

# ANNUAL REPORT

2013-14

Commissioner for Environmental Sustainability



**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 2014.

A handwritten signature in black ink that reads "Gillian Sparkes". The signature is written in a cursive style with a large, prominent 'S'.

Dr Gillian Sparkes  
Commissioner for Environmental Sustainability  
8 October 2014

## From the Commissioner

I present the Annual Report for the Commissioner for Environmental Sustainability for the year 2013-14.

The report reflects the work of the Office of the Commissioner for Environmental Sustainability (CfES) under the direction of Professor Kate Auty. Professor Auty resigned from the position of Commissioner as of 31 March 2014.

During the year the CfES completed the 'State of the Environment Victoria Report 2013, Science Policy People' and submitted it to the Minister for Environment and Climate Change, the Hon Ryan Smith MP. The Commissioner's office also submitted its annual strategic audit in January 2014 reporting on the environmental management systems of Victorian Government departments and agencies.

My appointment as Commissioner commenced on 1 July 2014 for a period of two years. I will work with the Department of Environment and Primary Industries (DEPI) during the first six months of my appointment to look at how we continue to enhance the value of the Commissioner's role and its functions for the Victorian community.



**Dr Gillian Sparkes**  
**Commissioner for Environmental Sustainability**

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<b>Abbreviations</b>	
CfES	Commissioner for Environmental Sustainability
DEPI	Department of Environment and Primary Industries
EMS	Environmental Management Systems
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
SoE	State of the Environment
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 2013-14.

The office's performance against output targets is reported in this section.

# Overview

This section sets out the Commissioner's role and purpose, 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 2013-14 year was characterised by intensive analysis and drafting and extensive community and cross sectoral, multidisciplinary discussions.

The key achievements were:

- Submission of the ***State of Environment Victoria report 2013, Science Policy People, (SoE 2013)***.
- Submission of the Strategic Audit report ***Doing Sustainability, Environmental management systems in Victorian Government 2012-13***.

## About us

Victoria's Commissioner for Environmental Sustainability from 1 July 2013 to 31 March 2014 was Professor Kate Auty. Upon Professor Auty's resignation, the role was vacant until 30 June 2014.

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

The Hon Ryan Smith MP, Minister for Environment and Climate Change was the responsible minister for the period from 1 July 2013 to 30 June 2014.

## Role and purpose

The 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 sound environmental practices and procedures to be adopted 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
- 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.

## Values

The office applies DEPI's values:

- Balance - We consider short and long-term consequences, weigh up diverse needs, make decisions in a timely manner, and have the challenging conversations.
- Collaboration - We work together to make things happen, harness our collective strengths, partner with our stakeholders, and build mutual understanding.
- Ownership - We take responsibility for getting things done, are empowered to make decisions, and look out for each other's safety and wellbeing.
- Agility - We are responsive, flexible, keep a step ahead, and keep learning.

## **Key stakeholders**

Locally and nationally the office was in active dialogue with:

- Australian Bureau of Statistics
- Australian Industry Group
- Bureau of Meteorology
- Commonwealth Scientific and Industrial Research Organisation (CSIRO)
- Environment Protection Authority Victoria (EPA)
- Institute of Public Administration Australia (IPAA)
- La Trobe University
- Melbourne Sustainable Society Institute, University of Melbourne
- Monash Sustainability Institute, Monash University
- Sustainability Victoria
- Victorian Government Departments including Department of Environment and Primary Industries, Department of Treasury and Finance and Department of Premier and Cabinet.

## **Commissioner's Reference Group**

The CfES Reference Group provides advice and support to the Commissioner (see section 9(2)(b) of the CES 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.

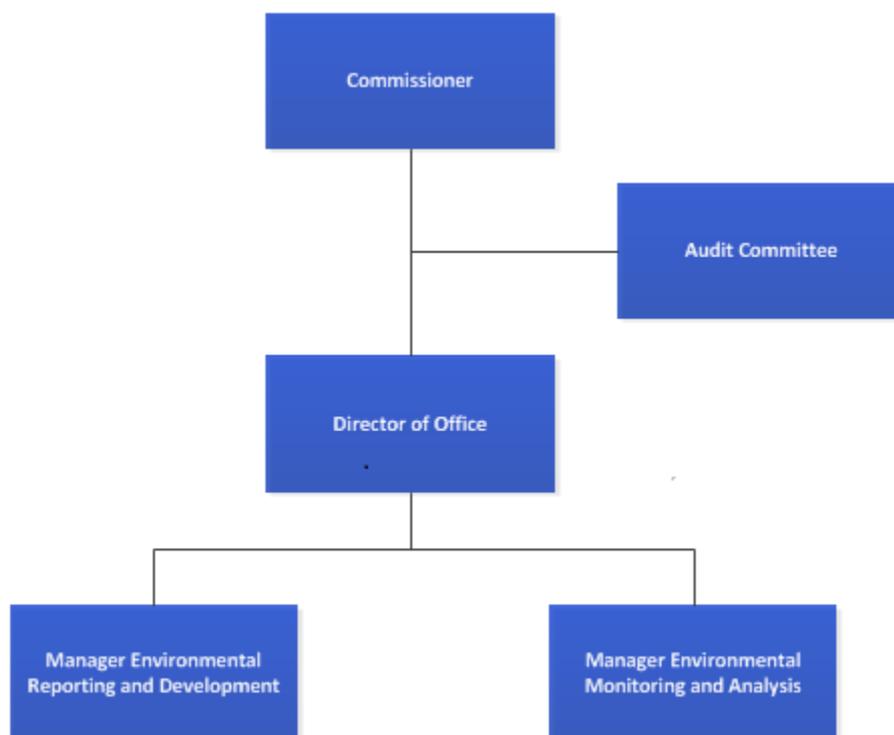
Since 2011-12, the model of operation of the reference group has been that members were invited to be involved in the State of the Environment report expert sessions and other consultation forums (where relevant to their area of expertise). These sessions were held from 2011. This change in operation of the reference group was to ensure efforts were more targeted.

## **Publications**

The Commissioner's publications and reports are available on the Commissioner's website [www.ces.vic.gov.au](http://www.ces.vic.gov.au). The office complied with Financial Reporting Direction 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

Office of the Commissioner for Environmental Sustainability workplace structure as at 30 June 2014.



## 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 met three times in 2013-14 and disbanded at 30 June 2014.

Members were: Sarah Barker, Special Counsel Minter Ellison Lawyers (Independent Chair), Helga Birgden, Head of Responsible Investment, Asia Pacific, Mercer (Independent member, resigned 31 March 2014), Nick Daicos, Group Manager Land Victoria (Independent member), 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 the Commissioner for Environmental Sustainability's operations in subsequent reporting periods.

## Risk management

Administrative systems such as financial, information technology, payroll, registry, occupational health and safety, procurement and facilities are provided by DEPI and the Victorian Government's Shared Business Systems.

Independent oversight of the Commissioner's operations include:

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

I, as the Commissioner for Environmental Sustainability, 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 AS/NZS ISO 31000-2009 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.



Dr Gillian Sparkes  
**Commissioner for Environmental Sustainability**  
8 October 2014

### **Insurance**

I, as the Commissioner for Environmental Sustainability, certify that the Office of the Commissioner for Environmental Sustainability has complied with Ministerial Direction 4.5.5.1 – Insurance.



Dr Gillian Sparkes  
**Commissioner for Environmental Sustainability**  
8 October 2014

## 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 (FOI)

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

The office has determined that its authorised officer is the Department of Environment and Primary Industries' Freedom of Information Manager.

Freedom of Information Manager  
Legal Services Branch  
Corporate Services Division  
Department of Environment and Primary Industries  
Level 17, 8 Nicholson Street  
East Melbourne, Victoria 3002  
Ph: (03) 9637 9730.

An application fee of \$26.50 applies.

The office did not receive any FOI requests in this reporting period. Information relevant to Financial Reporting Direction 22E of the *Financial Management Act 1994* (FM Act) 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 22E of the FM Act is held by the CfES and is available on request from the CfES by emailing [info.ces@ces.vic.gov.au](mailto:info.ces@ces.vic.gov.au), subject to the *Freedom of Information Act 1982*.

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors including consultants/contractors engaged; services provided; and expenditure committed to for each engagement.

## **Compliance with the *Protected Disclosures Act 2012***

The *Protected Disclosures Act 2012* (PD Act) was part of a package of integrity reforms introduced by the Victorian Government, which also established the Independent Broad-based Anti-corruption Commission (IBAC). The PD Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

### **What is a 'protected disclosure'?**

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. The office is a "public body" for the purposes of the PD Act.

### **What is 'improper or corrupt conduct'?**

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

### **How do I make a 'Protected Disclosure'?**

You can make a protected disclosure about the office, officers or employees by contacting DEPI or IBAC on the contact details provided below.

Please note that the office is not able to receive protected disclosures.

### **How can I access the office's procedures for the protection of persons from detrimental action?**

The office has adopted DEPI's established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure of the office or its employees. You can access these procedures at [www.depi.vic.gov.au](http://www.depi.vic.gov.au).

## **Contacts**

### **Department of Environment and Primary Industries**

Jennifer Berensen, Senior Advisor, Privacy & Ombudsman

Department of Environment and Primary Industries

Address: PO Box 500, East Melbourne Vic 3002

Ph: 03 9637 8697

Website: [www.depi.vic.gov.au](http://www.depi.vic.gov.au)

### **Independent Broad-Based Anti-Corruption Commission Victoria**

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3001.

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3000

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Phone: 1300 735 135

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

### **Ombudsman Victoria**

Level 9, 459 Collins Street (North Tower)

Melbourne Victoria 3000.

Telephone: 9613 6222 Toll free: 1800 806 314

### ***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 Victorian Industry Participation Policy (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* 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* (PA Act), 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.

DEPI departmental orientation and learning and development course – Working at DEPI, incorporates human rights in the training course content. As part of the induction process for DEPI, 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 PA Act. The PA Act specifies a number of employment and conduct principles that must be observed by public sector organisations and their employees.

### Public sector values (section 7, PA Act)

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human rights.

### Public sector employment principles (section 8, PA Act)

- Public entities are required to have in place employment processes that will ensure that:
- employment decisions are based on merit;
- public sector employees are treated fairly and reasonably;
- equal employment opportunity is provided;
- human rights as set out in the Charter of Human Rights and Responsibilities are upheld; and
- public sector employees have a reasonable avenue of redress against unfair or unreasonable treatment.

Codes of conduct and standards issued by the Victorian Public Sector Commission (VPSC)<sup>2</sup>, include:

- the Code of Conduct for Victorian Public Sector Employees.
- the Conflict of Interest Policy Framework and the Gifts Benefits and Hospitality Policy Framework.

For further information, please refer to the VPSC's website ([www.vpsc.vic.gov.au](http://www.vpsc.vic.gov.au)).

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<sup>2</sup> Please note that recent amendments to the *Public Administration Act 2004* abolished the State Services Authority (SSA) and the office of the Public Sector Standards Commissioner (PSSC). The functions performed by the SSA and PSSC are now performed by the Victorian Public Sector Commission.

## **Organisational performance**

The outputs of the Office of the Commissioner for Environmental Sustainability (CfES) were delivered by a staff of up to six people throughout the year.

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

## **Environmental performance**

The office integrates 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, with office space for the reporting period for up to eleven staff.

During 2013-14 the office was co-located with Land Victoria, Department of Transport, Planning and Local Infrastructure. It operates within the government department's environmental management systems, which manages office-based activities related to water, energy and paper consumption, waste production, transport and purchasing. In late January 2014, the office moved to 50 Lonsdale Street, Melbourne for a short period and is now located at 1 Spring Street, Melbourne.

The office has its own complementary environmental policy and strategy which addresses issues such as facilities, travel, procurement, paper and the contracts we enter into.

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

The office occupied 224 square metres or 2% of the department's tenancy at 570 Bourke Street, Melbourne. The office-based environmental performance data for energy and water usage has been sourced by Department of Transport, Planning and Local Infrastructure and extrapolated for staff and the floor space occupied by the office. Note: the 2013-2014 data relates to the period ending on 31 March 2014. The Department of Transport Planning and Local Infrastructure and therefore the CfES, did not purchase Green Power during 2013-14.

The office records and surveys have been used for measuring waste produced, vehicle trips, air travel, paper use and staff commuting.

### **Energy use**

The office energy data is measured in megajoules, obtained by a metering device which covers the entire department tenancy at 570 Bourke Street, Melbourne.

Over 90% of emissions for the CfES for 2013-14 relate to the office's building energy use. This result also reflects a decrease in emissions associated with travel.

Actions continue to reduce energy use included switching off computers when not in use and the fitting of more energy efficient lighting.

**Reducing and recycling our waste**

Office-based waste is divided into three categories: co-mingled recycling, landfill and compost. The figure reported for 2013-14 is based on the internal waste audit conducted in 2012-13.

The office continued to use online newspapers rather than printed newspapers, significantly reducing its waste produced. 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.

In 2013-14 the office prepared most of its publications as both pdf's and as e-books. Where hard copies are required, recycled stock is used and environmentally friendly printing processes are applied.

**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 from 2013-14, reflecting the building owners continuing retrofit of the building toilets.

**Transportation choices**

The office environmental strategy 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. The Commissioner for the period 1 July 2013 to 31 March 2014 did not have a vehicle under the Executive Car Scheme. Staff preference is to use hybrid vehicles, when available, for essential work travel.

**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.

NOTE: The 2013-14 data relates to the period July 2013 to March 2014

Indicator	Measure	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>ENERGY</b>									
Electricity consumption-non green power	Megajoules	76,450	27,497.5	31,225	45,801	55,405	59,938	76,507	46,837
Electricity consumption-green power	Megajoules	0	27,497.5	31,225	37,473	45,331	39,959	51,005	20,073
Total energy (electricity consumption)	Megajoules	76,450 <sup>3</sup>	54,995	62,449	83,274	100,736	99,897	127,512	66,910
Electricity purchased as green power	Percentage	0%	50%	50%	45%	45%	40%	40%	30%
Energy used per FTE (including green power)	Megajoules/FTE	12,742 <sup>4</sup>	8,087	5,478	7,305	12,592	12,847	9,108	4,779
Energy used per unit of office space (including green power)	Megajoules /m <sup>2</sup>	341	245.5	279	372	450	446	569	297
<b>WASTE</b>									
Waste to landfill	Kilograms	18	24	17	14	5	11	90	n/a
Co-mingled recycling	Kilograms	57	76	253	530	302	404	1032	657.5
Organic waste to compost	Kilograms	65	86	59	49	16	41	n/a	n/a
Total waste produced	Kilograms	140	186	329	593	323	456	1122	657.5
Waste produced per FTE	Kilograms /FTE	23 <sup>5</sup>	23.5	59	67	63	86	80	66
Recycling rate (% of total waste)	Percentage	87% <sup>6</sup>	87%	95%	98%	98%	98%	92%	82%
<b>PAPER</b>									
Total paper used	Reams	38 <sup>7</sup>	55	90	98	49	152	114	91
Paper used per FTE	Reams/FTE	6 <sup>8</sup>	8.1	7.9	8.6	6	19	8	6.5
Percentage 75-100% recycled content copy paper purchased	Percentage	100%	100%	100%	82%	93%	99%	91%	n/a

3 Tenancy power and lighting data provided by Department of Transport, Planning and Local Infrastructure extrapolated for the space the Office occupies at 570 Bourke Street, Melbourne (note: During 2013-14, the office moved from 570 Bourke St to 50 Lonsdale St. The 2006-07 data relates to the Office's tenancy at 8 Nicholson St)

4 Based on 6 full time equivalent (FTE) staff

5 Based on 2012-13 waste audits for 570 Bourke St. Waste produced per FTE, is based on 6 FTE.

6 Recycling rate (waste diverted from landfill) includes paper and newspapers, co-mingled waste, and compost

7 Total 'A4 equivalent' reams of copy paper purchased

8 Based on 6 FTE staff

Indicator	Measure	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>WATER</b>									
Total water consumption (metered)	Kilolitres	72 <sup>9</sup>	123	139	148	163	159	192	167
Water used per FTE	Litres/FTE	12,052 <sup>10</sup>	18,097	12,174	12,975	20,337	19,825	13,743	11,980
Water used per unit of office space	Litres/m <sup>2</sup>	323	549	620	660	726	708	859	n/a
<b>TRANSPORT</b>									
Total energy consumption from passenger vehicle use	Megajoules	2,993	6,527	40,557	55,687	11,494	3,547	752	1,930
Total vehicle trip distance travelled	Kilometres	1,025 <sup>11</sup>	2,803	19,484	20,114	8,869	1,533.5	459	1,280
Associated greenhouse gas emissions per 1,000 kilometres travelled	Tonnes CO <sub>2</sub> -e/1,000km	0.2	0.16	0.15	0.20	0.10	0.17	0.11	0.10
Total distance travelled by air	Kilometres	0	17,866	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	100% <sup>12</sup>	95%	97%	97%	88%	89%	93%	93%
<b>GREENHOUSE GAS EMISSIONS</b>									
Total greenhouse gas emissions associated with energy use	Tonnes CO <sub>2</sub> -e	28.5	11.38	11.8	17.43	20.78	21.81	27.84	24.65
Total greenhouse gas emissions from vehicle travel	Tonnes CO <sub>2</sub> -e	0.21 <sup>13</sup>	0.45	2.88	5.18	0.96	0.26	0.05	0.13
Total greenhouse gas emissions from air travel	Tonnes CO <sub>2</sub> -e	0	3.87 <sup>14</sup>	5.41	10.59	1.5	23.95	9.88	n/a
Total greenhouse gas emissions associated with waste to landfill	Tonnes CO <sub>2</sub> -e	0.02	0.03	0.03	0.04	0.01	0.2	0.10	n/a
Total greenhouse gas emissions associated with paper use	Tonnes CO <sub>2</sub> -e	0.14	0.21	0.34	0.46	0.3	2.7	0.543	n/a
Greenhouse gas emissions offsets purchased	Tonnes CO <sub>2</sub> -e	30	16	20.5	49.29	23.5	50.6	39.96	29.9

<sup>9</sup> Water data provided Department of Transport, Planning and Local Infrastructure. The data is extrapolated for the space the Office occupies for whole of building water use for 570 Bourke Street.

<sup>10</sup> Based on 6 FTE staff

<sup>11</sup> Kilometres travelled includes estimated taxi travel

<sup>12</sup> Based staff travel in March 2014

<sup>13</sup> Greenhouse gas emissions include both vehicle travel and taxis

<sup>14</sup> Air travel greenhouse gas emissions for 2012-13 apply a Radiative Forcing Index (RFI) of 1.9 and 'uplift' factor of 1.09

## **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 with 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 DEPI's 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 DEPI. 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 had a dedicated a Fire Warden and access to a DEPI First Aid Officer.

CfES OH&S indicators for the year were to have no WorkCover claims and to have office assessments done annually. No WorkCover claims were made in the 2013-14 reporting period and office assessments were completed quarterly by the OH&S floor representatives.

### Workforce analysis

#### Workforce data as at 30 June 2014

Workforce data		Ongoing employees		Fixed term employees	Total
		Full time	Part time		
June 2014	Male				
	Female	1			1

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

#### Table – Workforce data breakdown over time

Workforce data over time FTE	2013-14	2012-13	2011-12	2010-11	2009-10
Executive Officers (Commissioner)	0	1	1	1	1
Director	1	1	1	1	0
Executive Support	0	0	0	1	3
Program and operational staff	0	3.8	9	9	4
Male	0	3.8	6	5	2
Female	1	2	5	7	6
<b>Total</b>	<b>1</b>	<b>5.8</b>	<b>11</b>	<b>12</b>	<b>8</b>

### **Equal opportunity**

The office is committed to the principles of merit and equity in human resource management. The Commissioner's staff are employed under the PA Act. The PA 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 DEPI policies to prohibit workplace discrimination and harassment
- ensuring that all staff are properly trained about workplace discrimination and harassment
- implementing DEPI 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 DEPI guidelines.

### **Diversity**

The office aims to reduce inequality and disadvantage, share prosperity and build stronger more inclusive communities, with opportunities for all. To action these responsibilities, the office undertook the following:

- support for regional communities during regional visits
- support for Indigenous communities through attending and speaking at various engagements
- mentoring and hosting tertiary student work experience placements.

### **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 was undertaken in the workplace by staff in 2013-14.

### **Performance management**

Office staff participated in DEPI'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 DEPI human resources policies, its operations are consistent with industrial relations requirements and obligations and this 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 DEPI. The office is supported by DEPI 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 DEPI financial systems, controls, procedures and policies, including:

### **Details of consultancies \$10,000 or over**

In 2013-14, CfES did not engage any individual consultancies where the total fees payable to the consultants were over \$10,000.

### **Details of consultancies less than \$10,000**

In 2013-14, CfES did not engage any individual consultancy where the total fees payable to the consultants were less than \$10,000.

The definition of consultancy was updated effective from 1 July 2013. Consequently, disclosures on the 2013-14 consultancy expenditure cannot be compared with previous year disclosures.

### **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

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Grants plus fair value of services received	987,474	1,873,658	1,844,989	1,875,006	1,564,324
Total income from transactions	987,474	1,873,658	1,844,989	1,875,006	1,564,324
Corporate, Administration & Projects	654,132	634,804	1,150,862	1,029,314	1,035,156
State of the Environment Report	238,005	915,557	760,885	490,772	242,742
Strategic Environmental Management Systems Audit Report	60,047	325,406	294,194	354,920	286,426
Total expenses	952,185	1,875,767	2,205,941	1,875,006	1,564,324
Non-current assets	0	0	0	0	0
Financial assets	49,322	28,307	36,565	430,403	525,812
Total assets	49,322	28,307	36,565	430,403	525,812
Payables	230,048	138,873	20,914	58,278	51,657
Provisions	152,183	257,415	376,929	379,315	474,481
Total liabilities	382,231	396,288	397,843	437,593	526,138

### Significant Changes in financial position

There were no significant matters which changed our financial position during the reporting period.

## 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 ecologically 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.

The Victorian 'State of the Environment Report 2013, Science Policy People' was submitted in October 2013 and tabled in the Victorian Parliament on 28 November 2013 by the Minister for Environment and Climate Change. The SoE 2013 contains 34 Recommendations grouped in the following categories:

- State-wide Plans
- Regulatory Reform
- Strategies
- Independent Authorities
- Incentives
- Targets
- Review and Reporting
- Information Provision
- Methodology
- Research.

## **Environmental 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 systems.

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

An environmental management system (EMS) is defined in the Commissioner for Environmental Sustainability 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. The reports are also intended 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 data is reviewed annually by the Commissioner to provide a strategic analysis and public report on the way in which Victorian Government departments and agencies are addressing their resource use and other environmental issues.

### **Methodology and consultation**

This year's audit, as in previous years, is evidence-based, using information obtained from departments and agencies and their annual reports.

Stakeholder consultation and independent research is undertaken to assist in the evaluation and the analysis of trends. Consultation was undertaken with the workplaces that were evaluated.

## ***Doing Sustainability***

On March 25, 2014 the strategic audit report 'Doing Sustainability' was tabled in the Victorian Parliament by The Hon Ryan Smith MP, Minister for Environment and Climate Change. The strategic audit had been submitted to the Minister in January 2014.

Sustainability reporting can provide significant insights into organisational efforts in respect of environmental best practice in both the public sector and private enterprise.

In the 2013-14 strategic audit report, the Commissioner provides a comparative discussion of environmental performance across the Victorian Government. Energy, waste, paper use, transportation, water consumption and greenhouse gas emissions are reported on across portfolios.

The audit continues the practice of augmenting the required departmental and agency data with case studies of the environmental management systems of non-mandated agencies. The case studies this year are all considered for their illustrations of leadership, team work and strategic planning. They include:

- attainment of carbon neutrality by Zoos Victoria
- materials use and lifecycle work of Museum Victoria
- organisational culture of the Victorian Electoral Commission
- renewable energy innovations of Parks Victoria
- strategic implementation of Public Record Office Victoria
- ongoing efforts by the State Library of Victoria.

The audit also provides 'Sustainability Investment Guidelines' in respect of major projects. Fact sheets on each of the Sustainability Investment streams outlined provide clear illustration of the attainable benefits.

## **Enhancing understanding of ecologically sustainable development**

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

### **Community inclusiveness**

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

### **Stakeholder engagement**

From 1 July 2013 to 31 March 2014, 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 State of the Environment reports.

In 2013-14 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.

## Output summary

A snapshot of the office's output achievements during 2013-14. The table below provides progress status updates against the key deliverables.

There were no major changes or factors affecting the performance of the office during 2013-14. At the time of the Commissioner's resignation the relevant statutory reporting functions had been completed.

### ***CfES Performance against key deliverables - aligned with business plan***

Strategic audit program	<ul style="list-style-type: none"> <li>Conduct the strategic audit and submit report to the Minister for Environment and Climate Change (January 2014)</li> </ul>	<ul style="list-style-type: none"> <li>The strategic audit report was completed and submitted to the Minister by 31 January 2014 in accordance with the legislative requirement</li> <li>The Minister tabled the report in the Victorian Parliament on 25 March 2014 in accordance with the legislative requirement</li> </ul>
Communications & Engagement Framework	<ul style="list-style-type: none"> <li>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 &amp; consumption etc               <ul style="list-style-type: none"> <li>expand community, including and rural and regional engagement program</li> <li>build upon relationships with other relevant bodies ie other jurisdictional Commissioners, local government &amp; industry</li> </ul> </li> <li>Maintain the CfES website</li> <li>Refine communication strategy, including social media expansion</li> </ul>	<ul style="list-style-type: none"> <li>Continued to expand outputs in relation to statutory objectives through public engagements, forum participation and CfES organised meetings and events</li> <li>Continued maintenance of stakeholder database</li> <li>CfES website maintained</li> <li>Facebook employed as a key communication tool</li> </ul>
State of the Environment Report	<ul style="list-style-type: none"> <li>Maintain project plan documentation for SoE</li> <li>Maintain relationships with technical reference groups</li> <li>Complete SoE and submit to Minister</li> </ul>	<ul style="list-style-type: none"> <li>Project plan documentation for SoE updated as required</li> <li>Expert Reference Groups have been consulted during development of SoE drafts</li> <li>SoE completed and submitted to Minister</li> </ul>
Corporate obligations	<ul style="list-style-type: none"> <li>Submit 2012-13 Annual Report by Aug 2013</li> <li>Develop and submit 2014-15 business plan and budget by June 2014</li> <li>Maintain Audit Committee</li> <li>Comply with EMS and develop and adopt best practice remote technology strategy</li> <li>Provide a safe and enabling workplace</li> <li>Ensure staff access to professional development and training opportunities</li> </ul>	<ul style="list-style-type: none"> <li>2012-13 Annual Report was submitted to Minister</li> <li>Draft 2014-15 business plan and budget not submitted by 30 June 2014 as new Commissioner was not appointed until 1 July 2014.</li> <li>Maintained Audit Committee</li> <li>Complied with EMS and adopted best practice remote technology strategy</li> <li>Staff provided with a safe and enabling workplace</li> <li>Staff were provided access to professional development and training opportunities</li> </ul>

## Financial report

The financial overview of the Office of the Commissioner for Environmental Sustainability for 2013-14.

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 23, 1 Spring 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 established for issue by the Commissioner, Dr Gillian Sparkes.

For queries in relation to our financial reporting please call 13 61 86, or visit our website [www.ces.vic.gov.au](http://www.ces.vic.gov.au).

## Commissioner for Environmental Sustainability Financial Statements

### Comprehensive operating statement for the financial year ended 30 June 2014

	Notes	2014 \$	2013 \$
<b>Income from transactions</b>			
Grants	1(f), 2(a)	952,185	1,743,193
Fair value of services received free of charge or for nominal consideration	1(f), 2(b)	35,289	130,465
<b>Total income from transactions</b>		<b>987,474</b>	1,873,658
<b>Expenses from transactions</b>			
Employee expenses	1(g), 3(a)	(610,954)	(1,222,999)
Other operating expenses	1(g), 3(b)	(341,231)	(652,768)
<b>Total expenses from transactions</b>		<b>(952,185)</b>	(1,875,767)
<b>Net result from transactions (net operating balance)</b>		<b>35,289</b>	(2,109)
<b>Other economic flows – other comprehensive income</b>			
Other gains/(losses) from other economic flows	1(h), 4	(217)	(4,594)
<b>Comprehensive result</b>		<b>35,072</b>	(6,703)

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

**Balance sheet as at 30 June 2014**

	Notes	2014 \$	2013 \$
<b>Assets</b>			
<i>Financial assets</i>			
Receivables	1(i), 5, 11	<b>49,322</b>	28,307
<b>Total financial assets</b>		<b>49,322</b>	28,307
<b>Total assets</b>		<b>49,322</b>	28,307
<b>Liabilities</b>			
Payables	1(j), 6, 11	<b>230,048</b>	138,873
Provisions	1(j), 7	<b>152,183</b>	257,415
<b>Total liabilities</b>		<b>382,231</b>	396,288
<b>Net liabilities</b>		<b>(332,909)</b>	(367,981)
<b>Equity</b>			
Accumulated surplus/(deficit)		<b>(336,335)</b>	(371,407)
Contributions by owners	1(k)	<b>3,426</b>	3,426
<b>Net worth</b>		<b>(332,909)</b>	(367,981)

The balance sheet should be read in conjunction with the notes to the financial statements.

Commitment for expenditure	1(l), 9
Contingent assets and contingent liabilities	1(m), 10

**Statement of changes in equity for the financial year ended 30 June 2014**

	<i>Accumulated surplus/(deficit)</i> \$	<i>Contribution by owners</i> \$	<i>Total</i> \$
<b>Balance at 1 July 2012</b>	<b>(364,704)</b>	<b>3,426</b>	<b>(361,278)</b>
Comprehensive result	(6,703)	0	(6,703)
<b>Balance as at 30 June 2013</b>	<b>(371,407)</b>	<b>3,426</b>	<b>(367,981)</b>
<b>Net result for the year</b>			
Comprehensive result	35,072	0	35,072
<b>Balance as at 30 June 2014</b>	<b>(336,335)</b>	<b>3,426</b>	<b>(332,909)</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

**Cash flow statement for the financial year ended 30 June 2014**

	Notes	<b>2014</b>	<b>2013</b>
		\$	\$
<b>Cash flows from operating activities</b>			
<i>Receipts</i>			
Receipts from grants and other transfers		<b>931,170</b>	1,875,907
<b>Total receipts</b>		<b>931,170</b>	1,875,907
<i>Payments</i>			
Payments to suppliers and employees		<b>(931,170)</b>	(1,875,907)
<b>Total payments</b>		<b>(931,170)</b>	(1,875,907)
<b>Net cash provided from operating activities</b>	12	<b>0</b>	0
<b>Net increase in cash and cash equivalents</b>		<b>0</b>	0
Cash and cash equivalents at the beginning of the financial year		<b>0</b>	0
<b>Cash and cash equivalents at the end of the financial year</b>		<b>0</b>	0

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

The cash flow statement should be read in conjunction with the notes to the financial statements.

## 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 year ended 30 June 2014. 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* (FMA) 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 17.

These annual financial statements were authorised for issue by the Commissioner for Environmental Sustainability on 21 October 2014.

#### (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(g)); and
- future salary movements and future discount rates (refer to Note 1(j)).

Consistent with AASB 13 *Fair Value Measurement*, the Commissioner determines the policies and procedures for both recurring fair value measurements such as financial instruments and for non-recurring fair value measurements in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

Generally, all assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Commissioner has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

## **Note 1. Summary of significant accounting policies (continued)**

### **(c) Reporting entity**

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

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

Its principal address is:

Commissioner for Environmental Sustainability  
Level 3, 8 Nicholson Street  
East Melbourne, Victoria 3002

### 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 Environment and Primary Industries.

### **(d) Scope and presentation of financial statements**

#### Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions (or termed as 'net operating balance') 'other economic flows included in net result', as well as 'other comprehensive income'. The sum of the former two, together with the net result from discounted operations, represents the net result.

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

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Refer to Note 16 Glossary for the definition of 'net result from transactions', 'other economic flows included in net result' and 'other economic flows other comprehensive income'.

#### 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 after the reporting period) 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 each non-owner and owner equity 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 related to 'Transactions with owner in its capacity as owner'.

### **(e) Changes in accounting policies**

Subsequent to the 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

#### *AASB 13 Fair Value Measurement*

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when an agency is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted.

## **Note 1. Summary of significant accounting policies (continued)**

AASB 13 has predominantly impacted the disclosures of the Commissioner. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The Commissioner has assessed the impact of AASB 13 and notes that there are minimal impacts on the financial statements.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 *Financial Instruments: Disclosures*.

### *AASB 119 Employee Benefits*

In 2013-14, the Commissioner has applied AASB 119 *Employee benefits* (Sept 2011, as amended).

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the Commissioner.

The revised standard also changes the definition of short-term employee benefits. Short-term employee benefits are defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. This has resulted in measurement for the annual leave provision on a discounted basis

As the Commissioner already measures employee benefits on a discounted basis, there has been no changes resulting from AASB 119.

## **(f) 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.

## **(g) 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(j) 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, redundancy payment and WorkCover premiums.

### Superannuation

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

The Department of Treasury and Finance (DTF) in its 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.

### 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.

## **Note 1. Summary of significant accounting policies (continued)**

### **(h) Other economic flows included in net result**

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

#### Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from

- the revaluation of the present value of long service leave liability due to changes in bond interest rates
- transfer of amounts from the reserves and/or accumulated surplus to net result due to disposal or derecognition or reclassification.

### **(i) Financial assets**

#### Receivables

Receivables consist predominantly of debtors in relation to goods and services and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. 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.

### **(j) Liabilities**

#### Payables

Payables consist predominantly of creditors, amounts owing to the Victorian Government and other sundry liabilities.

Payables 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 provision is the best estimate of the consideration required to settle the present obligation at reporting period date, 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 all recognised in the provision for employee benefits, as 'current liabilities', because the Commissioner does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

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

##### *(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 an employee take leave within 12 months.

## **Note 1. Summary of significant accounting policies (continued)**

The components of this current LSL liability are measured at:

- discounted value –the entity expects to wholly settle within 12 months; and
- present value – if the entity does not expect to wholly 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(h)).

### *(iii) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. 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 balance sheet date are discounted to present value.

### *On-costs*

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

## **(k) 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 to or distributions by owners 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 restructurings are treated as distributions to owners.

## **(l) 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 9) 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.

## **(m) 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 10) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

## **(n) 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.

The Department of Environment and Primary Industries manages the GST transactions on behalf of the Commissioner for Environmental Sustainability.

Cash flows are presented on a net basis, exclusive of GST as it is managed by the Department of Environment and Primary Industries.

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

**Note 1. Summary of significant accounting policies (continued)**

**(o) 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 between the end of the reporting and before the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. 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 to conditions which arose after the end of the reporting period that are considered to be of material interest.

**(p) Australian Accounting Standards issued that are not yet effective**

Certain new AASs have been published that are not mandatory for the 30 June 2014 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 2014, the following AASs have been issued 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)**

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
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 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	1 Jan 2017	The Commissioner has no assets available for sale. As such the preliminary assessment has not identified any significant impact arising from AASB 9.
AASB 10 <i>Consolidated Financial Statements</i>	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 Jan 2014 (not-for-profit entities)	The Commissioner does not prepare consolidated financial statements. As such the preliminary assessment has not identified any impact arising from AASB 10
AASB 11 <i>Joint Arrangements</i>	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jan 2014 (not-for-profit entities)	The Commissioner does not have any joint venture arrangements. As such the preliminary assessment has not identified any impact arising from AASB 11.
AASB 12 <i>Disclosure of Interests in Other Entities</i>	<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 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</i>	1 Jan 2014 (not-for-profit entities)	The Commissioner does not have any interests in other entities. As such the preliminary assessment has not identified any impact arising from AASB 12.
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 2014 (not-for-profit entities)	The Commissioner does not have investment in subsidiaries, joint ventures and associates where separate financial statements are prepared. As such the preliminary assessment has not identified any impact arising from AASB 127.

**Note 1. Summary of significant accounting policies (continued)**

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
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 2014 (not-for-profit entities)	The Commissioner does not have any investments in associates or joint ventures. As such the preliminary assessment has not identified any impact arising from AASB 128.
AASB 1055 <i>Budgetary Reporting</i>	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 July 2014	This standard is not applicable as the Commissioner does not present a separate budget to parliament.
AASB 1056 <i>Superannuation Entities</i>	AASB 1056 replaces AAS 25 <i>Financial Reporting by Superannuation Plans</i> . The standard was developed in light of changes in recent years, developments in the superannuation industry and Australia's adoption of IFRS.	1 July 2016	This standard is not applicable as the Commissioner is not a superannuation entity.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013-14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013-14 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.
- 2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*.
- 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*.
- 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*.
- 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*
- 2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*
- 2013-7 *Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders*
- 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- AASB *Interpretation 21 Levies*.

<b>Note 2. Income from transactions</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Grants</b>		
Government grants from the Department of Environment and Primary Industries	<b>952,185</b>	1,743,193
<b>Total grants</b>	<b>952,185</b>	1,743,193

**(b) Fair value of services received free of charge or for nominal consideration:**

Services (including rent, office equipment and IT services)	<b>35,289</b>	130,465
<b>Total fair value of services received free of charge or for nominal consideration</b>	<b>35,289</b>	130,465

<b>Note 3. Expenses from transactions</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Employee expenses</b>	<b>0</b>	<b>0</b>
Salary and wages	<b>(456,627)</b>	(900,887)
Superannuation	<b>(30,445)</b>	(76,528)
Leave expenses	<b>(78,885)</b>	(165,557)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	<b>(44,997)</b>	(84,621)
<b>Total employee expenses</b>	<b>(610,954)</b>	(1,227,593)

**(b) Other operating expenses**

**Supplies and services:**

Contract and professional services	<b>(199,507)</b>	(431,509)
Postage and Telephone	<b>(6,434)</b>	(8,914)
Office Expenses	<b>(5,764)</b>	(17,850)
IT Costs	<b>(247)</b>	(164)
Motor Vehicle Costs	<b>0</b>	(3,101)
Travel and Subsistence	<b>(3,990)</b>	(7,326)
General expenses	<b>(32,595)</b>	(38,892)
Learning and Development Costs	<b>(2,242)</b>	(6,766)
Payments for Shared Services	<b>(7,870)</b>	(30,938)
Community Awareness and Publicity	<b>(211)</b>	0
Office and accommodation	<b>(82,309)</b>	(107,228)
<b>Total supplies and services</b>	<b>(341,169)</b>	(652,688)
<b>Subtotal</b>	<b>(341,169)</b>	(652,688)
Ex-gratia payments	<b>0</b>	0
Cost of goods sold/distributed	<b>(62)</b>	(80)
<b>Total other operating expenses</b>	<b>(341,231)</b>	(652,768)

<b>Note 4. Other economic flows included in net result</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Other gains/ (losses) arising from revaluation of employee benefits</b>		
Net gain/(loss) arising from revaluation of employee benefits <sup>(i)</sup>	(217)	(4,594)
<b>Total other gains/ (losses) from other economic flows</b>	<b>(217)</b>	<b>(4,594)</b>

(i) Revaluation gain/(loss) due to change in bond rates

<b>Note 5. Receivables</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Contractual</b>		
Trade receivables	49,322	28,307
<b>Total contractual receivables</b>	<b>49,322</b>	<b>28,307</b>
<b>Total receivables</b>	<b>49,322</b>	<b>28,307</b>

<b>Note 6. Payables</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Contractual</b>		
Trade creditors <sup>(i)</sup>	935	4,596
Accrued expenses	50,063	9,500
<b>Total contractual payables</b>	<b>50,998</b>	<b>14,096</b>
<b>Statutory</b>		
Taxes payable	989	525
Other payables	178,061	124,252
<b>Total statutory payables</b>	<b>179,050</b>	<b>124,777</b>
<b>Total payables</b>	<b>230,048</b>	<b>138,873</b>

(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.

**(a) Maturity analysis of contractual payables**

Refer to Table 11.3 in Note 11 for the maturity analysis of contractual payables.

**(b) Nature and extent of risk arising from contractual payables**

Refer to Note 11 for the nature and extent of risks arising from contractual payables.

<b>Note 7. Provisions</b>	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Current provisions</b>		
Employee benefits – annual leave [Note 7(a)]		
Unconditional and expected to be paid within 12 months	<b>50,221</b>	93,197
Unconditional and expected to be paid after 12 months	<b>7,898</b>	0
Employee benefits – long service leave [Note 7(a)]		
Unconditional and expected to be paid within 12 months	<b>34,745</b>	30,233
Unconditional and expected to be paid after 12 months	<b>34,498</b>	45,350
	<b>127,362</b>	168,780
Provisions for on-costs:		
Unconditional and expected to be paid within 12 months	<b>16,559</b>	21,147
Unconditional and expected to be paid after 12 months	<b>8,262</b>	12,748
	<b>24,821</b>	33,895
<b>Total current provisions</b>	<b>152,183</b>	202,675
<b>Non-current provisions</b>		
Employee benefits [Note 7(a)]	<b>0</b>	45,585
Provisions for on-costs	<b>0</b>	9,155
<b>Total non-current provisions</b>	<b>0</b>	54,740
<b>Total provisions</b>	<b>152,183</b>	257,415

**(a) Employee benefits and related on-costs**

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Current employee benefits</b>		
Annual leave entitlements	<b>58,119</b>	93,197
Long service leave entitlements	<b>69,243</b>	75,583
	<b>127,362</b>	168,780
<b>Non-current employee benefits</b>		
Long service leave entitlements	<b>0</b>	45,585
<b>Total employee benefits</b>	<b>127,362</b>	214,365
Current on-costs	<b>24,821</b>	33,895
Non-current on-costs	<b>0</b>	9,155
<b>Total on-costs</b>	<b>24,821</b>	43,050
<b>Total employee benefits and related on-costs</b>	<b>152,183</b>	257,415

Note:

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

**(b) Movement in provisions**

	<b>On-costs</b>	<b>Total</b>
	<b>2014</b>	<b>2014</b>
	\$	\$
<b>Opening balance</b>	<b>43,050</b>	<b>43,050</b>
Reduction arising from payments/other sacrifices of future economic benefits	<b>(18,195)</b>	<b>(18,195)</b>
Increase/(reductions) resulting from re-measurement or settlement without cost	<b>1</b>	<b>1</b>
Unwind of discount and effect of changes in the discount rate	<b>(35)</b>	<b>( 35)</b>
<b>Closing balance</b>	<b>24,855</b>	<b>24,855</b>
Current	<b>24,821</b>	<b>24,821</b>
Non-current	<b>0</b>	<b>0</b>
	<b>24,821</b>	<b>24,821</b>

## Note 8. 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.

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:

<b>Fund</b>	<b>Paid contribution for the year 2014</b>	<b>Paid contribution for the year 2013</b>	<b>Contribution outstanding at year end 2014</b>	<b>Contribution outstanding at year end 2013</b>
	\$	\$	\$	\$
<b>Defined benefit plan:</b>				
Emergency Services Superannuation Scheme	<b>9,378</b>	8,544	<b>40</b>	46
<b>Defined contribution plans:</b>				
Victorian Superannuation Fund – Vic Super Scheme	<b>4,316</b>	36,090	<b>18</b>	21
Various other	<b>16,751</b>	31,894	<b>71</b>	82
	<b>30,445</b>	76,528	<b>129</b>	149

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 9.25% of employee's wages and salaries are legally enforceable on the entity.

The 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 9. Commitments for expenditure

There are no commitments for expenditure (2013: Nil).

## Note 10. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities (2013: Nil).

## Note 11. 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 in the government policy parameters.

The carrying amounts of the entity's financial assets and financial liabilities by category are in Table 11.1.

**Table 11.1: Categorisation of financial instruments**

	2014			2013		
	<i>Contractual financial assets – loans and receivables</i>	<i>Contractual liabilities at amortised cost</i>	<i>Total</i>	<i>Contractual financial assets – loans and receivables</i>	<i>Contractual liabilities at amortised cost</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$
<b>Contractual financial assets</b>						
Receivables <sup>(i)</sup>						
Trade receivables	49,322	0	49,322	28,307	0	28,307
<b>Total contractual financial assets</b>	<b>49,322</b>	<b>0</b>	<b>49,322</b>	<b>28,307</b>	<b>0</b>	<b>28,307</b>
<b>Contractual financial liabilities</b>						
Payables <sup>(ii)</sup>						
Trade creditors	0	935	935	0	4,596	4,596
Accrued expenses	0	50,063	50,063	0	9,500	9,500
<b>Total contractual financial liabilities</b>	<b>0</b>	<b>50,998</b>	<b>50,998</b>	<b>0</b>	<b>14,096</b>	<b>14,096</b>

(i) The amount of receivables disclosed excludes statutory receivables (i.e. taxes receivable) – Refer Note 5 – Receivables.

(ii) The amount of payables disclosed excludes statutory payables (i.e. taxes payable) – Refer Note 6 – 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 contractual 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.

#### *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.

**Note 11. Financial instruments (continued)**

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 aging only of contractual financial assets that are past due but not impaired:

**Table 11.2: Aging analysis of contractual financial assets**

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 Month	1 - 3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
<b>2014</b>						
Receivables						
Trade receivables	49,322	49,322	0	0	0	0
<b>Total</b>	<b>49,322</b>	<b>49,322</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2013</b>						
Receivables						
Trade receivables	28,307	28,307	0	0	0	0
<b>Total</b>	<b>28,307</b>	<b>28,307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**(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.

**Table 11.3: Maturity analysis of contractual financial liabilities**

	Carrying Amount	Nominal amount	Maturity dates				
			Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	5+ years
	\$	\$	\$	\$	\$	\$	\$
<b>2014</b>							
<b>Payables:</b> <sup>(i)</sup>							
Trade creditors	935	935	935	0	0	0	0
Accrued expenses	50,063	50,063	50,063	0	0	0	0
<b>Total</b>	<b>50,998</b>	<b>50,998</b>	<b>50,998</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2013</b>							
<b>Payables:</b> <sup>(i)</sup>							
Trade creditors	4,596	4,596	4,596	0	0	0	0
Accrued expenses	9,500	9,500	9,500	0	0	0	0
<b>Total</b>	<b>14,096</b>	<b>14,096</b>	<b>14,096</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(i) The amount of payables disclosed exclude statutory payables (i.e. taxes payable) – Refer Note 6 – Payables.

**Note 11. Financial instruments (continued)****(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:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Commissioner considers the carrying amount of financial 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 12. Cash flow information**

Reconciliation of net result for the period	2014 \$	2013 \$
<b>Net result for the reporting period</b>	<b>35,072</b>	(6,703)
<b>Net loss arising from reduction of employee benefits</b>	<b>217</b>	4,594
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	<b>(21,015)</b>	8,258
(Decrease)/increase in payables	<b>91,175</b>	117,959
(Decrease)/increase in provisions	<b>(105,449)</b>	(124,108)
<b>Net cash inflow from operating activities</b>	<b>0</b>	0

**Note 13. 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 2013 to 30 June 2014
Commissioner for Environmental Sustainability	Professor Kate Auty	1 July 2013 to 31 March 2014
<i>There was no acting Commissioner for the period 1 April 2014 to 30 June 2014 as this is statutory appointment and no one appointed to replace the Commissioner over this period.</i>		

**Remuneration**

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

	2014 No.	2013 No.
<b>Income band</b>		
\$180,000 – 189,999	<b>1</b>	0
\$250,000 – 259,999	<b>0</b>	1

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

The persons who held the position of accountable officers in the entity are as follows:

Director	Gordana Marin	1 July 2013 to 30 June 2014	\$120,000 - \$129,999
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**Note 13. Responsible persons (continued)****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.

<b>Note 14. Remuneration of auditors</b>	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Victorian Auditor General's Office</b>		
Auditor or review of the financial statements	<b>6,800</b>	9,100
	<b>6,800</b>	9,100

**Note 15. Subsequent events**

The entity is not aware of any other circumstances that have arisen, or information that has become available between 30 June 2014 and the date of final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

Effective from 1 July 2014 Doctor Gillian Sparkes was appointed as Commissioner of the Commissioner for Environmental Sustainability for the period of 2 years.

**Note 16. Going concern**

Subsequent to 30 June 2014 the Department of Environment and Primary Industries (DEPI) will provide adequate cash flow support to enable the Commissioner to meet its current and future obligations as and when they fall due for a period up to October 2015, should this be required in line with approved funding profile.

## Note 17. 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, fringe benefits tax, 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 or statutory 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

A complete set of financial statements comprises:

- (a) A statement of financial position as at the end of the period;
- (b) A statement of profit or loss and other comprehensive income for the period;
- (c) A statement of changes in equity for the period;
- (d) A statement of cash flows for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) Comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 *Presentation of Financial Statements*; and
- (g) A statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement in accordance with paragraphs 41 of AASB 101.

### 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

## **Note 17. Glossary of terms and style conventions (continued)**

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 economic flows – other comprehensive income'.

### **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

### **Other economic flows included in net result**

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets;
- fair value changes of financial instruments and agricultural asset; and depletion of natural assets (non-produced) from their use or removal.

### **Other economic flows – other comprehensive income**

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows – other comprehensive income include:

- (a) Changes in physical asset revaluation surplus;
- (b) Share of net movement in revaluation surplus of associates and joint ventures ; and
- (c) Gains and losses remeasuring available-for-sale financial assets.

### **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 2014 and financial position of the entity at 30 June 2014.

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 21 October 2014.



Dr Gillian Sparkes  
Commissioner for Environmental Sustainability

Melbourne  
8 October 2014



Gordana Marin  
Director, Office of Commissioner for Environmental  
Sustainability

Melbourne  
8 October 2014

## INDEPENDENT AUDITOR'S REPORT

### To the Commissioner, Commissioner for Environmental Sustainability

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2014 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 certification 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 and fair presentation 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 2014 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 2014 included both in the Commissioner for Environmental Sustainability's annual report and on the website. The Commissioner of 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  
9 October 2014



John Doyle  
Auditor-General

## Appendix 1

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The 2013-14 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.

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