



The Centre for
**PUBLIC AGENCY
SUSTAINABILITY REPORTING™**

Parliamentary Joint Committee on Corporations &
Financial Services: Inquiry into Corporate Social
Responsibility – Hearing, Melbourne, April 2006

**Briefing Paper:
The Centre for Public Agency Sustainability
Reporting™ and Public Sector Sustainability
Reporting**

Prepared by The Centre for Public Agency Sustainability Reporting™
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The Centre for Public Agency Sustainability Reporting™ is a collaboration of the Global Reporting Initiative,
ICLEI: Local Governments for Sustainability, the City of Melbourne and the State of Victoria.



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1 Executive Overview

1.1 Briefing paper context

The Centre for Public Agency Sustainability Reporting™ has prepared this Briefing Paper at the request of the Parliamentary Joint Committee on Corporations and Financial Services. This paper will provide context for the presentation the Centre was also requested to make at the hearing in Melbourne, in April 2006 with respect to the Committee's inquiry into Corporate Social Responsibility.

The Centre has been asked to provide information to the Committee on the mandate and work of the Centre, and context to sustainability reporting practice in the public sector. The Centre is not requested to address the terms of reference of the inquiry. Whilst the hearing is specifically related to the inquiry, the Committee have expressed interest in a wider understanding of the sustainability reporting discourse to include the practice of sustainability reporting in the public sector and the roles of government, at varying levels within it.

1.2 About the Centre for Public Agency Sustainability Reporting™

The Centre is a collaboration of: the Global Reporting Initiative, ICLEI: Local Governments for Sustainability, the City of Melbourne and the State of Victoria. The Centre was launched in March 2005 and its mission is to improve the sustainability performance of public agencies through the practice of reporting. The Centre is not-for-profit, and seeks to build capacity in public agencies to undertake sustainability reporting and to facilitate the development of best practice. The Centre's launch was simultaneous to the launch of the Global Reporting Initiative's (GRI) Sector Supplement for Public Agencies (PASS), a sector specific guidance used in conjunction with GRI's Sustainability Reporting Guidelines.

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2 Sustainability Reporting in the Public Sector

2.1 Background and context

Sustainable development is becoming ever more important as governments begin to rely on sustainable factors when defining their agendas' aspirations, and, most importantly, the broad goal to which they are held accountable. A host of new expectations have arisen for public agencies, spurred on by major events such as the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil, and the 2002 United Nations World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa. Public agencies are formally accountable to legislative bodies and governments.

They also have a civic responsibility to properly manage public goods, resources, and/or facilities in a way that supports sustainable development objectives and promotes the public interest. Public agencies are expected to be open and transparent in their management of public funds and assets. As significant employers, providers of services and consumers of resources, public agencies also have a major impact on national and global progress towards sustainable development. Given their size and influence, public agencies are expected to lead by example in reporting publicly and transparently on their activities to promote sustainability.

The focus of public agencies during the 1990s was largely in facilitating and supporting the uptake of reporting by the private sector (Calder and Culverwell 2005). The clear case for such reporting by the public sector is yet to be fully articulated as it has been by the private sector. However, many of the reasons for reporting that are cited by private sector translate easily into the public sector.

In response to the demand for accountability and transparency, public agencies already produce a wide range of reports. These may include reports on their own organisational performance or operations (e.g., annual/financial or environmental reports) or reports on their public policies or the conditions in their area of jurisdiction (e.g., policy strategy or state of the environment reports).

Sustainability reports based on the GRI Guidelines can help provide an integrated overview of public agencies' sustainability performance (economic, environmental, and social performance, also known as the "triple bottom line").

Developed through an extensive, global, multi-stakeholder process and formally recognised by governments in the Final Implementation Plan of the WSSD, the



Guidelines provide a strong foundation for responding to stakeholders' expectations about sustainability performance.

One of the key benefits of sustainability reporting is to help public agencies gain a broader view of their own activities in relationship to sustainability. Often a public agency's primary function will be related to one element of the economic, environmental, and social 'triple bottom line' and their performance reporting will reflect this. However, their activities, at either the organisational or jurisdictional level, are likely to impact on the other elements of the triple bottom line. GRI reporting provides a framework to assist public agencies when reporting on these impacts as well as the interactions between the different aspects of their activities in an integrated way.

2.2 Uptake by the Public Sector – Context

Recent shifts in momentum within the public sector have seen an increasing interest and engagement in the practice of sustainability reporting by public agencies. The drivers for public agencies to become more engaged in sustainability reporting practices have emerged in part from the growing recognition of the benefits of sustainability reporting, and the push (from the private sector, non government organisations and other relevant stakeholders) for public agencies themselves to disclose their progress towards more sustainable outcomes.

With public agencies poised to report, governments internationally (national and state/regional) are now grappling with policy and strategy to guide public agency sustainability reporting. The Centre aims to add clarity to the concept of public sector sustainability reporting by providing capacity building programs and research to enable the sector to embrace the practice of reporting to improve sustainability performance.

A number of public agencies internationally have embraced GRI based sustainability reporting. Two examples demonstrating the primary drivers for reporting are highlighted below.

2.3 Case studies

Agency/department level

Two examples of public sector sustainability reporters from Australia: The Commonwealth Department of the Environment and Heritage and The Commonwealth Department of Family & Community Services and Indigenous Affairs (formerly the Department of Family and Community Services)



The Department of the Environment and Heritage, Australia said; *“our first TBL Report is part of our commitment to continuously improve the sustainability of our operations. It is also consistent with our position of encouraging other organisations to report”*.

The Department also claimed the following benefits of producing the report:

- Communicating to our staff and stakeholders what we are doing to improve our sustainability performance;
- Driving improvements in environmental, social and economic outcomes;
- Improved risk management;
- Benchmarking our performance against other organisations; and
- Showing, by example, how to improve the sustainability of operations.

The Department of Family & Community Services and Indigenous Affairs (FaCSIA) develops and implements policies that promote the wellbeing of individuals, families and communities. In its sustainability report, FaCSIA stated; *“we recognise that our contribution can and should extend beyond our policies to the way we do business. This recognition is reflected in how we work within the organisation and in the relationships and partnerships we have with our clients, service providers and stakeholders”*.

Download the reports

Department of Family and Community Services www.facs.gov.au
Department of the Environment and Heritage www.deh.gov.au

Snapshot: International practice – some examples and strategies (State and Federal/National level)

A number of different approaches to public sector sustainability reporting have been used internationally at both a national (federal) and regional (state) government level; this is most evident by the recommendations and practice in countries such as the United Kingdom and Australia. *(Please note that the Centre does not advocate any one particular approach, the following are examples derived from some international practices).*

Both Governments have advocated some of the following techniques/policies and strategies to facilitate the practice of reporting at departmental, regional or national level:

Australia – The State of NSW

- Considered developing a whole of government framework for sustainability reporting (as suggested by the State of NSW Public Enquiry into Sustainability Reporting 2005). The framework proposed included;



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

- A set of common indicators (such as the GRI indicators) as the basis of indicators for internal agency operations.
- A central government agency to coordinate development of the government's whole of government sustainability reporting framework and approach; and be resourced appropriately; and
- Consider that sustainability reports should become an integral part of their annual reports to Parliament.

The UK Government:

- The UK Government, under the terms of the UK Government Sustainable Development Strategy - 'Securing the future' (launched in March 2005) - all UK Government Departments and their executive agencies are required to put in place sustainable development action plans by the end of December 2005 and report on them by end-December 2006. The UK Government also has a green housekeeping initiative (setting targets on energy efficiency, waste, procurement etc) for Government Departments, with reporting against these targets also mandatory (*these targets would form the basis for data generation for GRI indicators and would allow governments to assess organisational performance in a sustainability context*).

The Centre would encourage any public agency to uptake sustainability reporting irrespective of a state/regional or national strategy. The Centre believes that only by doing reporting (as a whole process) can organisations really understand the benefits/value to all stakeholders, including government (both state and federal/national level) and refine the practice over time. Reporting at an individual public agency (organisational) level would enable governments to have a "whole" or more complete picture of the sustainability context and footprint of government operations and individual performance (enabling benchmarking and comparisons). Allowing the process and ownership of reporting at individual agency/organisational levels ensures that progress towards sustainable development and sustainability

outcomes is embedded into the organisation. Sustainability reporting as a process can drive significant internal and external change.

2.4 Assessing the uptake, forms and practice - The Centre's inaugural research paper

In 2005, The Centre for Public Agency Sustainability Reporting™ distributed internationally a survey to gauge the practice of sustainability reporting in the public sector. The purpose of the survey was to gather information on the uptake and form of such reporting. A research paper "*Sustainability Reporting by Public Agencies – International uptake, forms and practice*" was released in November 2005.

Download the full research paper
www.publicagencyreporting.org

The survey was completed by 82 public authorities worldwide and found that:

- The monitoring of performance was most commonly cited as the reason for reporting;
- Reporting practices tended to be internally driven;
- 70% of respondents had an awareness of GRI and 50% had referenced it in their reports;
- Only 40% of respondents noted that their report included disclosures on public policy; and
- 68% of respondents nominated a commitment to sustainability reporting in the future.

The outcomes of the research suggested an ongoing need to clarify the scope of sustainability reporting by public agencies. The Centre predicted, owing to the combined newness and interest in the field, that the uptake of reporting would continue. Success in the field is partially contingent on building the capacity of agencies to engage in the reporting field and continue to expand on the international best practice frameworks. The Centre exists to build such capacity.

The translation of sustainability reporting into practical use by the public sector presents a number of questions. Through the Centre's work, a number of conceptual and technical issues have been identified and will form the basis of current and future research and project work (capacity building and learning alliance orientated). Issues such as drivers for public sector, boundary issues, materiality and reconciling sustainability reporting with existing legislative reporting requirements will occupy the Centre's core focus for the short term.

A specific example of one of the current conceptual issues is typified by the sustainability reporting boundary debate. Sustainability reporting, as it is currently defined and practiced, is synonymous with corporate reporting. However, if

sustainability reporting does in fact “encompass the economic, environmental, and social aspects of an organisation’s performance” then that performance examined from a whole of community perspective must also be truly powerful and meaningful. The complete reconciliation of “corporate-based” sustainability reporting (represented by GRI) with the broader reporting that the public sector is more accustomed to (represented by SoE and community indicators) will occupy debate internationally.

3 About the Centre

The Centre is a collaboration of; the Global Reporting Initiative, ICLEI: Local Governments for Sustainability, the City of Melbourne and the State of Victoria. The Centre was launched in March 2005 and its mission is to improve the sustainability performance of public agencies through the practice of reporting. The Centre is not-for-profit and operates on a subscriber basis. The Centre’s launch was simultaneous to the launch of the Global Reporting Initiative’s (GRI) Sector Supplement for Public Agencies (PASS), a sector specific guidance used in conjunction with GRI’s Sustainability Reporting Guidelines.

3.1 The Centre’s mission

The Centre's mission is to improve the sustainability performance of public agencies through the practice of reporting. The Centre is international in its scope and endeavours to provide a point of liason for public agencies from all tiers of government on the GRI's Sustainability Reporting Framework. The Centre aims to further develop the Public Agency Sector Supplement and to contribute resources to the development of GRI's universal framework. In partnership with GRI, the Centre will conduct the formal pilot of the Public Agency Sector Supplement.

The initial projects of the Centre include the Australia and New Zealand Reporting Alliance and an International Cities Alliance. Products such as best practice case studies, practical tools and "how to" manuals will be developed as part of these alliances. Subscribers also receive services that include assessment and gap analysis of their current reporting practices, workshops, seminars and access to an on-line help service.

The Centre strives to increase the potential for co-operation on sustainability between the public and private sectors in the longer term by supporting GRI in the development of a common language for sustainability reporting.



3.2 Current projects

Australia and New Zealand Reporting Alliance

Aim of the Alliance:

The Centre is developing a number of key international projects in sustainability reporting. The 2005/2006 projects include a learning alliance of up to 20 public agencies of different levels across Australian and New Zealand, and it provides support and learning opportunities for participants through facilitated workshops, teleconferences, email and web-based mechanisms.

Alliance Outcomes:

- Development of best practice case studies in public sector sustainability reporting;
- Regional guidance materials for public sector sustainability reporting;
- Increased knowledge of key issues in sustainability reporting by public agencies;
- Sharing of approaches, knowledge and experience in reporting;
- Accelerated implementation of sustainability reporting in the public sector in the region;
- Improved sustainability performance of public agencies, including public policy performance; and
- A set of recommendations to GRI on the ongoing development of public sector materials.

International Cities Alliance

Aim of the Alliance:

The International Cities Alliance is a learning group of geographically diverse cities worldwide. The Alliance acts as a reference group exploring issues around sustainability reporting specific to local municipalities.

Alliance Objectives:

- Develop best practice case studies;
- Develop tools and guidance specific to local government;
- Increase reporting activity;
- Improve quality of reports.

The aims of the workshops are to develop capacity building materials for local government reporters based on the engagement and feedback of leading cities.



GRI's Public Agency Sector Supplement – Formal Pilot

The Centre aims to further develop the Public Agency Sector Supplement and to contribute resources to the development of GRI's universal framework. In partnership with GRI we will conduct the formal pilot of the Public Agency Sector Supplement.

3.3 Current subscribers to the Australia and New Zealand Reporting Alliance

- Brisbane City Council - QLD, Australia
- Brisbane Water - QLD, Australia
- City of Gosnells - WA, Australia
- City of Melbourne - VIC, Australia]
- Department of the Environment and Heritage - Australia
- Department of Family and Community Services - Australia
- Department of Sustainability and Environment - VIC, Australia
- Landcom - NSW, Australia
- Melbourne Water - VIC, Australia
- Penrith City Council - NSW, Australia
- Queensland EPA - Australia
- SA Water - SA, Australia
- Sustainability Victoria - Australia
- Sydney Water - NSW, Australia
- Victoria EPA - Australia
- Waitakere City Council - New Zealand

A number of international cities have also participated in the Cities Alliance project, these include: Amsterdam (The Netherlands), Cape Town (South Africa), Greater Vancouver Regional District (Canada), Melbourne (Australia), Oslo (Norway), Phuket (Thailand), Seattle (USA), Seoul (South Korea), Tampere (Finland), Vaxjo (Sweden) and Waitakere (New Zealand).