



**Commissioner
for Environmental
Sustainability
Victoria**

ANNUAL REPORT

2011-2012

Accountable Officer's Declaration

In accordance with the *Financial Management Act* (FMA) 1994, I present the Annual Report for the Commissioner for Environmental Sustainability for the year ending 30 June 2012.

A handwritten signature in black ink, appearing to read 'Kate Auty', written in a cursive style.

Professor Kate Auty

PhD, MEnvSc, Dip Int Env Law (UNITAR), BA(Hons)LLB, GAICD
Commissioner for Environmental Sustainability
14 September 2012

From the Commissioner

I present the Annual Report for the Office of the Commissioner for Environmental Sustainability for the year 2011-2012.

I have now been in the role of the Commissioner for three years. My report reflects a further period of consolidation of the office's strategic direction. We continue to review and revise practices and processes and consult widely with the public, academics, business, government and environmental and other agencies, to deliver on statutory obligations.

This year, my third strategic audit was produced. In the audit, titled, ***Sustainability – designed to be signed sealed and delivered*** - I discuss the merits of, and mechanisms for, managing contracts for sustainable outcomes. Case studies this year involved Melbourne Health, the Department of Treasury and Finance and the work of the Victoria Police. The audit was prefaced with a comment from the Victorian State Architect, Geoffrey London and launched with speeches from Mr London and Supreme Court Justice Simon Whelan. Melbourne Health and the Department of Transport also spoke about their environmental management achievements.

We built on this work with the annual ***Sustainability Oration - Be green stay black*** - to which I invited Christena Singh of Sensis Business Index, Ben Waters, Director, Ecoimagination GE Australia & New Zealand and David McInnes, Group Manager Sustainability, Linfox. Sarah Barker, Special Counsel Minter Ellison Lawyers acted as pro bono Master of Ceremonies for the morning.

We continue to build upon our stakeholder engagement and we produced a report on the environmental efforts of the people who spoke to us across the state throughout 2011 – ***Many Publics: Participation, Inventiveness and Change***. This report has been widely circulated to people across Victoria as both an e-document and in hard copy where necessary, and its comprehensive reportage of environmental work has been much appreciated - it is a testament to environmental citizenship in Victoria.

Informing the State of the Environment reporting work of the office we convened a second intensive - ***Sustainability Re-imagined: Managing Victoria's Climate Change Risk*** - on 10 November 2011. Proceedings were chaired by Dr Graham Mitchell, Chief Scientist of the Department of Sustainability and Environment and the Department of Primary Industries. This second large scale intensive assisted me in the identification of innovative policy and management responses to the risks that will be discussed in the Climate Change Foundation Paper 2012. This intensive policy session also gave attendees the opportunity to complement the research conducted by my team with real-world examples of how government agencies, scientific communities, businesses and individuals are addressing environmental issues. The intensive involved presentations from Professors Dave Griggs and Roger Jones and Tim Piper, Victorian Director of the Australian Industry Group. The intensive, conducted as an interactive seminar, also contributed to my ongoing effort to engage and consult with government, industry, academia and the broader community to ensure that a rigorous and comprehensive State of the Environment Report is produced in 2013.

A program of rigorous consultation with a range of experts has continued throughout the drafting and review of all reporting. We continue to meet with business, the public and academics and government employees about matters of importance to the public, policy development and the environment.

Additional to our reporting function and building on our commitment to inform the public we have instituted a blog and a Facebook page which are used as the diary of office activities and events and as a timely and responsive means of informing the Victorian community about matters of importance in environmental contexts.

During 2011-2012 my office has responded to many invitations across the whole of the state, to provide keynote addresses, run and participate in panels, confer with experts in environmental contexts and coordinate conference sessions, most recently in respect of the National Climate Change Adaptation Research Facility's annual conference and Victorian Centre for Climate Change Adaptation Research annual forum.

In the coming year, as we work towards the presentation of reports and papers, I will continue to showcase best practice examples that are emerging in the community, in business, in farming practices, small and medium enterprises and government agencies and departments.



A handwritten signature in cursive script that reads "Kate Auty".

Professor Kate Auty

PhD, MEnvSc, Dip Int Env Law (UNITAR), BA(Hons)LLB, GAICD
Commissioner for Environmental Sustainability

To view recent reports please visit the website at www.ces.vic.gov.au/publications-and-media-releases/ces-publications/other-ces-publications.

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Abbreviations

CfES	Commissioner for Environmental Sustainability
DSE	Department of Sustainability and Environment
EPA	Environment Protection Authority Victoria
EMS	Environmental Management Systems
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
SoE	State of the Environment
SV	Sustainability Victoria
Office	Office of the Commissioner for Environmental Sustainability

Report of operations

The report of operations provides an overview of the Office of the Commissioner for Environmental Sustainability and details the key projects and achievements for 2011-12. The office's performance against output targets is reported in this section.

Overview

This section sets out the Commissioner's role and purpose, strategic priorities, values and key highlights for the year. It also provides details on the office's organisational structure and governance arrangements.

In this section:

- *Year in brief*
- *About us*
- *Organisational structure*
- *Corporate governance*
- *Statement of legislative requirements*

Year in brief

The 2011-2012 year was characterised by intensive research and analysis and extensive cross sectoral multidisciplinary discussions.

The key achievements were in the following areas:

- Environmental citizenship - extensive community consultation across Victoria documented in ***Many Publics: Participation, Inventiveness and Change***
- Objective, rigorous scientific research and analysis - policy intensives, formal SoE consultation, drafting of foundation papers
- Encouraging efficient environmental management
 - Audit report ***Sustainability – designed to be signed sealed and delivered***
 - Annual ***Sustainability Oration – Be green stay black.***

About us

Victoria's Commissioner for Environmental Sustainability (CfES) is Professor Kate Auty. Through a series of major projects and partnerships, the Commissioner actively promotes and encourages greater environmental sustainability across Victoria, including consideration of social and economic factors, while supporting leadership in best practice models and environmental management systems in government.

Established by the Victorian Government in November 2003 under the *Commissioner for Environmental Sustainability Act 2003* (the Act), the Commissioner provides an independent voice that audits and reports on environmental sustainability and the state of Victoria's natural environment.

The Honourable Ryan Smith MP was the Minister for Environment and Climate Change for the period from 1 July 2011 to 30 June 2012.

Role and purpose

Legislative objectives of the Commissioner under the 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 the adoption of sound environmental practices and procedures by the Government of Victoria and local government as a basis for ecologically sustainable development.

The Commissioner's major functions under the Act are to:

- Prepare a report on the state of the environment of Victoria at intervals not exceeding five years or at shorter intervals, in compliance with a framework for reporting.
- Conduct annual strategic audits of, and prepare reports on, the implementation of environmental management systems by agencies and public authorities.
- Audit public education programs relating to ecologically sustainable development and advise the Minister as to the effectiveness of the programs in encouraging the community to adopt ecologically sustainable development principles and practices.
- Advise the Minister in relation to any matter relating to ecologically sustainable development upon referral from the Minister.

In addition to these statutory reporting functions, the Commissioner may also publish statements and guidelines.

Vision

Inclusive collaborations – Informed analysis: We bring together data, the thinking of experts and the stories of people from across Victoria, providing analysis of how best to address environmental challenges and their associated socio-economic context, now and into the future – and underlying key messages.

The Commissioner's goal

...“to have a Victorian community where across generations and cultures we all contribute to a sustainable environment, where our social and cultural aspirations are realised and our economic prosperity is maintained.”

Values

In addition the office applies the Department of Sustainability and Environment values:

- Make a difference – We make things happen. We are proud of what we do.
- Act with integrity – We can be trusted. We are consistent in our actions.
- Respect others – We value diversity. We recognise and accept differences.
- Work together, support each other - We work with each other to get the job done. We care about each other.

Key stakeholders

Locally and nationally the office is in active dialogue with:

- Australian Bureau of Statistics
- Australian Industry Group
- Bureau of Meteorology
- Carbon Market Institute
- CSIRO (Commonwealth Scientific and Industrial Research Organisation)
- Environment Protection Authority Victoria (EPA)
- IPAA (Institute of Public Policy and Administration)
- La Trobe University
- Melbourne Sustainable Societies Institute, University of Melbourne
- Monash Sustainability Institute
- Municipal Association of Victoria
- Office of the Victorian Government Architect
- Parliamentary Commissioner for the Environment, New Zealand
- Sustainability Victoria
- Victorian Local Sustainability Accord Committee
- Victorian Government Departments including Department of Sustainability and Environment, Department of Treasury and Finance, Department of Premier and Cabinet and Department of Primary Industries.

Commissioner's Reference Group

The CfES Reference Group provides advice and support to the Commissioner (see section 9(2)(b) of the Act). The reference group is comprised of non-government members, identified and invited by the Commissioner, with a range of interests and expertise including, youth affairs, environmental consultants, academics, industry, primary industries and older Victorians concerns. The reference group provides an external perspective and opinions for consideration by the Commissioner on matters nominated by the Commissioner.

In 2011-12, correspondence to reference group members outlined achievements of the year and outlined a new model of operation so that its efforts could be more targeted. As result, rather than three meetings per calendar year, reference group members were invited to be involved in the State of the Environment report expert sessions and other consultation forums (where relevant to their area of expertise) which were held throughout 2011-12. This process will continue in 2012-13.

Current CfES Reference Group members are:

Alex Arbuthnot	Member, Victorian Farmers Federation Land Management Committee
Dan Atkins	Managing Director, Shaper Group, Business Shaper
Dr. Sarah Bekessy	Lecturer, School of Social Science & Planning, RMIT University
Tricia Caswell	CEO, Caswell & Associates
Catherine Dale	CEO, Ostara Australia and formerly CEO, City of Boroondara
Linh Do	National Director, Change & Switch
Rob Gell	National President of Greening Australia Ltd, Director of World Wind Pty Ltd, Access Environmental Pty Ltd
Sue Hendy	Executive Director, Council on the Ageing
Sean Lucy	CEO, Green Lantern Solutions formerly Head of Performance Enhancement Solution/ Environmental Finance Solution, National Australia Bank
Mr Mick Murphy	Chair, Victorian Catchment Management Council
Ms Kelly O'Shannassy	Executive Director, Environment Victoria
Mr Tim Piper	Director, Victorian Branch, Australia Industry Group
Prof Lynette Russell	Chair, CAIS & Director Centre for Australian Indigenous Studies, Faculty of Arts, Monash University

Associations and Memberships

The Commissioner had a number of significant honours conferred on her in this last twelve months including:

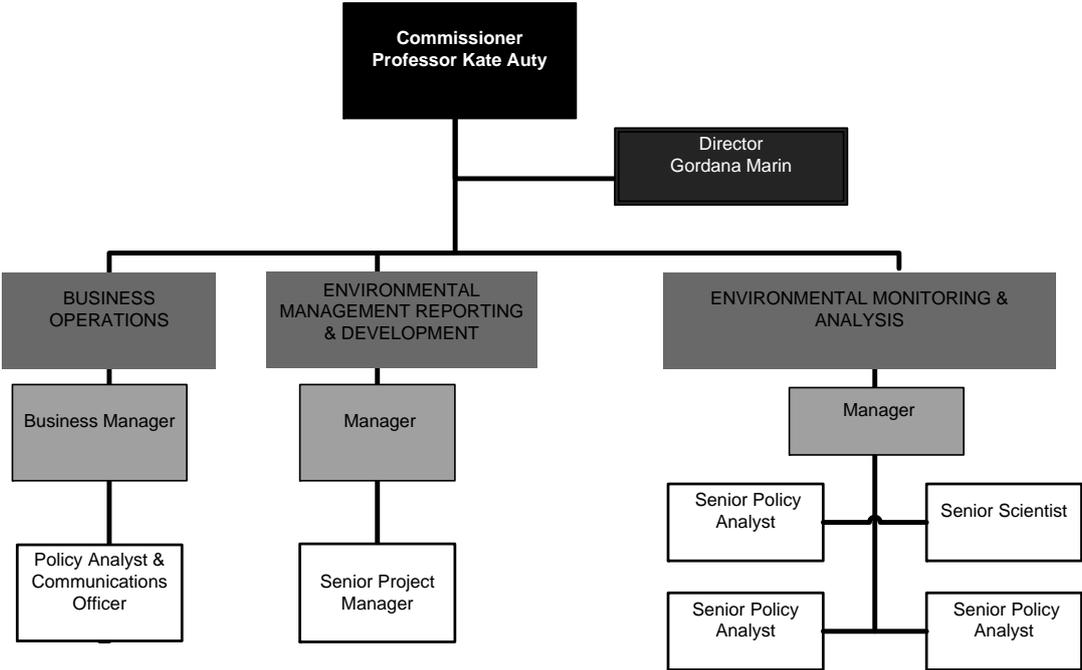
- Associate to the University of Melbourne Sustainability Institute
- National Climate Change Adaptation Research Facility Indigenous Research Panel, as part of the writing and assessment team.

Publications

The Commissioner's publications and reports are available on the Commissioner's website www.ces.vic.gov.au. CfES complied to FRD 30 requirements, meeting all the design and print specifications when producing this annual report to ensure consistency, cost minimisation and low environmental impact.

Organisational structure

Figure 1 - Office of the Commissioner for Environmental Sustainability workplace structure as at June 2012



Corporate governance

Risk and Audit Committee

The Risk and Audit Committee provides independent assurance to the Commissioner that the office is operating effectively and efficiently. The committee is scheduled to meet quarterly. Members are Sarah Barker, Special Counsel MinterEllison Lawyers (Independent Chair), Helga Birgden, Head of Responsible Investment, Asia Pacific, Mercer and Gordana Marin, Director, Office of the Commissioner for Environmental Sustainability.

Subsequent events which will affect operations in future years

There were no events occurring after balance date which may significantly affect CfES operations in the subsequent reporting period.

Risk management

Administrative systems such as financial, information technology, payroll, registry, occupational health and safety, procurement and facilities are provided by Department of Sustainability and Environment (DSE) and the Government's Shared Business Systems.

Independent oversight of the Commissioner's operations include:

- financial control provided through the use of DSE systems and processes
- annual audits by the Victorian Auditor General's Office.

I, Professor Kate Auty certify that the office of the Commissioner for Environmental Sustainability has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures.

I, as the Commissioner for Environmental Sustainability, verify that this assurance and that the risk profile of Office of the Commissioner for Environmental Sustainability has been critically reviewed within the last twelve months.



Professor Kate Auty

PhD, MEnvSc, Dip Int Env Law (UNITAR), BA(Hons)LLB, GAICD
Commissioner for Environmental Sustainability

Statements of legislative requirements

The office adopts best practice disclosure policies and ensures that it discharges its accountability obligations, wherever relevant.

Legislation that the office is compliant with includes:

Freedom of Information

The Freedom of Information Act 1982 (FOI) allows public access to documents held by government entities.

The office is considered to be a “Government Agency” under the Freedom of Information Act 1982 and is required to comply with the procedures that have been prescribed under which members of the public may gain access to documents held by agencies. A decision to release documents is made by an Authorised officer. The Commissioner has determined that its Authorised officer is the DSE’s Freedom of Information Manager, Ms. Deidre Egan, (03) 9637 8575.

An application fee of \$25.10 applies.

The office did not receive any FOI requests in this reporting period.

Information relevant to Financial Reporting Direction 22C of the FMA 1994 is held at the office and is available on request, subject to the Freedom of Information Act 1982.

Statement of availability of other information

Information relevant to Financial Reporting Direction 22C of the FMA 1994 is held at the office and is held at the office and is available on request, subject to the *Freedom of Information Act 1982*.

Whistleblowers Protection Act 2001

The Whistleblowers Protection Act 2001 is designed to protect people who disclose information about serious wrongdoing within the Victorian Public Sector and to provide a framework for the investigation of these matters.

The Protected Disclosure Coordinator for the Department of Sustainability and Environment acts as an agent for the office to receive disclosures under the Whistleblowers Protection Act 2001, and applies departmental procedures in managing disclosures. Disclosures may also be made directly to the Ombudsman. The contact details for the Protected Disclosure Coordinator and Ombudsman are:

Protected Disclosure Coordinator
Department of Sustainability and Environment
PO Box 500, East Melbourne Vic 8002.
Telephone: 9637 8697 Email: Jennifer.Berensen@dse.vic.gov.au
Ombudsman Victoria
Level 9, 459 Collins Street (North Tower)
Melbourne Victoria 3000.
Telephone: 9613 6222 Toll free: 1800 806 314”

No disclosures were made by the office during this reporting period.

Building Act 1993

The office does not own or control its building facilities and consequently is exempt from notifying its compliance with the building and maintenance provisions of the Building Act 1993.

Victorian Industry Participation Policy (VIPP)

The Victorian Industry Participation Policy Act 2003 requires public bodies and departments to report on the implementation of the VIPP. VIPP applies to tenders over \$3M in metropolitan Melbourne and \$1M in regional Victoria. The office did not enter into any contracts to which VIPP applies.

Financial Management Act 1994

The Standing Ministerial Directions (the Directions) are given pursuant to section 8 of the Financial Management Act 1994 (FMA) and regulation 16 of the Financial Management Regulations 2004. They have legislative force and must be complied with. The office is compliant with the Financial Management Act 1994.

Human Rights

The Victorian Charter of Human Rights and Responsibilities is a law under the Public Administration Act 2004, which protects the human rights of all people in Victoria. The charter contains 20 rights that reflect four basic principles – freedom, respect, equality and dignity. The office acts compatibly with the charter and gives proper consideration to human rights when making decisions.

DSE departmental orientation and learning and development course – Working at DSE, incorporates human rights in the training course content. As part of the induction process for DSE, this course is mandatory for all new staff.

Equal employment opportunity

The office is committed to the principles of merit and equity in human resource management. All appointments conducted during the reporting period were based on competitive selection processes. Staff members receive appropriate training and experience to enhance their skills in a number of ways relevant and meaningful to the Commissioner’s activities and responsibilities.

The Commissioner’s staff are employed under the Public Administration Act 2004. This Act specifies a number of employment and conduct principles that must be observed by public sector organisations and their employees.

Employers must ensure

Decisions are based on merit
Employees are treated fairly and reasonably

Equal employment opportunity is provided and
Reasonable avenues of redress against unfair or
unreasonable treatment.

Employees must

Act with impartiality
Display integrity, including avoiding real or apparent
conflicts of interest
Show accountability for actions and
Provide responsive service.

Organisational performance

The outputs of the Office of the Commissioner for Environmental Sustainability are delivered by a staff of eleven people.

- *Environmental:* The office plays a role in reducing direct greenhouse gas emissions, conserving water and other resources and managing the waste generated.
- *Social:* The office also has a responsibility to protect the welfare and encourage the development of its people and to ensure the interactions between the office and the Victorian community are positive ones.
- *Financial:* The office also has an overriding responsibility to account for its financial resources and to ensure that financial management policies and legislation of the Victorian Government are followed.

The organisational performance section provides details of how the office acquitted its responsibilities in these areas over the past year.

Environmental performance

The office integrates environmental sustainability into its decision making processes in line with its own environmental policy.

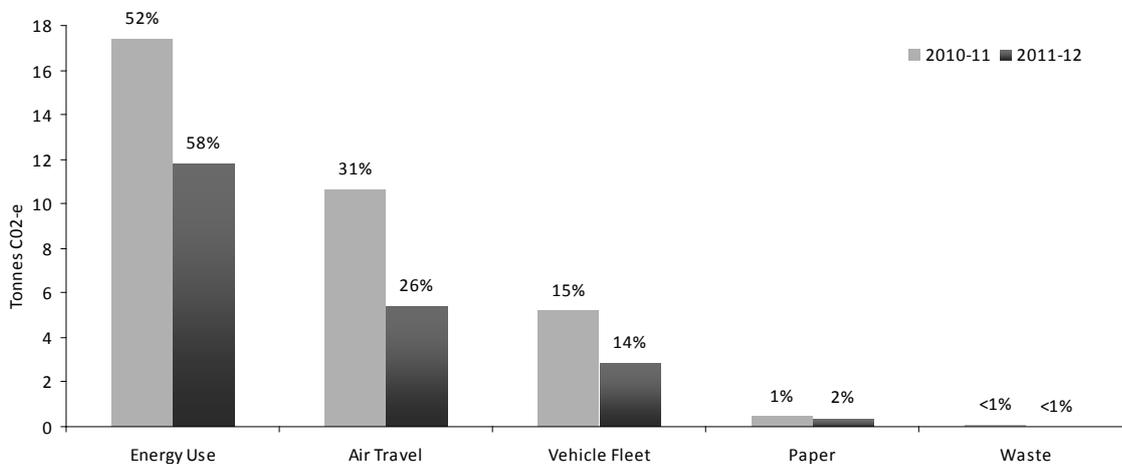
The environmental impacts of the office’s day-to-day operations include resources used and associated greenhouse gas emissions as a tenant in a leased office building for up to eleven staff. As the office is co-located with DSE, it operates within the department’s environmental management systems, which manages office-based activities related to water, energy and paper consumption, waste production, transport and purchasing. Staff also participate in the DSE Eco-office forums.

The office has its own environmental policy and subsequent strategy which addresses issues such as facilities, travel, procurement, paper and the contracts we enter into. The policy was reviewed in 2011-12.

The following environmental performance data is presented in accordance with the Financial Reporting Direction (FRD) 24C: reporting of office-based environmental data by government entities.

The office occupies 224 square metres or 2% of the DSE tenancy at 570 Bourke Street, Melbourne. The office-based environmental performance data for energy and water usage has been sourced through DSE’s Facilities Management Group and extrapolated for staff and the floor space occupied by the office. The office records and surveys have been used for measuring waste produced, vehicle trips, air travel, paper use and staff commuting.

Graph 1 – Office of the Commissioner for Environmental Sustainability carbon footprint



Graph 1 shows the ‘carbon footprint’ of the office for 2011-12 against data shown for the previous financial year including the percentage of CO₂-e emissions per emission source. Over 80% of the emissions relate to the office’s building energy use and air travel.¹ The office purchased offsets for total greenhouse gas emissions.

¹ The greenhouse gas emissions associated with air travel for 2011-12 include a revised Radiative Forcing Index (RFI) of 1.9 and an ‘uplift’ factor of 1.09 (which refers to the additional emissions that come from circling, take-off and indirect routes). The comparative 2010-11 figure has been updated using the same factors as 2011-12 for comparison.

Energy use

The office energy data is measured in megajoules, obtained by a metering device which covers the entire DSE tenancy at 570 Bourke Street, Melbourne. As part of this tenancy the office reduced its greenhouse gas emissions through the purchase of 50% of its energy as GreenPower in 2011-12, (45% in the previous year). Actions to reduce energy use include switching off computers when not in use and the fitting of more energy efficient lighting.

Being waste-wise

The office-based waste is divided into three categories: landfill, compost and co-mingled recycling. The figure reported for 2011-12 is based on an internal waste audit conducted over the course of a week in June 2012. The audit sample indicates that waste generated per full-time equivalent staff reduced by 12% and overall waste being diverted from landfill was 95% (down from 98% the previous year). All staff are aware of the office's waste management systems and making choices that minimise the amount of waste produced.

Our paper use

The office tracks its photocopy, print and fax paper on a monthly basis. Actions to reduce paper consumption include default double-sided printing, including booklet printing, and the use of a single multi function device. All of the office's publications are available on-line but where hard copies are required, recycled stock is used and environmentally friendly printing processes are applied. Paper use has decreased 8.2% from 2010-11.

Water use

As a tenant in the multi tenanted Bourke Street site, whole of building water data usage is extrapolated for the space the office occupies. Water usage has decreased 6.1% from 2010-11. The building owners are undertaking a retrofit of the building toilets.

Transportation choices

The office environmental strategy's travel plan encourages staff to walk or use public transport to travel to meetings. The travel plan also encourages the use of alternatives to travel, such as teleconferencing and Skype. Staff travel to and from work is primarily by public transport, walking and cycling. The office provides secure bicycle parking spaces for staff choosing to ride to work. The Commissioner does not have a vehicle under the Executive Car Scheme. Hybrid vehicles are generally used when available for essential work travel.

The office's environmental performance results for 2011-12 are provided in the Table 1.

Linking sustainability to our purchases

Staff members are required to consider the environmental impacts of their procurement choices. Within the Victorian Government procurement framework the office works closely with its suppliers in its contract specifications to ensure environmental credentials and promotes environmental sustainability objectives.

The office uses the Financial Reporting Direction FRD24C 'Reporting of office-based Environmental Data by Government Entities' to report its environmental performance.

Table 1 – Office of the Commissioner for Environmental Sustainability environmental performance

Indicator	Measure	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Energy							
Electricity consumption-non green power	Megajoules	31,225	45,801	55,405	59,938	76,507	46,837
Electricity consumption-green power	Megajoules	31,225	37,473	45,331	39,959	51,005	20,073
Total energy (electricity consumption) ¹	Megajoules	62,449	83,274	100,736	99,897	127,512	66,910
Electricity purchased as green power	Megajoules	50%	45%	45%	40%	40%	30%
Energy used per FTE (including green power)	Megajoules/FTE	5,478²	7,305	12,592	12,847	9,108	4,779
Energy used per unit of office space (including green power)	Megajoules/m ²	279	372	450	446	569	297
Waste							
Waste to landfill	Kilograms	17	14	5	11	90	n/a ³
Co-mingled recycling	Kilograms	253	530	302	404	1032	657.5
Organic waste to compost	Kilograms	59	49	16	41	n/a	n/a
Total waste produced	Kilograms	329	593	323	456	1122	657.5
Waste produced per FTE	Kilograms/FTE	59⁴	67	63	86	80	66
Recycling rate ⁵	Percentage	95%	98%	98%	98%	92%	82%
Paper							
Total paper used	Reams	90⁶	98	49	152	114	91
Paper used per FTE	Reams/FTE	7.9⁷	8.6	6	19	8	6.5
Percentage 75-100% recycled content copy paper purchased	Percentage	100	82	93	99	91	n/a
Water							
Total water consumption (metered)	Kilolitres	139⁸	148	163	159	192	167
Water used per FTE	Litres/FTE	12,174⁹	12,975	20,337	19,825	13,743	11,980
Water used per unit of office space	Litres/m ²	620	660	726	708	859	n/a
Transport							
Total energy consumption from passenger vehicle use	Mega joules	40,557	55,687	11,494	3,547	752	1,930
Total vehicle trip distance travelled ¹⁰	Kilometres	19,484	20,114	8,869	1,533.5	459	1,280
Associated greenhouse gas emissions per 1,000 kilometres travelled	Tonnes CO ₂ -e/1,000km	0.15	0.20	0.10	0.17	0.11	0.10
Total distance travelled by air	Kilometres	24,774	45,148	4,298	80,660	30,211	31,533
Employee use of public transport, cycling, walking or car pooling to and from work	Percentage of total employees	97%¹¹	97%	88%	89%	93%	93%
Greenhouse gas emissions							
Total greenhouse gas emissions associated with energy use	Tonnes CO ₂ -e	11.8	17.43	20.78	21.81	27.84	24.65
Total greenhouse gas emissions from vehicle travel	Tonnes CO ₂ -e	2.88¹²	5.18	0.96	0.26	0.05	0.13
Total greenhouse gas emissions from air travel	Tonnes CO ₂ -e	5.41¹³	10.59 ¹⁴	1.5	23.95	9.88	n/a
Total greenhouse gas emissions associated with waste to landfill	Tonnes CO ₂ -e	0.03	0.04	0.01	0.2	0.10	n/a
Total greenhouse gas emissions associated with paper use	Tonnes CO ₂ -e	0.34	0.46	0.3	2.7	0.543	n/a
Greenhouse gas emissions offsets purchased	Tonnes CO ₂ -e	20.5¹⁵	49.29	23.5	50.6	39.96	29.9

Notes for Table 1:

1. Tenancy power and lighting data provided by Department of Sustainability and Environment extrapolated for the space the office occupies at 570 Bourke Street, Melbourne (note: 2006-07 data relates to the office's tenancy at 8 Nicholson St)
2. Based on 11.4 full time equivalent (FTE) staff
3. n/a indicates not available

4. Based on an average of 5.6 staff for the duration of a one week office waste audit conducted in June 2012.
5. Recycling rate (waste diverted from landfill) includes paper and newspapers, co-mingled waste, and compost expressed as a percentage of total waste
6. Total 'A4 equivalent' reams of copy paper purchased
7. Based on 11.4 full time equivalent (FTE) staff
8. Water data provided by Department of Sustainability and Environment. Figure relates to whole of building water use for 570 Bourke Street extrapolated for the space the office occupies.
9. Based on 11.4 full time equivalent (FTE) staff
10. Kilometres travelled includes estimated taxi travel.
11. Sourced through two one-week staff travel surveys conducted in May and June 2012
12. Greenhouse gas emissions include both fleet hire and taxis
13. Air travel greenhouse gas emissions for 2011-12 apply a Radiative Forcing Index (RFI) of 1.9 and 'uplift' factor of 1.09. Source: Department of Sustainability and Environment's environmental reporting guidance (based on EPA Victoria's Greenhouse Inventory Management Plan: 2010-11 Update, February 2012 and the United Kingdom's Department of Environment Food and Rural Affairs direct and indirect emissions factors for short, medium and long-haul flights, 2011).
14. RFI of 1.9 and 'uplift' factor of 1.09 retrospectively applied to 2010-11 (a conservative RFI of 5 was previously reported based on the emerging science at the time)
15. Greenhouse gas emission offsets purchased through Climate Friendly Pty Ltd

Social performance

The office is committed to ensuring that business decisions are linked to ethical values, respect for staff, as well as meeting its legal requirements.

In this section:

- *Working conditions*
- *Occupational health and safety*
- *Workforce analysis*
- *Equal opportunity and diversity*
- *Learning and development*
- *Performance management*
- *Industrial relations*

Working conditions

The office complies to the Code of Conduct for Victorian Public Service, departmental policies and procedures as well as providing a range of services to support staff and to maintain the office so that it is a fair and safe place to work.

Occupational health and safety

CfES 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. CfES demonstrates its commitment to occupational health and safety (OH&S) through its OH&S Policy and associated safe system of work which aligns with DSE OH&S policy. The OH&S policy is outlined in the CfES Administration and Procedures manual which is included in staff induction material.

CfES staff have access to a range of programs provided by the DSE. These services include training and development programs, occupational health and safety courses, counselling services through the Employee Assistance Program and well-being 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. CfES has also nominated a dedicated First Aid Officer and a Fire Warden.

CfES OH&S indicators for the year were to have no workcover claims and office assessments to be done annually. No workcover claims were made in the 2011-12 reporting period and office assessments were completed quarterly by the OH&S floor representatives.

Workforce analysis

During 2011-12, the office had eleven staff.

Table 2 - Workforce data as at 30 June 2012

Workforce data		Ongoing employees		Fixed term employees	Total
		Full time	Part time		
June 2012	Male	1	1	4	6
	Female	4	0	1	5

Note : The data in the table above is derived using Financial Reporting Directive 29 relating to workforce data.

Table 3 – Workforce data breakdown overtime

Workforce data overtime FTE	2011-12	2010-2011	2009-10	2008-09	2007-08
Executive Officers (Commissioner)	1	1	1	1	1
Director	1	1	0	1	1
Executive Support	0	1	3	1	1
Program and operational staff	9	9	4	5	11
Male	6	5	2	2	6
Female	5	7	6	6	8
Total	11	12	8	8	14

The increase in staff numbers from the 2009-2010 reporting period to 2011-2012 reporting period is due to the commencement of staff who are supporting the Commissioner in the production of the SoE Report which is to be delivered in 2013.

Equal opportunity

The office is committed to the principles of merit and equity in human resource management. All appointments during the reporting period were based on competitive selection processes including seconding staff from DSE. The Commissioner's staff are employed under the Public Administration Act 2004. This Act specifies a number of employment and conduct principles that must be observed by public sector organisations and their employees.

CfES is committed to:

- implementing relevant DSE policies to prohibit workplace discrimination and harassment
- ensuring that all staff are properly trained about workplace discrimination and harassment
- implementing DSE effective complaint procedures
- treating all complaints seriously and investigating them promptly
- ensuring that appropriate action is taken to address and resolve complaints
- monitoring the workplace environment and culture
- ensuring any complaint is managed within the equal opportunity commission and DSE guidelines.

Diversity

The office recognises the DSE's Diversity (Inclusion) Action Plan 2009-2012, which aims to reduce inequality and disadvantage, share prosperity and build stronger more inclusive communities, with opportunities for all. To action these responsibilities, the CfES undertook the following:

- support for regional communities during regional visits
- support for seniors through the Council on the Ageing Victoria Green Sages program
- support for Indigenous communities through attending and speaking at various engagements
- attendance at events supporting women in the environment as part of the Rural Women leading Change tour throughout regional Victoria and
- mentoring and hosting student work experience placements (both secondary and tertiary students).

Learning and development

Staff members receive appropriate training and experience to enhance their skills in a number of ways relevant and meaningful to the Commissioner's activities and responsibilities. A range of training and development programs were undertaken by staff in 2011-12. Training opportunities ranged from policy development and implementation courses to information technology training courses.

Performance management

Office staff participated in DSE's performance management and progression system. The performance management system aims to align CfES objectives with employee performance, building and enhancing capability through the planning, management and reward of employee performance.

Industrial relations

The office staff are employed under the Victorian Public Service Agreement 2004. The office adheres to DSE human resources policies and is consistent with the industrial relations requirements and obligations and ensures that they are applied to all staff in a fair and equitable manner. In this reporting period there was no time lost due to accidents or industrial disputes.

Financial performance

This section outlines the nature of the office's operations and its principal financial activities.

In this section:

- *Statements of financial management requirements*
- *Five year financial summary*

Statements of financial management requirements

The office's administration in areas of financial management and account management, industrial relations, human resources and administrative procedures are provided by DSE. The office is supported by DSE to provide business systems and administrative support which includes the office's accommodation, information technology services, financial and human resources support.

The Commissioner has adopted the DSE financial systems, controls, procedures and policies, including:

Details of consultancies \$10 000 to \$100 000

In 2011-12, CfES did not engage any individual consultancies where the total fees payable to the consultants were between \$10 000 and \$100 000.

Details of consultancies less than \$10 000

In 2011-12, CfES did not engage any individual consultancy where the total fees payable to the consultants were less than \$10 000.

Major contracts

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

National Competition Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience simply as a result of government ownership should be neutralised. The office continues to implement and apply this principle in its business undertakings.

Overseas travel

No overseas travel occurred during the reporting period.

Declaration of private interests

Declaration of Private Interest statements have been completed by all relevant staff.

Five year financial summary

Table 4 - Five year financial breakdown

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Government contributions	1,844,989	1,875,006	1,564,324	1,545,652	1,485,380
<i>Total revenue</i>	1,844,989	1,875,006	1,564,324	1,545,652	1,485,380
Corporate, Administration & Projects	1,150,862	1,029,314	1,035,156	328,990	532,777
State of the Environment Report	760,885	490,772	242,742	1,075,860	838,298
Strategic Environmental Management Systems Audit Report	294,194	354,920	286,426	140,802	120,067
<i>Total expenditure</i>	2,205,941	1,875,006	1,564,324	1,545,652	1,491,142
Non-current assets	0	0	0	0	0
Current assets	36,565	430,403	525,812	244,622	292,767
<i>Total assets</i>	36,565	437,267	525,812	244,622	292,767
Non-current liabilities	20,914	58,278	51,657	12,495	19,237
Current liabilities	376,929	379,315	474,481	232,453	273,856
<i>Total liabilities</i>	397,843	437,593	526,138	244,948	293,093

The full 2011-12 financial report is on page 39.

Output performance

This section is structured around the key activities of the office and the statutory requirements of the Commissioner.

- *State of the Environment Reporting*
- *Environmental management systems audit*
- *Enhancing understanding of environmentally sustainable development*
 - *Influencing sustainable outcomes through engagement and capacity building*
 - *Online engagement activity*

State of the environment reporting

State of the Environment reporting is a process for describing, analysing and communicating information about environmental conditions and trends. Internationally, State of the Environment reporting began with the emergence of national environmental policies and regulatory regimes, the first reports being produced by Japan in 1969 and the United States in 1970.

Since the Earth Summit in Rio de Janeiro in 1992, which called for improved environmental information to help countries make environmentally informed decisions, State of the Environment reporting has become increasingly useful. Many countries produce at least one report and a number of countries are producing reports on a regular basis.

At a national level the most recent report for Australia was released in 2012. In Victoria the most recent report was published in 2008 and next is scheduled for release late in 2013.

A reporting framework

In Victoria, the *Commissioner for Environmental Sustainability Act 2003* specifies that the Commissioner must prepare a framework to guide the preparation of the State of the Environment report. To develop the current framework for State of the Environment reporting an extensive process of interdisciplinary consultation was undertaken. It included discussions with community members from across the state and consultation with experts in a range of sectors, including academia, business, public policy, environmental management, economics and science communication.

On 7 October 2010, the framework ***Science, Policy and People: State of the Environment Reporting 2013***, was tabled in the Victorian Parliament. The framework guides the preparation of Victoria's next State of the Environment report.

Key aspects of the framework are:

- A broader audience - the aim of SoE reporting in Victoria is to inform & empower the Victorian community and assess & influence government.
- A new model of inquiry - a integrated reporting model has been adopted to deal with the limitations of linear reporting.
- Timely reporting - three foundation papers will be prepared and released (Climate Change, Biodiversity and Land - Water and the environment) which will inform the final SoE.
- Integrating different knowledge - knowledge from the social science disciplines will inform the foundation papers and final report, in addition to traditional bio-physical scientific/quantitative data.
- Broad consultation - significant input from the community will be sought as well as data holders across government and portfolio partners.
- Strategic proposals - a select number of strategic proposals will be offered to government as compared to a 'list' of detailed recommendations.

Engagement

Intensives are workshops that provide an opportunity for experts to provide input into the SoE reporting process. The membership base includes a mix of experts from academia, business, non government organisations, state and local government and community groups.

Building on the first intensive on indicator selection held in March 2011, a second intensive, ***Sustainability Re-imagined: Managing Victoria's Climate Change Risk*** policy intensive was convened on 10 November 2011. This second intensive assisted the Commissioner and the SoE reporting team in the identification of innovative policy and management responses to the risks that will be discussed in the reporting process.

The day long intensive also contributed to the ongoing effort of Commissioner to engage and consult with government, industry, academia and the broader community to ensure that a rigorous and comprehensive SoE report 2013 is produced. This engagement will continue throughout the drafting and review of the foundation papers and the State of the Environment report. The intensive gave attendees the opportunity to complement the research conducted by the reporting team with real-world examples of how the government agencies, scientific communities, businesses and individuals are addressing the impacts of a changing climate.

The proceedings began with a keynote address by Tim Piper, Director Victoria of the Australian Industry Group followed by a plenary panel and discussion on climate change risk. Panellists include; Dr Jan Wright, Parliamentary Commissioner for the Environment New Zealand, Meg McDonald, CEO, Low Carbon Australia, Mike Waller, Chair, 2011 Living Victoria Ministerial Advisory Council and Richard Bolt, Secretary, Department of Education and Early Childhood Development Victoria.

The afternoon session was preceded by addresses from Professor David Griggs and Professor Roger Jones after which small group discussions on responses to climate change risk areas took place, followed by a convergence session to share findings. Proceedings were chaired by Dr Graham Mitchell, Chief Scientist of the Department of Sustainability and Environment and the Department of Primary Industries.

Expert guidance

To ensure the SoE report and foundation papers contain the highest quality information possible, ongoing consultations with relevant stakeholders, experts and key data providers will also be essential.

There are three branches to the formal consultation to support the foundation papers and SoE report's development.

1. Data liaisons from all key data providers to assist with data acquisition have been identified and have been working with the office since early 2011.
2. Expert Reference Groups (ERGs) to enable the office to build on the policy intensives of 2011 and provide a strong strategic foundation for the focus and scope of the SoE report were established.
3. An Interdepartmental Project Officer Group (IPOG) to provide formal information exchange at an officer level between State Government departments and the office was established.

Data liaisons

Over 30 organisations have been formally advised of the data collection process and have nominated liaison officers. The indicators selected through the intensive process will be analysed based on data acquired from these partner organisations.

Expert Reference Groups

The second process of engagement is through Expert Reference Groups (ERG), this expert guidance is to assist the SoE team with development of the reporting products. The office has already fostered a number of relationships with key academics and policy experts. However, there is also a formal arrangement for consultation on draft documents and expert input through the ERGs.

The ten ERGs will focus specifically on issues related to:

- Marine and Coasts
- Land Use
- Energy
- Atmosphere
- Water Resources
- Biodiversity
- Natural Hazards
- Urban Planning and Design
- Consumption and Waste
- Transport.

It is envisaged that the ERGs will meet three times and will assist in ensuring the quality, accuracy and relevance of the SoE reporting products. The first meetings occurred in April 2012.

Interdepartmental Project Officer Group (IPOG)

The IPOG was convened in June 2012 and consists of representatives from every Victorian Government department. The IPOG will provide formal information exchange at an officer level between State Government departments and the office.

Community engagement

Additionally, community engagement is a key strategy in the development of the reporting products and will be an ongoing commitment of our office. In April 2012, the Commissioner released the *Many Publics: Participation, Inventiveness and Change* report, it documents the views of regional Victorians and will contribute to the SoE reporting process. The report celebrates the 'environmental citizenship' of regional Victorians.

Environment management systems audit

The role of the Commissioner's strategic audit function is to provide a high-level, independent assessment each year of the Victorian Government's departments and agencies performance in reducing environmental impacts and increasing the resource efficiency of its operations through its environmental management programs.

The Environmental Management Systems Strategic Audit considers trends in environmental management, including international best practice. It also provides detailed information about how well the departments and agencies are taking up more sustainable, resource efficient practices.

An environmental management system (EMS) is defined in the Act as:

The organisational structure, policies, practices, processes and procedures for implementing environmental management, including systems for designating responsibility for and allocating resources to, environmental management.

The strategic audit reports are tabled by the Minister for Environment and Climate Change and published by the Commissioner as part of an open and transparent process, and to encourage departments and agencies to make environmental sustainability and resource efficiency a fundamental consideration in every aspect of their operations.

Since 2003, all Victorian Government departments, as well as the Environment Protection Authority and Sustainability Victoria, have been required to implement environmental management systems to reduce the environmental impact of their office-based activities. Environmental performance data is reported by these departments and agencies in annual reports, as required by the Department of Treasury and Finance's Financial Reporting Direction 24C.

EMS are reviewed annually by the Commissioner to provide a strategic analysis and public report of the way in which Victorian Government departments and agencies are addressing their resource use and other environmental issues.

Methodology and consultation

The audit sought to implement best practice review by means of both qualitative and quantitative analytical excellence. This year's audit, as in previous years, is evidence-based, using information obtained from departments and agencies annual reports and questionnaires sent to them by the Commissioner.

Stakeholder consultation and independent research were also undertaken to assist in the evaluation and the analysis of trends. Comments were sought from those whose workplaces were being evaluated.

Audit tabling and workshop launch

On 27 March 2012 the strategic audit report ***Sustainability - designed to be signed, sealed and delivered*** was tabled in the Victorian Parliament by The Honourable Ryan Smith MP, Minister for Environment and Climate Change.

Over 60 participants joined the Commissioner at the Victorian Government Investment Centre to discuss the potential of contracts to ensure good financial and environmental outcomes. The audit

report was prefaced with a comment from the Victorian State Architect, Geoffrey London and launched with speeches from Mr London and Supreme Court Justice Simon Whelan. Melbourne Health and the Department of Transport also spoke about their respective environmental management achievements and the use of contracts. Case studies this year involved Melbourne Health, the Department of Treasury and Finance, and the work of the Victoria Police.

In the audit report, the Commissioner examined how contracts and contracting processes can leverage environmental outcomes. This is an important question given the value of public sector expenditure on supplies and services and other operating expenses is around \$22 billion annually. This equates to an estimated 7% of the Gross State Product.

The audit report also includes the annual examination of environmental performance data in relation to Victorian Government departments, the Environment Protection Authority and Sustainability Victoria. Compared to the 2011 report, results largely show continued progress across government with a 3.3% decrease in total greenhouse gas emissions.

The Commissioner's three key messages of the audit are:

1. Contracts are powerful mechanisms which should be used by the Victorian Government's departments and agencies to design outcomes which improve resource efficiency and support environmental sustainability.
2. The Victorian Government should use its market power to foster innovation that leads to resource efficiency and environmental sustainability.
3. Heads of departments and agencies need to increase their personal commitment to environmental sustainability and ensure their executive teams are accountable for sustainability outcomes across all operations.

Enhancing understanding of environmentally sustainable development

In fulfilling the Commissioner’s statutory responsibilities the office has worked actively to broaden its connections and relationships with a diverse range of stakeholder groups across Victoria as well as nationally, with the intent to support the enhancement of people’s understanding of ecologically sustainable development and decision-making through engagement and capacity building.

Community inclusiveness

The Commissioner is committed to policies, programs and strategies aimed at delivering culturally appropriate services to all Victorians. During the reporting period, the Commissioner spoke at a variety of public seminars and forums.

Stakeholder engagement

In 2011-12, the Commissioner spent significant time visiting and talking to all levels of government, business and with regional and suburban communities across Victoria in order to:

- promote awareness of sustainability issues
- create dialogue between the Commissioner’s office and the community
- promote and support local sustainability activities
- acquire data, both qualitative and quantitative, for use in the major State of the Environment of Victoria reports.

In 2011-12 as part of the regional tours from the previous year, the Commissioner engaged further with Victorian communities in conversations and actions about environmental sustainability and climate change. These findings were collated into a report titled **Many Publics: Participation, Inventiveness & Change** which was distributed to key contributors and can be accessed on the CfES website.

In 2011-12 the office responded to many requests to participate on panels at conferences, provide keynote addresses, deliver lectures to graduate and undergraduate students, join in community and academic round tables, launch environmentally sustainable enterprises and contribute to leadership discussions. The highlights from 2011-12 are listed in Table 5.

Table 5 - Office of the Commissioner for Environmental Sustainability engagement highlights

2011-2012	Engagement
July	Commissioner chaired discussion at the RMIT/United National (UN) Gobar Cities Research Institute organised by the UN Cultural Development Network, Maryborough
	Commissioner attended 1000 covenants - Trust for Nature event, Glenrowan
	Commissioner presented keynote at Gippsland Coastal and Marine Forum, Paynesville
	Commissioner launched Melbourne Health - Think Green Environmental Sustainability Strategy 2011-2015
	Commissioner panel member at Melbourne Conversations: Greening a changing city: Sustainable spaces and places, health and wellbeing
	Commissioner attended Sustainability Victoria Review consultation forum

2011-2012	Engagement
August	Commissioner panel member of IPAA Executive Conversation, Changing environments, Changing cultures
	Commissioner presented keynote at IPAA Sustainability Seminar - Inducing Workplace Change
	Commissioner presented at Victorian Local Sustainability Accord Advisory Committee
	Commissioner presented at AIS subject at Melbourne University - Critical Debates in Indigenous Studies
	Commissioner attended Sustainable Business Network Breakfast
	Commissioner presented at Loddon Murray Community Leadership Program Gathering
	Commissioner presented at Melbourne Water Strategic Debate
	Commissioner presented at launch of Gippsland Integrated Natural Resources (GINRF) Forum, Heyfield
	Commissioner attended Orbost Vic Forests Tour, Orbost
	Commissioner attended 7th Australia - New Zealand Climate Change and Business Conference, Wellington
	Commissioner toured with Urban Landcare site, under the Westgate Bridge
	Commissioner chaired meeting with Mayor of Central Goldfields Shire
	Office represented at Sustaining the Natural Resource Base for Agriculture forum (Department of Primary Industries)
	Office represented at Sustainability Victoria roundtable on Sustainability in the Arts
September	Commissioner presented at Whittlesea Environment Conference, Epping
	Commissioner attended Regent Honeyeater Tree planting event, Benalla
	Commissioner presented at Wyndham Business breakfast, Werribee
	Commissioner presented at South Eastern Councils Climate Change Alliance Leaders breakfast, Sandhurst
	Commissioner presented keynote at Project Platypus Annual General Meeting, Stawell
	Commissioner toured Fire and Flood recovery in the Grampians National Park, Halls Gap
	Commissioner toured Project Platypus Landcare works, Stawell
	Commissioner chaired meeting with CEO and Chairperson of Wimmera Catchment Management Authority, Horsham
	Commissioner met with Wimmera River Improvement Committee, Horsham
	Commissioner chaired meeting with Vic No Till & Sustainable Soils groups, Coromby
	Commissioner met with Free Air Carbon Enrichment (FACE) Project, Horsham
	Commissioner chaired Opening the Green Door Community Forum, Horsham
	Commissioner attended Sustainable Small Business Site Tour Horsham House Bed and Breakfast, Horsham
	Commissioner attended West Wimmera Wetlands tour, Clear Lake
	Commissioner chaired meeting with Kaniva Secondary School, Kaniva
	Commissioner hosted Regional Leaders dinner, Little Desert
	Commissioner attended Little Desert Spotlight Tour, Little Desert
	Commissioner visited Dimboola Rowing Club, Dimboola
	Commissioner chaired meeting with Barengi Gadjin Land Council, Horsham
	Commissioner chaired meeting with DSE Indigenous employment project team
	Commissioner chaired meeting with Grampians Wimmera Mallee (GWM) Water Offices, Lubeck
	Office represented at Art and Climate Science (RMIT) symposium
	Office represented at Ecosystem Services workshop, National Climate Change Adaptation Research Facility (NCCARF) Canberra
	October
Commissioner presented at Arthur Rylah Institute Event - Communicating Science, Heidelberg	
Commissioner presented at Environmental Film Festival Opening Night	
Commissioner presented keynote at QuikPour Opening, Laverton North	
Commissioner presented at Creating Healthy Sustainable Societies forum	
Commissioner presented at Symposium - What does a humane and effective justice system look like?	
Commissioner presented keynote speech at Sale Uniting Care Green Staff Day, Sale	
Commissioner presented at launch of Victorian Coastal Council report on Emerging Scientific Issues for Victoria's Coast, Melbourne	
Commissioner presented keynote speech at Business Network Alliance Forum launch, Warragul	
Office represented at Charles Darwin: The Concise Story of an Extraordinary Man, Arthur Rylah Institute for Environmental Research	
Office represented at the Indigo Sustainability Awards - Indigo Shire Council, Rutherglen	

2011-2012	Engagement
November	Commissioner attended Baker & McKenzie breakfast with Climate Change Capital
	Commissioner presented at United Nations Forum Earth Summit Series - Social change
	Commissioner attended Environment Defenders Office 20th Anniversary event
	Commissioner presented at Yorta Yorta Project Meeting
	Commissioner presented at AiGroup Business lunch
	Commissioner attended The University of Melbourne Office for Environmental Programs Community and Industry Advisory Board meeting
	Commissioner presented at Landcare Celebrates 25 years event
	Commissioner presented keynote at Western Port Biosphere Annual General Meeting, Hastings
	Commissioner presented keynote at Resource Smart School Awards
	Commissioner presented at Executive Assistant Network Annual Melbourne Congress
	Commissioner presented at Representing Justice: Architectural space, place and presence opening
	Commissioner presented keynote at Box Hill Institute Leadership Forum
	Commissioner attended Australian Urban Research Infrastructure Network (AURIN) Management Board Meeting at The University of Melbourne
	Commissioner attended Danish Solutions for Smart Cities
	Commissioner hosted <i>Sustainability Re-imagined: Managing Victoria's Climate Change Risk</i> policy intensive
	Commissioner hosted meeting with Catchment Management Association and NSW Natural Resource Commission
	Commissioner met with Wimmera Development Association, Horsham
	Commissioner met with CEO of Barengi Gadji Land Council, Horsham
	Commissioner toured the Yarra river with Yarra Riverkeeper, Burnely
	Commissioner met with Nhill Community Garden Committee, Nhill
	Office represented at Knowledge Management Expert Panel hosted by the Victorian Catchment Management Council
December	Commissioner presented a lecture at La Trobe Law, Bulleen
	Commissioner met with Kaniva College during delivery of recycled goods to Green Rotary, West Footscray
	Commissioner presented at UN Global Compact Cities Program Advisory Council meeting and Website Launch
	Commissioner presented at Council of the Ageing - Green Sages Legacy Statement Launch, Collingwood
	Commissioner presented keynote at Shepparton Environmental Film Festival, Shepparton
	Commissioner presented keynote at Goulburn Broken Greenhouse Alliance Display Launch, Shepparton
	Office represented at Victorian Centre for Climate Change Adaptation Research (VCCCAR) project review group
	Office hosted the Australian Joint Agency Scanning Network (AJASN)
	Office represented at the SoE Inter-jurisdictional Reporting Forum - Adelaide (SEWPac)
January	Commissioner gives Koorie Courts Lecture at La Trobe University, Shepparton
February	Commissioner participated in Cultural Heritage Council on Climate Change forum
	Commissioner launched Climate Works Art exhibition (Deakin Uni/Metro Gallery)
	Commissioner presented at borrell-a-kandelop 10th Anniversary (Greening Australia) event, Lake Corangamite
	Commissioner participated in Challenge Bird Count, Lake Ratzcaslte
	Commissioner presented keynote at GoTafe Building Lectures - Seymour Alternative Farming Expo, Seymour
	Commissioner launched 2012 Lodden Murray Community Leadership Program, Kerang
	Commissioner participated in session for Mentoring Wimmera Women, Nhill
	Commissioner chaired meeting with members of Demo Dairy, Warrnambool
	Commissioner met with Portland Sustainability Group Annual General Meeting, Portland
	Office represented at La Trobe University, Advancing Sustainability in Education & Research Conference
	Office represented at Victoria University Gateway Breakfast
	Office represented at Science Panel Presentations Victorian Coastal Council
	Office represented at Science Meets Policy makers (S&TA)

2011-2012	Engagement
March	<p>Commissioner presents as guest lecturer: Master of Environment subject Sustainability Policy and management class, Melbourne University</p> <p>Commissioner participates in Indigenous Carbon Farming Initiative Information Session, Carbon Market Institute</p> <p>Commissioner attended La Trobe External Sustainability Advisory Board meeting</p> <p>Commissioner presented keynote at Land for Wildlife 30 Years Celebration & Forum, Lancefield</p> <p>Commissioner attended launch of report by MSSI: Post Carbon Pathways: A Critical Overview of Post Carbon Economy Transition Plans</p> <p>Commissioner presented keynote at Women on Farms Gathering, Buchan</p> <p>Commissioner presented at Victorian Association for Environmental Education (VAEE) Environmental and Sustainability 2011 Educator of the Year Award at Toolbox</p> <p>Commissioner presented at Gippsland Climate Change Network Leadership for a Sustainable Gippsland, Stratford</p> <p>Commissioner guest at CEDA 2012 Copland Lecture, delivered by Professor Ottmar Edenhope</p> <p>Commissioner attended Friends of Rumbalara Meeting</p> <p>Commissioner toured Bentleigh Secondary College with Premier's Sustainability Award Winner</p> <p>Commissioner presented keynote at Urban Development Institute of Australia (Vic) 2nd Anniversary</p> <p>Commissioner attended the official launch of the updated temperature dataset, the Australian Climate Observations Reference Network</p> <p>Commissioner presented keynote at Strathbogie Shire Environment Forum - "Celebrating Our Environment"</p> <p>Commissioner hosted table at IPAA International Women's Day Dinner</p> <p>Commissioner launched Strategic Audit, Environmental management systems in the Victorian Government</p> <p>Commissioner presented at "Celebrating Our Environment", Local Stories, Local Successes (Challenges) forum, Violet Town</p>
April	<p>Commissioner chaired meeting with Food Alliance from Deakin University</p> <p>Commissioner met with Deakin University re natural and cultural environment interpretation and climate change</p> <p>Commissioner met with Port Phillip and Western Port Catchment Management Authority Board</p> <p>Commissioner participated in Yorta Yorta Research Project Community Forum, Shepparton</p> <p>Office presented at the Port Phillip and Western Port Catchment Management Authority Annual General Meeting</p>
May	<p>Commissioner attended Reporting and Accounting Requirements for the Australian Carbon Market - A Guide for Business</p> <p>Commissioner toured with Growth Areas Authority</p> <p>Commissioner presented at Wodonga Women in Law Breakfast, Wodonga</p> <p>Commissioner attended Completing the Picture - Environmental Accounting in Practice Conference</p> <p>Commissioner attended Alternative Technology Association "Thank you" event</p> <p>Commissioner toured of Sunraysia TAFE 9 star Eco-demonstration House, Swan Hill</p> <p>Commissioner presented keynote at Country Women's Association Annual General Meeting, Swan Hill</p> <p>Commissioner met with Community Services students at Sunraysia Tafe, Swan Hill</p> <p>Commissioner met with Wangaratta Sustainability Group, Wangaratta</p> <p>Commissioner addressed Alevi Community Council of Australia</p> <p>Office representative attended United Nations Association of Australia event, Australia at Rio +20</p>
June	<p>Commissioner presented keynote at Talking My Language, Environment and Diversity Conference, Darebin City Council</p> <p>Commissioner presented at 2nd Annual National Stakeholder and Community Relations Officers' Forum</p> <p>Commissioner attended Friends of Rumbalara meeting</p> <p>Commissioner attended book launch Vision for a Sustainable Society Book, MSSI The University of Melbourne</p> <p>Commissioner attended Sea Lake Charrette Victorian Centre for Climate Change Adaptation Research project</p> <p>Commissioner chaired meeting with Councillor from City of Wangaratta and Wangaratta Sustainability Network</p> <p>Commissioner participated in tour of the Western Grassland Reserves, Werribee</p> <p>Commissioner presented at Victorian Centre for Climate Change Adaptation Research Conference workshops</p> <p>Commissioner presented at event acknowledging Professor Frank Fisher's work</p> <p>Commissioner chaired and presented at workshops and plenaries at the National Climate Change Adaptation Research Facility Adaptation Conference</p> <p>Office hosted and Commissioner delivered annual Sustainability Oration, <i>Fiscal Sustainability - Be Green, Stay Black</i></p>

Capacity building

To ensure the Commissioner's work clearly reflects the broad spectrum of people involved in environmental issues, the Commissioner and her office work to develop and foster relationships across cultures, generations and geographical boundaries. These include:

Indigenous community

The Commissioner is committed to policies, programs and strategies aimed at delivering culturally appropriate services to all Victorians. To progress this, the Commissioner has participated in a number of Indigenous community events along with being actively involved in research with Monash Sustainability Institute and the Yorta Yorta Nation as well as engagements with the Rumbalara Community Club, Barengi Gadjin Land Council, Victorian Aboriginal Legal Service and Indigenous architecture individuals and groups.

Older Victorians

Population studies show that older Victorians are an increasingly significant demographic group. Older people play a major role in knowledge transfer and volunteer their time across sectors. The office has worked collaboratively with the Council on the Ageing Victoria (COTA) through support of the development of the COTA program, Green Sages.

Young people

To involve young people in discussion on environmental sustainability, the Commissioner and her office worked in partnership with young individuals and organisations across the state. These included connections with the Office of Youth discussing future information exchange and discussions with young Victorians about environmental issues during the regional tours in 2011.

The office also hosted a number of student placements from tertiary education institutions throughout 2011-12.

Online engagement activity

In line with the *Act (s.19, 21)*, the Commissioner is required to make reports and information available publicly and does so via web site and Facebook pages.

In the 2011-12 reporting period the office:

- Migrated into the new CfES website content management system, Matrix in late 2011.
- CfES website was rebranded and content updated as required to ensure all public reports and information could be effectively accessed.
- To support the extensive stakeholder engagement, a socially, culturally and sectorally complex program, CfES drafted an Online Communications Strategy which outlines a number of different requirements to develop and maintain its online presence and provide for interactive dialogue between organisations, communities, and individuals, including the focus on the use of online communications tools is with the aim to increase the Commissioner's engagement with the public and others, and aid the office's capacity to comply with its statutory obligations, to provide rigorous and up to date scientific information, and reflect activities already occurring in the community.
- As identified in the CfES Online Communications Strategy, CfES expanded its online marketing mix to include:
 - *Commissioner's Blog (through Tumbler <http://cesvic.tumblr.com/>)*
 - *Commissioner for Environmental Sustainability Facebook page (www.facebook.com/pages/Office-of-the-Commissioner-for-Environmental-Sustainability-Victoria/191442837552506)*
 - *development of YouTube videos where appropriate on the CfES Victoria YouTube channel www.youtube.com/user/CfESVictoria.*

Output summary

A snapshot of the office's output achievements during 2011-12.

Table 6 provides progress status updates against the key deliverables identified in the CfES Business Plan for 2011-12.

There were no major changes or factors affecting the performance of the office during 2011-12.

Table 6 – CfES Performance against key deliverables- aligned with business plan

Priorities	Key deliverables	Performance/status
State of the Environment Report (SoE)	Publish first SoE Foundation Paper.	<ul style="list-style-type: none"> Climate Change Foundation Paper initial drafting complete; final drafting being undertaken for release in first half of 2012-13.
	Maintain project plan documentation for SoE.	<ul style="list-style-type: none"> Project plan documentation for SoE delivered.
	Commence research and data collection for second SoE Foundation Paper.	<ul style="list-style-type: none"> SoE scoping complete and drafting commenced - following clear project plan and strategy.
	Establish technical reference groups.	<ul style="list-style-type: none"> Commenced in relation to Biodiversity and Land Foundation Paper.
	Continue local government and SoE reporting discussion.	<ul style="list-style-type: none"> Expert Reference Groups have been established, as has the Interdepartmental Project officer Group and data acquisition contacts in each relevant organisation have been organised.
		<ul style="list-style-type: none"> Local government continues to have strong representation in formal and informal engagement processes, the Choices, Choices (Apr 2011) report continues to inform this relationship and is a valuable communication resource.
Environmental Management System strategic audit program	Conduct the strategic audit and submit report to the Minister (January 2012).	<ul style="list-style-type: none"> The strategic audit report was completed and submitted to the Minister for Environment and Climate Change on 31 Jan 2012 in accordance with the legislative requirement. The Minister tabled the report in the Victorian Parliament on 27 March 2012 in accordance with the legislative requirement.

Priorities	Key deliverables	Performance/status
Communications & Engagement Framework	Expand outputs in relation to statutory objectives – enhancing knowledge and encouraging decision making across the community including climate change, green economy, built environment, sustainable production & consumption.	<ul style="list-style-type: none"> Continued to expand outputs in relation to statutory objectives through public engagements, forum participation and the office organised meetings and events.
	Expand community engagement program including and rural and regional Victoria.	<ul style="list-style-type: none"> Commissioner embarked on four week long regional tours across Victoria documented in report <i>Many Publics: Participation Inventiveness and Change.</i>
	Build upon relationship other relevant bodies including jurisdiction Commissioners, local government & industry.	<ul style="list-style-type: none"> Continued maintenance of stakeholder database.
	Review CfES Reference Group.	<ul style="list-style-type: none"> CfES Reference Group was reviewed and members advised.
	Maintain the CfES website.	<ul style="list-style-type: none"> CfES website refreshed and maintained.
	Refine CfES communication strategy, including social media expansion.	<ul style="list-style-type: none"> CfES Communication Strategy and Social Media Strategy completed.
Corporate obligations	Submit 2010-11 Annual Report by August 2011.	<ul style="list-style-type: none"> 2010-11 Annual report was submitted to Minister in August 2011.
	Develop and submit 2012-13 business plan and budget by June 2012.	<ul style="list-style-type: none"> Draft 2011-12 business plan and budget was submitted to Minister by 30 June 2012.
	Maintain Audit Committee.	<ul style="list-style-type: none"> Established and maintained Audit Committee.
	Comply with EMS and develop and adopt best practice remote technology strategy.	<ul style="list-style-type: none"> Complied with EMS and adopted best practice remote technology strategy.
	Provide a safe and enabling workplace.	<ul style="list-style-type: none"> Staff were provided with safe and enabling workplace.
	Ensure staff access to professional development and training opportunities.	<ul style="list-style-type: none"> Staff were provided access to professional development and training opportunities.

Financial report

The financial overview of the Office of the Commissioner for Environmental Sustainability for 2011-12.

Financial report

30 June 2012

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This financial report covers the Commissioner for Environmental Sustainability as an individual entity and is presented in the Australian currency.

The Commissioner for Environmental Sustainability is an independent, statutory office of the State of Victoria. Its principal address is:

Commissioner for Environmental Sustainability
Level 16, 570 Bourke Street
Melbourne VIC 3000

A description of the nature of the Commissioner's operations and its principal activities is included in the Report of Operations.

The financial report was authorised for issue by the Commissioner – Professor Kate Auty and Business Manager – Yvonne Ryczkowski on 14 September 2012.

For queries in relation to our financial reporting please call 13 61 86, or visit our website www.ces.vic.gov.au.

Commissioner for Environmental Sustainability

Financial Statements

Comprehensive operating statement for the financial year ended 30 June 2012

	Notes	2012	2011
		\$	\$
<i>Income from transactions</i>			
Grants	1(e)	1,688,965	1,726,324
Fair value of services received free of charge or for nominal consideration	1(e), 2(a)	156,024	148,682
Total income from transactions		1,844,989	1,875,006
<i>Expenses from transactions</i>			
Employee expenses	1(f), 3(a)	(1,402,219)	(1,360,079)
Grants and other transfers	1(f)	0	(9,091)
Other operating expenses	1(f), 3(b)	(803,722)	(485,836)
Research and development costs		0	(20,000)
Total expenses from transactions		(2,205,941)	(1,875,006)
Net result from transactions (net operating balance)		(360,952)	0
Comprehensive result		(360,952)	0

The comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet as at 30 June 2012

	Notes	2012	2011
		\$	\$
Assets			
<i>Financial assets</i>			
Receivables	1(g), 4, 10	36,565	430,403
<i>Total financial assets</i>		36,565	430,403
<i>Non-financial assets</i>			
Prepayments		0	6,864
<i>Total non-financial assets</i>		0	6,864
Total assets		36,565	437,267
Liabilities			
Payables	1(h), 5, 10	20,914	58,278
Provisions	1(h), 6	376,929	379,315
Total liabilities		397,843	437,593
Net liabilities		(361,278)	(326)
Equity			
Accumulated deficit		(364,704)	(3,752)
Contributed capital	1(i)	3,426	3,426
Net worth		(361,278)	(326)
The above balance sheet should be read in conjunction with the accompanying notes			
Commitment for expenditure	1(j), 8		
Contingent assets and contingent liabilities	1(k), 9		

Statement of changes in equity for the financial year ended 30 June 2012

	Accumulated surplus/(deficit)	Contribution by owners	Total
	\$	\$	\$
Balance at 1 July 2010	(3,752)	3,426	(326)
Net result for the year	0	0	0
Balance as at 30 June 2011	(3,752)	3,426	(326)
Net result for the year			
Net result for the year	(360,952)	0	(360,952)
Balance as at 30 June 2012	(364,704)	3,426	(361,278)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement for the financial year ended 30 June 2012

	Notes	2012	2011
		\$	\$
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from grants and other transfers		2,081,930	1,970,415
<i>Total receipts</i>		2,081,930	1,970,415
<i>Payments</i>			
Payments of grants and other transfers		0	(29,091)
Payments to suppliers and employees		(2,081,930)	(1,941,324)
<i>Total payments</i>		(2,081,930)	(1,970,415)
Net cash provided from operating activities	11	0	0
Net increase in cash and cash equivalents		0	0
Cash and cash equivalents at the beginning of the financial year		0	0
Cash and cash equivalents at the end of the financial year		0	0

Cash movements disclosed in the above cash flow statement are those cash transactions completed by the Department of Sustainability and Environment on behalf of the Commissioner of Environmental Sustainability.

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

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Notes to the financial statements

Note 1. Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Commissioner for Environmental Sustainability for the period ending 30 June 2012. The purpose of the report is to provide users with information about the Commissioner's stewardship of resources entrusted to it.

(a) Statement of compliance

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).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures 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.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 15.

These annual financial statements were authorised for issue by the Commissioner for Environmental Sustainability on 14 September 2012.

(b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements 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.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The 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 in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- superannuation expense (refer to Note 1(f)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(h)).

These financial statements are presented in Australian dollars, and prepared in accordance with historical cost convention.

(c) Reporting entity

The financial statements cover the Commissioner as an individual reporting entity.

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

Its principal address is:

Commissioner for Environmental Sustainability
Level 16, 570 Bourke Street
Melbourne, Victoria 3000

Note 1. Summary of significant accounting policies (continued)

Objectives and funding

The Commissioner's statutory objectives 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, and
- Encourage sound environmental practices and procedures to be adopted by the Government of Victoria and by local governments as a basis for ecologically sustainable development.

The Commissioner is funded by accrual based grants through the Department of Sustainability and Environment.

(d) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

'Transactions' and 'other economic flows' are defined by the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0) (the GFS manual, refer to Note 15).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions 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.

'Other economic flows' are changes arising from market remeasurements. They include:

- gains and losses from disposals;
- revaluations and impairments of non-financial physical and intangible assets;
- actuarial gains and losses arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months) are disclosed in the notes, where relevant.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows – other movements in equity' related to 'Transactions with owner in its capacity as owner'.

Note 1. Summary of significant accounting policies (continued)

(e) Income from transactions

Government grants

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which the Commissioner for Environmental Sustainability gains control over the assets.

Fair value of services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

(f) Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

Employee expenses

Refer to the section in Note 1(h) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, leave entitlements and redundancy payment.

Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans as an administered liability. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

Grants and other transfers

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as; grants, subsidies, and other transfer payments to non-government entities. Refer to Glossary of terms and style conventions in Note 15 for an explanation of grants and other transfers.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Supplies and services

Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Research and development expenses

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

(g) Financial assets

Receivables

Receivables consist predominantly of amounts owing from the Victorian Government, debtors in relation to goods and services and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other statutory receivables are not classified as financial instruments.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected, and bad debts are written off when identified.

(h) Liabilities

Payables

Payables consist predominantly of creditors and other sundry liabilities.

Note 1. Summary of significant accounting policies (continued)

Payable represent liabilities for goods and services provided to the entity at the end of the financial year, and arise when the entity becomes obliged to make future payments in respect of the purchase of those goods and services.

Payables are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values. Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the entity 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 be an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value – component that the entity expects to settle within 12 months; and
- present value – component that the entity does not expect to settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional 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 (refer to Note 1(d)).

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from provision for employee benefits.

Note 1. Summary of significant accounting policies (continued)

(i) Equity

Contributions by owners

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

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructuring are treated as distributions to owners.

(j) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 8) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditure cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(k) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 9) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(l) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

(m) Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the entity and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate conditions which arose after the end of the reporting and which may have a material impact on the results of subsequent years.

(n) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2012 reporting period. DTF assess the impact of all these new standards and advises the entity of their applicability and early adoption where applicable.

As at 30 June 2012, the following AASs have been by the AASB but not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as follows:

Note 1. Summary of significant accounting policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2013	Detail of impact is still being assessed.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 11 <i>Joint Arrangements</i>	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 Interests in Joint Ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]</i>	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 Investment Property.	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]</i>	The amendments ultimately affect AASB 1 First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	No significant impact is expected on entity reporting.
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i>	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]</i>	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on departmental or entity reporting.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> [AASB 124]	This Standard amends AASB 124 Related Party Disclosures by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements</i> [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 Consolidated and Separate Financial Statements are amended to AASB 10 Consolidated Financial Statements or AASB 127 Separate Financial Statements, and references to AASB 131 Interests in Joint Ventures are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i> [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i> [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 Employee Benefits.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 Employee Benefits (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> [AASB 1]	This Standard makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, as a consequence of the issuance of IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine. This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	There may be an impact for new agencies that adopt Australian Accounting Standards for the first time. No implication is expected for existing entities in the Victorian public sector.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i>	This Standard aims to improve the AASB 1049 Whole of Government and General Government Sector Financial Reporting at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.
2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 Fair Value Measurement.	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 Application of Tiers of Australian Accounting Standards), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.
AASB Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	No significant impact is expected on entity reporting.

Note 2. Income from transactions	2012	2011
	\$	\$
(a) Fair value of services received free of charge or for nominal consideration:		
Services (including rent, office equipment and IT services)	156,024	148,682
Total fair value of services received free of charge or for nominal consideration	156,024	148,682

Note 3. Expenses from transactions	2012	2011
	\$	\$
(a) Employee expenses		
Salary and wages	(1,029,889)	(1,017,437)
Superannuation	(81,131)	(74,544)
Leave expenses	(172,626)	(170,151)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	(118,573)	(97,947)
Total employee expenses	(1,402,219)	(1,360,079)
(b) Other operating expenses		
Supplies and services:		
Contract and professional services	(457,573)	(154,175)
Postage and Telephone	(8,949)	(11,826)
Office Expenses	(54,601)	(35,908)
IT Costs	(7,741)	(26)
Motor Vehicle Costs	(8,281)	(15,418)
Travel and Subsistence	(25,341)	(32,451)
General expenses	(42,379)	(45,452)
Learning and Development Costs	(18,675)	(9,566)
Payments for Shared Services	(54,325)	(40,978)
Community Awareness and Publicity	(10,787)	(19,278)
Office and accommodation	(111,531)	(111,975)
Total supplies and services	(800,183)	(477,053)
Operating lease rental expenses:		
Minimum lease payments - operating leases	(3,324)	(8,688)
Total operating lease rental expenses	(3,324)	(8,688)
<i>Subtotal</i>	<i>(803,507)</i>	<i>(485,741)</i>
Cost of goods sold/distributed	(215)	(95)
Total other operating expenses	(803,722)	(485,836)

Note 4. Receivables	2012	2011
	\$	\$
Receivables		
<i>Contractual</i>		
Total contractual receivables	0	502
<i>Statutory</i>		
Amounts owing from the Department of Sustainability and Environment	36,565	429,529
Payroll tax receivable	0	372
Total statutory receivables	36,565	429,901
Total receivables	36,565	430,403

Note 5. Payables	2012	2011
	\$	\$
Current payables		
<i>Contractual</i>		
Trade creditors(i)	14,514	48,695
Accrued expenses	6,400	9,583
	20,914	58,278
Total payables	20,914	58,278
<i>(i) The average credit period is 30 days. No interest is charged on the trade creditors or other payables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at differing rates determined by the individual trade arrangements entered into.</i>		
(a) Ageing analysis of payables		
Refer to Table 10.2 in Note 10 for the ageing analysis of payables.		
(b) Nature and extent of risk arising from payables		
Refer to Note 10 for the nature and extent of risks arising from payables.		

Note 6. Provisions	2012	2011
	\$	\$
Current provisions		
Employee benefits(i) – annual leave [Note 6(a)]		
Unconditional and expected to be settled within 12 months(ii)	150,225	113,570
Unconditional and expected to be settled after 12 months(iii)	0	4,342
Employee benefits(i) – long service leave [Note 6(a)]		
Unconditional and expected to be settled within 12 months(ii)	63,047	102,499
Unconditional and expected to be settled after 12 months(iii)	55,982	38,956
	269,254	259,367
Provisions related to employee benefit on costs:		
Unconditional and expected to be settled within 12 months(ii)	39,278	41,156
Unconditional and expected to be settled after 12 months(iii)	12,009	8,247
	51,287	49,403
Total current provisions	320,541	308,770
Non current provisions		
Employee benefits(i)(iii) [Note 6(a)]	47,366	59,258
Provisions related to employee benefit on costs(iii)	9,022	11,287
Total non current provisions	56,388	70,545
Total provisions	376,929	379,315

Note 6. Provisions (continued)

(a) Employee benefits and related on costs

	2012	2011
	\$	\$
Current employee benefits(i)		
Annual leave entitlements	150,225	117,912
Long service leave entitlements	119,029	141,455
	269,254	259,367
Non current employee benefits(i)		
Long service leave entitlements(iii)	47,366	59,258
Total employee benefits	316,620	318,625
Current on costs	51,287	49,403
Non current on costs(iii)	9,022	11,287
Total on costs	60,309	60,690
Total employee benefits and related on costs	376,929	379,315

Notes:

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on costs.
- (ii) The amounts disclosed are nominal amounts.
- (iii) The amounts disclosed are discounted to present values.

(b) Movement in provisions

	On-costs 2012	Total 2012
	\$	\$
Opening balance	60,690	60,690
Additional provisions recognised	(381)	(381)
Closing balance	60,309	60,309
Current	51,287	51,287
Non current	9,022	9,022
	60,309	60,309

Note 7. Superannuation

Government Employees' Superannuation Fund

Employees of the entity are entitled to receive superannuation benefits and the Commissioner contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

The entity does not recognise any defined benefit liability in respect of the plan because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as employee benefits in the comprehensive operating statement of the entity.

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

Fund	Paid contribution for the year 2012 \$	Paid contribution for the year 2011 \$	Contribution outstanding at year end 2012 \$	Contribution outstanding at year end 2011 \$
Defined benefit plan:				
Emergency Services Superannuation Scheme	11,107	10,470	0	0
Defined contribution plans:				
Victorian Superannuation Fund – Vic Super Scheme	43,741	59,561	0	0
Various other	26,283	4,513	0	0
	81,131	74,544	0	0

The bases for contributions are determined by the various schemes.

All employees of the entity are entitled to varying levels of benefits on retirement, disability or death. Some superannuation plans provide defined benefits based on years of service and final average salary. The others are classified as contribution schemes. Contributions by the entity of a minimum of 9% of employee's wages and salaries are legally enforceable on the entity.

The above amounts were measured as at 30 June of each year or in the case of employer contributions they relate to the years ended 30 June.

Note 8. Commitments for expenditure

There are no commitments for expenditure (2011: Nil).

Note 9. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities (2011: Nil).

Note 10. Financial instruments

(a) Financial risk management objectives and policies

The entity's principal financial instruments comprise of:

- receivables (excluding statutory receivables); and
- payables (excluding statutory payables).

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to these financial statements.

The main purpose in holding financial instruments is to prudentially manage the entity's financial risks within the government policy parameters.

The carrying amounts of the entity's financial assets and financial liabilities by category are in Table 10.1.

Table 10.1: Categorisation of financial instruments

	2012					2011
	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total	Contractual financial assets – loans and receivables	Contractual financial liabilities at amortised cost	Total
Contractual financial assets						
Receivables (i)						
Other receivables	0	0	0	502	0	502
Total contractual financial assets	0	0	0	502	0	502
Contractual financial liabilities						
Payables (ii)						
Trade creditors	0	14,514	14,514	0	48,695	48,695
Accrued expenses	0	6,400	6,400	0	9,583	9,583
Total contractual financial liabilities	0	20,914	20,914	0	58,278	58,278

(i) The amount of receivables disclosed excludes statutory receivables (i.e. taxes receivable) – Refer Note 4 – Receivables.

(ii) The amount of payables disclosed excludes statutory payables (i.e. taxes payable) – Refer Note 5 – Payables.

(b) Credit risk

Credit risk arises from the contractual financial assets of the entity's debtors. The entity'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 entity's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than Government, it is the entity's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the entity does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest.

Provision of impairment for financial assets is recognised when there is objective evidence that the entity will not be able to collect a receivable.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Note 10. Financial instruments (continued)

Contractual financial assets that are either past due or impaired

Currently the entity does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the contractual financial assets are impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The following table discloses the ageing only of contractual financial assets that are past due but not impaired:

Table 10.2: Ageing analysis of contractual financial assets

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 Month	1 month – 3 months	3 months – 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2012						
Receivables						
Trade receivables	36,565	36,565	0	0	0	0
Total	36,565	36,565	0	0	0	0
2011						
Receivables						
Other receivables	502	502	0	0	0	0
Total	502	502	0	0	0	0

(c) Liquidity risk

Liquidity risk is the risk that the entity would be unable to meet its financial obligations as they fall due. The entity 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. Risk is managed through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The entity's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

Note 10. Financial instruments (continued)

Table 10.3: Maturity analysis of contractual financial liabilities

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 Month	1 month – 3 months	3 months – 1 year	1-5 years	5+ years
	\$	\$	\$	\$	\$	\$	\$
2012							
Payables: (i)							
Trade creditors	14,514	14,514	14,514	0	0	0	0
Accrued expenses	6,400	6,400	6,400	0	0	0	0
Total	20,914	20,914	20,914	0	0	0	0
2011							
Payables: (i)							
Trade creditors	48,695	48,695	43,925	4,770	0	0	0
Accrued expenses	9,583	9,583	9,583	0	0	0	0
Total	58,278	58,278	53,508	4,770	0	0	0

(i) The amount of payables disclosed exclude statutory payables (i.e. taxes payable) – Refer Note 5 – Payables.

(d) Market risk

The entity's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks.

(e) Fair value

The fair values and net fair values of financial instrument assets and financial liabilities are determined as follows:

- the fair value of financial instrument with standard terms, conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The entity considers that the carrying amount of financial instrument assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Note 11. Cash flow information

Reconciliation of net result for the period	2012	2011
Net result for the reporting period	(360,952)	0
Movements in assets and liabilities		
Decrease in receivables	392,965	95,409
Decrease in prepayments	6,864	(6,864)
(Decrease) in payables	(36,490)	(239,108)
(Decrease) in provisions	(2,387)	150,563
Net cash inflow from operating activities	0	0

Note 12. Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Accountable Officers in the entity are as follows:

Minister for Environment and Climate Change	The Hon. Ryan Smith MP	1 July 2011 to 30 June 2012
Commissioner for Environmental Sustainability	Professor Kate Auty	1 July 2011 to 30 June 2012

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the entity during the reporting period was in the range:

	2012	2011
	No.	No.
Income band		
\$250,000 – 259,999	1	0
\$260,000 – 269,999	0	1

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 13. Remuneration of auditors	2012	2011
	\$	\$
Victorian Auditor General's Office		
Auditor or review of the financial statements	6,400	6,200
	6,400	6,200

Note 14. Subsequent events

Victorian Public Service Workplace Determination 2012

The *Victorian Public Service Workplace Determination 2012* was made by Fair Work Australia on 23 July 2012, which replaces the *2009 Extended and Varied Version of the Victorian Public Service Agreement 2006*. The Workplace Determination takes effect from 29 July 2012 and will remain in force until 31 December 2015. The Workplace Determination provides for wage increases of 3.25 per cent and 1.25 per cent on 1 July 2012 and 1 January 2013 respectively over 2012-13, with six monthly wage increases thereafter. A lump sum payment of \$1,500 (or equivalent pro-rata amount for part time employees) will also be payable to eligible Victorian Public Service employees who received a salary on 1 July 2012 and were employed on 29 July 2012.

As the Workplace Determination takes effect from 29 July 2012, no adjustments have been made to these financial statements other than for the impact on the estimated accrued employee benefits as at 30 June 2012.

Going Concern

Subsequent to 30 June 2012 the Department of Sustainability and Environment (DSE) notified the Commissioner that it will arrange a transfer of \$360,952 to the Commissioner in the 2012/13 financial year as soon as practicable to ensure the office remains a going concern. The Commissioner will continue to work with DSE to make the appropriate change in management process that enables the Commissioner to manage expenditure and income from 2012/13 onwards given approved funding.

Note 15. Glossary of terms and style conventions

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments, defined benefit superannuation plans, and defined contribution superannuation plan.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A 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. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) A contractual or statutory obligation:
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Net result

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

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth

Payables

Includes short and long term trade debt and accounts payable, grants and interest payable.

Receivables

Includes amounts owing from government grants, short and long term trade credit and accounts receivable, accrued investment income and interest receivable.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the entity.

Transactions

Transactions are those economic flows that are considered to arise as a result 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 4.2 of 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 2012 and financial position of the entity at 30 June 2012.

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 14 September 2012.



Professor Kate Auty
Commissioner for Environmental Sustainability

Melbourne
14 September 2012



Yvonne Ryczkowski
Business Manager

Melbourne
14 September 2012

INDEPENDENT AUDITOR'S REPORT

To the Commissioner for Environmental Sustainability

The Financial Report

The accompanying financial report for the year ended 30 June 2012 of the Commissioner for Environmental Sustainability which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's declaration and statutory declaration has been audited.

The Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Commissioner for Environmental Sustainability as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Commissioner for Environmental Sustainability for the year ended 30 June 2012 included both in the Commissioner for Environmental Sustainability's annual report and on the website. The Commissioner for Environmental Sustainability is responsible for the integrity of the Commissioner for Environmental Sustainability's website. I have not been engaged to report on the integrity of the Commissioner for Environmental Sustainability's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
14 September 2012

Per 
D D R Pearson
Auditor-General

Appendix 1

Disclosure Index

The 2011-12 Annual Report of the Commissioner for Environmental Sustainability is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the authorities' compliance with statutory disclosure requirements.

Legislation	Requirement	Page
<i>Report of Operations – FRD Guidance</i>		
FRD 22B	Manner of establishment and the relevant Ministers	4
FRD 22B	Objectives, functions, powers and duties	7
FRD 22B	Nature and range of services provided	4-12
<i>Management and structure</i>		
FRD 22B	Organisational structure	10
<i>Financial and other information</i>		
FRD 8B	Budget portfolio outcomes	22
FRD 10	Disclosure index	70
FRD 12A	Disclosure of major contracts	23
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For further information contact the office of the
Commissioner for Environmental Sustainability,
phone +61 3 8636 2197 or visit www.ces.vic.gov.au

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Office of the Commissioner for Environmental Sustainability
Level 16, 570 Bourke Street
Melbourne Victoria 3000
T 8636 2197
F 8636 2099
www.ces.vic.gov.au