



Commissioner
for Environmental
Sustainability
Victoria



Annual Report | 2022-23



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Cover photo credit: CES

Caption: Traditional bush kitchen featured at the base of tree. Image taken in 2022 during a visit by the CES team to the Budj Bim UNESCO World Heritage listed Cultural Landscape site. The tour was provided by a Gunditjmara guide.

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TRADITIONAL OWNERS

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it.

We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

The Commissioner for Environmental Sustainability proudly acknowledges Victoria's Aboriginal community and their rich culture.



Caption: Bunjil, the wedge-tailed eagle and ancestral spirit of the Kulin nation. Australia's largest living bird of prey and one of the largest eagles in the world. Credit: Paul Hitch. Parks Victoria

REPORT OF OPERATIONS

Abbreviations

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
CES	Commissioner for Environmental Sustainability, Victoria
CES Act	<i>Commissioner for Environmental Sustainability Act 2003</i>
CMA	Catchment Management Authority
CRG	Commissioner's Reference Group
DEECA	Victorian Department of Energy, Environment and Climate Action
DELWP	Victorian Department of Environment, Land, Water and Planning
EMS	Environmental Management Systems
EO	Executive Officer
EPA	Environment Protection Authority Victoria
FMA	<i>Financial Management Act 1994</i>
FOI	Freedom of Information
FRD	Financial Reporting Directive
FTE	Full-Time Equivalent
GoRCP	State of the Great Ocean Road and Parks Report
IBAC	Independent Broad-based Anticorruption Commission (Victoria)
ICT	Information and Communications Technology
MaC Act	<i>Marine and Coastal Act 2018</i>
MER	Major Event Review
MIWL	Municipal and Industrial Waste Levy (Victoria)
MSA	Melbourne Strategic Assessment
MSA Act	<i>Melbourne Strategic Assessment (Environment Protection Mitigation Levy) Act 2020</i>
OH&S	Occupational Health and Safety
PA Act	<i>Public Administration Act 2004</i>
PID Act	<i>Public Interest Disclosures Act 2012</i>
RFA	Regional Forest Agreement
SDGs	Sustainable Development Goals
SEEA	System for Environmental-Economic Accounts
SLA	Service Level Agreement
SMCE	State of the Marine and Coastal Environment
SoE	State of the Environment
SoP	State of the Parks
SoY	State of the Yarra and its Parklands
STAG	Stakeholder Technical Advisory Group
TAG	Technical Advisory Group
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
VAGO	Victorian Auditor-General's Office
VCMC	Victorian Catchment Management Council
VMaCC	Victorian Marine and Coastal Council
VPSC	Victorian Public Service Commission

Responsible Body Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Annual Report for the Commissioner for Environmental Sustainability year ending 30 June 2023.



Dr Gillian Sparkes AM
Commissioner for Environmental Sustainability
DATE: 19 October 2023



Year in review

I am pleased to present this report of operations for 2022-23. A year in which we continued to deliver on our commitments under the *Commissioner for Environmental Sustainability Act, 2003* (the CES Act) and, through our work, advance the ecologically sustainable development of Victoria. We continue to navigate through an ambitious environmental reporting program having had eight new reporting functions assigned since 2015.

This year, the focus was on the completion of the five-yearly (2019-24) state of the environment reporting cycle and specifically, preparing the *Victorian State of the Environment (SoE) 2023 Report and commencing work on the State of the Yarra and Its Parklands 2023 and the Victorian State of the Forests 2023 reports*. This year also saw the tabling in the Parliament of the inaugural *Strategic Audit of the Implementation of the Melbourne Strategic Assessment Conservation Outcomes 2022 Report* on 16 May 2023.

My team has continued to maintain a focus on the consultation, scientific analysis and writing associated with preparing these reports on the environmental condition of Victoria. Adopting a collaborative, codesign approach to our work means that we have also been busy with stakeholder engagement and communication activities - including the design and development of an interpretive website for the SoE 2023 Report.

We have worked with the Department of Energy, Environment and Climate Action (DEECA) (previously the Department of Environment, Land, Water and Planning) as well as a wide network of government agencies and non-government stakeholders, to prepare our peer reviewed, independent science reports.

Reports are prepared with the support and input of many talented and dedicated people. The model of reporting I have adopted relies on codesign, consultation and collaboration with our partners and stakeholders throughout – from indicator selection to data collection and expert review to stakeholder insight and feedback.

Victorian State of the Environment 2023 Report

This year my team advanced preparation of the SoE 2023 Report. The report builds on the baseline and recommendations of the SoE 2018 Report, is developed in alignment with the Science for Sustainable Development Framework and includes recommendations to government.

The Victorian State of the Environment (SoE) 2023 is Victoria's five-yearly report card on the health of our natural environment – our land, water, air and ecosystems. The report is a considered analysis of the available science and the pressures and challenges ahead. It tells three stories:

- the current health of Victoria's natural environment
- the adequacy of our science; and
- areas for future focus.

SoE 2023 marks the first time that a comprehensive scientific baseline analysis on Victoria's environment, has been carried forward and re-evaluated in consecutive Victorian SoE reports. This continuity and maturation of state of the environment reporting in Victoria is enabling a systemic shift from reporting on 'what we know' to 'what we need to know'.

The SoE 2023 Report follows the environmental reporting approach authorised through the Science for Sustainable Development Framework¹ that embraces three levels of synthesis to inform recommendations to government:

- environmental condition reporting
- assessing interlinkages across the United Nations Sustainable Development Goals (SDG) targets
- tracking progress on selected SDG targets.

¹ The Framework for the Victorian State of the Environment 2023 Report: Science for Sustainable Development was tabled in the Parliament in June 2020 and is the guiding framework for all reports that will be prepared by the Commissioner for Environmental Sustainability as part of the 2019-24 state of the environment reporting cycle.

It also identifies opportunities where spatial information and analysis can further address knowledge gaps, and reports against targets as required by Victoria's Biodiversity 2037 Plan².

State of the Yarra and Its Parklands 2023 Report

This year my team progressed development the SoY 2023 Report. It builds on the baseline and recommendations of the SoY 2018 Report and is developed in alignment with the *Science for Sustainable Development Framework* and includes recommendations to government.

The State of the Yarra and Its Parklands (SoY) Report is Victoria's five-yearly report card on the environmental condition of the Yarra River corridor. This report builds on the findings of the baseline presented in the inaugural State of the Yarra and Its Parklands 2018 Report and is prepared periodically as part of a holistic approach to 'keep the Birrarung alive' created through the *Yarra River Protection (Wilip-gin Birrarung murrn) Act (YRP Act) 2017*.

Five years on from the SoY 2018 Report, much important work has been done by the many dedicated individuals and organisations working hard to bring the ambitions of the YRP Act to life. Among them are the establishment of the Birrarung Council and the release of Burndap Birrarung burndap umarkoo: Yarra Strategic Plan 2022–32, the overarching policy and planning framework to coordinate management of the Yarra River. The evidence presented in the SoY aims to inform implementation of Burndap Birrarung burndap umarkoo and the Birrarung Council's evaluation of its progress.

It tells four stories:

- the environmental condition of the Yarra and its parklands
- the socio-economic benefits derived from the natural assets of the Yarra and its parklands
- the adequacy of our science
- recommended areas for action.

Victorian State of the Forests 2023 Report

During this year my team commenced development of the SoF 2023 Report. The SoF Report will include recommendations to government. The report will be submitted to the Minister, yet it does not require tabling in Parliament.

The Victorian State of the Forests (SoF) Report is a requirement under the Sustainable Forests (Timber) Act 2004. This report also aligns with an international environmental reporting framework, the Montreal Process. The Montreal Process is a voluntary agreement between 12 nations for the conservation and sustainable management of forests. To evaluate and report on the condition of Victoria's forests, 45 indicators under seven criteria have been developed under the Framework of Regional (Sub-National) Level Criteria and Indicators of Sustainable Forest Management in Australia.

While the first three Victorian SoF reports had been prepared by DEWLP, the SoF 2018 Report was prepared by my team, alongside the SoE 2018 Report. This approach was approved by the Minister in 2017 and provides greater transparency and independence in the assessment of forest criteria and indicators in the report.

² Note that the SoE 2023 will not report on marine and coastal environment indicators as the State of the Marine and Coastal Environment (SMCE) report is now a standalone statutory report. The first SMCE prepared under the Marine and Coastal Act 2020, was released by the Commissioner in December 2021 and the next is due in December 2024.

Strategic Audit of the Implementation of Melbourne Strategic Assessment Conservation Outcomes 2022 Report

The *Melbourne Strategic Assessment (Environment Protection Mitigation Levy) Act 2020* (MSA Act) came into effect on 1 July 2020. It is the legal framework to support the Victorian Government's Melbourne Strategic Assessment (MSA) program, which manages the impact of urban development in Melbourne's growth corridors on Matters of National Environmental Significance – including state and federally listed vegetation communities, plants, and animals.

The MSA agreement with the Commonwealth Government includes a range of program commitments relating to conservation outcomes and mitigation measures. Provisions under the MSA Act delegate responsibility for reporting on the state's progress in implementing the MSA Program's conservation commitments to the CES. The function is stipulated under the *MSA Act* and the *Commissioner for Environmental Sustainability Act 2003* as:

(b) conduct, once every 2 years, strategic audits of, and prepare reports on, the implementation of— (ii) the MSA conservation outcomes by the Secretary to the Department of Environment, Land, Water and Planning.

This report was submitted to the Minister in October 2022 and tabled in the Parliament on 16 May 2023.

Cultural Landscape Health and Management

Cultural landscapes vital to the SoE 2023 reporting cycle

The cover of the *Science for Sustainable Development Framework* features an aerial photograph of the extraordinary Budj Bim National Park in the Gunditjmara Country of south-western Victoria. Budj Bim is the first Australian Indigenous site to be added to the UNESCO World Heritage list exclusively for its cultural significance.

The cover photo is symbolic of the priority with which work across the Victorian Government, and through my team, is being undertaken to better understand and report on Cultural Landscape Health and Management (CLHM).

This year my team visited the Budj Bim National Park to better understand how we can incorporate Traditional Owner knowledge and storytelling into our work.

Caption: Budj Bim UNESCO World Heritage listed Cultural Landscape site; image taken during the guided tour in 2023.
Credit: CES



Communication and engagement

Our approach to communications and engagement is informed by the *Science for Sustainable Development Framework* and is aligned with the Commissioner's functions under *the Act*. The communications and engagement activities we undertake are designed to engage Victorians in environmental science, to enrich our report findings and enable practical action to facilitate ecologically sustainable development. We aim to build our science communication platform year on year, to engage and communicate with our diverse audiences to enable report findings to be accessible, useful, and used.

We have an extensive, targeted engagement program with technical stakeholders from across Victoria, Australia and internationally.

I am committed to participation in our science reporting program and providing the Victorian community with access to multiple reporting products for our major reports, to help make environmental science more accessible.

Digital communications

Social media

The State of the Marine and Coastal Environment 2021 (SMCE) Report findings were communicated through an information series for ‘bite sized’ consumption across our social media platforms. The series commenced on June 5, 2022, on World Environment Day for a nine-week period through to 1 August 2022. It involved two social media posts and one web article each week, linked to the posts. This information series resulted in an increase in online engagement via our LinkedIn and Facebook followers, and importantly the series has informed our internal communications planning for the SoE 2023 Report communications.

Website development and content creation

We undertook activities to communicate the scientific findings of the SoE 2023 Report. This included audience research, considered website content development, as well as a design and development process for an improved interpretive website experience. The interpretive website developed this year, will be launched when the SoE 2023 Report is tabled in the Parliament of Victoria.

Engagement activities

International Day of Women and Girls in Science 2023

International Day of Women and Girls in Science is celebrated on February 11 every year around the world to acknowledge the participation, and contributions of women and girls in the field of science, technology, engineering, and mathematics (STEM). Since the first international day in 2015, the Commissioner for Environmental Sustainability, Victoria’s Chief Environmental Scientist and Victoria’s Lead Scientist have collaborated to celebrate this day, with The Royal Society of Victoria, Inspiring Victoria and In2Science as collaborators since 2021.

On Saturday 11 February 2023 a panel discussion titled ‘STEM & SOCIETY: Women and Girls in Science’ was broadcast from the Parliament of Victoria. The panel addressed the cultural and structural barriers to participation and leadership by women in Australia’s STEM workforce, and the ways in which we are seeking balance for a brighter future. Hosted by ABC science journalist and presenter Natasha Mitchell, proceedings were broadcast via Facebook Live in Victoria’s Parliament House. I participated in the question-and-answer discussion following the main panel segment, to share and reflect on the learnings about efforts underway to gain participation from more women in scientific studies, careers, and leadership roles. This event was presented by the Victorian Parliamentarians for STEM and partners: Parliament of Victoria, The Royal Society of Victoria, Commissioner for Environmental Sustainability, and Inspiring Victoria.

ResourceSmart Schools Awards 2023

On Thursday 15 June 2023, I joined The Hon. Ingrid Stitt, Minister for Environment Victoria, along with students, teachers, and volunteers from over 30 ResourceSmart schools from across Victoria at the Melbourne Cricket Ground for the ResourceSmart School Awards 2023 - Victoria’s largest annual sustainability celebration for primary and secondary school students, teachers, and school volunteers.

It was an honour to present the Student Action Team of the Year Primary and Secondary awards to Overnewton Anglican Community College, Yirramboi campus, Keilor and Victory Lutheran College, Wodonga, respectively. The Hon. Ingrid Stitt MP, Minister for Environment, announced the ResourceSmart School of the Year –Eastwood Primary School and Deaf Facility.



Caption: (left) Victorian Government representatives attending the ResourceSmart Schools Awards. (right) Dr Gillian Sparkes AM interviewed on stage by Dr Ann Jones at the ResourceSmart Schools Awards 2023 ceremony. Credit: CES

Concluding remarks

The continued commitment, resilience and collaborative efforts of Victorians in responding to the challenges they face in natural disasters such as the Victorian floods this year (October 2022 - January 2023) is significant. These events brought into focus the importance of taking a dynamic and systems-based approach to addressing complex problems, consistent with the *Science for Sustainable Development Framework*.

I am deeply grateful to Tom Bell, Curt Garwood and the team from the First Peoples' Self-Determination Division, Environment, Climate Action and First Peoples Group, DEECA and the Birrarung Council for critical and timely advice. Along with those individuals and organisations who, as members of the Commissioner's Reference Group and my government and non-government technical advisory groups, have generously volunteered their time, advice and expertise again this year. Their guidance and feedback continue to be invaluable for delivering our environmental condition reporting program.

Thanks also to the Secretary, Deputy Secretaries, and many staff from our line agency DEECA and independent members of our Risk and Audit Committee for support with the delivery of our work program. As a small team, we rely on the generous advice and input of our stakeholders – including scientists, authors, communicators, reviewers, community members, NGO stakeholders and users of our work.

Thanks also to my exceptional team of science writers and staff for a sustained effort throughout this five-yearly reporting cycle, which included the challenges we all experienced during the COVID-19 pandemic. We have dedicated ourselves to embedding frameworks and processes to transform environmental reporting in Victoria.

It is a privilege to serve as Victoria's Commissioner for Environmental Sustainability since 2014, and an honour to meet and work with so many talented people. Thank you to everyone involved and interested in our work. I am confident that through scientific evidence, innovation, and genuine collaboration we are enhancing the knowledge, understanding and progress of the ecological sustainable development of Victoria and improving the health of our environment.

I am pleased to present the 2022-23 Annual Report.

Dr Gillian Sparkes AM
Commissioner for Environmental Sustainability Victoria

Performance report: Overview

Manner of establishment, objectives, and functions of the Commissioner for Environmental Sustainability (FRD 22)

The Commissioner for Environmental Sustainability (CES) was established by the Victorian Government in November 2003 under the [Commissioner for Environmental Sustainability Act 2003](#) (CES Act).

Established by the Victorian Government in November 2003 under the CES Act, CES provides an independent voice that audits and reports on environmental sustainability, and the state of Victoria's environment.

The responsible Ministers for the period from 1 July 2022 to 4 December 2022 were the Hon. Lily D'Ambrosio MP, Minister for Environment and Climate Action, and from 5 December 2022 to 30 June 2023 the Hon. Ingrid Stitt MP, Minister for Environment.

Purpose

The legislative objectives of the CES per section 7 of the CES Act are to:



- report on matters relating to the condition of the natural environment of Victoria
- encourage decision-making that facilitates ecologically sustainable development
- enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment
- encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development.

The major functions of the CES per section 8 of the CES Act include to:

- prepare a report on the state of the environment of Victoria
- prepare a report on the environmental condition of Yarra River land
- prepare a report on the environmental condition of the Great Ocean Road coast and parks
- conduct, once every two years, strategic audits of, and prepare reports on, the implementation of environmental management systems by agencies and public authorities
- conduct, once every two years, a strategic audit and prepare a report on the implementation of the Melbourne Strategic Assessment (MSA) conservation outcomes to DEECA
- advise the Minister in relation to any matter relating to ecologically sustainable development or the implementation of the MSA conservation outcomes referred to the Commissioner by the Minister
- prepare and make a State of the marine and Coastal Environment Report under the *Marine and Coastal Act 2018*
- make a report on the progress of a Biodiversity Strategy per section 18D of the *Flora and Fauna Guarantee Act 1988*.

In addition to the statutory reporting functions listed in the CES Act 2003, the Commissioner is also assigned reporting functions through other Acts and policies that are not cross referenced in the CES Act - including preparation of the five-yearly, Victorian State the Forests Report, action 3.6 of the Water for Victoria policy (related to reporting on the outcomes of environmental watering) and the Commissioner is the Victorian government's nominated representative for periodic reviews of the five, Victorian Regional Forest Agreements.

The CES may also publish statements and guidelines.

Access the CES Act online via www.ces.vic.gov.au or at www.legislation.vic.gov.au.

Vision, mission and values statement



Vision: *Independent reporting on Victoria's natural environment to enable practical action.*

Mission: *The CES reports on the State of Victoria's environment to help government, business and the community take practical action.*

Values: *The CES upholds the values of the Victorian Public Service and demonstrates responsiveness, respect, integrity, human rights, leadership, impartiality, and accountability in all aspects of the work.*

Funding

Since 2016-17, the Commissioner for Environmental Sustainability (CES) has been funded from the Municipal Industrial Waste Levy (MIWL) Trust, a hypothecated trust account which DEECA administers. On top of this base funding, DEECA may provide additional grants to the CES for commissioned work.

Following consultation with DEECA, the CES 2023-23 Business Plan Update and projected budget was approved by the Minister for Environment and Climate Action, Hon Lily D'Ambrosio MP on 18 October 2022 in accordance with section 15 of the CES Act.

Annual reporting requirements from the CES Act

In describing the annual reporting requirements of the CES, section 16 of the CES Act notes: "The Commissioner must include: a brief summary of all activities completed, commenced or conducted; and a statement of the financial and other resources used in preparing reports under Part 3 – during the financial year in the relevant annual report of operations under Part 7 of the *Financial Management Act 1994*."

Key projects and achievements for the year (FRD 22)

This year, the CES has sought to progress the objectives of section 7 of the CES Act through implementation of the *Science for Sustainable Development Framework* for the Victorian State of the Environment 2023 Report (the Framework), tabled in the Parliament of Victoria on 16 June 2020.

The Framework provides a comprehensive description of the path the CES will take to deliver the SoE 2023 Report and is the guiding framework for all other 'state of' reports to be prepared by the CES during the 2019-24 cycle. Importantly, *the Framework* promotes the use of internationally developed and recognised monitoring and reporting frameworks including the United Nations' Sustainable Development Goals (SDGs) and System of Environmental-Economic Accounting (SEEA).

Key initiatives and achievements for the CES in 2022-23 include:

- Commencing on World Environment Day 2022, an information series to highlight the key themes and findings of the State of the Marine and Coastal Environment (SMCE) 2021 Report
- Development of the Victorian State of Environment 2023 Report
- Development of the State of the Environment 2023 Interpretive Website
- Development of the State of the Yarra and Its Parklands 2023 Report
- Completed and submitted the first report by the Commissioner on the Melbourne Strategic Assessment program, the biennial Strategic Audit of the Melbourne Strategic Assessment Conservation Outcomes 2022 Report
- Commenced development of the Victorian State of the Forests 2023 Report
- Began collaborating with the Great Ocean Road and Parks Authority on indicator development for the inaugural, State of the Great Ocean Road Coast and Parks 2024 Report

- CES staff visited the Budj Bim UNESCO World Heritage listed Cultural Landscape site. The site tour was conducted by a Gunditjmarra guide.

Caption: The CES team visiting the Budj Bim Cultural Landscape, viewing the seasonal calendar installation at the Kurtonitj Indigenous Protected Area which features information on each of the seasons. Budj Bim is highly changeable and seasonal with six seasons of Gunditjmarra Country, characterised by the climate and the lifecycles of eels, birds, bees, and reptiles. Credit: Budj Bim Cultural Landscape & CES



Key events which the Commissioner and the CES team presented/participated in during 2022-23

<i>Date</i>	<i>Event</i>	<i>Type</i>
20-Jul-22	Inspiring Victoria Board Meeting	Stakeholder Meeting
21-Jul-22	Commissioner's Reference Group Meeting	Advisory Meeting
28-Jul-22	Biodiversity Planning & Green Spaces: VLGA& LGiU Global Live Panel Forum	Speaker/ Presentation/ Panellist
4-Aug-22	Vic Map and Spatial Data in Government Working Group	Working Group
29-Aug-22	Government Technical Advisory Group (TAG) meeting	Advisory Meeting
30-Aug-22	NGO Technical Advisory Group (TAG) meeting	Advisory Meeting
5-Oct-22	Yarra Strategic Plan Launch	Stakeholder Event/ Strategic Launch
5-Oct-22	Inspiring Victoria Board Meeting	Stakeholder Meeting
6-Oct-22	Commissioner's Reference Group Meeting	Advisory Meeting
25-11-22	Birrarung Wilam (Yarra River Camp) Walking Tour by Koori Heritage Trust	Cultural awareness professional development/ stakeholder engagement
1-Dec-22	Commissioner's Reference Group Meeting	Advisory Meeting
14-Dec-22	Wilip-gin Birrarung murrn, Birrarung Council – meeting 41, Warrandyte	Council Meeting
15-Dec-22	Government Technical Advisory Group (TAG) meeting	Advisory Meeting
16-Dec-22	NGO Technical Advisory Group (TAG) meeting	Advisory Meeting
11-Feb-23	International Day for Women and Girls in Science	Event
13-Feb-23	National State of the Environment Reporting Forum	Forum
20-Feb-23	IMOS Event	Event
24-Feb-23	Vic Catchment	Presentation
28-Feb-23	ANSZOG Conference	Conference
3-Mar-23	Annual 'Women in conservation breakfast' hosted by Trust for Nature and Bush Heritage Australia	Event
3-Mar-23	Vic Map and Spatial Data in Government Working Group	Working Group
14-Mar-23	Reducing emissions and adapting infrastructure for Victoria's changing climate	Webinar Online

15-Mar-23	Yarra Strategic Plan working group meetings (15 Mar, 29 Mar, 26 Apr, 10 May, 24 May, 7 Jun, 21 Jun)	Stakeholder Meeting
23-Mar-23	CES staff group tour of the Budj Bim World Heritage listed Cultural Landscape sites with a Gunditjmara guide	Cultural awareness professional development/ stakeholder engagement
21-Apr-23	Great Ocean Road and Parks Authority	Stakeholder Meeting
16-May-23	Yarra Strategic Plan working group workshops (16 May, 27 Apr)	Stakeholder Workshop
18-May-23	Watersmart Conference	Conference
Fortnightly	Working Group State of Forests	Working Group
15-Jun-23	ResourceSmart Schools Awards 2023	Event
15-Jun-23	New South Wales Government (staff) engagement event	Event

Performance reporting: non-financial (FRD 22)

The non-financial performance report is structured around the key activities of the CES and the statutory requirements of CES under the CES Act.

The approved five-year Business Plan 2019-24 and 2022-23 Business Plan Update outline the key deliverables for the CES for 2022-23 which have been achieved and include:

- Development of the Victorian State of Environment 2023 Report
- Development of the State of the Environment 2023 Interpretive Website
- Development of the State of the Yarra and Its Parklands 2023 Report
- Development of the State of the Forests 2023 Report
- Completed and submitted the Melbourne Strategic Assessment Conservation Outcomes 2022 Report
- Tabling, every two years, the Strategic Audit Report on EMS implementation in mandated Victorian Government agencies
- Advancing ecologically sustainable development principles and practices by:
 - developing socio-economic indicators, aligned with the UN SDGs, for use in the SoE 2023 Report
 - using data and spatial information in a more sophisticated way – towards digital reporting
 - considering and collaborating with DEECA on the use of the UN SEEA in reporting, and the development of a strategy to incorporate SEEA accounts into the SoE 2023 Report
 - consulting with DEECA on SoE climate change adaptation indicators to ensure they align with Victoria's Climate Change Strategy and adaptation action plans
- Meetings with the Great Ocean Road and Parks Authority to forward development of the State of the Great Ocean Road Coast and Parks 2024 Report
- Commenced work on the first full State of the Marine and Coastal Environment 2024 Report, covering all of Victoria's marine and coastal environments
- CES staff visited the Budj Bim UNESCO World Heritage listed Cultural Landscape site. The site tour was conducted by a Gunditjmara guide

Output summary (FRD 8)

As required under section 16 of the CES Act, this section sets out a summary of all activities completed, commenced, or conducted during 2022-23. It reports on CES delivery against the initiatives set out in the CES Act, in the Business Plan Update and budget, approved as required under section 15 of the CES Act by the responsible portfolio Minister on 18 October 2022.

CES objectives, indicators and linked outputs are tabulated below, showing the outputs against the statutory requirements and the Business Plan.

CES objectives, indicators and linked outputs for 2022-23

Table 1: Objectives, indicators and linked outputs for 2022-23

Objectives	Indicators	Outputs
Report on matters relating to the condition of the natural environment of Victoria.	Demonstrate progress toward the SoE 2023, SoY 2023 and SoF 2023 reports consistent with the Framework and the project plan.	In progress The Science for Sustainable Development Framework was tabled in Parliament on 16 June 2020. The SoE 2023, SoY 2023 and SoF 2023 reports will be provided to the Minister in late 2023.
Encourage decision-making that facilitates ecologically sustainable development.	Demonstrate SoE 2023, SoY 2023 and SoF 2023 reporting is consistent with the Framework and the project plan.	In progress SoE 2023 and SoY 2023 will assess the environmental condition of the SoE 2018 and SoY 2018 baseline indicators – in terms of status, trend and data confidence. The SoF 2023 will update progress on the Montreal Process indicators. SoE 2023 and other reports in the cycle will measure environmental condition and Victoria's progress against relevant SDG targets.
	Report on environmental watering outcomes as per Water Plan action item 3.6.	In progress SoE 2023 water for the environment section expanded to consider Water Plan action item 3.6 and future reporting methods.

Enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment.	Provide opportunity for increased engagement leading to knowledge and understanding in the general community.	<p>Ongoing</p> <p>Maintained an active social media presence especially following the release of the SMCE 2021 Report. Commencing on World Environment Day 2022 an information series ran over nine weeks via the CES Facebook, LinkedIn and Instagram accounts.</p> <p>Maintained an active CES website www.ces.vic.gov.au.</p> <p>Participation in organising committee for the first and second <i>Victoria Nature Festival</i> www.vic.gov.au/naturefestival. The latest Victoria Nature Festival was held between 12 and 25 September 2022 and featured more than 50 in-person events and online experiences across the state, encouraging thousands of Victorians to connect with and act for nature.</p> <p>Delivered the <i>International Day for Women and Girls in Science 2022</i> to inspire young women to pursue careers in science, technology, engineering and mathematics.</p> <p>Presented at the ResourceSmart Schools Awards 2023 with the Hon. Ingrid Stitt, Minister for Environment.</p>
Encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development.	<p>Implementation of the <i>Science for Sustainable Development Framework</i>.</p> <p>Stakeholder engagement.</p>	<p>Ongoing</p> <p>Continued to work closely with state government at all levels to inform CES reporting and to better frame future CES recommendations. Considered leading international frameworks to improve reporting at the state scale.</p> <p>Continued with formalised engagement processes. These included meetings of the CRG which consists of representatives of non-governmental environmental stakeholders and meetings of the government and non-government technical advisory groups which consist of experts in environmental fields both in and outside of government.</p>

Reporting progress towards achieving objectives in the report of operations (FRD 22)

Table 2: Progress against objectives

<i>CES objectives</i>	<i>Outputs</i>	<i>Progress</i>
1. Report on matters relating to the condition of the natural environment of Victoria.	The SoE 2023 Report framework <i>'Science for Sustainable Development'</i> was tabled in Parliament on 16 June 2020.	In progress SoE 2023, SoY 2023 and SoF 2023 in development under the <i>'Science for Sustainable Development'</i> Framework. The reports will be provided to the Minister in late 2023.
2. Encourage decision-making that facilitates ecologically sustainable development.	Collaborated with DEECA and advocated for wide adoption of the use of the UN System of Environmental Economic Accounting (SEEA) in reporting. Developed a strategy to show how to incorporate SEEA into SoE reporting. Developed reporting on environmental watering outcomes in future SoE reports.	In progress In collaboration with DEECA to showcase a set of urban EEA in the SoE 2023 Report. Continued work around an expanded application of SEEA in SoE 2023 and future reports. SoE 2023 water for the environment section expanded to consider Water Plan action item 3.6 and future reporting methods.
3. Enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment.	Application of the SDGs to inform decision-making to achieve multiple outcomes and provide a whole-of-system approach to understanding the trade-offs and mutual benefits between environmental, cultural, social and economic interests. Participate in forums and visits, workshops and seminars with government and non-governmental organisations (NGOs), speeches and presentations at environment and leadership seminars. Maintain an active social media presence and CES website www.ces.vic.gov.au .	In progress Further developed a method for utilisation of the UN SDGs as a guiding framework in the development of SoE reporting. The SoE 2023 reporting cycle will provide improved insight and analysis of environmental monitoring and reporting capabilities in Victoria. Ongoing. Ongoing The total number of website users over the 2022-23 period was approximately 16,000. The total number of website page views was 38,261.

- | | | |
|---|--|---------|
| 4. Encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development. | Continue to work closely with state government at all levels to inform CES reporting and to better frame future CES recommendations. | Ongoing |
| | Continue with formalised engagement processes. These include meetings of the CRG which consists of representatives of non-governmental environmental stakeholders and meetings with TAGs which consist of experts in environmental fields both in and outside of government. | Ongoing |
-

Performance report: Financial (FRD 22)

Budget portfolio outcomes (FRD 8)

The CES is funded via grants paid out of the MIWL Trust administered by DEECA. In addition, there were two programs of work in 2022-2023 that were not funded by the MIWL Trust.

1. The State of the Forests 2023 Report is funded by DEECA Forrest, Fire and Regions division. Agreed funding of \$245,000 was received during 2022-23.
2. The State of the Parks 2024 report with an agreed funding contribution received from Parks Victoria of \$40,000 also received during 2022-23.

The CES operating budget is administered by DEECA's Regions, Environment, Climate Action and First Peoples division, and approval of the budget and Business Plan is in accordance with section 15(3)(b) of the CES Act and is approved each year by the Minister.

The July 2022 to June 2023 the total CES budget was \$2.347m. In addition, the trust fund carried forward \$246,740 from the previous year.

Table 3: Budget July 2022 to June 2023

Budgeted Expenditure	2022-23 Budget (\$)	2022-23 Actual (\$)
Employee expenses	1,770,000	1,383,339
All other expenses	577,000	865,817
Total	2,347 000	2,249,156

As described in the Service Level Agreement (SLA) between DEECA, formerly the department of Environment, Water, Land and Planning (DELWP) and CES, DEECA continued to provide business systems, information technology access and services, human resources, and financial services support. Budget figures for employee expenses are provided by DEECA based on number and classification of staff.

Table 4: Departmental five-year financial summary (FRD 22)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Total income from transactions	2,432,000	2,389,491	1,947,000	1,447,000	1,507,000	1,637,000
Total expenses from transactions	2,249,156	2,087,140	1,942,940	1,473,724	1,890,074	1,418,719
Non-financial assets	71,786	70,031	62,760	31,406	40,990	27,348
Financial assets	1,314,839	1,128,611	796,205	575,543	556,080	925,236
Total assets	1,386,625	1,198,642	858,965	606,949	597,070	952,584
Payables	43,012	17,764	3,444	33,147	34,069	21,692
Provisions	524,440	529,679	554,763	343,949	287,908	288,729
Borrowings	58,397	70,235	62,886	31,557	41,057	23,139
Total liabilities	625,849	617,678	621,093	408,653	363,034	333,560

The increase in Financial Assets relates predominately to the increase in receivables due to the timing of grant fund receipts.

Total liabilities remain similar to the prior year, with a small increase for accrued expenses in 2022-23.

Departmental current year financial review

The current statutory reporting program for the CES up to 2025 is summarised below:

Five-yearly State of the Environment (SoE) 2023 Report – due to be tabled in 2023

- Report on the outcomes of environmental watering (Action 3.6, Water Plan) – due as part of the SoE 2023 Report
- Report against Biodiversity 2037 targets – due as part of SoE 2023 Report
- Five-yearly Victorian State of the Marine and Coastal Environment (SMCE) 2024 Report (builds on State of the Bays 2016 Report) – was due and delivered in 2021 (partial report), due to be tabled 2024 (full report)
- Five-yearly State of the Yarra and its Parklands (SoY) 2023 Report – due to be tabled 2023
- Five-yearly Victorian State of the Forests (SoF) 2023 Report – due 2023
- Five-yearly State of the Great Ocean Road Coast and Parks Report – due 2024
- Strategic Audit of the Melbourne Strategic Assessment Conservation Outcomes Report – due 2024
- Strategic audit of the implementation of Environmental Management Systems by Agencies and public authorities – due January 2024.

Financial position – balance sheet (FRD 22)

The 2022-23 comprehensive result was a surplus of \$179,812 bringing the accumulated surplus to \$757,350. The result in 2022-23 reflected funding received of \$285k for work to be completed by 2023-24, offset by higher CES expenses in 2022-23 for a range of activities in finalising the State of the Environment 2023 Report.

Cash flows

While the cash balance at 30 June 2023 was \$227,549, CES has committed funding of \$2.432 million.

Note: CES had not received the fourth quarterly payment from DEECA as of 30 June 2023.

Subsequent events (FRD 22)

There were no subsequent events to report.

Organisational structure and corporate governance arrangements (FRD 22)

Dr Gillian Sparkes AM was the Commissioner for the full period.

Dr Gillian Sparkes AM has been Victoria's Commissioner for Environmental Sustainability since July 2014.

Dr Sparkes has a distinguished career working with industry, community and government to care for and protect our environment. Dr Sparkes' experience spans decades working in industries that interface with the environment and community, including in the manufacturing, industrial services, waste management and water industries, before becoming a senior public servant.

Dr Sparkes has held senior roles in the Victorian Government environment portfolio including as Chair of the Board of Sustainability Victoria and Deputy Secretary Corporate and Business Services for the Department of Sustainability and Environment. Dr Sparkes also served two terms as a Director of South Gippsland Water and Chair of the Board Environment Committee. Dr Sparkes is an experienced non-executive director and chair. She is a Trustee of the Royal Society of Victoria, Chair Western Port Integrated Water Management Forum and a member the Monash Sustainable Development Institute Advisory Council.

Dr Sparkes' qualifications include a PhD in App Science (Chemistry) and a Masters of Business Administration. She has an Honorary Doctorate of Science from Swinburne University and is an Honorary Fellow of Monash University, a Fellow of the Australian Institute of Company Directors, a National and Victorian Fellow of the Institute of Public Administration Australia and a member of the Royal Australian Chemical Institute. Awarded as one of Victoria's Top 50 Public Sector Women in 2020, Dr Sparkes was appointed as a Member (AM) of the Order of Australia in 2021 "for significant services to environmental sustainability, and to public administration".



The Commissioner's Advisory Bodies (FRD 22)




The Commissioner's Reference Group (CRG) is CES' primary advisory body formed under the CES Act (section 9(2)). The CRG provides advice and support to the CES and is comprised of leaders from key stakeholder and advocacy groups, including not for profit and public sector organisations and approved by the Minister. The CRG meets approximately once every quarter throughout the year.

Table 5: CES Advisory Body Meetings

CES Advisory Body	Number of meetings in the 2022-23 FY
Commissioner's Reference Group	4

Commissioner's Reference Group membership and biographies

CRG Members as of 30 June 2023

<p>Ms Corinne Proske, Chief Executive Officer of Trust for Nature</p> <p>Ms Corinne Proske is the CEO of the Trust for Nature, an organisation focused on private land conservation and the development of nature markets. She has a Masters in Environmental Science and a passion for conservation, sustainability and nature which has dominated her personal life and aspects of her career.</p> <p>Corinne has worked across the NGO, government and commercial sectors. She is passionate about ensuring nonfinancial value is understood and included in how we do business and has a background in impact investing, microfinance and fintech as well as the application of social procurement and was a recipient of A Churchill Fellowship as well as a ASIC Money Smart Award for her contribution to financial literacy.</p>	
<p>Dr Anthony Boxshall, Chair of the Victorian Marine and Coastal Council</p> <p>Dr Anthony Boxshall is a marine ecologist who has worked in Australia and the USA across Government, academia, and the private industry. He is the Founder and Principal of <i>Science into Action</i>, a science impact company turning great science into greater actions. A former National President of the Australian Marine Sciences Association (AMSA – the largest learned society for professional marine scientists in Australia), he has worked at UC Santa Cruz USA, Deakin University, and has been on several innovation boards.</p> <p>A Melbourne Enterprise Fellow in the School of Biosciences at The University of Melbourne, he was until late 2017 the Director, Applied Sciences at the Environment Protection Authority (EPA) Victoria.</p>	
<p>Mr Matthew Ruchel, Executive Director of Victorian National Parks Association</p> <p>Mr Matthew Ruchel has been the Executive Director of Victorian National Parks Association (VNPA) since 2007 and has a strong background in environmental policy.</p> <p>Mr Ruchel has worked in the non-government environmental policy areas at state, national and international level for more than 30 years, including roles with the Australian Conservation Foundation, Hume City Council and Greenpeace.</p> <p>Mr Ruchel has held senior positions in leading international and national conservation organisations and in local government. He brings strategic planning skills to his role at VNPA combined with his experience in coordinating staff and campaigns, as well as liaising with government and industry at all levels, and a range of interest groups.</p>	

Ms Jane Lovell, Chief Executive Officer of Victorian Farmers Federation

Ms Jane Lovell grew up in country Victoria in Maryborough after originally moving from England at an early age.

Ms Lovell has always had a link to the country and agriculture, and has a significant background in agriculture chemicals, horticulture, sustainable grazing, commodity exports, federal politics agriculture portfolio, and most recently the seafood industry as Chief Executive officer at Seafood Industry Australia.

Ms Lovell began as the Chief Executive Officer of Victorian Farmers Federation in February 2021.

**Ms Amelia Young**, National Campaign Manager for Wilderness Society Australia

Ms Amelia Young is a social and environmental justice campaigner with high levels of experience in campaigns to protect Victoria's native forests from logging and wood chipping. Ms Young has also worked to restore environmental flows to Victoria's stressed rivers, including the Murray River.

Ms Young has experience in strategic campaign planning, development and implementation, as well as policy analysis and research. She is proficient in writing and delivering presentations to a vast range of audiences, including major donors, political figures, and community.

Ms Young is interested in and committed to developing winning campaigns that deliver better outcomes for people and places. She developed the Great Forest National Park, Emerald Link and Ethical Paper campaigns.

**Ms Claire Dunn**, Policy Manager, Environment and Regulatory Services at Municipal Association of Victoria

Ms Claire Dunn is a Policy Manager at the Municipal Association of Victoria (MAV), the peak body for Victoria's 79 local councils. In this role, Claire leads advocacy on a range of regulatory and environmental policy matters, including waste management and resource recovery, environmental protection, and climate change. Claire has a proven track record of achieving desired outcomes, including regulatory and legislative change, through negotiation and advocacy.

Ms Dunn has developed strong policy expertise from a variety of roles in federal government, both in Australia and internationally, as well as industry experience.

Ms Dunn holds a Bachelor of Arts and Masters of Public Policy and Management from the University of Melbourne and completed the Cranlana Centre for Ethical Leadership Executive Colloquium.



Mr Jonathan La Nauze, Chief Executive Officer for Environment Victoria

Mr Jonathan La Nauze was appointed as Chief Executive Officer in January 2019. He has over 18 years of experience in the environment movement and is a respected leader with a track record of securing big wins for our environment and building a stronger movement. Jonathan is also an Executive Director of the Climate Action Network Australia.

Mr La Nauze grew up in the foothills of the Great Dividing Range near Albury in regional New South Wales. He studied a Bachelor of Arts at University of Melbourne, and has a Graduate Certificate of Business, Philanthropy and Non-profit Studies at the Queensland Institute of Technology.

Mr La Nauze spent 11 years at Friends of the Earth where he led the River Red Gum Campaign and negotiated alliances between environment groups and Traditional Owners. He also led highly successful campaigns for the Australian Conservation Foundation for five years as Healthy Ecosystems Program Manager including the creation of the historic Murray-Darling Basin Plan.

**Dr Angie Bone**, Deputy Chief Health Officer (Environment)

Dr Angie Bone is the Deputy Chief Health Officer (Environment) at the Department of Health and Human Services. The Deputy Chief Health Officer (Environment) provides expert clinical and scientific advice and leadership on environmental public health issues. She supports the Chief Health Officer and staff within the Health Protection Branch.

Dr Bone has extensive experience and clinical expertise in public health. She is a medical doctor with experience in health protection related to environmental hazards and infectious diseases in the UK and several other countries.

Dr Bone has a keen interest in the social and environmental determinants of health, particularly climate change extreme weather events, housing and urban planning, and infectious diseases.

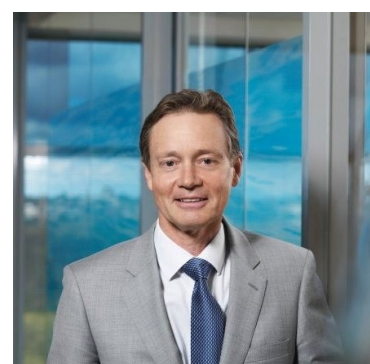
**Mr Chris Chesterfield**, Independent Water Sector Expert

Mr Chris Chesterfield is nationally recognised for his leadership in waterway and urban water management, and for his contribution to establishing Melbourne as a world leader in water sensitive urban design.

Mr Chesterfield's previous roles include General Manager of the Waterways Group at Melbourne Water, where he was instrumental in building and leading the Waterways Group business, providing waterway management and developer services to a region of five million people.

Mr Chesterfield has chaired several Ministerial advisory committees related to urban and water planning that have led to significant planning and legislative reforms and was recently appointed by the Minister for Water to chair the Birrarung Council, which brings together Traditional Owners and community to act as the 'voice' for the Yarra River.

Mr Chesterfield continues to contribute to the management of Victoria's water resources as a Commissioner and Chairperson of the Victorian Environmental Water Holder, an independent statutory body responsible for holding and managing the State's environmental water entitlements.



Ms Kathryn Arndt, Chief Executive Officer, Victorian Local Governance Association

With over twenty years of diverse leadership experience including as a CEO, senior executive, and a non-executive director across a number of sectors, Ms Kathryn Arndt has an understanding of high standards of governance, accountability and performance whilst managing strategic risks and delivering outcomes within budget constraints.

Ms Arndt is the CEO of the Victorian Local Governance Association (VLGA). The VLGA is a high profile independent (NGO) governance organisation supporting councils and councillors in effective local governance. As a peak body, the VLGA supports the local government sector through leadership, advocacy, and professional development.

Ms Arndt currently sits on the boards of Diabetes Victoria and is Company Secretary of the Royal Melbourne Tennis Club. Ms Arndt was a Member of the inaugural Victorian Ministerial Council on Women's Equality which concluded its term in mid-2020. In her capacity as CEO of the VLGA, Ms Arndt is a member of the Local Government Victorian Project Control Board overseeing the implementation of the Local Government Act 2020, the state government's COVID-19 Local Government Roundtable, the COVID Response CEO Stakeholder Group, and Minister for Local Government and the Minister for Women Women's Roundtable for Local Government.

Ms Arndt has a track record in leading teams and delivering success working at a senior and high-profile level in the Victorian local government sector; with a demonstrable ability to quickly grasp the issues facing a sector with multiple stakeholders and the legislated responsibility to provide oversight and governance to, and the delivery of, critical services on behalf of state and federal government to Victorian communities.



Mr Peter Hilbig, Chair of Vic Catchments

Peter Hilbig was appointed Chair of Wimmera CMA in October 2017. He has lived at Halls Gap for most of the past thirty years employed locally as a teacher, education consultant then principal at Stawell Secondary College. He has also been a teacher at the Australian International School Malaysia and director of Shepherdson College in Arnhem Land, Northern Territory. He is currently a part-time Teaching and Leadership Adviser with Teach For Australia, coaching early career teachers in south western Victoria. Peter's particular interest in the Wimmera and passion for sustainable catchment management was developed through six years as manager of Project Platypus – UpperWimmera Landcare, where he was inspired by the commitment of a diverse range of stakeholders using science to monitor and inform improvement in land and water quality, and to enhance biodiversity. Peter is a Lieutenant with the Halls Gap CFA and a Justice of the Peace. He is a member of the Royal Australian Chemical Institute and the Australian Council for Educational Leaders and is an accredited coach with Growth Coaching International. Peter is keen for the CMA to engage effectively with all stakeholders to achieve a healthy Wimmera catchment.



Ms Mellissa Wood, Chairperson of the Victorian Environmental Assessment Council

Mellissa Wood was appointed VEAC Chairperson in July 2021. Ms Wood has 30 years' experience in leading and providing scientific and strategic advice on food, land and water systems, sustainable development, resource and environmental management, agency and board governance and public policy. She has held senior leadership positions with the Australian Government and internationally, including UN Food and Agriculture Organization (FAO) and CGIAR. She recently moved to Victoria after retiring as General Manager, Australian Centre for International Agricultural Research and member of CGIAR's System Council and System Management Board and as Chair of Asia Pacific Association of Agricultural Research Institutes. Ms Wood is a Visiting Scientist CSIRO, Food Systems and Global Change, Expert Evaluator for the international AGFUND, Independent Advisor, University of Queensland and a member of international and domestic steering committees. Mellissa Wood holds a Master of Public Policy (Development Policy) from Crawford School of Public Policy, Australian National University, and a Bachelor of Science (Resource and Environmental Management) from the Australian National University.



Paul Foreman, Deputy Chair (Partnerships) Landcare Victoria Inc. North Central Region

Paul is a highly regarded and skilled ecologist and botanist and with over 30 years of experience in land management and nature conservation across a range of sectors specialising in botanical, vegetation management, strategic planning and biodiversity conservation services. Paul is also an ecologist with Biolinks Alliance – an NGO catalysing community-driven conservation and sustainable land management based on the principles of science, collaboration and innovation – and a member of the Muckleford Landcare group near Castlemaine in central Victoria.



Traditional Owner Engagement

Traditional Owner engagement was facilitated through Tom Bell, Executive Director, First Peoples' Self-Determination Division, Environment, Climate Action and First Peoples Group, Department of Energy, Environment and Climate Action.

Technical Advisory Groups

The CES has established technical advisory groups to ensure a collaborative and consultative, yet independent, approach to data acquisition and report delivery consistent with the Science for Sustainable Development framework. CES strives for authentic engagement with partners and stakeholders and seeks to incorporate principles of co-creation and co-design with the aim of achieving collective impact.

These groups perform an important role in building trust, enabling regular scientific debate, and deep consultation and engagement with critical stakeholders, scientists, and other contributors.

Table 6: CES Technical Advisory Group Meetings

CES Technical Advisory Groups	No. of meetings in the 2022-23 FY
Government Technical Advisory Group - State of the Environment 2023 Report	2
Non-government Technical Advisory Group - State of the Environment 2023 Report	2

In addition to meetings, the technical advisory groups were engaged via video presentation and email to explain the Expert Review Process for the State of the Environment 2023 Report. This communication method was adopted as it is the most efficient way for many reviewers to participate in the review process. The Commissioner's approach to receiving feedback on statutory reports is standardised, to ensure equity, clarity and transparency for our stakeholders.

Both technical advisory groups were convened twice during 2022-23. However, there was considerable individual engagement and clarifications between group members and CES staff to ensure accuracy and comprehensiveness of reporting.

Organisational structure (FRD 22)

The following organisation structure represents the situation at the end of the financial year. Employment levels in the office decreased from 8.8 FTE to 6.6 FTE. This was due to holding positions vacant for part of the year, then utilising 3.6 FTE via contingent worker contracts to meet business demands at peak periods of activity.

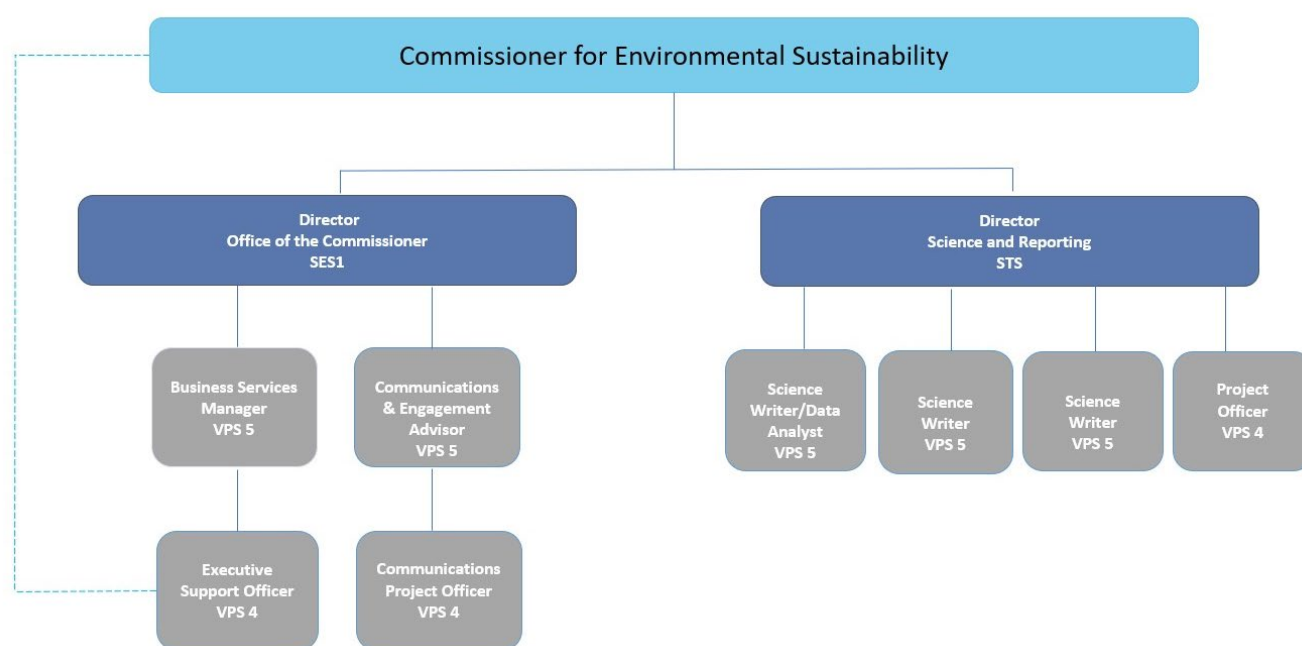


Figure. CES organisational structure as of 30 June 2023

Risk and Audit Committee membership and roles (FRD 22)

The Risk and Audit Committee (the Committee) consists of the following members:

- Peter Lewinsky, Chairman (independent member appointed October 2016)
- Linda McNeill (independent member appointed January 2021)
- Mark Peters (independent member appointed March 2015)
- Rachel Thomson (independent member appointed July 2019).

The main purpose of the Committee is to provide independent assurance to CES that the risk and control environment is operating efficiently. The Committee also has an advisory function, and its responsibilities relate to the CES, with recognition that CES applies frameworks and policies of DEECA and has an SLA with DEWLP for the provision of fundamental corporate services.

The Committee also ensures that CES is compliant with the requirements under the DEECA Portfolio Financial Management Compliance Framework (PFMCF). Meetings with the Committee must be held at least twice per financial year, with a separate meeting to consider CES' annual PFMCF attestation and financial statements.

Four meetings were held during the financial year 14th July 2022, 24th August 2022, 20th October 2022 and 25th May 2023, with a quorum in attendance at all meetings.

Occupational health and safety (FRD 22)

CES is committed to ensuring that all employees, contractors, and visitors are provided with the use of facilities, equipment, education, and training to minimise and prevent workplace injury and illness. CES demonstrates its commitment to occupational health and safety (OH&S) through its OH&S Policy and associated safe system of work which aligns with DEECA's OH&S policy.

CES staff have access to a range of programs provided by DEECA. These services include training and development programs, OH&S courses, counselling services through the Employee Assistance Program and wellbeing programs. The use of a common framework for managing specific workplace hazards is a critical part of the office's strategy for managing health and safety.

No incidents were reported in the 2022-23 period, nor in the previous financial year.

During the 2022-23 year, CES continued several initiatives to improve the health and safety of staff including ensuring a safe workplace with sustainable workloads, and delivering a sustained culture of staff inclusion, integrity, respectfulness and safety via a hybrid working model. Facilitated by regular and structured team meetings and project tracking programs providing oversight of the duty of care across the Team.

Incident management

Incidents arising are addressed in the first instance by CES management with assistance from staff. More complex or serious incidents are managed by DEECA under DEECA's policies and procedures as a service function described in the SLA between DEECA and CES.

Employment and conduct principles (FRD 22)

The CES team are employees of DEECA. CES is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably based on key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

Through DEECA, CES introduced policies and practises that are consistent with the Victorian Public Service Commissioner's (VPSC) employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues.

Workforce data (FRD 22 & FRD 29)

CES has introduced policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. CES has advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts, and how to deal with misconduct.

Comparative workforce data

The following table discloses the head count and full-time staff equivalent (FTE) of all active public service employees of CES, employed in the last full pay period in June of the current reporting period (2023), and in the last full pay period in June of the previous reporting period (2022). Employees have been correctly classified in workforce data collections.

Staffing decreased from 8.8 to 6.6 in the reporting period. This was due to a number of positions being held vacant.

The total headcount as of June 2023 was 7 staff with 4 positions utilising contingent labour to meet workflow demands, bringing the total FTE count to 9.7 These figures include the Commissioner.

Table 7: Details of employment levels in June 2023

Workforce data	Ongoing employees		Fixed term employees		Headcount total
	Full time	Part time	Full time	Part time	
As at June 2023 Male	2	1	1		4
Female			3		3

Table 8: Workforce data over time (FTE)

Classification	2022 - 23	2021- 22	2020- 21	2019- 20	2018 -19	2017 -18	2016 -17
Statutory appointed Officer (Commissioner)	1	1	1	1	1	1	1
Executive Officer	1	1	1	1	0	0	0
Senior Technical Specialist	1	1	1	1	1	0	0
Administrative Staff		0	1	1	0.8	0.8	0.8
Senior Managers and operational staff	3.6	5.8	5.8	3.6	4.6	5.8	3
Total FTE	6.6	8.8	9.8	7.6	7.4	7.6	4.8
Male	3.6	3.8	3.8	4.6	4.6	2.8	1
Female	3.0	5	3	2.8	4.8	3.8	3

Table 9 discloses the annualised total salary for senior employees of the CES, categorised by classification. The salary amount is reported as the full-time annualised salary.

Table 9: Annualised total salary, by \$20,000 bands, for executive and other senior non-executive staff

Income band (salary)	Executive Officer	Senior Technical Specialist	VPS	Other (Statutory Officer)
< \$160,000			3.6	
\$160,000 – \$179,999				
\$180,000 – \$199,999		1		
\$200,000 – \$219,999	1			
\$220,000 – \$239,999				
\$240,000 – \$259,999				
\$260,000 – \$279,999				
\$280,000 – \$299,999				1
\$300,000 – \$319,999				
\$320,000 – \$339,999				
\$340,000 – \$359,999				
\$360,000 – \$379,999				
\$380,000 – \$399,999				
\$400,000 – \$419,999				
\$420,000 – \$439,999				
\$440,000 – \$459,999				
\$460,000 – \$479,999				
\$480,000 – \$499,999				
Total	1	1	3.6	1

Note: The salaries reported above are for the full financial year, at a 1-FTE rate, and excludes superannuation.

Workforce Inclusion Policy (FRD 22)

The CES adopts and applies the frameworks and policies of DEECA and operates under an SLA with DEECA for the provision of corporate services. CES values support for the implementation of a One-DEECA approach. Our commitment to serve Victorians is underpinned by a culture built on the values of teamwork, wellbeing and safety, ownership and service excellence.

As members of the Victorian Public Service, the CES teamwork by the Victorian Public Service Values and Code of Conduct, which set the expectations for how we behave as public servants. We are committed to building an inclusive workplace that utilises the full potential of all employees, embraces differences, and uses diversity of thought as a catalyst for innovation and improved service delivery.

Our approach supports:

- building a positive culture
- ensuring we have the right people with the right skills
- developing accountable, collaborative and inclusive leaders
- designing an agile and adaptable organisation
- building a productive and flexible workforce.

Executive data (FRD 15)

A member of the Senior Executive Service (SES) is defined as a person employed as an Executive under Part 3 of the *Public Administration Act 2004* (PA Act). For a public body, an EO is defined as an executive under Part 3 of the PA Act or a person to whom the Victorian Government's *Executive Remuneration Policy* applies. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

The definition of SES does not include a statutory office holder or an Accountable Officer. The Commissioner is a statutory office holder and CES has one SES, in the role of Director, Office of the Commissioner.

The following tables disclose the SES of CES for 30 June 2023:

- Table 10 discloses the number of SES for CES, broken down by gender
- Table 11 provides a reconciliation of executive numbers presented between the report of operations and Note 8.4 'Executive remuneration' in the financial statements
- Tables 10 and 11 also disclose the variations, denoted by 'var', between the current and previous reporting periods.

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the 2022-23 financial year. Note 8.4 in the financial statements lists the actual number of SES and the total remuneration paid to SES over the course of the reporting period. The financial statements Note 8.4 does not include the Accountable Officer, nor does it distinguish between executive levels.

Table 10: Total number of SES for CES, broken down into gender

Class	All		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES-3	0	0	0	0	0	0	n	n
SES-2	0	0	0	0	0	0	n	n
SES-1	1	0	0	0	1	0	n	n
Total	1	0	0	0	1	0	n	n

Table 11: Reconciliation of executive numbers

		2023	2022	2021
	Executives (financial statement Note 8.4)	1	1	1
	Accountable Officer (Commissioner)	1	1	1
<i>Less</i>	Separations	(0)	(0)	(0)
	Total executive numbers at 30 June 2023	2	2	2

Other disclosures

Local Jobs First – Victorian Industry Participation Policy (FRD 25 and Local Jobs First Act 2003)

In 2022-23, CES did not have any procurement activity meeting the criteria of \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

Advertising expenditure (FRD 22)

In 2022-23, there were no CES government advertising campaigns with total media spend of \$100,000 or greater (exclusive of GST).

Consultancy expenditure (FRD 22)

Details of consultancies valued at \$10,000 or greater.

In 2022-23, there were 10 consultancies where the potential total fee payable to the consultant was \$10,000 or greater - refer Table 12 below. The total expenditure incurred during 2022-23 in relation to these consultancies was \$491,348. Details of individual consultancies are outlined below.

Table 12: Outline of consultancies (purchase order value) of over \$10,000 in 2022-23 financial year

Consultant	Consultant	Purpose	Project start date	Project end date	Total approved project fee	Expenditure 2022-23	Future expenditure 2023-24(estimate)
Alex Warder	studioiamalexwarder	Concept, design, and artwork for State of the Environment, State of the Yarra & State of the Forests 2023 Reports	21/12/2022	29/12/2023	\$ 98,890	\$ 13,915	\$ 84,975
Alex Warder	studioiamalexwarder	Concept, design, and artwork for MSA (Melbourne Strategic Assessment)	25/08/2022	26/09/2022	\$ 15,800	\$ 15,180	
Bruce Mountain	Carbon and Energy Markets	Provision of Science Writing Services for State of the Environment 2023 Report – Energy Chapter	27/05/2022	31/12/2022	\$ 48,848	\$ 48,848	
CDSILA	Centre for Spatial Data Infrastructure and Land Administration (CDSILA), The University of Melbourne	Sustainable Development Goal Dashboard	2/05/2023	30/06/2023	\$ 100,000	\$ 100,000	
Chris Smyth Consulting	Chris Smyth Consulting	Research, Advice and Drafting Services for State of the Environment 2023 Report and State of the Yarra 2023 Report	22/12/2022	21/12/2023	\$ 42,575	\$ 28,145	\$ 14,430
Emily Ross Bespoke	Emily Ross Bespoke	Strategic communications	01/07/2020	30/06/2022	\$ 40,000	\$ 7,006	
Emily Ross Bespoke	Emily Ross Bespoke	Strategic communications	13/02/2023	11/12/2023	\$ 45,100	\$ 29,315	\$ 15,785
Frontier SI	Frontier SI	Targeted Stocktake and Capability Analysis of Spatial Technology and Data Co-ordination	7/11/2022	28/02/2023	\$ 54,945	\$ 54,945	
ICON Agency	ICON Agency	Digital partner – for the State of the Environment 2023 reporting cycle: complete website redevelopment and design and associated services, including hosting	5/02/2021	29/11/2023	\$ 148,900	\$ 23,280	\$ 30,000
ICON Agency	ICON Agency	State of the Environment 2023 Report Interpretive Website Design and Curation	22/02/2023	26/02/2024	\$ 68,948	\$ 37,919	\$ 31,029
ORIMA	ORIMA	State of the Environment 2023 Interpretive Website (Personas)	22/11/2022	6/02/2023	\$ 61,625	\$ 61,625	
The Red Pony	The Red Pony	State of the Environment 2023 Report Copy Editing and proof-reading service	8/12/2022	9/06/2024	\$ 32,835	\$ 22,770	\$ 10,065
Lauren Rickards	Lauren Rickards	Science Writing Services for the State of the Environment 2023 Report	21/07/2022	30/06/2023	\$ 48,400	\$ 48,400	

Note: Total approved project fee refers to total approved purchase order spend for the 2022-23 period.

Details of consultancies under \$10,000

In 2022-23 there was one consultancy engaged during the year where the total fees payable (purchase order value) to the individual consultant was less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies was \$4,480.

Information and communications technology (ICT) expenditure (FRD 22)

For the 2022-23 reporting period, CES had a total ICT expenditure of \$109,232 for business-as-usual operation.

Disclosure of major contracts (FRD 12)

CES did not enter any contracts greater than \$10 million in value during the reporting period.

Freedom of information (FRD 22)

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by CES. For the 12 months ending 30 June 2022, CES received no direct applications.

Making a request:

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the FOI Act. In summary, the requirements for making a request are:

- it should be in writing
- it should identify as clearly as possible which document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of CES should be addressed to:

FOI & Privacy Unit
 Department of Environment, Land, Water and Planning
 PO Box 500
 East Melbourne VIC 8002
foi.unit@delwp.vic.gov.au

An application fee of \$31.80 is applicable and additional charges may also apply once access and processing costs are assessed.

If an applicant is not satisfied with a decision, under section 49A of the FOI Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter. In order for the applicant's request for review to be valid, it must:

- be made within 28 days of receiving the refusal
- be in writing
- identify the relevant agency or Minister, and
- identify the decision the applicant would like reviewed.

Further information regarding the operation and scope of freedom of information requests can be obtained from the FOI Act, [regulations made under the FOI Act](#), and the [OVIC website](#).

Compliance with the *Building Act 1993* (FRD 221 & Building Act)

CES does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Competitive Neutrality Policy (FRD 22)

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of services.

CES does not offer the provision of services for a fee and therefore the Victorian Government's Competition Neutrality Policy does not apply.

Compliance with the *Public Interest Disclosures Act 2012* (FRD 22 & Public Interest Disclosures Act)

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body.

CES is a public body for the purposes of the PID Act.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body.

'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.

'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

How do I make a public interest disclosure?

You can make a public interest disclosure about CES or its officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission (IBAC), see details below.

CES is not able to receive public interest disclosures.

CES follows DEECA's policies and procedures in relation to the protection of persons from detrimental action in reprisal for making a public interest disclosure about CES, its officers, or employees.

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne VIC 3001
 Mail: IBAC, GPO Box 24234, Melbourne VIC 3001
 Website: www.ibac.vic.gov.au
 Phone: 1300 735 135

Compliance with other legislation

Commissioner for Environmental Sustainability Act 2003

The Commissioner's role and the strategic and operational activities of the office are established under the CES Act available online at www.ces.vic.gov.au.

The objectives of CES as defined under section 7 of the CES Act are to:

- report on matters relating to the condition of the natural environment of Victoria
- encourage decision making that facilitates ecologically sustainable development
- enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment
- encourage sound environmental practices and procedures to be adopted by the Government of Victoria and local government as a basis for ecologically sustainable development.

The CES work program approved in the five-year business plan 2019-2024, delivers against the objectives and functions of the CES Act.

CES complies with all statutory environmental reporting outputs and has also met the request from the Minister to produce a first State of the Bays report which was issued in December 2016. The next mandated outputs are the State of the Environment (SoE) 2023 Report and the State of the Yarra and its Parklands (SoY) 2023 Report due by end December 2023.

CES is also compliant with the following relevant legislation:

Freedom of Information Act 1982
Public Interest Disclosures Act 2012
Financial Management Act 1994
Local Jobs First Act 2003
Public Administration Act 2004
Copyright Act 1968.

Office-based Environmental Impacts (FRD 24)

CES has a Service Level Agreement in place with DEECA for the provision of office accommodation and fleet services. Data on environmental impacts is included in DEECA's annual report.

Additional departmental information available upon request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by CES and are available on request, subject to the provisions of the FOI Act:

- a) a statement of declarations of pecuniary interests for all relevant officers
- b) details of publications produced by the entity about itself, and how these can be obtained
- c) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- d) details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided; and expenditure committed to for each engagement.

The information is available on request from: Commissioner for Environmental Sustainability
 Email: info.ces@ces.vic.gov.au

The following financial statements comply with the Model Financial Report as applied to CES.

Portfolio Financial Management Compliance Attestation Statement

I Dr Gillian Sparkes, Commissioner on behalf of the Responsible Body, certify that the Commissioner for Environmental Sustainability (CES) has been granted a full exemption from the Standing Directions 2018 under the *Financial Management Act 1994*. This exemption has been granted by the Assistant Treasurer on the basis CES complies with the Department of Environment, Land, Water and Planning's Portfolio Financial Management Compliance Framework.

A handwritten signature in blue ink that reads "Gillian Sparkes". The signature is written in a cursive style and is contained within a thin black rectangular border.

Dr Gillian Sparkes AM

Accountable Officer

DATE: 16 August 2023

COMMISSIONER FOR ENVIRONMENTAL SUSTAINABILITY FINANCIAL STATEMENTS

These annual financial statements represent the audited general purpose financial statements of the Commissioner for Environmental Sustainability (CES) for the period 1 July 2022 to 30 June 2023. The purpose of the report is to provide users with information about the CES's stewardship of resources entrusted to it.

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COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Notes	2023 \$	2022 \$
Income from transactions			
Government grants	2.1	2,432,000	2,389,491
Total income from transactions		2,432,000	2,389,491
Expenses from transactions			
Employee expenses	3.1	(1,383,339)	(1,720,759)
Supplies and services	3.2	(852,914)	(352,115)
Depreciation	4.1.1	(11,812)	(12,849)
Interest expense	6.2	(1,091)	(1,417)
Total expenses from transactions		(2,249,156)	(2,087,140)
Net result from transactions (net operating balance)		182,844	302,351
Other economic flows included in net result			
Net gain/(loss) on non-financial assets		0	14,444
Net gains/(loss) arising from revaluation of long service liability		(3,032)	26,297
Total other economic flows included in net result		(3,032)	40,741
Net result / Comprehensive result		179,812	343,092

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2023

	Notes	2023	2022
		\$	\$
Assets			
Financial assets			
Cash and deposits	6.4	227,549	250,898
Receivables	5.1	1,087,290	877,713
Total financial assets		1,314,839	1,128,611
Non-Financial assets			
Plant, and equipment	4.1	58,219	70,031
Prepayments	5.2	13,567	0
Total non-financial assets		71,786	70,031
Total assets		1,386,625	1,198,642
Liabilities			
Payables	5.3	43,012	17,764
Employee benefits provisions	3.1.2	524,440	529,679
Borrowings	6.1	58,397	70,235
Total liabilities		625,849	617,678
Net assets		760,776	580,964
Equity			
Accumulated surplus		757,350	577,538
Contributions by owners		3,426	3,426
Net worth		760,776	580,964

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Accumulated surplus/(deficit)	Contribution by owners	Total
	\$	\$	\$
Balance as at 1 July 2021	234,446	3,426	237,872
Comprehensive result	343,092	-	343,092
Balance as at 30 June 2022	577,538	3,426	580,964
Comprehensive result	179,812	-	179,812
Balance as at 30 June 2023	757,350	3,426	760,776

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Notes	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts			
Receipt from government		2,223,350	2,307,983
GST received from ATO ^{(a)(c)}		79,285	29,471
Total receipts		2,302,635	2,337,454
Payments			
Payments to suppliers and employees ^(c)		(2,313,054)	(2,086,812)
Interest paid		(1,091)	(1,417)
Total payments		(2,314,145)	(2,088,229)
Net cash flows from/(used in) operating activities	6.4.1(b)	(11,510)	249,225
Cash flows from investing activities			
Sale of non-financial assets		-	36,136
Net cash flows from/(used in) investing activities		-	36,136
Cash flows from financing activities			
Repayment of principal portion of lease liabilities ^(b)		(11,839)	(34,463)
Net cash flows from/(used in) financing activities		(11,839)	(34,463)
Net decrease in cash and cash equivalents		(23,349)	250,898
Cash and cash equivalents at the beginning of the financial year		250,898	-
Cash and cash equivalents at the end of the financial year	6.4.1(a)	227,549	250,898

The accompanying notes form part of these financial statements.

Note:

GST received or paid from the Australian Taxation Office is presented on a net basis.

CES has recognised cash payments for the principal portion of lease payments as financing activities, cash payments for the interest portion as operating activities consistent with the presentation of interest payments as operating activities.

The comparatives have been corrected by \$29,471 to reflect the gross up of payments to be in line with AASB 107 to include GST. There is no overall impact to the cashflow.

1. ABOUT THIS REPORT

The Commissioner for Environmental Sustainability is a statutory office and government agency of the State of Victoria, established pursuant to an order made by the Premier under the *Commissioner for Environmental Sustainability Act 2003*.

Its address is: The Commissioner for Environmental Sustainability

Level 36, 2 Lonsdale Street

A description of the nature of its operations and its principal activities is included in the 'Report of operations', which does not form part of these financial statements.

Basis of preparation

These financial statements:

- cover the statutory office of the Commissioner for Environmental Sustainability as an individual reporting entity
- are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis
- have been prepared by applying the accrual basis of accounting, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are contributions to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates, and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period the estimate is revised and in future periods affected by the revision. Judgements and assumptions have been made by management in applying applicable Australian Accounting Standards (AAS) that have a significant effect on the financial statements and estimates. These relate to:

determining whether the performance obligations are sufficiently specific to determine whether the arrangement is within the scope of AASB 15 or AASB 1058; refer note 2.1.

for leases, determining whether the arrangement is in substance a short-term arrangement; refer note 6.3

the fair value of plant, and equipment; refer note 4.1 and 7.4

the estimated useful lives over which non-financial assets are depreciated; refer note 4.1.1

superannuation expense; refer note 3.1.3

future salary movements and future discount rates. Refer 3.1.2

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

2. FUNDING DELIVERY OF OUR SERVICES

Introduction	Structure
<p>The Commissioner's role is to:</p> <p>report on the condition of Victoria's natural environment.</p> <p>encourage decision making that facilitates ecologically sustainable development.</p> <p>enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment.</p> <p>encourage Victorian and local governments to adopt sound environmental practices and procedures.</p> <p>Income from transactions is the primary method the CES generates funds. To enable the CES to fulfill its objective and provide outputs, it receives income from grants provided by the Department of Energy, Environment and Climate Action (DEECA).</p> <p><i>Significant judgement: Government grants</i></p> <p>The CES has made judgements on the recognition of grant revenue as income of not-for-profit entities where they do not contain sufficiently specific performance obligations.</p>	<p>2.1 Summary of income that funds the delivery of services</p>

2.1 Summary of income that funds the delivery of services:

	2023	2022
	\$	\$
Government grants		
Municipal and Industrial Waste Levy Trust	2,147,000	1,947,000
State of the Forests 2023 Report Funding (DEECA)	245,000	-
State of the Parks 2024 Report Funding (Parks Victoria)	40,000	-
Melbourne strategic assessment conservation outcomes (DEECA)	-	382,491
Regional forestry agreement major event review (DEECA)	-	60,000
Total government grants	2,432,000	2,389,491
Total income from transactions	2,432,000	2,389,481

The CES has determined that all grant income has been received under arrangements that do not contain sufficiently specific performance obligations. Accordingly, the CES has applied AASB 1058 and recognised income when the CES has an unconditional right to receive the granted asset which usually coincides with the receipt of cash.

3. THE COST OF DELIVERING SERVICES

Introduction	Structure
This note provides an account of the expenses incurred by the CES. In note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.	Employee expenses 3.1.1 Employee expenses in the comprehensive operating statement 3.1.2 Employee benefits in the balance sheet 3.1.3 Superannuation contributions Supplies and services

3.1 Employee expenses

3.1.1 Employee expenses in the comprehensive operating statement

	2023	2022
	\$	\$
Employee expenses		
Salaries and wages	(1,034,013)	(1,289,338)
Defined contribution superannuation expense	(119,177)	(144,369)
Annual and long service leave entitlements	(156,737)	(215,919)
Other on-costs (fringe benefits tax, payroll tax and Workcover levy)	(73,412)	(71,133)
Total employee expenses	(1,383,339)	(1,720,759)

Employee expenses include all costs relating to employment including salaries and wages, fringe benefits tax, leave entitlements, superannuation contributions, termination payments and Workcover premiums. Expenses are recognised in the period in which service is provided.

Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2023	2022
	\$	\$
Current provisions		
Employee benefits⁽ⁱ⁾ - annual leave		
Unconditional and expected to be wholly settled within 12 months	126,259	147,697
Unconditional and expected to be wholly settled after 12 months	20,507	27,100
Employee benefits^{(i)/(iii)} - long service leave		
Unconditional and expected to be wholly settled within 12 months	23,348	23,828
Unconditional and expected to be wholly settled after 12 months ⁽ⁱⁱ⁾	241,915	215,554
Provisions for on-costs ⁽ⁱⁱⁱ⁾		
Unconditional and expected to be wholly settled within 12 months	24,933	27,698

Unconditional and expected to be wholly settled after 12 months ⁽ⁱⁱ⁾	45,222	40,466
Total current provisions for employee benefits	482,184	482,343
Non-current provisions		
Employee benefits ^{(i) (ii) (iii)}	36,027	40,543
Provisions for on-costs ^{(ii) (iii)}	6,229	6,793
Total non-current provisions for employee benefits	42,256	47,336
Total provisions for employee benefits	524,440	529,679

Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

The amounts disclosed are discounted to present values.

CES has adopted the assumptions from the Department of Treasury and Finance 2008 Long Service Leave Model to split Long Service Leave provision between "settle within 12 months" and "settle after 12 months" for the current financial year.

Reconciliation of movement in on-cost provisions

	2023
	\$
Opening balance	74,957
Additional provisions recognised	17,739
Reductions arising from payments/other sacrifices of future economic benefits	(15,810)
Unwind of discount and effect of changes in the discount rate	(502)
Closing balance	76,384
Current	70,155
Non-current	6,229
Total	76,384

Salaries and wages, annual leave, and sick leave

Liabilities for salaries and wages (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provisions as current liabilities, because the CES does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the CES expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the CES does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed as a current liability; even when the CES does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if the CES expects to wholly settle within 12 months; or
- present value – if the CES does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.1.3 Superannuation contributions

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the CES are as follows:

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2023	2022	2023	2022
	\$	\$	\$	\$
Defined contribution plans:				
Victorian Superannuation Fund – Vic Super Scheme	31,350	54,486	-	1,018
Various other	87,827	86,498	-	2,367
Total	119,177	140,984	-	3,385

Superannuation contributions paid or payable for the reporting period are included as part of employee expenses in the comprehensive operating statement of the CES.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period. The CES does not contribute to a defined benefits plan.

3.2 Supplies and services

	2023	2022
	\$	\$
Supplies and services		
Community awareness and publicity	(170,514)	(23,380)
Contract and professional services	(500,502)	(161,948)
General expenses	(47,043)	(52,316)
IT expenses	(109,232)	(84,022)
Motor vehicle expenses	(2,562)	(8,616)
Office and accommodation expenses	(2,833)	(8,032)
Payments for shared services	-	(2,657)
Postage and telephone	(4,946)	(8,212)
Travel and subsistence	(15,282)	(2,932)
Total supplies and services	(852,914)	(352,115)

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The CES controls assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the CES to be utilised for delivery of those outputs.

Structure

Plant and equipment

4.1.1 Depreciation and amortisation

4.1.2 Reconciliation of movements in carrying amounts of plant and equipment

4.1 Plant and equipment

	2023	2022
	\$	\$
Plant and equipment		
Right of use motor vehicles at fair value	81,854	81,854
Accumulated depreciation motor vehicles	(23,635)	(11,823)
Total right of use motor vehicles (net carrying amount)	58,219	70,031
Total property, plant and equipment	58,219	70,031

Initial recognition:

Plant and equipment, including right of use assets, are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The CES capitalises expenditures on individual items of \$5,000 (2022: \$5,000) or more and records these as non-financial assets.

The CES recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

any lease payments made at or before the commencement date

any initial direct costs incurred

an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less

any lease incentive received

Subsequent measurement: The CES depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment. Subsequent measurement of ROU assets is at fair value. The carrying amount of ROU assets is judged to be reasonably approximate their fair value as at 30 June 2023. Refer to note 7.4 for the determination of fair value.

4.1.1 Depreciation and amortisation

	2023	2022
	\$	\$
Depreciation		
Right of use - motor vehicles	(11,812)	(12,849)

Total depreciation	(11,812)	(12,849)
---------------------------	-----------------	-----------------

All motor vehicles and plant and equipment that have finite useful lives are depreciated.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The following estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life
Right of use - motor vehicles	Term of lease (1 to 3 years)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the CES obtains ownership of the underlying leased asset or if the cost of the right of use asset reflects that the entity will exercise a purchase option, the entity depreciates the right of use asset over its useful life.

Impairment of plant, and equipment:

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

4.1.2 Reconciliation of movements in carrying amounts of plant and equipment

	2023	2022
	\$	\$
Movements in carrying amounts		
Opening balance	70,031	62,760
Additions	-	41,813
Disposals	-	(21,693)
Depreciation expense (refer to note 4.1.1)	(11,812)	(12,849)
Closing balance	58,219	70,031

5. OTHER ASSETS AND LIABILITIES

Introduction	Structure
This note sets out those assets and liabilities that arose from the CES's operations.	Receivables Prepayments Payables 5.3.1 Maturity analysis of contractual payables

5.1 Receivables

	2023	2022
	\$	\$
Current receivables		
Statutory		
Amounts owing from Department of Energy, Environment and Climate Action	1,087,290	877,713
Total statutory receivables	1,087,290	877,713
Total current receivables	1,087,290	877,713
Total receivables	1,087,290	877,713

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. The CES applies AASB 9 for initial measurement of the statutory receivables. As a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Refer to note 7.2.1 for credit risk and impairment of statutory receivables.

5.2 Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period. Prepaid expenses are classified as current assets.

5.3 Payables

	2023	2022
	\$	\$
Current payables		
Contractual		
Accrued expenses	43,000	17,764
Trade Creditors	12	-
Total contractual payables	43,012	17,764
Total current payables	43,012	17,764
Total payables	43,012	17,764

Contractual payables, such as accrued expenses, are classified as financial instruments and measured at amortised cost. Trade creditors and accruals represent liabilities for goods and services provided to CES prior to the end of the financial year that are unpaid.

5.3.1 Maturity analysis of contractual payables

The following table discloses the contractual maturity analysis for the entity's contractual payables.

	Carrying Amount \$	Nominal amount \$	Maturity dates				
			Less than 1 month \$	1 - 3 months \$	3 months – 1 year \$	1-5 years \$	5+ years \$
2023							
Payables (i)							
Trade Creditors	12	12	12	-	-	-	-
Accrued expenses	43,000	43,000	43,000	-	-	-	-
Total	43,012	43,012	43,012	-	-	-	-
2022							
Payables (i)							
Trade Creditors	-	-	-	-	-	-	-
Accrued expenses	17,764	17,764	17,764	-	-	-	-
Total	17,764	17,764	17,764	-	-	-	-

The value of payables disclosed exclude statutory payables (i.e. taxes payable).

6. HOW WE FINANCED OUR OPERATIONS

Introduction	Structure
<p>This note provides information on the sources of finance utilised by the CES during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities.</p> <p>This note also includes disclosures of balances that are financial instruments (such as borrowings and cash balances).</p>	<p>Borrowings</p> <p>6.1.1 Maturity analysis of borrowings</p> <p>Interest expense</p> <p>Lease liabilities</p> <p>Cash flow information and balances</p> <p>Commitments for expenditure</p>

6.1 Borrowings

	2023	2022
	\$	\$
Current borrowings		
Lease liabilities (a)	29,937	11,838
Total current borrowings	29,937	11,838
Non-current borrowings		
Lease liabilities	28,460	58,397
Total non-current borrowings	28,460	58,397
Total borrowings	58,397	70,235

Notes:

(a) Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Borrowings refer to interest bearing liabilities which are lease liabilities that relate to motor vehicles leased through Vic Fleet facility.

Borrowings are classified as financial instruments. The CES determines the classification of its interest-bearing liabilities at initial recognition.

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The CES recognises interest bearing liability costs immediately as an expense, even where they are directly attributable to the acquisition, construction, or production of a qualifying asset.

During the current and prior year, there were no defaults and breaches of any of the loans.

6.1.1 Maturity analysis of borrowings

The following table discloses the contractual maturity analysis for the entity's contractual interest-bearing liabilities.

	Carrying Amount \$	Nominal amount \$	Maturity dates				
			Less than 1 month \$	1 - 3 months \$	3 months – 1 year \$	1-5 years \$	5+ years \$
2023							
Borrowings							
Lease liabilities	58,397	59,261	1,078	2,155	27,397	28,631	-
Total	58,397	59,261	1,078	2,155	27,397	28,631	-
2022							
Borrowings							
Lease liabilities	70,235	72,190	1,077	2,155	9,697	59,261	-
Total	70,235	72,190	1,077	2,155	9,697	59,261	-

6.2 Interest expense

	2023 \$	2022 \$
Interest expense		
Interest on leases	(1,091)	(1,417)
Total interest expense	(1,091)	(1,417)

Interest expense is costs incurred in connection with leasing arrangements. Interest expense is recognised in the period in which it is incurred.

6.3 Lease liabilities

Information about leases for which the CES is a lessee is presented below.

The CES leasing activities

The CES leases motor vehicles through the Vic Fleet lease facility. The lease term is the period over which the vehicle is to be leased. Generally, vehicles must be retained for three years or 60,000 kms, whichever occurs first. On disposal of the vehicle any profit or loss on sale is borne by the CES.

At 30 June 2023, there were no short-term lease payments.

6.3.1 Right of use assets

Right of use assets are presented in Note 4.1.

6.3.2 Amounts recognised in the comprehensive operating statement

The following amounts are recognised in the comprehensive operating statement relating to leases:

	2023	2022
	\$	\$
Interest expense on lease liabilities	(1,091)	(1,417)
Total amount recognised in the comprehensive operating statement	(1,091)	(1,417)

6.3.3 Amounts recognised in the cashflow statement

The following amounts are recognised in the cashflow statement relating to leases:

	2023	2022
	\$	\$
Sale of non-financial assets	-	36,136
Repayment of principal portion of lease liabilities	(11,839)	(34,463)
Total amount recognised in the cashflow statement	(11,839)	1,673

For any new contracts entered into the CES considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the CES assesses whether the contract meets three key evaluations which are whether:

the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the CES and for which the supplier does not have substantive substitution rights;

the CES has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the CES has the right to direct the use of the identified asset throughout the period of use.

the CES has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right of use asset amount

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the CES's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

fixed payments (including in-substance fixed payments) less any lease incentive receivable

variable payments based on an index or rate, initially measured using the index or rate as at the commencement date

amounts expected to be payable under a residual value guarantee; and

payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

Short-term leases and leases of low value assets

The CES has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Presentation of right of use assets and lease liabilities

The CES presents right of use assets as 'plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

6.4 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

6.4.1 Reconciliation of net result for the period to cash flow from operating activities

	2023	2022
	\$	\$
(a) Reconciliation of cash and cash equivalents		
Funds held in trust – cash	227,549	250,898
Total cash and deposits disclosed in the balance sheet	227,549	250,898
Balance per cash flow statement	227,549	250,898
(b) Reconciliation of net result for the period to cashflow from operating activities		
Net result	179,812	343,092
Non-cash movements		
Depreciation and amortisation	11,812	12,849
Net (gain)/loss on non-financial assets	-	(14,444)
Movements in assets and liabilities		
(Increase)/decrease in receivables	(209,576)	(81,508)
(Increase)/decrease in prepayments	(13,567)	-
Increase/(decrease) in payables	25,248	14,320
Increase/(decrease) in provisions	(5,239)	(25,084)
Net cash flows from operating activities	(11,510)	249,225

6.5 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts.

These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

In 2022-23, there were \$155,651 commitments for expenditure (2022: Nil).

	2023	2022
	\$	\$
Nominal amounts		
Less than 1 year	155,651	-
Later than one year but no later than five years	-	-
Total	155,651	-

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

The CES is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This note sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.

Structure

Financial risk management objective and policies
Contingent assets and liabilities
Fair value determination

7.1 Financial instrument specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the CES's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines, and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met, and the assets are not designated as fair value through net result:

the assets are held by the CES to collect the contractual cash flows, and

the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The CES recognises the following assets in this category:

cash and deposits, and

receivables (excluding statutory receivables)

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The CES recognises the following liabilities in this category:

payables (excluding statutory payables)

borrowings (including lease liabilities).

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or

the CES retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement

the CES has transferred its rights to receive cash flows from the asset and either:

has transferred substantially all the risks and rewards of the asset

has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the CES has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the CES's continuing involvement in the asset.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments: Subsequent to initial recognition, reclassification of financial liabilities is not permitted. Financial assets are required to reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the CES' business model for managing its financial assets has changed such that its previous model would no longer apply.

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

7.1 Financial risk management objective and policies

The CES financial risk management program seeks to manage risks and the associated volatility of its financial performance. The main purpose in holding financial instruments is to prudentially manage the entity's financial risks within the government policy parameters.

The CES is exposed to the following risks:

Credit risk

Liquidity risk.

Market risk

7.1.1 Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The CES's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the entity. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the CES's contractual financial assets is minimal because the main debtor is the Victorian Government.

Impairment of financial assets under AASB 9

At 30 June 2023, CES did not have trade receivables past due (2022: Nil). On this basis, CES determined no allowance for expected credit loss was required at the end of the financial year (2022: Nil).

Statutory receivables at amortised cost

The CES' non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, considering the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

7.1.2 Liquidity risk

Liquidity risk is the risk that the CES would be unable to meet its financial obligations as they fall due. The CES operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution.

The CES's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

7.1.3 Market risk

The CES's exposure to market risk is primarily through interest rate risk, with insignificant exposure to foreign currency and other price risks.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The CES does not hold any interest-bearing financial instruments that are measured at fair value and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The CES has minimal exposure to cash flow interest rate risk through its term deposits.

The carrying amount of financial assets and financial liabilities that are exposed to interest rate risk are set out in the table below.

Interest rate exposure of financial instruments

	Weighted average interest rate	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
		\$	\$	\$	\$
2023					
Contractual financial assets					
Cash and deposits	N/A (ii)	227,549	-	-	227,549
Total		227,549	-	-	227,549
Contractual financial liabilities					
Payables: (i)					
Payables		43,012	-	-	43,012
Borrowings	1.75%	58,397	58,397	-	-
Total		101,409	58,397	-	43,012
2022					
Contractual financial assets					
Cash and deposits	N/A (ii)	250,898	-	-	250,898
Total		250,898	-	-	250,898
Contractual financial liabilities					
Payables: (i)					
Payables		17,764	-	-	17,764
Borrowings	1.75%	70,235	70,235	-	-
Total		87,999	70,235	-	17,764

The amount of payables disclosed excludes statutory payables (i.e. taxes payable).

Weighted average is nil as the cash held in trust operates within the Department of Energy, Environment and Climate Action project trust account under s19 (2) of the *Financial Management Act 1994* as a specific purpose operating account.

The CES's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. Based on this historical data, the CES has no sensitivity to movements in market interest rates, as there are no financial instruments exposed to variable interest rates.

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

In 2022-23 there are no contingent assets or contingent liabilities (2022: Nil).

7.3 Fair value determination

Fair value determination of financial assets and liabilities:

The CES currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2022-23 reporting period. These financial instruments include cash and deposits, receivables, and payables.

Fair value determination of non-financial assets and liabilities:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

plant and equipment

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

Fair value hierarchy

In determining fair values, several inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The CES determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

7.3.1 Fair value determination: non-financial physical assets**Fair value measurement hierarchy**

Fair value measurement at end of reporting period using:				
	Carrying amount as at 30 June 2023	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$	\$	\$	\$
Plant and equipment at fair value				
Right of use asset - motor vehicles	58,219	-	58,219	-
Total	58,219	-	58,219	-

Fair value measurement at end of reporting period using:				
	Carrying amount as at 30 June 2022	Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$	\$	\$	\$
Plant and equipment at fair value				
Right of use asset - motor vehicles	70,031	-	70,031	-
Total	70,031	-	70,031	-

Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

Vehicles are valued using the current replacement cost method. The CES acquires new vehicles and at times disposes of them before the end of their economic life. Right-of-use assets are revalued according to FRD 103 Non-financial physical assets. The CES applies the revaluation model to right-of-use assets. After initial recognition the right-of-use-asset is carried at its revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses.

The fair value of right of use assets are linked to the lease payments. For right of use assets, the net present value of the remaining lease payments is often the appropriate proxy for fair value of relevant right of use assets

8. OTHER DISCLOSURES

<p>Introduction</p> <p>This note includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.</p>	<p>Structure</p> <ul style="list-style-type: none"> Ex-gratia expenses Audit fees Responsible persons Executive remuneration Related party disclosure Economic dependency Subsequent events Australian accounting standards issued that are not yet effective Glossary
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Ex-gratia expenses

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g., a write-off) that is not made either to acquire goods, services, or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

The CES made no ex-gratia payments in 2022-23 (2022: Nil)

Audit fees

	2023	2022
	\$	\$
Victorian Auditor General's Office		
Audit of the financial statements ⁽ⁱ⁾	21,000	22,000
Total	21,000	22,000

Audit fees expense for the year is included in contract and professional services in note 3.2 supplies and services.

The Victorian Auditor-General's Office is prohibited from providing non-audit services.

Responsible persons

The following table lists persons who held the positions of ministers and accountable officers of the CES:

Name	Position	Period
The Hon. Lily D'Ambrosio MP	Minister for Environment and Climate Action	1 Jul 2022 to 1 Nov 2022
The Hon. Ingrid Stitt MLC	Minister for Environment	5 Dec 2022 to 30 June 2023
Dr Gillian Sparkes	Commissioner for Environmental Sustainability	1 Jul 2022 to 30 Jun 2023

Due to the November 2022 state election, the legislative assembly was dissolved at 6:00pm on 1 November 2022 and the government entered a "caretaker period" until 26 November 2022 when the leader of the opposition conceded defeat and the

Government was returned. During this period government business is conducted in accordance with practices referred to

“caretaker conventions” while Ministers retain their executive responsibility, given the expiry or dissolution of the Legislative Assembly, the government cannot be held accountable for its decisions in the normal manner. Ministers of the returned government were appointed on 5 December 2022.

The person who held the position of Accountable Officer of the CES was Dr Gillian Sparkes.

Remuneration received or receivable by the Accountable Officer in connection with the management of the CES during the reporting period was in the range: \$280,000 – \$289,999 (2022: \$290,000 – \$299,999).

Executive remuneration

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table.

Remuneration comprises employee benefits (as defined in AASB 119 Employee Benefits) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave, or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

	2023	2022
	\$	\$
Remuneration of executive officers		
Short-term employee benefits	191,678	186,395
Post-employment benefits	19,616	18,639
Other long-term benefits	4,670	4,949
Total remuneration of executive officers	215,964	209,983
Total number of executives	1	1
Total annualised employee equivalent (AEE)⁽ⁱ⁾	1	1

Note

Annualised employee equivalent is based on the time fraction worked over the reporting period.

Related party disclosure

The CES is a wholly owned and controlled entity of the State of Victoria. Related parties of the CES include:

all key management personnel and their close family members and personal business interests (controlled entities, joint ventures, and entities they have significant influence over)

all cabinet ministers and their close family members; and

all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) of the CES are listed in note 8.3.

The remuneration breakdown of the CES's key management personnel is shown in the table below:

	2023	2022
	\$	\$
Compensation of key management personnel		

Short term benefits	256,519	268,807
Post-employment benefits	25,292	23,470
Other long-term benefits	6,647	7,028
Total	288,459	299,305

The compensation detailed above excludes the salaries and benefits the Portfolio Minister receives. The Ministers' remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*. During this financial year, the disclosure will no longer be included in the Department of Parliamentary Services' financial report, and will be reported within the State's Annual Financial Report.

Significant transactions with government related entities

The CES receives operating funding received from the Department of Energy, Environment and Climate Action (see Note 2.1 Government grants). Refer to note 5.1 Receivables for amounts due from the Department of Energy, Environment and Climate Action for the year ending 30 June 2023.

All related party transactions have been entered on an arm's length basis.

Economic dependency

The CES is dependent on the Department of Energy, Environment and Climate Action (DEECA) via the Municipal and Industrial Waste Levy for most of its income for funding its operations. At the date of this report, the CES has no reason to believe this support will not continue.

Subsequent events

The CES is not aware of any other circumstances that have arisen, or information that has become available between 30 June 2022 and the date of final approval of this general-purpose financial report that qualifies for inclusion as a post balance date event.

The Hon. Steve Dimopoulos became the Minister for Environment from 1 October 2023.

Australian accounting standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to these financial statements. The CES is reviewing its existing policies and assessing the potential implications of these accounting standards which include

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.</i>	The Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2023	The standard is not expected to have a significant impact.
	AASB 2020-6 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.		

<p>AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non- Financial Assets of Not- for-Profit Public Sector Entities</p>	<p>AASB 2022-10 amends AASB 13 Fair Value Measurement by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.</p>	<p>1 January 2024</p>	<p>The standard is not expected to have a significant impact.</p>
<p>The Standard:</p> <p>specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose;</p> <p>clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;</p> <p>specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and</p> <p>provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.</p>			
<p>AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</p>	<p>AASB 2022-5 amends AASB 16 Leases to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements for sale in AASB 15 Revenue from Contracts with Customers.</p>	<p>1 January 2024</p>	<p>This standard is not expected to have an impact as the department is not party to any sale and leaseback arrangements.</p>
<p>The amendments ensure that a seller-lessee subsequently remeasures lease liabilities arising from a leaseback in a way that does not recognise any amount of gain or loss that related to the right of use it retains.</p>			

AASB 17 <i>Insurance Contracts</i>	AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.	1 July 2026	The impact of this standard is being assessed.
AASB 2022-8 <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>	AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.		
AASB 2022-9 <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026		

Glossary

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains, and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Transactions are those economic flows that are considered to arise because of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g., assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

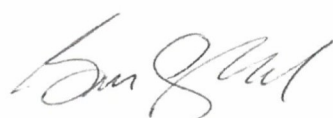
Accountable officer's declaration and statutory certification

The attached financial statements for the Commissioner for Environmental Sustainability have been prepared in accordance with Standing Direction 5.2 of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of the entity as at 30 June 2023.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 12 October 2023.



Dr Gillian Sparkes

Sam Claringbold

Commissioner for Environmental Sustainability

Chief Financial Officer

Melbourne

Melbourne

12 October 2023

12 October 2023

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE COMMISSIONER FOR ENVIRONMENTAL SUSTAINABILITY

Opinion	<p>I have audited the financial report of the Commissioner for Environmental Sustainability (the statutory office) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • accountable officer's declaration and statutory certification. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the statutory office as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the statutory office in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Commissioner's responsibilities for the financial report	<p>The Commissioner of the statutory office is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioner is responsible for assessing the statutory office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the statutory office's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner
- conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the statutory office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the statutory office to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
19 October 2023



Paul Martin
as delegate for the Auditor-General of
Victoria

DISCLOSURE INDEX

The annual report of the Department is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
<i>Ministerial Directions & Financial Reporting Directions</i>		
<i>Report of operations</i>		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	12
FRD 22	Purpose, functions, powers, and duties	12
FRD 8	Departmental objectives, indicators, and outputs	16
FRD 22	Key initiatives and projects	13
Management and structure		
FRD 22	Organisational structure	28
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FRD 25	Local Jobs First disclosure	33
FRD 29	Workforce Data disclosures	30
Portfolio Financial Management Compliance Framework (PFMCF) & Financial Reporting Directions		
<i>Compliance attestation and declaration</i>		
S 5.1.3	Attestation for compliance with PFMCF	38
S 5.2.3	Declaration in Report of Operations	6

Other requirements under PFMCF 5.2

S 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	68
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<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Other disclosures as required by FRDs in notes to the financial statements ^(a)		
FRD 21	Disclosures of Responsible Persons, Executive Officers, and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	63
FRD 110	Cash Flow Statements	43

Note:

(a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.

<i>Legislation</i>	<i>Page reference</i>
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<i>Building Act 1993</i>	36
<i>Public Interest Disclosures Act 2012</i>	36
<i>Commissioner for Environmental Sustainability Act 2003</i>	37
<i>Financial Management Act 1994</i>	37
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