accorded with the principles of ESD, firstly under the *Environment Protection Act 1997* (EPA) (since 2000) and secondly in the *Chief Minister's Annual Report Directions* issued under the *Annual Reports (Government Agencies) Act 2004*.

1.6 ESD information provided in agency annual reports informs the Legislative Assembly and community on how well agencies implement ESD policy and contribute to sustainability. This audit assesses the current level of ESD reporting by agencies, and agencies' compliance with their ESD reporting obligations. Audit reviewed relevant legislation, policy and guidelines and examined material contained in agencies' annual reports and compared this with their legislated obligations. In some cases, it was not possible to review the 2002-03 annual reports of some agencies as a result of changes to administrative arrangements, including amalgamation of activities. Where this occurred, the agency's precursors were reviewed instead. This report only addresses the quality of ESD reporting, and does not address issues of ESD performance.

1.7 This Audit covered the ESD reporting of the following agencies during 2002-03 to 2003-04:

- Actew;
- ACT Health;
- ACTION Authority;
- ACT Planning and Land Authority;
- Australian Capital Tourism Corporation;
- Canberra Stadiums Authority;
- Chief Minister's Department;
- Department of Education and Training;
- Department of Disability, Housing and Community Services;
- Department of Justice and Community Safety;
- Department of Treasury;
- Department of Urban Services; and
- Land Development Agency.

AUDIT OBJECTIVE

1.8 The audit's objective was to provide an independent opinion to the Legislative Assembly on whether selected ACT public sector agencies had in place sound systems, guidelines and processes to meet ESD reporting responsibilities under the EPA, Annual Report Directions, other relevant departmental legislation and policies, as well as the adequacy of guidelines issued by the Chief Minister's Department. The audit approach is outlined in Appendix A.

AUDIT OPINIONS

There is scope for considerable improvement to the ESD guidance and information contained in annual reports.

- The ACT Government guidance was too broad and lacked sufficient examples to assist in reporting ESD performance.
- 46% of audited agencies had developed Agency-specific ESD guidance that was compliant with ACT Government policy requirements.
- 85% of agency annual reports were consistent with the ESD reporting requirements contained in the EPA.
- The majority of information in agencies' annual reports did not provide a useful indication of agency progress against the ESD requirements.
- 92% of agencies did not report indicators or changes to indicators in annual reports.
- There was little evidence that decision-making processes take into account ESD principles. In almost 70% of agencies reviewed, ESD information was not a regular feature of reports to agency's senior management.
- A few agencies have adequate systems, guidelines and processes to meet ESD reporting requirements. These agencies often have complementary monitoring and verification systems for annual report information.

OBSERVATIONS

1.9 Audit considers that the majority of agencies undertook compliance reporting for the ESD requirements with varying degrees of success. Overall, agencies involved in the direct implementation of sustainability principles such as the ACT Planning and Land Authority (ACTPLA), Land Development Agency (LDA) and ACTEW were more likely to:

- have fewer concerns with the level of reporting guidance and detail contained in the Annual Report Directions;
- produce more robust ESD reporting; and
- be involved in additional reporting activities when compared to agencies whose main outputs were concerned with office-based activities.

1.10 Generally, agencies reporting difficulty with the ESD section of the Annual Report Directions were more likely to:

- have outputs which are removed from the direct implementation of ESD;
- include qualitative statements in their annual reports; and
- not undertake routine benchmarking exercises for the agency functions against better practices or actively seek better practice ESD indicators for its activities.

KEY FINDINGS

1.11 The audit opinions are based on the following key findings. Further details supporting each finding are in Chapter Three.

- The understanding by central agencies (such as the Department of Treasury and the Office of Sustainability) of ESD principles and associated definitions is currently evolving. A large amount of work is still in progress by central agencies responsible for issuing guidance and this situation has made it difficult to provide coordinated guidance to those agencies seeking more comprehensive advice on what to include in their annual reports.
- The majority of agencies did not have agency-specific ESD guidance that should have been developed from higher-level government guidance. Agencies that had guidance documents were better focused on achieving requirements through action plans.
- In general, agencies complied with the EPA requirements. The majority of agencies, however, failed to include information on the contribution of outputs to the ‘social’ element of ESD and to supplement qualitative statements with quantitative data.
- ESD information contained in the annual reports of several agencies did not indicate whether progress in the agency’s implementation of ESD or in ESD reporting had occurred. Information was frequently unchanged between annual reports. This suggests that agencies are either doing little to improve ESD or paying scant attention to ESD reporting.
- Those agencies (for example ACTION and ACTEW) that were voluntarily involved in additional reporting beyond the ACT’s requirements, tended to include more comprehensive ESD reports containing targets and indicators in agency annual reports.
- The majority of agencies would benefit from incorporating results for appropriate ESD indicators into their annual reports. The inclusion of indicators would enhance the current standard of agency ESD annual reporting. For example, Audit noted an improvement in ACTION’s standard of ESD reporting over the two-year review period.
- ACTEW was the only agency to report comparisons of indicators with those in the previous year in each annual report.
- The lack of staff training was a contributing factor to poor ESD reporting.
- Almost half (46%) of audited agencies had no systems, guidelines and processes to meet ESD reporting requirements that were in accordance with better practices.
- More than three quarters (77%) of agencies reviewed had no internal systems in place to verify either the qualitative or quantitative information on ESD provided in their annual reports. This figure includes those agencies that were in the process of developing controls to ensure records were accurate, complete and independently verifiable. Audit notes that an independent body (the Commonwealth Department of Environment and

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Heritage) plans to verify data annually for a few ACT agencies participating in voluntary reporting.

- A few agencies took actions to regularly update ESD reporting activities. This approach should be adopted by all agencies.
- ESD updates were not a regular feature of reports to agency's senior executives (for example, in the minutes of management committee meetings) in almost 70% of agencies reviewed. There is a risk that senior management's decisions may have been made without adequate consideration of ESD issues.

RECOMMENDATIONS AND RESPONSES TO THE REPORT

1.12 The Audit made seven recommendations to address the audit findings detailed in this report.

1.13 In accordance with section 18 of the *Auditor-General Act 1996*, a final draft of this report was provided to agencies for comment. Comments from agencies on the key findings have been incorporated as appropriate within the report. In addition, the Chief Executives of agencies provided overall responses and/or responses to each recommendation as shown below.

Response from the Acting Chief Executive, Chief Minister's Department:

In general, the Department welcomes the recommendations of the Audit. ESD reporting is an inherently difficult and relatively new and evolving field. Government is committed to the principles of ESD and is progressively improving its guidance to agencies on ESD reporting.

In September 2004, the Government committed, subject to consultation, to the development of sustainability legislation, including the establishment of a sustainability code of practice and a sustainability reporting framework. This work is currently being progressed by the Office of Sustainability. The development of legislation will provide an excellent opportunity to further address many of the Audit recommendations.

Response from the Chief Executive, Department of Treasury:

Consistent with the Government's commitment to Ecologically Sustainable Development (ESD), it is encouraging to recognise that there are numerous examples of ESD reporting across the ACT Government.

Treasury is committed to building on the reporting practices which are currently in place. These are intended to provide an integrated and comprehensive framework for implementing ESD principles throughout the planning, decision-making, financial management and reporting spectrum.

This is recognised as a difficult and complex task, which will require ongoing refinement as it is implemented and matures. As noted in this report there are several initiatives, driven by both central and individual agencies, which indicate the commitment of the Government to develop a framework that is both theoretically sound and practical.

One major whole-of-government initiative driven by Treasury was the implementation of a revised performance measurement framework in the 2005-06 Budget. Treasury will continue to refine this framework and involve stakeholders in the development of more meaningful performance indicators. This, in turn will inform the integration of these principles into the planning, decision-making and reporting framework.

Response from the Executive Director, Corporate Services, Department of Justice and Community Safety:

It is recognised there is a requirement to review and revise existing ESD reporting procedures in the context of the tabled audit findings to ensure there is continuous improvement in the reporting strategies and better practice, and also to ensure that JACS reporting is more closely aligned and consistent with whole of government ESD reporting strategies.

The Department agrees with the focus of the audit findings and conclusions as they offer positive suggestions for improvement and should, when implemented provide an indication of progress within the Department.

Response from the Chief Executive, ACT Health

ACT Health agrees with the recommendations made by the ACT Auditor General's Office in the Draft Audit Report. ACT Health looks forward to having these recommendations in place during 2005-06 and will endeavour to work more closely with the agencies issuing policy and providing guidance to enhance the reporting provided in future annual reports.

Response from the Chief Executive, Department of Disability, Housing and Community Services

The Department of Disability, Housing and Community Services agrees with the suggestions in the report that agencies require more 'direction' and discussion around the requirements of the reporting outcomes to achieve the desired level of reporting. More planning with agencies is required to provide comparative reporting.

The Department offers the suggestion that agencies, on a periodic basis, liaise with the community sector environment groups and universities to seek their assessment of the ESD reporting being undertaken by the ACT Government.

In addition to these comments, the Chief Executive of DHCS offered considerable detail regarding actions the Department had undertaken firstly, in relation to

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developing and promulgating agency-specific ESD policy and guidance (see Recommendation 3), and secondly in implementing that policy. The audit notes, at paragraph 3.19, that DHCS had developed a draft Environmental Management Policy that identifies specific environmental aspects related to each business activity within the Department. The Chief Executive advises that this policy has been finalised and the Department has made significant progress in implementing one-off and on-going environmentally efficient practices.

Response from the Managing Director, ACTEW Corporation

ACTEW and ActewAGL are committed to ecologically and environmentally sustainable development. Environmental management of ACTEW's water and sewerage business is undertaken by its joint venture ActewAGL and aims to achieve best environmental practice and to comply with all legislative requirements.

[ACTEW notes] the key findings and seven recommendations in the report and trusts that implementation of the recommendations will enhance overall ecologically sustainable development reporting.

Response from the Commissioner for the Environment

Overall, the report is most welcome. Your findings show that there can be a considerable improvement in ESD reporting and in consideration of ESD principles in service delivery by ACT Agencies.

Recommendation 1

Agencies with a mandate for issuing policy and providing guidance to other agencies should enhance guidance to provide a greater level of clarity and to enable agencies to report progress in ESD implementation.

Agency Response:

Chief Minister's Department, Department of Treasury, Australian Capital Tourism Corporation, Department of Urban Services, DHCS, and the Land Development Agency: **Agreed.**

ACT Health: **Agreed.**

ACT Health reported that the Chief Minister's Departments Annual Report Directions assisted in guiding ACT Health's responses and that advice had also been sought from the Office of Sustainability, Environment ACT and the ACT Commissioner for the Environment. ACT Health also agreed that further guidance would assist in the reporting processes against the ESD implementation.

Recommendation 2

As part of a comprehensive performance framework on Government strategic directions, priorities and reporting requirements, CMD should issue changes to ESD reporting requirements for annual reports to agencies ahead of the year to which the requirements refer. In particular, the timing should:

- a) allow time to set up data collection systems; and
- b) permit agencies to report data that relates to the financial year to which the annual report directions refer.

Agency Response:

Chief Minister's Department, Department of Treasury, Australian Capital Tourism Corporation, Department of Urban Services, DHCS, and the Land Development Agency: **Agreed.**

ACT Health: **Agreed.**

ACT Health agrees with this recommendation as the data collection processes which are required to be undertaken to provide responses against the ESD initiatives take time. This will allow ACT Health to provide more quantitative and qualitative data against the ESD initiatives and allow for better compliance reporting in the Annual Report.

Recommendation 3

Those agencies without agency-specific ESD guidance should develop and promulgate guidance in consultation with relevant agencies including the Office of Sustainability, ACT Commissioner for the Environment and Environment ACT.

Agency Response:

Chief Minister's Department, Department of Treasury, Australian Capital Tourism Corporation, Department of Urban Services, and the Land Development Agency: **Agreed.**

ACT Health: **Agreed.**

ACT Health indicated that the development of a clear set of parameters for reporting across all Government agencies would encourage data gathering exercises which are relevant towards the contribution to the ESD initiatives.

ACT Health will work more closely with the Office of Sustainability, ACT Commissioner for the Environment and Environment ACT in developing reporting methodology that will assist in better meeting the ESD initiatives.

DET: **Agreed.**

Central guidance should provide leadership and agencies develop agency-specific ESD guidance where specialised activities are undertaken. The department already has policies in place that provide guidance on waste management, and ESD in new school design and refurbishment of older schools.

DHCS: **Agreed.**

It may be more effective and efficient for lead agencies such as Environment ACT to take this role and promulgate information to other agencies.

Recommendation 4

To help demonstrate the ACT Government's commitment to leadership in promoting sustainability and sustainability reporting, agencies should implement measures to improve the quality of ESD reporting by:

- a) including meaningful information;
- b) developing an awareness of better indicators used by other agencies in Australia and globally, in particular those recommended by the Global Reporting Initiative; and
- c) progressively improving and consistently using indicators in subsequent annual reports to provide an indication of the agency's progress on ESD implementation.

Agency Response:

Chief Minister's Department, Department of Treasury, Australian Capital Tourism Corporation, Department of Urban Services, DHCS, and the Land Development Agency: **Agreed.**

ACT Health: **Agreed.**

ACT Health will be working towards developing base line reporting methodology in consultation with agencies with a mandate for issuing policy and providing guidance in order to display its performance in meeting the ESD initiatives in subsequent annual reports.

DET: **Agreed in principle.**

The department has processes in place to measure progress in energy consumption control but recognises there is room for improvement. A role by central agencies in sponsoring an advisory program may be of assistance.

Recommendation 5

Agencies should ensure that:

- a) executive management has regular access to ESD information so that management decisions are made against a background of appropriate ESD information; and
- b) procedures are put in place to document the consideration of ESD.

Agency Response:

Chief Minister's Department, Department of Treasury, Australian Capital Tourism Corporation, Department of Urban Services, DHCS, the Land Development Agency, and DET: **Agreed.**

ACT Health: **Agreed.**

ACT Health agreed that the development of key indicators on a Whole of Government approach would greatly assist in ensuring that the Global Reporting Initiative indicators are met. Benchmarking exercises will be undertaken against other agencies in order to develop a key set of indicators that can be reported against and that will provide meaningful data against the ESD initiatives.

Recommendation 6

Agencies should institute measures for ensuring all staff:

- a) are aware of Government commitments to ESD and their ESD responsibilities in implementing ESD principles; and
- b) receive ESD training that is appropriate for their responsibilities and is regularly updated.

Agency Responses:

Chief Minister's Department, Department of Treasury, Australian Capital Tourism Corporation, Department of Urban Services and the Land Development Agency: **Agreed.**

ACT Health: **Agreed.**

ACT Health is in the process of developing reporting mechanisms to facilitate the provision of regular information to the executive. It is envisaged that the reporting will be undertaken on a quarterly basis and provided to Portfolio Executive providing the background for informed decision making.

DET: **Agreed in principle.**

The level of awareness and training required by different staff will vary considerably.

DHCS: **Agreed.**

It may be more effective and efficient for lead agencies such as Environment ACT to take this role and promulgate information to other agencies.

Recommendation 7

Agencies should draw from the work of other ACT agencies with better practices (for example, ACTEW Corporation, ACT Planning and Land Authority and the Land Development Agency) and also from other jurisdictions to:

- a) implement ESD measures consistently in agency activities across all ACT public sector agencies; and
- b) achieve better reporting practices with more robust systems and processes in annual reports.

Agency Responses:

Chief Minister's Department, Department of Treasury, Australian Capital Tourism Corporation, Department of Urban Services and the Land Development Agency: **Agreed.**

ACT Health: **Agreed.**

ACT Health has endeavoured to be a front runner in its recent fit out of the Central Office of ACT Health at 11 Moore Street, Canberra City. In undertaking the fit out works consideration was given to the provision of an energy management tool that would provide information to staff and visitors to the facility of the savings in energy being made by ACT Health. It is hoped that once the system installation is finalised that staff are encouraged through visual display panels to make savings in energy consumption to achieve a Green Star Rating of 5.

If ACT Health is able to achieve this rating it will be second facility in Canberra to meet the 5 Star Rating.

ACT Health also agreed that officers responsible for managing ESD initiatives should be appropriately trained to manage their responsibilities.

ACT Health will ensure that reference to commitment to ESD and their responsibilities in implementing ESD principles are shared with new starters and existing staff.

DET: **Agreed.**

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Perhaps a central forum could be sponsored where those agencies exhibiting best practice could inform other agencies and thus facilitate the exchange of ideas.

DHCS: **Agreed.**

It may be more effective and efficient for lead agencies such as Environment ACT to take this role and promulgate information to other agencies.

2 ACT GOVERNMENT GUIDANCE

2.1 This chapter outlines government legislation and policy relating to agencies' ESD annual reporting and assesses the adequacy of guidance materials.

INTRODUCTION

2.2 The ACT Government has consistently stated its commitment to sustainability. It aims to be a leader in sustainability and influence the community in this field. This goal is intended to be implemented through the adoption and incorporation of interconnected ESD practices into decision-making as well as applying sustainability to specific issues in the ACT. Therefore, the ACT Government's decisions aims to incorporate each of the sustainability principles so decisions are to remain sound over the longer term.

2.3 The ACT's approach to sustainability follows the definition adopted by the National Strategy for Ecologically Sustainable Development (NSES), which provides broad strategic directions and framework for government policy and decision-making. The NSES's approach involves 'conserving and enhancing the communities' resources so that ecological processes, on which life depends, are maintained, and the total quality of life, now and in the future, can be increased'.⁵

ACT LEGISLATIVE AND POLICY FRAMEWORK

2.4 The ACT's supporting legislative and policy framework for ESD and ESD reporting is outlined in Figure 2.1. Central to ESD reporting in the ACT is the Environmental Protection Agreement and the *Annual Report (Government Agencies) Act 2004* under which the *Chief Minister's Annual Report Directions* are issued.

Environment Protection Act (EPA) 1997

2.5 Section 158A (3) of the EPA relates to agency annual reports. Briefly, this section requires an annual report to:

- include a report on how the actions of, and the administration (if any) of legislation by, the reporter during the period accorded with the principles of ecologically sustainable development;
- identify how the outputs (if any) specified for the reporter in budget papers presented to the Legislative Assembly with an Appropriation Act relating to the period contributed to ecologically sustainable development;
- document the effect of the reporter's actions on the environment;
- identify any measures the reporter is taking to minimise the impact of actions by the reporter on the environment; and
- identify the mechanisms (if any) for reviewing and increasing the effectiveness of those measures.

⁵ NSES, <<http://www.deh.gov.au/esd/national/nsesd/strategy/intro.html#WIESD>>.

Annual Reports (Government Agencies) Act

2.6 The *Annual Reports (Government Agencies) Act 2004* is the legislative vehicle through which the Chief Minister's Annual Report Directions are issued. Under the Act, it is mandatory for a public authority to prepare a report on the agency's operations during the year, and for a report to comply with any applicable annual report directions. The ACT Legislative Assembly regards agency annual reports as accountability documents to the Assembly and the community.

Annual Report Directions

2.7 The Annual Report Directions⁶ provide guidance to agencies on information that ought to be contained in the annual report of an agency and are issued each year. The Annual Report Directions identify an 'effective annual report' as one that:

- provides a clear picture of an agency's purpose, priorities, output and achievements;
- focuses on results and outcomes;
- discusses results against expectations;
- provides performance information that is complete and informative; and
- complies with the Annual Reports Act and Annual Report Directions.

2.8 The annual report should also discuss results against expectations, whilst providing sufficient information and analysis for the Legislative Assembly and community to make a fully informed judgement on agency performance.⁷

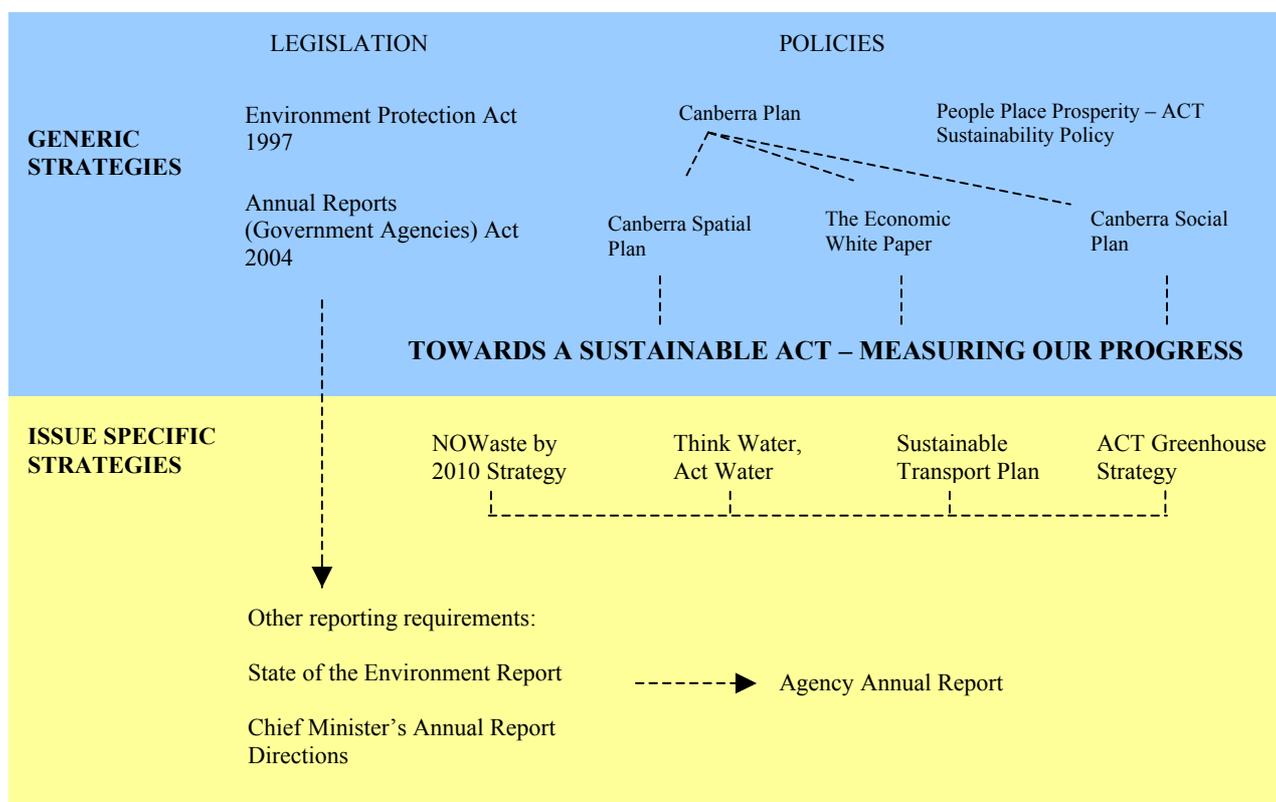
2.9 Annual reports are reviewed by several committees of the Legislative Assembly. For example, the Standing Committee on Planning and Environment, affirmed its support for what constituted an effective annual report, adding that annual reports should report objectives that are clear and measurable and explain changes over time.⁸

⁶ 2003 and 2004 Annual Report Directions, p.43 and 24.

⁷ 2004 Annual Report Directions, p. 2-3.

⁸ *Inquiry into referred Annual and Financial Reports 2003-04*, Standing Committee on Planning and Environment, Report No. 8, May 2005, Legislative Assembly for the Australian Capital Territory, p.8.

Figure 2.1 ACT Legislative Requirements for ESD Reporting and whole-of-government Strategic Policies



Source: Compiled by the ACTAGO using information from the Department of Justice and Community Safety and other ACT Government documentation.

OTHER RELEVANT LEGISLATION

Financial Management Act 1996

2.10 Prior to November 2003, there was no legislated requirement in the Financial Management Act for agencies to take ESD into account in the preparation of budgets. An amendment in November 2003 required that proposed budgets be prepared taking into account among other things, the object of ESD.⁹

2.11 In a 2004-05 supplementary budget paper, the requirement for Triple Bottom Line (TBL) reporting to be included in budget papers was discussed.¹⁰ The supplementary paper referred to amendments of the financial management guidelines.

⁹ *Financial Management Act 1996*, Part 2, Division 2.1, Section 11 (4), effective 1/11/03-18/12/03, p.7. The requirement in (4): ‘the proposed budget must be prepared taking into account ... (c) the object of ecologically sustainable development’. The FMA does not provide guidance on how it is possible to determine whether budgets have been prepared taking ESD into account.

¹⁰ *Australian Capital Territory Budget 2004-05, Supplementary Paper: Framework for future budget presentation discussion paper*, ACT Department of Treasury, May 2004. TBL: reporting outlines the social, environmental and economic costs of activities in an integrated approach.

In the 2005-06 budget, work by the Department of Treasury constituted the first step in the process from changing the focus of agency budget reporting to a performance measurement framework concerned with two types of indicators, strategic and accountability.¹¹

Government Procurement Act 2001

2.12 The *Government Procurement Act 2001*¹² established the Government Procurement Board whose functions, among others, are to develop, implement and review policies and practices for the procurement of goods, services and works by Territory entities, to monitor the procurement activities of agencies and to provide advice to the Minister on any matter relevant to the procurement activities of Territory entities. The Board can also issue procurement guidelines outlining policies and practices that must be observed, and therefore plays a role in influencing agencies' implementation of sustainability policy in their procurement activities.

SUPPORTING GUIDELINES

2.13 Reflecting the Government's commitment to ESD principles, various measures and guidelines (Table 2.1) have been developed or/and undertaken to support and foster the implementation of ESD and ESD reporting in the ACT.

Table 2.1 Development of sustainability guidance

Year	Activity/Document
1992	National Strategy for ESD endorsed
1993	ACT Commissioner for the Environment appointed
1994	First ACT 'State of the Environment Report' released
1996	'NoWaste by 2010: A waste management strategy for Canberra' launched
1997	<i>Environment Protection Act 1997</i> introduced
1998	ESD requirements introduced into Annual Report Directions
2000	ACT Greenhouse Strategy 2000 launched ACT State of the Environment Report includes a section on sustainability
2001	First Government Energy Consumption Report (EDGAR)

¹¹ *Framework for Future Budget Presentation: A further discussion paper*, ACT Department of Treasury, February 2005, p.4.

¹² *Government Procurement Act 2001*, <<http://www.legislation.act.gov.au/a/2001-28/20010524-539/pdf/2001-28.pdf>>.

2002	ACT Office of Sustainability Established
2003	‘Towards a sustainable ACT’ released ‘People, Place, Prosperity: A policy for sustainability in the ACT’ launched ESD Annual Reporting Requirement (s158A) introduced into <i>Environment Protection Act 1997</i>
2004	‘Measuring our progress: Canberra’s Journey to Sustainability’ report released ‘The Canberra Plan’, ‘The Sustainable transport plan’ and ‘Think water, Act water’ released

Source: Compiled by the ACTAGO from various ACT Government documents.

2.14 *The Canberra Plan* and *People Place Prosperity*, have facilitated the implementation of key sustainability requirements.¹³ To assist in achieving goals contained in the latter document, key documents (shown in Table 2.1) have been employed such as the *ACT Greenhouse Strategy 2000* and the recently launched strategy (March 2005) of *Turning Waste into Resources*, which intends to further progress the original *No Waste by 2010* strategy over the period 2004 to 2007.¹⁴

Procurement guidelines and circulars

2.15 The Government Procurement Board issues procurement guidelines and circulars to assist agencies with procurement activities. The Government Procurement (Principles) Guideline 2002 (No 2) contains direction for the procurement of environmentally sustainable goods, works and services.¹⁵ The guideline lists seven procurement principles including that of environmental sustainability where ‘a Territory entity must consider environmental sustainability in the procurement of goods, services or works’.

2.16 Procurement Circular 2004/07¹⁶ provides guidance to Territory entities in meeting the environmental sustainability requirements in the guideline. The circular defines the concept of Environmentally Sustainable Procurement as ‘specifying and giving preference to products, services, building designs and construction that minimise waste, conserve resources, and protect people’s health and the environment throughout the life cycle of the procurement’.

2.17 The Procurement Circular outlines factors to be taken into consideration when procuring goods and services such as existing government policies, whole-of-life costs, design/production for the environment, environmental labels and the environmental performance of suppliers.

¹³ op cit.

¹⁴ *ACT Greenhouse Strategy*, <<http://www.environment.act.gov.au/Files/actgreenhousestrategy1.pdf>>.

¹⁵ *Government Procurement (Principles) Guideline 2002*, No.2, Australian Capital Territory – Government Procurement Board, 6 June 2002.

¹⁶ *Environmentally Sustainable Procurement Circular 2004/07*, Australian Capital Territory – Government Procurement Board, June 2004.

ROLES OF POLICY AGENCIES

2.18 Multiple agencies within the ACT Government have responsibilities related to ESD reporting, either directly, through issuing reporting policies and guidance or indirectly through the provision of advice to agencies issuing the reporting policies and guidance. CMD is central to sustainability policy development and implementation in the ACT. Its mission is to provide leadership at a whole-of-government level for the planning, development, coordination and implementation of key Government policies and strategies.

2.19 The Office of Sustainability, one of six divisions within CMD, was created to ensure the consistent implementation of sustainability policies. Other functions of the Office include developing, facilitating and coordinating the implementation of guidelines, policies and procedures related to sustainability, provision of expert advice to the Chief Minister and ACT Government agencies on matters related to sustainability and promoting sustainability across Government, business and the wider community.

2.20 Environment ACT is located in the Arts, Heritage and Environment division of CMD. This office works to achieve a sustainable, high quality natural and cultural environment for all. Environment ACT surveys, monitors and reports on a range of environmental parameters relevant to ESD reporting, particularly in relation to biodiversity, water resources and water quality, environmental contaminants and cultural (including Aboriginal) heritage. These data provide an authoritative source of information on environmental conditions and trends in the Territory. Environment ACT also administers the EPA.

2.21 The Office of the ACT Commissioner for the Environment was established under the *Commissioner for the Environment Act 1993*.¹⁸ The Commissioner's role is to investigate complaints regarding the management of the environment by the Territory or a Territory authority, to conduct investigations as may be directed by the Minister, to conduct the Commissioner's investigations into actions of an agency where those actions would have a substantial impact on the environment of the Territory and to make recommendations to Government to improve environmental management and outcomes. The Commissioner also prepares an ACT 'State of the Environment' report.

Review of reporting

2.22 The Annual Report Directions for ESD reporting requirements changed during the period reviewed by Audit. CMD advised Audit that this occurred as a result of incorporating enhanced guidance identified by the Office of Sustainability into the Directions. CMD also advised that improvements to the level of detail and content in the Directions have brought the ACT into line with better practice.

¹⁷ Environment ACT, <<http://www.environment.act.gov.au/corporate/aboutus.html>>.

¹⁸ *Commissioner for the Environment Act 1993*, Part III (12), <<http://www.legislation.act.gov.au/a/1993-37/19930701-4490/pdf/1993-37.pdf>>.

2.23 In 2003, the Annual Report Directions refers to Section 158A of the EPA, which requires agencies to report on agency actions and initiatives taken during the reporting year to support ecologically sustainable development. This requirement is also reinforced by *People, Place, Prosperity*, which emphasises the importance of the ecological dimension of sustainability, along with the social and economic dimensions.¹⁹

2.24 In 2004, the Annual Report Directions²⁰ provides more detailed instruction of the principles of ecologically sustainable development. The 2004 Annual Report Directions required:

- a) a description of how agencies' actions and administration accorded with the principles of ESD, and examples of this may include:
 - procurement processes for goods and services;
 - provision of goods and services;
 - provision of funds, eg for community groups or individuals;
 - provision of payments or funding under statutory programs;
 - the granting, renewal or denial of permits, licences, approvals, accreditation, under legislation;
 - implementation of policies, plans, programs etc;
 - enforcement of legislation; and
 - the carrying out of the operations of the organisations.
- b) identification of the contribution of agency outputs on ecologically sustainable development. A statement should be included on measures taken as part of normal business, or new initiatives that address government policies and strategies with respect to ESD, including those related to waste minimisation (NOWaste 2010), greenhouse emission reductions (ACT Greenhouse Strategy), water efficiency (Water Resources Strategy) and transport efficiency (Sustainable Transport and the Chief Minister's directive for agencies to procure hybrid vehicles); and
- c) analysis of the effect of agency actions on the environment, identification of any measures taken to minimise the impact of these effects, and description of mechanisms used for reviewing and increasing the effectiveness of these impact minimisation measures. These measures might include:
 - requirements for the consideration of environmental impacts prior to decision-making activities;
 - formal procedures for environmental impact assessment of proposed activities;
 - the use of environmental management systems in the organisation, for example International Standards Organisation (ISO)14001;
 - measures undertaken to reduce the environmental impact of agency actions;
 - description of internal evaluation regimes, environmental auditing, benchmarks or targets, which the agency has in place to increase the effectiveness of impact reduction measures; and

¹⁹ 2003 Chief Minister's Department Annual Report Directions, p.43.

²⁰ 2004 Chief Minister's Department Annual Report Directions, p.24.

- time series reporting against agreed indicators to enable a review of the effectiveness of the measures.
- d) a statement should be included on the measures taken as a normal part of business (such as paper recycling and energy consumption) and describe any new initiatives implemented in the reporting year reflecting the core values and guiding principles of ESD.

COMPARISONS OF ESD REPORTING REQUIREMENTS WITH OTHER JURISDICTIONS

2.25 ESD reporting is firmly embedded in Commonwealth, State and Territory government reporting requirements. Some jurisdictions have similar reporting requirements to those contained in the ACT's EPA. Two Commonwealth departments (Department of Family and Community Services and the Department of Environment and Heritage) have prepared TBL reports separate to their annual reports.

2.26 The Commonwealth *Environmental Protection Biodiversity and Conservation Act 1999* (EPBC Act) requires annual reports to:

- state how the agency's activities have accorded with the principles of ESD;
- identify how their departmental outcomes contributed to ESD;
- document the agency's impacts upon the environment and measures taken to minimise those impacts; and
- identify the review mechanisms in place to review and increase the measures the agency takes to minimise its impact upon the environment.²¹

2.27 The EPBC Act contains reporting guidelines that are similar to those provided in the Chief Minister's Annual Report Directions. For example, guidelines to meet the EPBC Act require agencies to report on procurement processes for goods and services, policy development and the implementation of policy. This compares to a requirement in the Annual Report Directions to report how agency actions and administration of relevant legislation concerned with the procurement of goods and services contributed to ESD.²²

2.28 The South Australian Office of Sustainability provides advice on legislation and policy relating to environmental management issues. All legislation is reviewed by the Office to ensure that environmental sustainability principles are considered. At the time of audit, a way forward for the development of sustainability legislation had yet to be determined.

2.29 Western Australia is the first Australian State or Territory that has presented a sustainability bill to parliament. A supporting framework complementing the bill includes a Sustainability Code of Practice for Government agencies.²³ The Code

²¹ <<http://www.deh.gov.au/epbc/about/epbcreports.html#annualoperation>>.

²² <<http://www.deh.gov.au/epbc/publications/esd-guidelines/pubs/esd-reporting-guidelines-2003.pdf>>. *Annual Report Directions 2004*, op.cit.

²³ *Leading by example: The sustainability code of practice for government agencies and resource guide for implementation*, State Government of Western Australia,

provides a resource guide to assist agencies in developing policies for waste management, multicultural and social aspects and requires each to develop internal assessment mechanisms and sustainability action plans. A sustainable procurement guideline is also available for agencies to assist with the interpretation and meeting of commitments outlined in their sustainability strategy *Hope for the future: The Western Australia State Sustainability Strategy*.²⁴

Industry

2.30 Triple Bottom Line reporting is not a new concept for private industry. A survey conducted by KPMG in 2002 showed that 45% of the top 250 companies worldwide now publish a separate corporate report containing details of the company's environmental and/or social performance.²⁵ A 2004 census by the Commonwealth Department of the Environment found 166 of the top 500 Australian companies published sustainability reports.²⁶ Sectors producing these reports range from banking to mining. A survey of Australian companies on TBL reporting found that companies considered that the three tiers of government should lead by example in the provision of guidance to business.²⁷

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an official collaborating centre of the United Nations Environment Programme that began in 1997 and became independent in 2002. The GRI's mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines.²⁸ These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services.

http://www.sustainability.dpc.wa.gov.au/view/projects_initiatives/documents/SustainabilityCodeofPractice.pdf.

²⁴ *Hope for the future: The Western Australia State Sustainability Strategy*, State Government of Western Australia, September 2003, <<http://www.sustainability.dpc.wa.gov.au/docs/strategy.html>>.

²⁵ KPMG, 2002, viewed 12 April 2005, <[Corporate Sustainability Reporting 2002](#)>.

²⁶ *Companies fail to reveal social risks*, Buffini, F., The Australian Financial Review, p.8, 5/5/05.

²⁷ *Triple bottom line measurement and reporting in Australia: Making it tangible*, Suggett, D. and Goodsir, B., The Allen Consulting Group, 2002, p.51.

²⁸ *Sustainability Reporting Guidelines 2002*, Global Reporting Initiative, <www.globalreporting.org/guidelines/2002.asp>.

3 AGENCY REPORTING

3.1 This chapter assesses the performance of agencies in meeting their ESD reporting obligations. The chapter also makes recommendations based on these assessments.

INTRODUCTION

3.2 Audit conducted fieldwork in thirteen ACT Government agencies over the period from September to December 2004, with the aim of ascertaining and evaluating the current level of ESD reporting information in annual reports. Audit found that the majority of agencies' annual reports complied with the requirements contained in the Environmental Protection Act and Annual Report Directions. However, on the whole, agency annual reports contained insufficient information (both quantitative and qualitative) to inform readers whether progress in ESD had been made.

3.3 The performance of agencies against the audit criteria, are discussed throughout this chapter.

SIGNIFICANT FINDINGS

- The understanding by central agencies (such as the Department of Treasury and the Office of Sustainability) of ESD principles and associated definitions is currently evolving. A large amount of work is still in progress by central agencies responsible for issuing guidance and this situation has made it difficult to provide coordinated guidance to those agencies seeking more comprehensive advice on what to include in their annual reports.
- The majority of agencies did not have agency-specific ESD guidance that should have been developed from higher-level government guidance. Agencies that had guidance documents were better focused on achieving requirements through action plans.
- In general, agencies complied with the EPA requirements. The majority of agencies, however, failed to include information on the contribution of outputs to the 'social' element of ESD and to supplement qualitative statements with quantitative data.
- ESD information contained in the annual reports of several agencies did not indicate whether progress in the agency's implementation of ESD or in ESD reporting had occurred. Information was frequently unchanged between annual reports. This suggests that agencies are either doing little to improve ESD or paying scant attention to ESD reporting.
- Those agencies (for example ACTION and ACTEW) that were voluntarily involved in additional reporting beyond the ACT's requirements, tended to include more comprehensive ESD reports containing targets and indicators in agency annual reports.

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- The majority of agencies would benefit from incorporating results for appropriate ESD indicators into their annual reports. The inclusion of indicators would enhance the current standard of agency ESD annual reporting. For example, Audit noted an improvement in ACTION's standard of ESD reporting over the two-year review period.
- ACTEW was the only agency to report comparisons of indicators with those in the previous year in each annual report.
- The lack of staff training was a contributing factor to poor ESD reporting.
- Almost half (46%) of audited agencies had no systems, guidelines and processes to meet ESD reporting requirements that were in accordance with better practices.
- More than three quarters (77%) of agencies reviewed had no internal systems in place to verify either the qualitative or quantitative information on ESD provided in their annual reports. This figure includes those agencies that were in the process of developing controls to ensure records were accurate, complete and independently verifiable. Audit notes that an independent body (the Commonwealth Department of Environment and Heritage) plans to verify data annually for a few ACT agencies participating in voluntary reporting.
- A few agencies took actions to regularly update ESD reporting activities. This approach should be adopted by all agencies.
- ESD updates were not a regular feature of reports to agency's senior executives (for example, in the minutes of management committee meetings) in almost 70% of agencies reviewed. There is a risk that senior management's decisions may have been made without adequate consideration of ESD issues.

APPROPRIATENESS OF GOVERNMENT GUIDANCE

3.4 ACT Government guidance as outlined in Chapter 2 is intended to assist agencies in meeting ESD performance reporting obligations. Audited agencies expressed both positive and negative opinions to Audit concerning existing guidance, ranging from being useful in setting out the government's ESD commitment to being too vague. Audit found that guidance was of greater use to an agency when it was used in combination with some of the Government identified programs. In some cases, the dissemination of information was not effective, one agency reported it did not receive some of the relevant guidance.

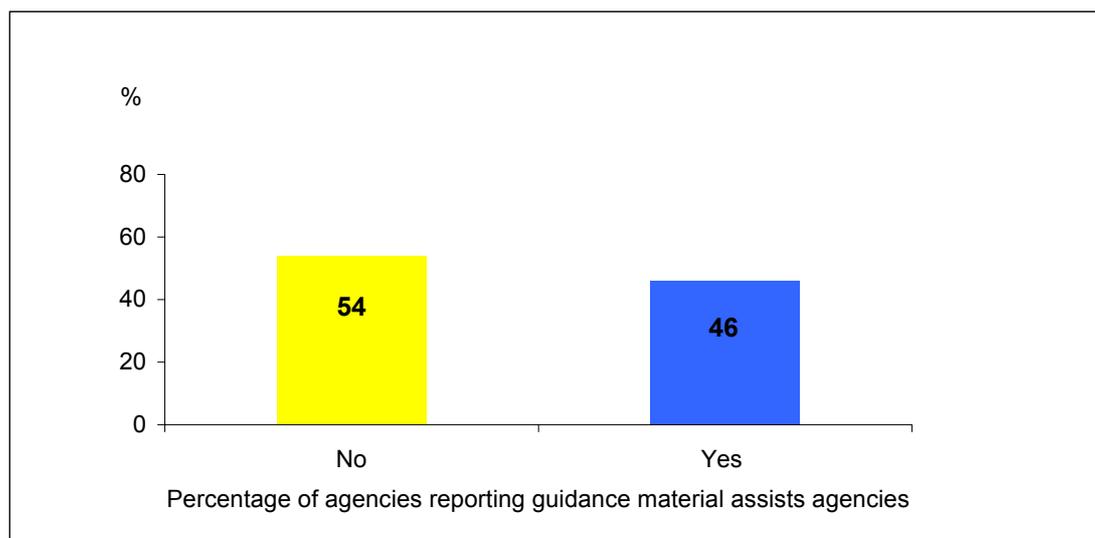
3.5 More than half (54%) of the agencies reviewed indicated that there was a need to improve the reporting guidance issued from agencies responsible for the development of ESD policy. The majority of agencies reviewed by Audit indicated that the current level of ESD reporting guidance generated from CMD was insufficient. This is of concern to Audit, considering:

- the Chief Minister has made clear the need for concrete examples of *sustainability in action* to clarify and help build public support and understanding of the concept;

AGENCY REPORTING

- annual reports are the primary mechanism for an agency to convey to stakeholders sustainability in action;
- the provision of guidance and strategic advice is a core function of the agencies mentioned in Chapter 2; and
- if the guidance is not useful for agencies, they will not be able to demonstrate progress in ESD implementation and reporting.

Figure 3.1 Satisfaction with ACT Government guidance material



Source: Compiled by the ACTAGO from information provided by audited agencies.

3.6 In order to supplement the ESD information required in the Annual Report Directions, some agencies sought further advice from those with mandates for the provision of policies and guidance. There are, however, instances where an agency had sought guidance from CMD, but due to the early stage of ESD reporting in the ACT and work in progress status for the development of a sustainability bill, definitive guidance could not be provided. The Department of Treasury's ability to provide further advice to other agencies is also attributable to work in progress, and the Department envisages that it will not be able to do so until it develops budgetary frameworks.

3.7 Outcomes from current reviews into whole-of-government Reporting and sustainability legislation have the potential to influence the way that ESD reporting information is currently collected and reported by agencies.

3.8 Various agencies have developed or assisted in the development of a range of policies and guidelines for ESD. Audit considers the availability and abundance of ESD information from separate agencies to be a contributing factor to agency confusion. Audit observed a need to strengthen coordination linkages between agencies responsible for the release of guidance. They should undertake regular liaison activities and draw upon the areas of in-house expertise from both operational and policy agencies. For example, the Public Sector Management Group of CMD could seek advice from Office of Sustainability and Environment ACT's NoWaste

Unit on how to achieve further ESD outcomes from office practices, and provide specific guidelines to be applied by all agencies.

3.9 Audit considers that agencies with a mandate for the release of policies and provision of advice should meet regularly to discuss how efficiencies can be achieved through linked and coordinated ESD guidance.

Recommendation 1

Agencies with a mandate for issuing policy and providing guidance to other agencies should enhance guidance to provide a greater level of clarity and to enable agencies to report progress in ESD implementation.

3.10 The annual reports of agencies are usually tabled in October following the end of the financial year. The Legislative Assembly then reviews the reports around December/January and releases outcomes and recommendations from the review in February. Agencies are consulted around February/March on changes to the Annual Report Directions and have the opportunity to provide comment on proposals at an information session before the new Annual Report Directions are released in May/June.

3.11 CMD's Public Sector Management Group (PSMG) conducts an informal review of agency's annual reports for compliance against the Annual Report Directions, prior to the Legislative Assembly's assessment of the annual reports. The Chief Executive of CMD receives a report on outcomes of the PSMG's review and advises the Chief Minister. CMD advises the agency in instances of non-compliance. The medium used to convey non-compliance varies from letters to informal verbal advice. The degrees of non-compliance are determined by consultation between the Executive Director of the PSMG and the Chief Executive of CMD. Audit was advised that no criteria were currently available to guide CMD's actions in assessing the varying degrees of non-compliance of annual report directions.

3.12 Agencies commented that the late release of Annual Report Directions in May/June of the reporting financial year did not assist with the collection of quantitative ESD data against the reporting requirements from the commencement of the financial year. Audit considers that the timing for the promulgation of the Annual Report Directions should improve to provide agencies with sufficient opportunity to develop and implement policies and practices necessary to collect data for the examples of ESD performance listed in the annual report directions.

3.13 Audit also recognises that the annual report directions are not the only means of communicating to agencies their ESD obligations, and should form part of the whole-of-government ongoing performance framework on sustainability.

Recommendation 2

As part of a comprehensive performance framework on Government strategic directions, priorities and reporting requirements, CMD should issue changes to ESD reporting requirements for annual reports to agencies ahead of the year to which the requirements refer. In particular, the timing should:

- a) allow time to set up data collection systems; and
- b) permit agencies to report data that relates to the financial year to which the annual report directions refer.

APPROPRIATENESS OF AGENCY-SPECIFIC ESD GUIDANCE

3.14 At the time of Audit, 46% of agencies had some form of agency-specific ESD guidance and a small minority were in the process of developing departmental guidance. Some agencies with a central function had developed and produced better practice guidelines for others to follow, yet had not developed specific guidance for their own staff.

3.15 Broad references to ESD were often made in agency business plans and statements of intent. Although some of these references did translate into commitments and guidelines, Audit considers these references need to be more consistently incorporated into firm commitments with delivery strategies in place.

3.16 ACTION's practices provide a good example. Priorities within ACTION's strategic plan include:

- 'economic sustainability is integrally linked to the environmental and social outcomes the Authority strives for'; and
- 'ACTION Authority is committed to minimising any adverse environmental impact of its operations and services'.²⁹

3.17 The ACTION business plan identifies specific actions and performance measures it will use to assess its progress towards these two strategic goals. One of the actions to achieve this includes 'working with other agencies to drive the Sustainable Transport Plan'.³⁰

3.18 Some agencies have become involved in programs that have assisted with the implementation of ESD. For example, in July 2003 the Australian Capital Tourism Corporation (ACTC) as part of its National Accreditation Program developed an environmental policy committing the Corporation to sustainable tourism.³¹ Some of the principles of sustainable tourism in the accreditation program include using resources sustainably, reducing consumption and waste, integrating tourism into

²⁹ 2004-07 ACTION Authority Strategic Plan, undated, p.6 and 8, <http://www.action.act.gov.au/docs/STRATEGIC%20PLAN_2004_07_final.pdf>.

³⁰ ACTION Authority 2004 – 07 Business Plan, p.12.

³¹ ACTC National Accreditation Program July 2003, Section 7.0.

planning, therefore increasing the long-term viability of tourism and marketing tourism responsibly. The Corporation's accreditation status is reviewed annually.

3.19 At the time of audit fieldwork, the Department of Disability, Housing and Community Services (DHCS) had developed a draft Environmental Management Policy³² that identifies specific environmental aspects related to each business activity within the Department. Audit was advised that DHCS developed this policy in accordance with whole-of-government policies and DHCS intends to update the policy every six months to maintain currency with emerging policies.

Recommendation 3

Those agencies without agency-specific ESD guidance should develop and promulgate guidance in consultation with relevant agencies including the Office of Sustainability, ACT Commissioner for the Environment and Environment ACT.

COMPLIANCE WITH THE EPA AND OTHER LEGISLATION

3.20 The reporting obligations of agencies under the EPA and Annual Report Directions were outlined in the previous chapter. Most agencies (85%) complied with the broad legislative requirements and provided at least minimum qualitative statements. For example, one agency merely reported in its 2002-03 annual report that 'Floriade and the 2003 Subaru Rally of Canberra encouraged ecologically sustainable practices'.³³ Reporting in this manner provides little information that can be used to assess whether the agency's actual activities assisted with the implementation of sustainability.

3.21 With the exception of ACTEW, the social element of ESD was not specifically addressed in the annual reports of any agency audited. Instead, strong emphasis was placed on the environmental element of ESD. Social references, if any, were broad and included the release of a policy without specifying the intended and actual social impact. This is in contrast to ACTEW's social and community activities outlined in its 2004 Sustainability Report.³⁴

3.22 ACTEW is bound by legislation additional to the EPA for the conduct of its operations such as the *Drinking Water Quality Code of Practice 2000*.³⁵ ActewAGL produces an Annual Drinking Water Quality Report³⁶ in accordance with the code's requirements and has attained ISO 14001 certification for the business operations of

³² *Department of Disability, Housing & Community Services Environment Management Policy*, August 2004.

³³ *Australian Capital Tourism Corporation 2002-03 Annual Report*, p.41, <[http://www.tourism.act.gov.au/CA256E140014A4CF/Lookup/Corp%5fServices%5fCorporate%5fRe%5fports%5fFILES/\\$file/AR%5fCTEC%5f%200203.pdf](http://www.tourism.act.gov.au/CA256E140014A4CF/Lookup/Corp%5fServices%5fCorporate%5fRe%5fports%5fFILES/$file/AR%5fCTEC%5f%200203.pdf)>.

³⁴ *ActewAGL Sustainability Report 2004*, p.17 and 23, <<http://www.actewagl.com.au/publications/corporate/SustainabilityReport.pdf>>.

³⁵ *Drinking Water Quality Code of Practice 2000*, <<http://www.legislation.act.gov.au/di/2000-86/>>.

³⁶ *ActewAGL Annual Drinking Water Quality Report 2003-04*, p.20, <<http://www.actewagl.com.au/publications/water/waterQualityReport.pdf>>.

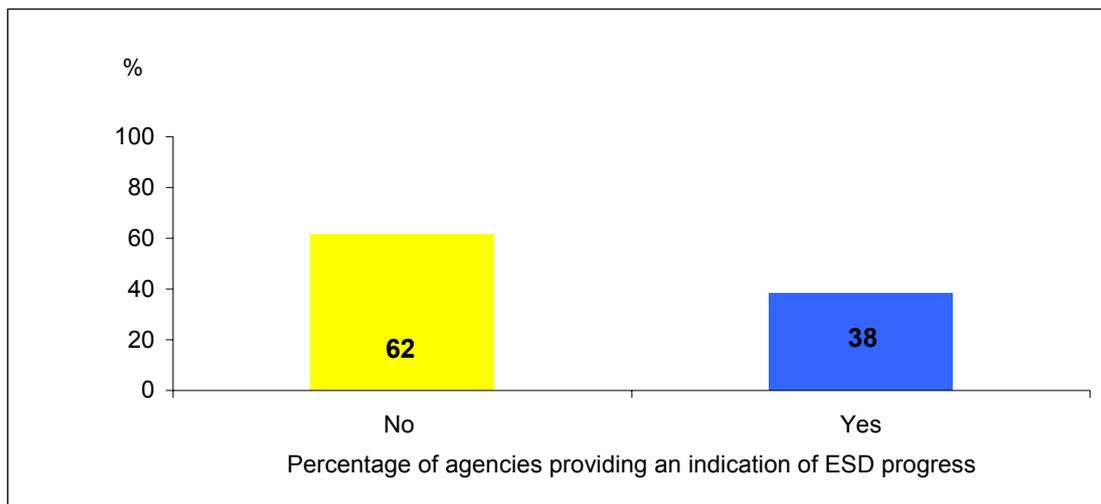
the water divisions and operational sites. This certification is above the legislated requirements and it is pleasing to note that ACTEW and ActewAGL adopt what appears to be better practice environmental management in the interests of due environmental diligence and the production of sustainability reports.³⁷

USEFULNESS OF ANNUAL REPORT INFORMATION IN DETERMINING PROGRESS

3.23 Audit considers that annual report information could provide an indication of an agency’s progress on sustainability performance in only 38% of the agencies reviewed (five of the 13 agencies reviewed). Audit considers that the remaining 62% of agencies’ annual reports have the capacity to provide a starting base from which to produce future robust reporting and monitoring.

3.24 Audit observed that agencies that were voluntarily involved in reporting and monitoring activities additional to that of the ACT’s legislated reporting requirements, such as the Greenhouse Challenge Cooperative Agreement, tended to produce more comprehensive ESD reports containing targets and indicators. The Greenhouse Challenge Cooperative Agreement with the Commonwealth Government of Australia is voluntary and encourages each participating organisation to implement cost effective actions to reduce its own greenhouse gas emissions. Participating organisations sign agreements with the Commonwealth and also provide a framework for its actions to abate emissions. Participants report annually on their emission abatement actions.

Figure 3.2 Information on ESD progress



Source: Compiled by the ACTAGO from information provided by audited agencies.

³⁷ *Environment Management Plan 2000-2005*, ACTEW Corporation Ltd, p.6.
<<http://www.actew.com.au/publications/environmental/pdf/emp.pdf>>

3.25 In some instances, it was difficult to determine whether the agency had made progress in its sustainability reporting. This is because some agencies had produced their first annual report following the amalgamation of the agency's functions from several other offices; hence there was no prior annual report to compare performance against. In addition, other factors hindering the evaluation of progress included the lack of quantitative ESD data in the annual reports, and changing reporting requirements without an effort to explain or include new data comparable to the previous years.

3.26 In some cases, there was repetition of ESD achievements from one year to the next. For example, ACT Health reported the completion of energy audits and incorporation of energy saving recommendations into the capital works program in both 2003 and 2004 annual reports. Audit considers that it would have been beneficial to specify which building/s were subject to an audit and whether the department had quantified the energy savings produced.

3.27 Audit also considers repetition indicates that agencies are either doing little to improve ESD or paying scant attention to ESD reporting. This repetition is inconsistent with the ACT Government's goals for the ACT public service to be a leader in sustainability.

3.28 All agencies reported 'the use of recycled paper ... is encouraged'. This type of general reporting adds little value over time as it appears to be common practice for most ACT agencies to purchase recycled paper, and office equipment with duplex options for printing and photocopying. Instead, Audit considers that there would have been greater merit if agencies were to quantify and compare consumption of recycled and non-recycled paper over a period of time, and include a discussion on the strategies in place to encourage the use of recycled paper, instead of repeating the same statement. For example, agencies could draw from the paper initiative work conducted by the Office of Sustainability for the CMD Policy Group, whereby the amount and cost of paper used by the group was monitored from the commencement of a paper use reduction strategy. The pilot achieved a reduction of over 40% of paper purchased by the group from October 2003 to September 2004.

3.29 Audit identified some synergies in the information contained in the annual reports reviewed. An example of this was the progression of the Electricity Greenhouse Gas Emissions Abatement Scheme from a feasibility study in 2002-03 to its introduction as the Electricity (Greenhouse Gas Emissions) Act in 2004.³⁸ This type of reporting could have been strengthened further by using a performance indicator.

3.30 Some annual reports contained information that was reported from the perspective of a line and central agency. One agency with both levels of functions did not provide information on the progress or contribution of Department policies towards meeting the Government's goal for ESD. Audit considers that while it is

³⁸ *Treasury Annual Report 2002-03*, p.69, <http://www.treasury.act.gov.au/documents/Treasury_Annual_Report02-03.pdf>, *Treasury Annual Report 2003-04*, p.84, <<http://www.legislation.act.gov.au/a/2004-71/default.asp>>.

important to report information from a whole-of-government perspective, some central agencies overlook the need to report on their own ESD progress. Audit considers that failing to report information that a line agency is required to include in its annual reports does not provide a sufficient example to other line agencies that may be searching for examples on how to improve their annual report information.

3.31 All audited agencies could improve the standard of annual reporting through the establishment and publication of indicators and target levels. This would allow for external monitoring of an agency's progress on sustainability implementation and reporting. Audit recommends agencies adopt the better practice of some other ACT agencies as well as currently recognised better practice for indicators such as those used in the Commonwealth Department of Family and Community Services and the Department of Environment and Heritage's Triple Bottom Line reports, and also work of the Global Reporting Initiative.³⁹ Agencies could also review indicators used by the Australian Bureau of Statistics in its report, *Measures of Australia's Progress*,⁴⁰ as well as criteria that can be used for the selection of indicators.

Stakeholder feedback

3.32 Feedback from stakeholders, such as the ACT Legislative Assembly can assist agencies to ascertain whether the annual report information is useful. Similarly, the Legislative Assembly could request agencies to provide a briefing on its ESD annual report information and through this forum, provide feedback to agencies. Only two agencies had received positive verbal feedback from their stakeholders on the adequacy of ESD information presented in annual reports.

THE LACK OF PERFORMANCE INDICATORS

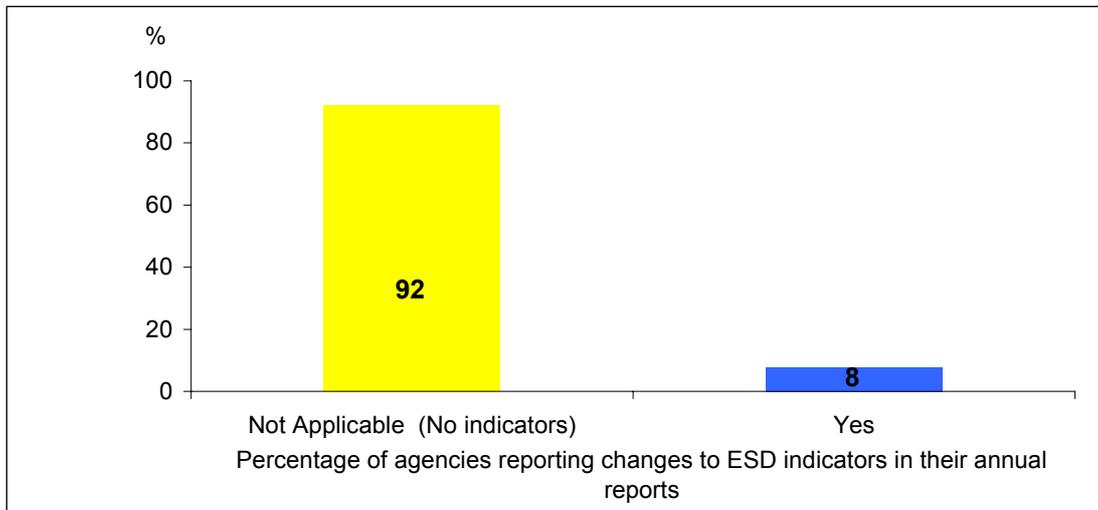
3.33 Audit observed significant differences in the practices employed by agencies when using performance indicators. Aside from ACTEW, which had its indicators in a separate report on the environmental performance of its activities,⁴¹ Audit observed the absence of ESD indicators, most notably social ones, in the annual reports of most agencies. Although most (92%) annual reports reviewed did not include indicators, other internal documentation reviewed by Audit contained indicators considered suitable for inclusion in annual reports.

³⁹ <<http://www.facs.gov.au/triplebottomline/2004/index.htm>>, <<http://www.deh.gov.au/about/publications/tbl/03-04/index.html>>, Global Reporting Initiative, op.cit.

⁴⁰ *Measures of Australia's Progress*, 1370:2004, Australian Bureau of Statistics.

⁴¹ *ActewAGL Greenhouse Challenge Cooperative Agreement 2003-04*, p.23, *ActewAGL Sustainability Report 2004*.

Figure 3.3 ESD Indicators



Source: Compiled by the ACTAGO from information provided by audited agencies.

3.34 Audit considers that some agencies that are currently undertaking additional reporting and compliance activities could have incorporated some of the data into their annual reports. For example, ACTION’s Greenhouse Challenge Cooperative Agreement contains ESD indicators for consumable items. The Agreement covers items such as the amount of green power and electricity, as well as estimates of CO₂ from buildings, plant and office equipment.⁴² Once targets have been established for indicators contained in the agreement, Audit recommends that these be included in ACTION’s subsequent annual reports.

3.35 A few agencies reported data that were easily obtainable, for example, information taken directly from the Energy Data Gathering and Recording tool for CO₂ emissions generated from the use of electricity, gas and vehicle fuels.⁴³ However, some agencies chose not to report data from EDGAR, instead attempting to address issues concerning reducing consumption through qualitative statements in the annual reports of both years.⁴⁴ Audit considers that all agencies ought to be reporting data for whole-of-government indicators, whether drawn from EDGAR or elsewhere, against corresponding targets.

3.36 As the majority of agencies did not include indicators, a comprehensive evaluation of reporting progress by Audit was not possible. Instead, Audit observed an improvement in the content of qualitative statements over the two years in some annual reports. For example, many agencies included a statement of their involvement

⁴² ACTION Authority Greenhouse Challenge Cooperative Agreement, 2003-04, p.3-4.

⁴³ EDGAR is a web based energy reporting and benchmarking tool that enables agencies to enter and submit data on line to meet the reporting requirements of the policy. EDGAR is the primary tool used by the Commonwealth, State and Territory Governments throughout Australia to record energy consumption. Agencies are able to report energy related data across 17 different end-use categories. Each category enables sites with similar functions to be benchmarked and compared against key performance indicators.

⁴⁴ Disability, Housing and Community Services Annual Report 2002-03, p.136, Disability, Housing and Community Services Annual Report 2003-04, p. 134.

in various committees that are working towards ACT Government sustainability initiatives and future directions for the Department.

3.37 Audit considers that the majority of agencies would benefit from the inclusion of ESD indicators in their annual reports as well as developing an awareness of other sustainability reporting activities undertaken by other State and Commonwealth agencies. The Office of Commissioner for the Environment commented that focus could be on developing indicators that are generic across government and that the development of agency-specific indicators would also need to occur and be given careful consideration given the frequent changes in administrative arrangements that could make reporting over time difficult.

Recommendation 4

To help demonstrate the ACT Government's commitment to leadership in promoting sustainability and sustainability reporting, agencies should implement measures to improve the quality of ESD reporting by:

- a) including meaningful information;
- b) developing an awareness of better indicators used by other agencies in Australia and globally, in particular those recommended by the Global Reporting Initiative; and
- c) progressively improving and consistently using indicators in subsequent annual reports to provide an indication of the agency's progress on ESD implementation.

INCORPORATING ESD INTO DECISION-MAKING PROCESSES

3.38 Executive Management of 69% of agencies were not receiving regular ESD specific updates during executive meetings. Audit found that in some agencies, such as the ACT Planning and Land Authority (ACTPLA), the Land Development Agency (LDA) and ACTION, although ESD is not specifically discussed at senior management meetings, it is discussed within the context of agency operations and tends to be included in progress updates of relevant projects. For example, ACTION's executive management received monthly reports on energy performance, and plans to include energy and greenhouse information updates in the currently circulated monthly staff newsletter as part of its Greenhouse Challenge Agreement. In agencies with a less direct role in the implementation of ESD, ESD tended to be integrated into meetings as specific items on a 'needs basis' rather than being included on the regular agenda.

3.39 ACTEW had internal reporting mechanisms for management that referred to aspects of ESD. Audit identified that reporting occurred through:

- monthly environmental compliance reports in accordance with licensing provisions for the ACTEW Corporate Environment Committee and Environment ACT;

- the review system as part of the Environmental Management Plan, which includes internal reports on progress and performance to ACTEW's board,⁴⁵
- environmental awareness, which was included as a standard agenda item for all work meetings;
- updates on the outcomes from meetings of Environmental Management and Audit and Risk Management Committees; and
- ActewAGL's staff newsletters, which contain material promoting awareness programs, and monitoring reports on Greenhouse Challenge activities.⁴⁶

3.40 In some agencies, even though it is apparent that not all executives receive regular ESD updates or ESD discussion at meetings, ESD is taken into account at some point during the provision of the agency's outputs. For example, although there were scant references to ESD in the meeting minutes of the Department of Education and Training, and Department of Justice and Community Services, provision of new schooling and correctional facilities have included many sustainability features into building design and construction.

3.41 In conclusion, Audit found that there was not sufficient evidence to indicate that decisions by executives had always had regard to ESD. Not all executives have regular briefings or ESD updates, relevant to their operations. One agency advised Audit that executives were conscious of issues relating to sustainability when making decisions. However, it is important that a more formal and structured approach be followed in decision-making processes to ensure ESD is considered.

Recommendation 5

Agencies should ensure that:

- a) executive management has regular access to ESD information so that management decisions are made against a background of appropriate ESD information; and
- b) procedures are put in place to document the consideration of ESD.

Staff training

3.42 In discussions with agencies, Audit observed that the understanding of ESD varies significantly between agencies and this also became evident in the annual reports. Agencies provided a variety of ESD training to staff, ranging from informative and interactive briefings on policies, to the completion of a basic environmental awareness training competency.⁴⁷ ACTEW recently developed (September 2004) a Basic Environmental Awareness Training Program for corporate staff.⁴⁸ Some agencies advised Audit that although processes for training were not in

⁴⁵ *Environment Management Plan 2000-2005*, ACTEW Corporation Ltd, p.6.

⁴⁶ *ActewAGL Greenhouse Challenge Cooperative Agreement 2003-04*, p.25, 29.

⁴⁷ *The Life Guard Audit Report*, ActewAGL Water, May 2003, p.18.

⁴⁸ *ActewAGL Greenhouse Challenge Cooperative Agreement 2003-04*, p.25.

place, it did not necessarily mean that staff were not taking ESD requirements into account during the course of their daily activities.

3.43 Agency training should ensure staff at all levels are aware of Government policies and commitments relevant to ESD. Audit considers that a greater level of awareness will result in more effective implementation of ESD at agency level, particularly when this share of understanding applies across training areas within one agency and also across the ACT public service.

Recommendation 6

Agencies should institute measures for ensuring all staff:

- a) are aware of Government commitments to ESD and their ESD responsibilities in implementing ESD principles; and
- b) receive ESD training that is appropriate for their responsibilities and is regularly updated.

SYSTEMS, GUIDELINES AND PROCESSES TO MEET ESD REPORTING REQUIREMENTS

3.44 Almost half (46%) of audited agencies had no systems, guidelines and processes to meet ESD reporting requirements that were in accordance with better practices. However, most agencies had guidelines covering at least one aspect of these reporting requirements.

Systems

3.45 As already noted previously, the executive management of most agencies were not receiving regular ESD updates in meetings. This deficiency can be linked to agency uncertainty over what ESD data to collect, and the absence of systems to consolidate and collect data in order to produce updates to keep executives informed. Audit considers that there may be a risk relating to the creation and use of inconsistent or incorrect information when higher levels of management do not receive ESD updates on a regular basis and opportunities to scrutinise them.

Guidelines and processes

3.46 Most of the agencies issuing policy have produced guidelines influencing other agency's outputs. For example, ACTPLA requires that all new construction in the ACT include more ESD friendly designs. A Waste Wise program developed in consultation with ACT NOWaste strives to recover a high percentage of recyclables from ACT Government schools. The Department of Education and Training has reported cost savings from these initiatives.

3.47 The Department of Justice and Community Safety has formulated and distributed an internal Energy Efficiency Awareness Package, incorporating elements

from the Commonwealth Operations Better Practice Guide on Energy Efficiency.⁴⁹ ActewAGL as part of its processes advises an internal body, the Alliance Project Control Group, at monthly intervals of its compliance/non-compliance against statutory licences and agreements for the operation of the water and sewerage networks.

Better practices

3.48 Most agencies including ACTPLA, LDA and the Canberra Stadiums Authority look to interstate and international agencies that are performing a similar function and are recognised as being knowledgeable in the field for initiatives that can be incorporated as better practice into the agency's activities.

3.49 ACTPLA and LDA are at the forefront in the implementation and development of Water Sensitive Urban Design (WSUD). ACTPLA and LDA have developed WSUD policies to provide guidance for future development projects and provides guidance on how WSUD can be implemented in capital works, new developments and redevelopment projects.⁵⁰ Regular meetings between Canberra Stadiums Authority staff and a panel of experts enables the latest turf water management practices to be incorporated into Canberra Stadiums Authority activities. Audit understands that these measure have resulted in more efficient turf watering practices and decreases in water consumption.

3.50 During audit fieldwork, it became apparent that several agencies were using guidelines from other ACT agencies to address a lack of agency-specific guidelines for similar practices. For example, Canberra Stadiums Authority has consulted with ACT NOWaste on recycling initiatives and appropriate signage for recycling at events held at the stadium. The consultation and sharing of ideas and guidelines between agencies is encouraging. Audit considers there is potential for agencies to further enhance guidance by drawing upon the work of other jurisdictions. Audit also considers there should be a greater degree of consultation between agencies, not only for guidance but also on the systems and processes. This would ensure better practices are widely adopted leading to efficiencies and cost savings for all agencies.

⁴⁹*Department of Justice and Community Safety Energy Efficiency and Awareness Package*, October 2000. *The Chief Executive Officer and Energy Efficiency in Commonwealth Operations*, 1999. The awareness package outlines practices individual employees can undertake to conserve energy such as switching off computer screens when not in use and minimising the use of personal heaters and fans.

⁵⁰ *ACTPLA Water Sensitive Urban Design Policy & Implementation*, March 2004, p.1.

Recommendation 7

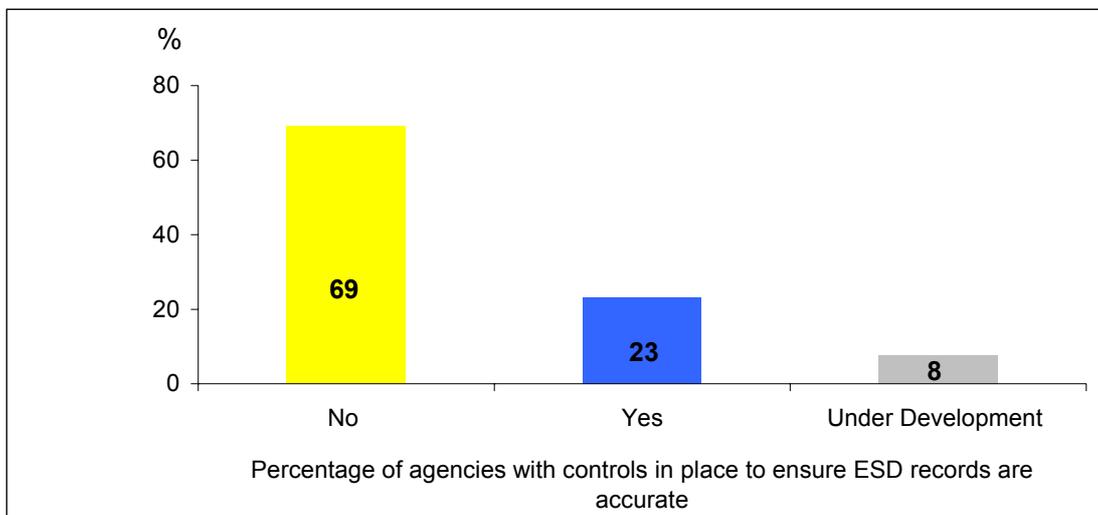
Agencies should draw from the work of other ACT agencies with better practices (for example ACTEW Corporation, ACT Planning and Land Authority and the Land Development Agency) and also from other jurisdictions to:

- a) implement ESD measures consistently in agency activities across all ACT public sector agencies; and
- b) achieve better reporting practices with more robust systems and processes in annual reports.

THE ACCURACY OF ESD RECORDS

3.51 Some 70% of agencies reviewed (including 8% of agencies with some controls under development at the time of audit fieldwork), could not provide Audit with any evidence to indicate that either the qualitative or quantitative (if any) information in the last two annual reports had been independently verified. Agencies also lacked data that was capable of verifying the qualitative claims made in annual reports.

Figure 3.4 Accuracy of ESD records



Source: Compiled by the ACTAGO from information provided by audited agencies.

3.52 During fieldwork, Audit reviewed documentation that indicated the ESD records of one agency had been independently verified through audits.⁵¹ Certain data reported for electricity consumption, greenhouse gas emissions and facility management provided by ActewAGL, EDGAR and Department of Urban Services is considered reliable as it was provided by independent sources that are recognised in their fields of expertise, for example ActewAGL.

⁵¹ ACTEW Greenhouse Challenge Cooperative Agreement 2002-03 and 2003-04, p.22, and 23. Water usage audits had been completed for several buildings occupied by the agency.

3.53 Several agencies noted that although they did not have any formal review processes, annual report information had been reviewed through departmental organisational structures, and ultimately, clearance by the agency's Chief Executive Officer. Audit considers this process should be complemented by the requirement for *ad hoc* independent reviews from time to time of selected information.

3.54 Audit considers that there are low cost verification methods available to agencies such as requesting the inclusion of reporting clauses in contracts that could supply significant ESD indicators.⁵² For example, the existing waste contract for Floriade already requires that 'the contractor shall not dispose of recycled materials as landfill'. Through a contract amendment, the contractor could be further required to report the quantities of materials recycled and collected. Audit considers that agencies should explore low cost verification methods to ensure ESD information provided to the public and the Legislative Assembly in their annual report is accurate.

CONCLUSION

3.55 It was not possible to obtain an indication of the overall progress made by ACT agencies in sustainability reporting due to variations in the information reported by agencies. The lack of effective guidance provided by central agencies has also contributed to the slow progress in reporting of most agencies. For a few agencies such as ACTION, the Department of Urban Services, Department of Education and Training, Canberra Stadiums Authority and Department of Treasury, Audit was able to identify encouraging progress in reporting and understanding of ESD where consistent and improved information had been provided in the annual report.

⁵² *ACTC and Waste away waste disposal, The Schedule to Floriade Contract, 2003, ACTC03032, p.13.*

4 FUTURE ESD REPORTING

4.1 This chapter reviews some of the work planned and currently in progress in several agencies to progress the implementation of sustainability principles.

INTRODUCTION

4.2 The work currently undertaken by ACT agencies as well as plans for future work to enhance the implementation of ESD has been mentioned throughout this report. Audit found that the current work of several agencies was not included in 2003-04 annual reports. The future direction of the work by some agencies is discussed in this chapter.

FUTURE SUSTAINABILITY WORK IN THE ACT

Chief Minister's Department

4.3 CMD advised Audit that the structure and scope of annual reporting requirements are under review as part of a broader collaborative project involving the Strategic Implementation Group, the Office of Sustainability and the Department of Treasury. The project includes a new framework for developing the budget and budget papers that will incorporate triple bottom line principles. The project also takes account of future whole-of-government reporting on the implementation of the Canberra Plan.

4.4 CMD also advised Audit that 'the new annual reporting framework will be developed over a two year cycle to support the progress of appropriately focussed performance criteria and the transition across changes to budget and reporting processes. The structure of annual reports will progressively incorporate the revised performance management framework and elements of triple bottom line reporting and sustainability'.

4.5 Complementing the review into whole-of-government reporting is formulative research undertaken by the Office of Sustainability with the intent of providing advice to Cabinet, and a possible Sustainability Bill for their consideration, in 2006. The Office is investigating various models for legislation and reporting frameworks, and have drawn on examples such as the Western Australian Bill and the legislation for the Canadian province of Manitoba. Advice from the Office of Sustainability indicated that unlike existing ACT ESD legislation, any Sustainability Bill would be developed to be more direct, practical and effectively implemented, and should ultimately influence decision-making in the wider community.

4.6 The proposed Sustainability Bill would include a framework as well as agency guiding documentation that would become available at the time of introduction. The Office of Sustainability has advised that sustainability legislation could include guiding documentation in the form of a code of practice, financial management guidelines for evaluating the sustainability of activities and programs of

Government agencies (sustainability action plans), sustainable procurement guidelines, as well as a framework for sustainability reporting by Government. Procurement guidelines with linkages to the legislation will be completed and made available prior to the legislation's endorsement. The Government Procurement Act will be reviewed separately to the whole-of-government review in 2006.

Department of Treasury

4.7 The Budget is the major annual policy statement of the Government. Using the budget as a vehicle, sustainability can be incorporated into allocation of resources in addressing emerging demands and achieving policy objectives. A supplementary paper to the 2004-05 budget, *Framework for future budget presentation*,⁵³ outlined plans to develop a framework that was relevant to the needs of the community following discussion and consultation.

4.8 The Department of Treasury proposes that discussions and consultation will:

- be centred around the incorporation of triple bottom line reporting and reflection of sustainability principles mentioned in the *People Place Prosperity* policy;
- facilitate an understanding of the resource allocation decisions and the underlying objectives; and
- provide a framework of measure and targets against which progress could be measured on an annual and ongoing horizon.

4.9 Steps suggested to facilitate the transition to TBL reporting are outlined in the supplementary paper. One suggestion includes the development of indicators and provision of a regular progress report on these indicators as well as on objectives, measures and suggested targets and timeframes.

4.10 The Department of Treasury considers that reporting against agency objectives using performance measures will ensure the optimum use of resources necessary to achieve the strategic goals outlined in government policy documentation. The 2005-06 budget has implemented a new performance measurement framework. Performance indicators of agencies are now presented at two levels: strategic indicators and accountability indicators.

Australian Capital Territory Planning and Land Authority

4.11 *The Canberra Spatial Plan* provides direction and management for urban growth and change in Canberra over the next thirty years. The Authority (ACTPLA) is in the process of compiling a *Monitoring Indicator Base Data Status Report* from indicators listed in *The Canberra Spatial Plan*. The Authority has developed 189 indicators from those listed in *The Canberra Spatial Plan* in order to monitor its implementation and progress. Some of the original indicators will not be reported against, as it has not been possible to provide data sets for several indicators. At the

⁵³ ACT Department of Treasury, loc.cit.

time of audit, the first report providing baseline data on indicators was planned for release in 2006. In order to monitor the implementation of the Plan, the Authority intends to produce subsequent reports biennially.

Land Development Agency

4.12 The Land Development Agency (LDA) conducts benchmarking activities against its NSW counterpart, LANDCOM, as part of LDA's better practice activities. LANDCOM's 2004 sustainability report contained a report on 24 indicators for development projects and their respective targets and has provided LDA with an opportunity to conduct a similar reporting activity.⁵⁴

4.13 Using some of these targets as a guide, LDA has developed a sustainability checklist template for new (greenfield) developments containing similar requirements and indicators for initiatives to those used by LANDCOM. The checklist includes 48 initiatives that are supported by lower level plans and targets. For example, some of the proposed initiatives include the fitting of gas boosted solar water heaters for all detached houses, villas and townhouses. Under the waste minimisation initiative, waste minimisation plans will be prepared and implemented for each stage of the development aimed at reducing waste to landfill by 80% during construction and demolition stages through avoidance, reuse and recycling strategies.

4.14 LDA anticipates that it will be at least two years before a reportable data set is available on the initiatives due to the long lead-time in development projects. Annual reviews will be independently conducted in order to measure the development's progress against the sustainability initiatives checklist.

4.15 At the time of audit, LDA planned to undertake TBL reporting in its 2004-05 annual report. Such an undertaking would make the LDA the first ACT agency produce a TBL report.

CONCLUSION

4.16 The work that agencies are undertaking to develop ESD is encouraging and provides many opportunities for agencies to develop their own guidance that is consistent with the government's goal of becoming a leader in sustainability.

⁵⁴ <<http://www.landcom.com.au/LANDCOM/NSW/me.get?site.sections&PAGE400#>>.

APPENDIX A - AUDIT APPROACH

AUDIT OBJECTIVE

The objective of this audit is to provide an independent opinion to the Legislative Assembly on whether ACT public sector agencies have in place sound systems, guidelines and processes to meet ESD reporting responsibilities under the *Environment Protection Act 1997*, *Chief Minister's Annual Report Directions* and other relevant legislation and policy.

AUDIT SCOPE

The audit covers Annual Reports for 2002-03 and 2003-04 from the following ACT Government agencies:

- Actew;
- ACT Health;
- ACTION Authority;
- ACT Planning Land Authority;
- Australian Capital Tourism Corporation;
- Canberra Stadiums Authority.
- Chief Minister's Department
- Department of Education and Training;
- Department of Disability, Housing and Community Services;
- Department of Justice and Community Safety;
- Department of Treasury;
- Department of Urban Services; and
- Land Development Agency.

AUDIT APPROACH

The audit:

- examined the legislation, policies and procedures to be followed when reporting ESD matters;
- considered the availability and usefulness of guidelines or other guidance material on ESD reporting offered to ACT agencies; and
- held discussions with various agencies, including the Office of Commissioner for the Environment, Environment ACT and the Office of Sustainability.

AUDIT CRITERION

The audit was conducted in accordance with Australian Performance Auditing Standards and assessed the performance of selected agencies on ESD reporting against the following primary criteria:

- ACT Government guidance material should assist agencies in reporting their ESD performance;
- where relevant, agency-specific guidance on ESD should exist and be compliant with the policy requirements of the ACT Government;
- agency reporting is consistent with the provisions in section 158A of the *Environmental Protection Act 1997*;
- information provided in annual reports should be useful and used for monitoring and reporting on progress towards sustainability for the agency and the ACT public service;
- agencies should report changes to ESD indicators in their annual reports in accordance with ACT Government guidance and include improved indicators as appropriate;
- executive management of agencies should have regard to ESD in their decision making processes through routine internal reporting;
- agencies should have systems, guidelines and processes to meet ESD reporting requirements that are in accordance with better practices; and
- controls should be in place to ensure ESD records are accurate, complete and independently verifiable.

PREVIOUS AUDIT REPORTS

Reports Published in 2004-2005

Report No. 4 / 2004:	Data Reliability for Reporting on the ACT 'No Waste by 2010' Strategy
Report No. 5 / 2004:	Leave Management
Report No. 6 / 2004:	Workers' Compensation Supplementation Fund
Report No. 7 / 2004:	Annual Report 2003-2004
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Reports Published in 2001-2002

Report No. 5 / 2001:	The Administration of Payroll Tax
Report No. 6 / 2001:	Annual Management Report for the Year Ended 30 June 2001
Report No. 7 / 2001:	Managing Canberra Urban Parks and Open Spaces
Report No. 8 / 2001:	Canberra Tourism and Events Corporation – Relocation to Brindabella Business Park
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Report No. 10 / 2001:	Corrective Services – Review of Certain Allegations
Report No. 11 / 2001:	Financial Audits with Years Ending to 30 June 2001
Report No. 12 / 2001:	The Freedom of Information Act
Report No. 1 / 2002:	Special Purpose Review of Part of the Commission of Audit Report on the State of the Territory's Finances at 31 October 2001
Report No. 2 / 2002:	Operation of the Public Access to Government Contracts Act
Report No. 3 / 2002:	Government Arrangements of Selected Statutory Authorities
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