



Commissioner for Environmental Sustainability  
Victoria

Living well within our environment

## ANNUAL REPORT 2007-08



Annual Report 2007-2008.

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## COMMISSIONER'S FOREWORD



**Climate change and a sustainable environment are critical issues for Australia. Moving toward an environmentally sustainable Victoria – one in which we can all live well – will require a united approach from all levels of government, the public and community groups. As Victoria's Commissioner for Environmental Sustainability, the work undertaken in my office over the past five years not only advocates this approach, but plays an active role towards this outcome.**

It has been a busy and exciting year in the office. As we enter the final stages of producing Victoria's first comprehensive State of the Environment Report (SoE), public debate over climate change continues to escalate. I believe that the SoE will contribute to this debate at a state-wide level and highlight areas requiring further action to improve environmental outcomes.

During 2007-08 the SoE program continued in partnership with the various theme experts and concentrated on content development and stakeholder engagement with a draft report distributed to Government stakeholders in June 2008. Presentations were also made to peak industry bodies, local government and environmental organisations. The SoE report will provide a comprehensive assessment of the drivers and direct pressures on the environment, the current state and trends in the natural environment and a section for all Victorians to consider on how to live well within our environment. The Report will make recommendations for actions to address both the drivers and impacts of environmental degradation. The report is due for release in December 2008.

In early 2008, my office released the fourth Strategic Audit of Government's Environmental Management Systems (EMS). I believe this annual review has elevated the awareness and environmental responsiveness within Victorian Government and its Departments. The EMS program is designed to improve government's own resource use efficiency and to reduce greenhouse gas emissions. Improved results were reported for 2006-07 by Departments having reduced office-based water and energy consumption, greenhouse gas emissions for buildings, waste production and paper consumption.

I feel the EMS program has led to innovation and behaviour change within many agencies and I expect this to continue. The Government's decision to expand the program to statutory agencies, under the *Our Environment Our Future - Sustainability Action Statement* requires agencies to incorporate the environment as a factor in all day-to-day and strategic decision making. I believe the Government must continue to show leadership in this area and demonstrate the incorporation of environmental sustainability into its business processes as well as taking a strategic approach to assessing the environment for its policies and programs.

In 2007-08 I prepared my second transport paper, *Public Transport's Role in Reducing Greenhouse Emissions*, for release in July 2008 which assesses the environmental benefits of public transport in Victoria. The report includes interesting findings such as people who shift from cars to trains, trams and buses reduce their emissions by 75% on average. In 2008-09, in collaboration with the Department of Transport, my office will continue its work on looking at ways to better use public transport to reduce Victoria's greenhouse gas emissions and respond to vulnerabilities associated with carbon and oil prices.

Victoria is a State with an impressive natural endowment. The challenge is to use this endowment to produce the food and fibre we need to consume and trade, the fossil minerals and fuels for construction and energy that we require, while ensuring that the underlying natural systems are able to continue to provide this service into the future. Like so many other places in the developed world Victorians have applied new technologies, plants, animal breeding and industrial processes with such energy and intent that some of the environmental consequences are becoming more than obvious. As well we have massed into a large metropolitan region with greater population growth to come. The issues of urban design, the vulnerabilities created by oil, and mortgage prices are an ever-present reminder that the modern Australian city is still at a loss as to how to modify a huge dependence on motor vehicles for access and mobility, and to provide a range of alternatives with public transport as a mainstay. Needless to say this issue is a continuous and pressing task for community and government alike.

In the five year existence of this office a group of extremely hard-working and quite brilliant people have assisted government and the community with clear analysis, careful work, and well-judged commentary. Mr Hugh Wareham and his successor Mr Hamish Walker as Director of the office have contributed leadership, drive and hard-headed management to ensure the fulfilment of the statutory roles of the Commissioner. The two programme managers, Ms Jane Tovey and Ms Anne Ward, have been with me from the start and have led small groups of outstanding people to produce on time, and with quality the tasks entrusted to us. It is not possible to list the others, but this small group of dedicated, committed and self-directed men and women have delivered results well beyond their numbers.

I'm also very grateful for the assistance given to me by the co-chairs of my reference group, Kate Vinot and Dan Atkins over the past five years. They and the rest of the group have provided me with critical advice as representatives from business and industry, local government, academia and non-government organisations.

Last, I commend the Victorian Government for taking the risk to establish the role of Commissioner for Environmental Sustainability. The Government opened itself to inspection on its environmental approach and in return we have attempted to be constructive and positive in our advice. Ministers John Thwaites and Gavin Jennings have given unqualified support to the role, while the support of the Department of Sustainability and Environment and its Secretaries Mr Lindsay Neilson and Peter Harris has been fundamental to our ability to operate.



**Dr Ian McPhail**  
Commissioner for Environmental Sustainability

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## GLOSSARY

CES	Commissioner for Environmental Sustainability
DSE	Department of Sustainability and Environment
EPA	Environment Protection Authority Victoria
EMS	Environmental Management Systems
ESF	<i>Our Environment Our Future</i> , Environmental Sustainability Framework
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
GHG	Greenhouse Gas
OCES	Office of the Commissioner for Environmental Sustainability
SoE	State of the Environment
SV	Sustainability Victoria

***Commissioner's Vision:*** A future where Victoria sustains and enriches the natural environment which underpins our social and economic goals for the benefit of current and future generations.

***Commissioner's Mission:*** To promote the adoption of environmentally sustainable practices by independent scrutiny, reporting and advice.

# AT A GLANCE 2007-08

## Strategic audit of Government's environmental management systems

The role of the Commissioner's strategic audit function continues to provide the Minister for Environment and Climate Change, the Victorian Parliament and the Victorian public with a high-level, independent assessment of government's performance in reducing the environmental impacts associated with its operations.

The fourth annual Strategic Audit of Victorian Government Agencies' Environmental Management Systems (EMS) examined the State Government's office-based environmental performance as well as the inaugural assessment of Government's adoption of its own *Environmental Sustainability Framework* (ESF).

The report, addressed the environmental activities of Government agencies, and was submitted to the Minister for Environment and Climate Change in January 2008.

## The draft *State of the Environment Report* prepared and released for government consultation

Due for submission to the Minister for Environment and Climate Change and public release in late 2008, the SoE Report has been drafted in consultation with a range of stakeholders. The resulting draft report is a comprehensive statement on the drivers and direct pressures on the environment, the current state and trends in the natural environment and an assessment of the capacity for Victorians to live well within our environment.

## Assessment of education for sustainability

The Commissioner prepared a preliminary report for the Minister for Environment and Climate Change on a stocktake of education programs delivered or funded by the Department of Sustainability and Environment (DSE), the Environment Protection Authority Victoria (EPA), Sustainability Victoria (SV) or the Sustainability Fund. The report also provided a summary of previous work on education for sustainability and provided some recommendations for government.

## Sustainable transport

The Commissioner released a position paper entitled *Public Transport's Role in Reducing Greenhouse Emissions*. The paper found that public transport produced fewer greenhouse emissions than car use and called for a step change in the level of public transport investment to drive a reduction in emissions and prepare Victoria for likely future increases in oil prices. The environmental impacts of transport were also discussed within the Energy section of the SoE Report.

## Public Statement on Energy

In late 2007 the Commissioner released a position paper outlining the nature of Victoria's energy systems. The paper revealed that currently, electricity generation and consumption has the single biggest impact on Victoria's ecological footprint. The Statement included an overview of the environmental impacts of energy production and use and highlighted the need to reduce greenhouse emissions from these activities.

## The Commissioner as an advocate for change

To encourage the strengthening of government's environmental performance and to raise the profile of sustainability in Victoria, the Commissioner spoke at a variety of seminars and forums. In 2007-08 his presentations were to a wide range of audiences. Some highlights included:

In April, Dr McPhail was the Keynote Speaker at the Victorian Sustainable Development Conference 2008. His speech identified current and future directions for sustainability in Victoria and how these directions will affect Victorian local and state government, business, and the community.

Dr McPhail presented at the Annual VicWater Sustainability Seminar in which he outlined the most significant sustainability issues and opportunities for the water industry in adapting to climate change.

As a keynote speaker at the Aged and Community Care Victoria State Congress, Dr McPhail presented 'Building a Greener Future in Aged Care Facilities'.

During 2007-08 the Commissioner's Office presented at a series of ResourceSmart Government workshops aimed at supporting Victorian government agencies to develop environmental management programs across their operations.

## Accountable Officer's Declaration

In accordance with the *Financial Management Act* (FMA) 1994, I am pleased to present the Report of Operations for the Commissioner for Environmental Sustainability for the year ending 30 June 2008.



**Dr Ian McPhail**  
Commissioner for Environmental Sustainability  
Melbourne  
September 2008

# ABOUT US

## An independent voice

Victoria's Commissioner for Environmental Sustainability (CES), through a series of major projects and partnerships, promotes and advocates for greater environmental sustainability across Victoria, while encouraging leadership in best practice models and management systems in Government.

Established by the Victorian Government in November 2003, under the *Commissioner for Environmental Sustainability Act, 2003* the main aim of the Commissioner is to provide an independent voice that audits and reports on environmental sustainability.

The Hon. John Thwaites, Minister for Water, Environment and Climate Change, was the responsible Minister at the commencement of the reporting period. From 30 July 2007 to the 2 August 2007 the Hon. John Brumby, Minister for Water, Environment and Climate Change, was the responsible Minister. From 3 August 2007 to 30 June 2008 the Hon. Gavin Jennings MLC, Minister for Environment and Climate Change was the responsible Minister.

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 four major functions are to:

- Prepare the Report on the State of the Environment of Victoria at least once every five years.
- 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 referred by the Minister for Environment.

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

# 2007-08 OUTCOMES

## STATE OF ENVIRONMENT REPORT

### Preparation of the draft report

During 2007-08 the Office of the Commissioner for Environmental Sustainability (OCES) completed the draft report on the state of Victoria's environment which was presented to government departments and agencies for comment in late June 2008.

The draft report provides a comprehensive assessment of the drivers and direct pressures on the environment, the current state and trends in the natural environment and an assessment of the capacity for Victorians to live well within our environment.

When the report is finalised in late 2008, it is expected that the document will encourage wide-ranging interest and, no doubt, debate about the future of Victoria's environmental sustainability.

The content of the draft report was developed by a small team of authors in the Commissioner's Office through collaboration and consultation with a range of stakeholders from government, academia, environmental non-government organisations and the private sector.

Many government agencies assisted during 2007-08 by providing data and expertise, and by providing a technical review of early drafts. Inter Agency Committee (IAC) members provided nominees for Expert Reference Groups, who assisted by providing information on policy responses to some of the issues reported as well as meeting with the Commissioner to discuss potential recommendations. Each section was also reviewed by acknowledged experts in each field.

The draft report structure is as follows:

- Part 1** Introduction
- Part 2** Driving forces
- Part 3** Production, Consumption and Waste
  - Energy
  - Water Resources
  - Materials
- Part 4** The State of the Environment
  - Atmosphere
  - Land and biodiversity
  - Inland Waters
  - Coasts, Estuaries and the Sea
- Part 5** Living Well Within Our Environment

As progress was made on data analysis and drafting, a consultation framework was developed and endorsed by the SoE Reporting IAC. This Committee comprises members from most departments as well as environmental agencies. During government consultation in July and August 2008 its members will coordinate comments to the Commissioner on the draft report.

The Office also initiated consultation with the indigenous community on the report through the DSE led State-wide indigenous consultation for the Government's Land and Biodiversity Green paper.

In 2007-08 the Commissioner was pleased to receive direct assistance from Victorian Government departments and agencies including DSE, Department of Primary Industries (DPI), The Victorian Environment Assessment Council (VEAC), the EPA and SV. DSE also provided mapping services. DPI provided access to data through its Triple Bottom Line Reporting Project. VEAC assisted in preparation of sections relating to biodiversity. The EPA provided expert assistance in drafting the air quality section and ecological footprint report for Victoria. Assistance was also provided by the CSIRO and the Bureau of Meteorology.

DSE provided a staff member to take a short secondment into OCES at the end of 2007-08. The secondment contributed significantly to the coastal section of the Report.

The OCES commenced planning for the production of the report and SoE website. Graphic designers were engaged and have provided design options for both the hard-copy and online reports. The focus on production and promotion of the report will escalate in the months prior to release to ensure wide availability.

### Governance

The SoE IAC met four times during 2007-08. The Commissioner's Whole of Government Steering Group and the Commissioner's Reference Group were kept informed through progress reports and detailed briefings during development of the report.

The Commissioner's Office briefed each group on the key findings of the draft report in June 2008.

The report is due to be released in December 2008.

## STRATEGIC ENVIRONMENTAL ASSESSMENT

*The Commissioner believes that including environmental considerations in the early stages of decision making is essential in achieving better environmental outcomes. Environmental considerations of climate change, water availability, ecosystem services and liveability is now a key feature in public and media debates.*

*Internationally there is a major move towards the consideration of environmental consequences at strategic levels of decision making prior to the detailed site level assessment. Strategic Environmental Assessment (SEA) is an approach that promotes this type of action. It canvasses the widest possible policies and considers their impacts during decision making.*

*This differs from Environmental Impact Assessment which is applied at the project level. SEA should take place before decisions are made and contribute to the formulation and development of the policy rather than focusing on site specific impacts. The aim of SEA is to ensure that environmental aspects are addressed and incorporated at decision making levels prior to project level announcement.*

*During 2007-08, the Commissioner promoted the application of SEA principles into the Victorian policy process. Metropolitan urban development, mobility, public transport, water infrastructure and electricity generation are examples highlighting the need for holistic assessment. The Commissioner believes using approaches such as SEA would make it possible for the most innovative, environmentally suitable, and economically sound choices to be made.*

## ENVIRONMENT MANAGEMENT

### Improving Environmental Performance

*'We must make environmental sustainability a part of everything we do...'<sup>1</sup>*

The role of the Commissioner's strategic audit function is to provide the Minister for Environment and Climate Change, and Parliament with a high-level, independent assessment of Government's performance in reducing the environmental impacts of its own operations through its environmental management programs.

The Commissioner's fourth annual strategic audit, reviewed the action taken by Victorian Government Departments and various Agencies in the 2006-07 financial year.

The fourth strategic audit also included an inaugural assessment of the adoption by Government of the Victorian Government's ESF, 2005 and the accompanying *Sustainability Action Statement*, 2006 strategic directions.

During 2007-08, the OCES also successfully coordinated annual audits for the Victorian Government departments, EPA, and SV, managing a more streamlined audit program which improved the efficiency, timeliness and consistency of the agency audits.

As Victoria's Commissioner for Environmental Sustainability, Dr McPhail recognises that the state is particularly vulnerable to the effects of climate change as it faces increased risks to its water supplies, longer bush fire seasons, greater risks of severe weather and further degradation to its natural environment and biodiversity.

Climate change has become a reality. This has been acknowledged by the Victorian government in driving its major policy responses. In this context, the Victorian Government has stressed the importance of the public sector leading by example on resource use efficiency, and being transparent and accountable for performance in this area. The introduction of the EMS program to twelve core departments and agencies for office-based activities has been an important start and contribution to the achievement of this overall objective and has led to innovation and behaviour change within these agencies.

The Commissioner acknowledged the effort and commitment to the EMS program during 2006-07 which reported improved results in reducing office-based water and energy consumption, greenhouse gas emissions for buildings, waste production and paper consumption. Vehicle related transport emissions, however had increased and significant opportunities remain to address environmental impacts associated with Government's purchasing activities.

The Commissioner indicated that performance measurement and reporting remains an important component of the environmental management approach being adopted by agencies and challenges remain. To some extent this reflects the evolving nature of environmental performance reporting by Government agencies, however, there is a need to further develop the reporting guidelines, build tools and provide further education and training to improve data capture and whole of government reporting. This is necessary to better understand consumption and resource use impacts and to assist in guiding environmental improvement strategies and in setting performance targets.

The Commissioner's fourth strategic audit covered the ten Victorian Government departments and two environmental agencies. Five additional statutory agencies, Melbourne Water, South East Water, Yarra Valley Water, City West Water and VicRoads also participated. The audit report highlighted some key aspects of these five organisations integrated management approaches to addressing their environmental impacts.

### Embedding Environmental Sustainability

Included in the strategic audit report for the first time was the Commissioner's inaugural assessment of the adoption by the 17 agencies of the ESF strategic directions. The ESF and the *Sustainability Action Statement* provide the Victorian Government's key strategic directions, objectives and interim targets for reducing Victoria's environmental impacts. The ESF commits the State Government to integrate the directions of the Framework in its own day-to-day operations. While the audit found a significant level of environmental activity across Government and within individual agencies, integrating the environmental sustainability directions into agency's decision-making processes is still in its infancy.

The Commissioner indicated that integrating the ESF as part of 'business as usual' needs to be managed as a strategic change management program. The provision of tools, methodologies and education and training is required to assist agencies to meaningfully integrate environmental sustainability into decision-making processes. The Government has committed to an expansion of this program to a wider group of agencies, not only for environmental benefits but for real financial savings that can accrue from more efficient operations.

In March 2008, the Minister for Environment and Climate Change launched the ResourceSmart Government program, which provides a suite of tools, workshops and ongoing support to Government agencies to reduce their environmental impacts. This includes, but is not limited to, reducing greenhouse gas emissions, water use and waste production.

<sup>1</sup> *Our Environment Our Future – Victoria's Sustainability Framework (2005) p.10*

The strategic audit report was submitted to the Minister for Environment and Climate Change in January 2008, meeting statutory requirements. The Minister tabled the report in Parliament on 12 March 2008. The report includes 15 recommendations to Government which focused on monitoring and reporting, procurement, expanding the scope of the EMS and integrating environmental sustainability into key decision making. The Strategic Audit findings, recommendations and audit priorities were derived from extensive stakeholder consultation. The Government supported (or supported in principle) twelve of the recommendations and noted the other three.

### **Looking forward**

A priority program for the Commissioner in 2008-09 is the fifth strategic audit of Victorian Government Agencies and Departments environmental management programs. Future audits will continue to comment on targets, performance and progress to embed environmental sustainability into the operations of Government agencies.

## EDUCATION

### Education for sustainability

A statutory function of the Commissioner is to audit public education programs relating to ecologically sustainable development and advise the Minister for Environment and Climate Change as to the effectiveness of the programs in encouraging the community to adopt ecologically sustainable development principles and practices.

Due to a focus on delivery of the draft SoE Report in 2007-08 further work on education for sustainability was limited. The OCES undertook an analysis of the results of the stocktake of education programs and provided a preliminary report to the Minister on the findings. The report also provided information on assessment activities to date and the limitations of the Government's current approach to delivering environmental education programs.

Further work on education for sustainability is planned following the release of the SoE Report.



## SUSTAINABLE TRANSPORT

The environmental impacts of our transport system, together with our capacity to reduce those impacts, are increasingly well understood. In 2007-08 the OCES received funding from the Department of Transport (DoT) to investigate and report on environmental impacts of public transport in Victoria.

During the year the Commissioner and CES staff made a range of public presentations related to transport and its environmental impacts, including to the Metropolitan Transport Forum, the Australasian Centre for the Governance and Management of Urban Transport, and the Society for Sustainability and Environmental Engineering. In June the Commissioner's Office hosted a seminar addressing Transit Oriented Development which featured a presentation from visiting US expert, Professor John Wrenne.

During the year, the Commissioner prepared a position paper, *Public Transport's Role in Reducing Greenhouse Emissions* which was released in July 2008. The paper assessed the environmental benefits of public transport and found that people who shift from cars to trains, trams and buses reduce their emissions by 75% on average. One of the key recommendations of the paper was for a step change increase in the level of investment in public transport – both to reduce emissions from the transport sector and to help prepare for a future in which petrol prices could be as high as \$8 per litre.

The paper also called for the development of a long-term transport plan with greenhouse emissions reduction as a core objective. Other recommendations included a call for a shift in federal transport funding from roads to public transport and the removal of perverse taxation policies such as the Fringe Benefits Tax on company cars that actively encourages more driving.

Funding from DoT will continue into the 2008-09 financial year.

## CARBON 'TYRE PRINT'

*While public transport is better for the environment than cars, it is still responsible for greenhouse emissions due to the fact that metropolitan trains and trams are powered by electricity produced through the combustion of brown coal, while buses are fuelled by diesel. In March 2008, however, the Commissioner attended the launch of Melbourne's first 'wind-powered' tram, the electricity for which comes from renewable sources. The Commissioner has called for all trains and trams to be powered by renewable energy, to demonstrate Victoria's continued leadership of the climate change debate and to provide Victorians with an easy way to drastically reduce their own carbon footprint.*





## LOY YANG POWER VISIT – AUGUST 2007

*Following their recent work on the Energy section of the State of the Environment report and presentation at the Water Management in Power Generation conference 2007, the Commissioner and his team welcomed the opportunity to visit and see first hand operations at the Loy Yang power station and open cut mine in Victoria's Latrobe Valley.*

*The day began with an early train from the Southern Cross station in Melbourne to Traralgon in Gippsland. Following a short bus ride the group arrived at the Loy Yang Power station.*

*Staff were provided with an overview of the mine before being fitted with safety apparel for the tour of the power station and open cut mine. The visit included a presentation on key environmental issues such as greenhouse emissions response, emissions trading, new technology, water conservation measures and proposed coal developments in the Latrobe Valley.*

*Electricity generation, energy consumption and greenhouse gas emissions in Victoria feature prominently in the Commissioner's State of the Environment report due for release in late 2008.*

# THE OFFICE

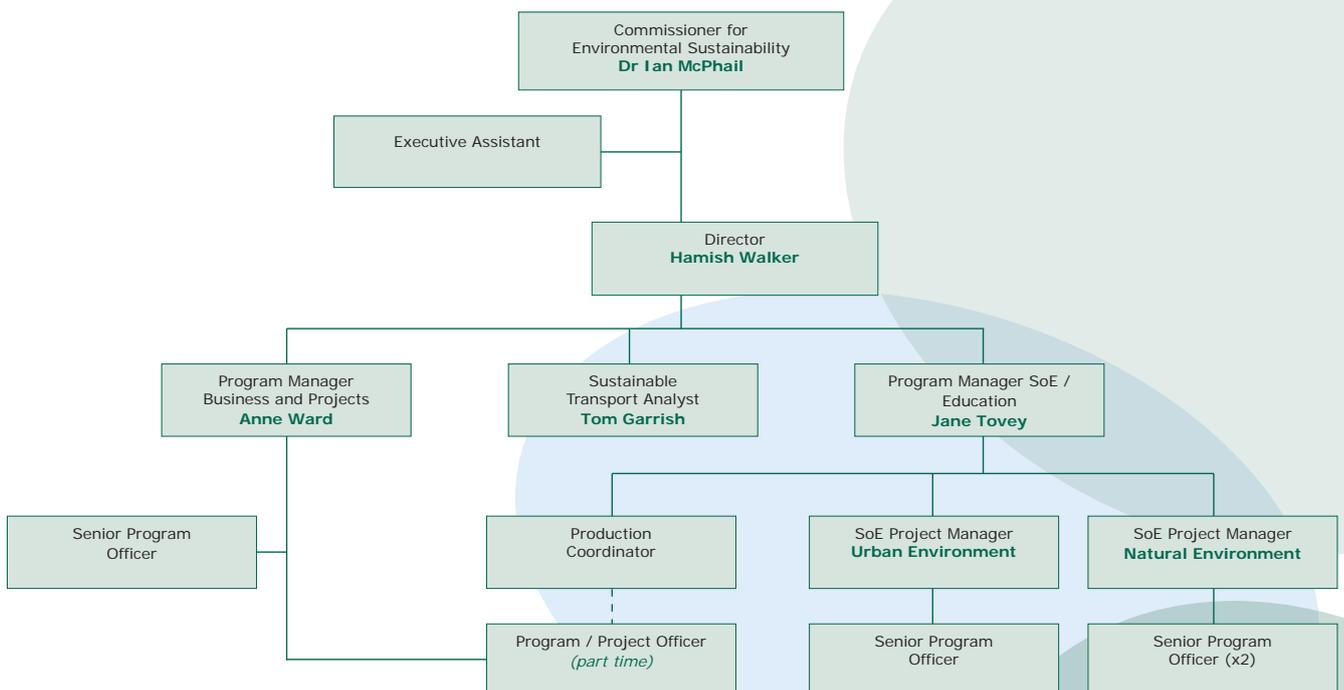
During 2007-08 the Commissioner's office comprised of Dr McPhail and 13 staff.

The DSE provides support services to the office such as facilities, financial, information technology and human resource management systems.



**Figure 1 The Commissioner and office staff**  
 Left to right: Front row – Kim Bege, Jane Tovey, Dr Ian McPhail, Dr Amanda Ellery, Geoff Browne, Anne Ward, Bea Williams. Back row – Hamish Walker, Dr Carlos Rodriguez, Anne Dansey, Tom Garrish, Bruce Greenop, Sylvia Webb. Absent: Claire Maries

**Figure 2 Organisation chart as at 30 June 2008**



## **Well-being and staff development**

Staff have access to a range of programs provided by DSE to support staff in the workplace. These include: training and development, health checks and flu vaccinations, counselling service through the Employee Assistance Program and well-being programs.

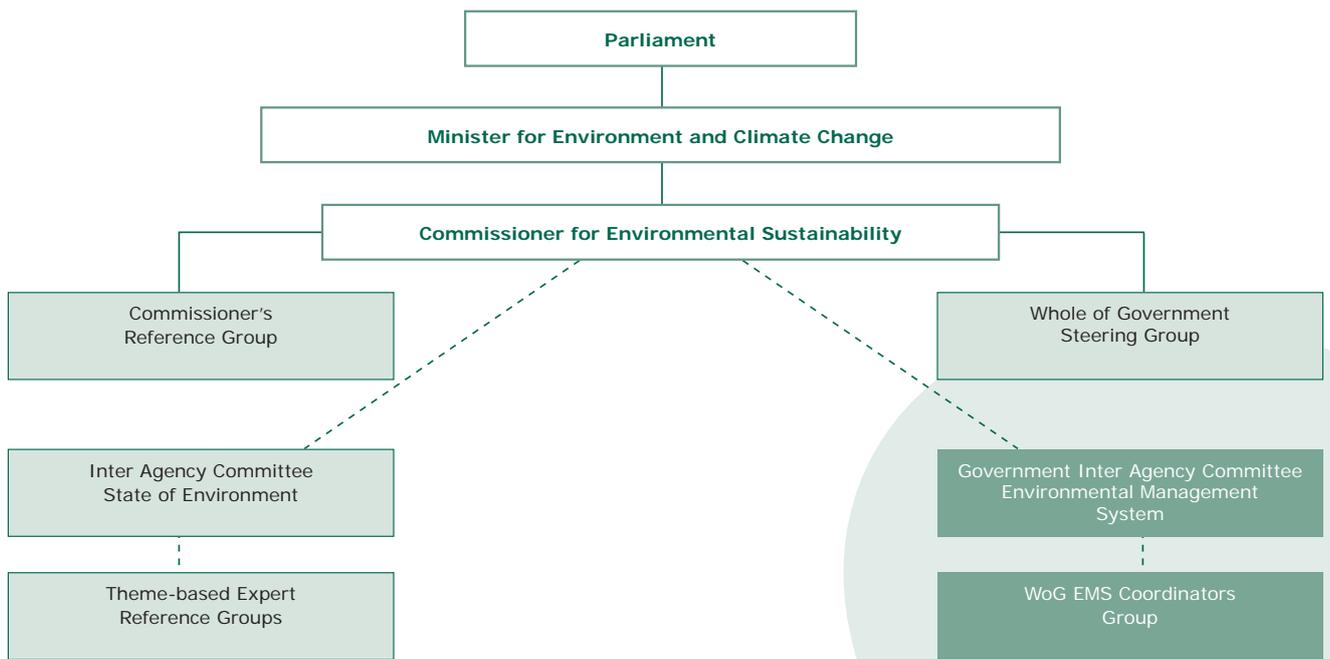
Staff participate in DSE's performance management and progression system. The performance system aims to align CES objectives with employee performance, build and enhance capability through the planning, management and reward of employee performance.

# GOVERNANCE AND CONSULTATION ARRANGEMENTS

The Commissioner is required to submit reports directly to the Minister for Environment and Climate Change, which in most cases must be tabled by the Minister in Parliament. The Commissioner consults widely with departmental Secretaries and agency's Chief Executives, prior to submitting any reports of interest to them.

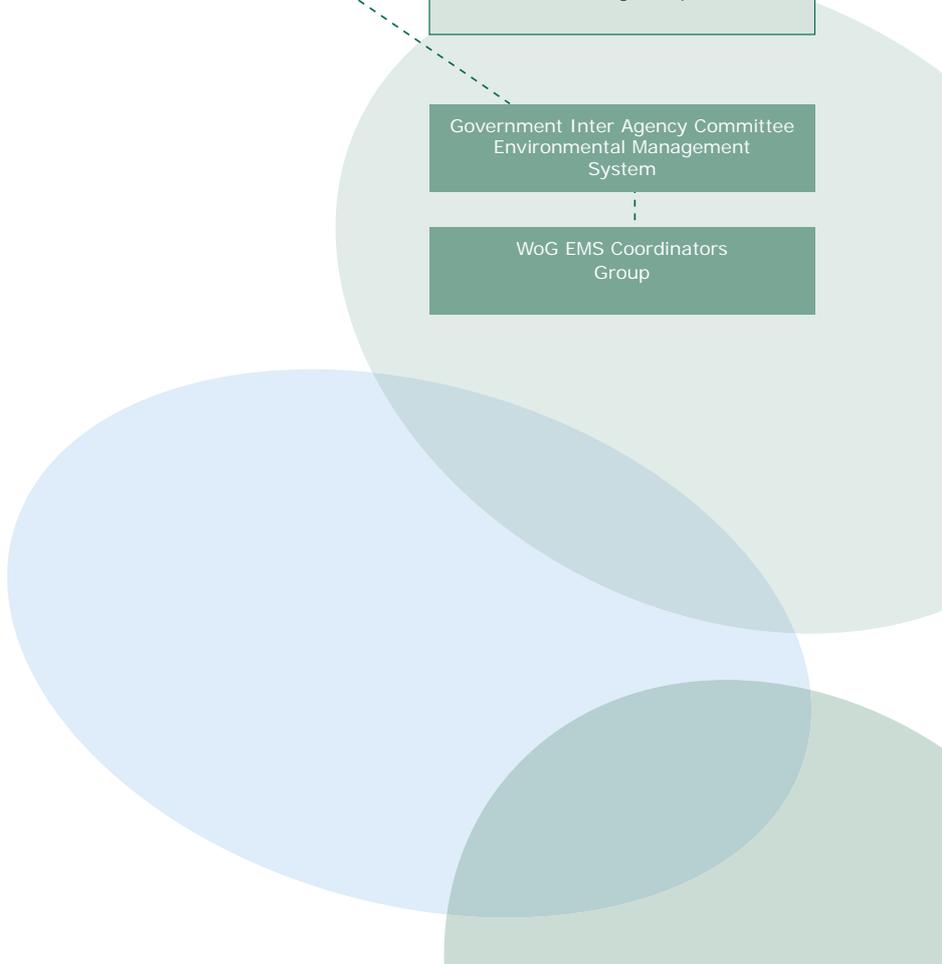
The consultative and reporting arrangements of the groups and committees surrounding the Commissioner and his office are shown in Figure 3.

**Figure 3**



**Key**

- Commissioner's Committees
- Government's Committees (consultative groups)



# THE COMMISSIONER'S REFERENCE GROUP

This group provides advice and support to the Commissioner in carrying out the functions and objectives as required under the Act.

The Reference Group meets on a regular basis and provides insight and advice into a range of sustainability issues based on their varied backgrounds and expertise. The Reference Group is independently chaired by co-chairs Kate Vinot and Dan Atkins.

## Reference Group members in 2007-08:

**Kate Vinot**, (co-chair) General Manager Corporate Strategy, South East Water, is a civil engineer who has also completed Masters degrees in economics and business administration. Kate manages South East Water's corporate strategy, research and development, sustainability, water resources and knowledge management functions.

**Dan Atkins**, (co-chair) Managing Director of Sustainable Business Practices Pty Ltd and former Manager Environmental Policy, Toyota Australia, Dan offers a range of Australian and international industry experience to the group, including management of the Global Centre of Excellence for Environmental and Sustainability Services in Denmark.

**Alex Arbuthnot**, is an irrigation dairy farmer from Nambrok, Gippsland. He is a former president of Victorian Farmers Federation and holds a number of directorships and advisory roles in Landcare Victoria. Alex has extensive experience in managing natural resources and has an ongoing commitment to supporting others working in this field.

**Dr Sarah Bekessy**, a senior lecturer in environmental studies and sustainability at RMIT University, specialising in the emerging field of sustainability science. Sarah has expertise in biodiversity management, environmental education and broad knowledge of sustainability issues.

**Dr Catherine Dale**, CEO, City of Boroondara, has held a number of positions in local government as well as a number of strategic advisory roles. Catherine has broad managerial, planning and financial experience and a thorough understanding of local government operations and their relevance to communities.

**Cheryl Batagol**, Chairman of Melbourne Water, Deputy Chair of Sustainability Victoria and member of the Victorian Catchment Management Council, has 30 years experience in the waste management industry, including commercial, industrial and trade waste management. Cheryl is also a member of the Victorian Sustainability Advisory Council, a member of the Sustainability Fund Advisory Panel and a trustee of the Sustainable Melbourne Fund. Cheryl is a past board member of EcoRecycle Victoria, City West Water and Southern Rural Water.

**Russell Higgins**, Global Nitrates Manager for Orica, has extensive knowledge and first hand experience of the trends and issues in the industry and business sectors, and how these interact with the community. Russell was nominated by the Victorian Employers Chamber of Commerce and Industry to provide an industry and business perspective to the Commissioner's Reference Group.

**Patricia Caswell**, is a Founder and CEO of Caswell + Associates: Sustainability Experts. Patricia and her teams specialise in advising business and industry on sustainability issues of the day. Patricia has most recently been CEO of Victorian Association of Forest Industries (VAFI), from 2004 - 2007, developing the forest industry's policies and practices around sustainability. Previous positions include Executive Director of the Australian Conservation Foundation and Founding Director of the Global Sustainability Institute at RMIT.

**Michael Murphy**, OAM is the Chairperson of Victorian Catchment Management Council (VCMC) The VCMC is the State Government's peak advisory body on catchment management. Council takes a statewide view on land, water and biodiversity issues and priorities related to catchment management.

It facilitates integrated and coordinated catchment management through Victoria's Catchment Management Framework. Michael has 20 years experience in local government and as a water board engineer, including as a former Chair, Glenelg Hopkins Catchment Management Authority, Deputy Chair, Warrnambool Co-operative Society Ltd.

**Dr Gillian Sparkes**, is the Chief Executive Officer of Australian Sustainable Industry Research Centre (ASIRC). Gillian has 25 years experience working with industry on environmental and resource efficiency improvements. Gillian has held senior roles in the private and public sectors including the Environment Protection Authority (Victoria) and a regional urban water authority. Gillian has been dedicated to working on industrial environmental management and improvement initiatives.

**Rob Gell**, is a geographer and specifically a coastal geomorphologist, having completed a Science Degree at Melbourne University in the early seventies. In addition to a well known television weather presenter, Rob Gell's professional life is working as an environmental and communications consultant. Rob is Executive Chairman of Access Environmental Pty Ltd, providing a wide range of environmental specialist advice in sustainable development to the private, community and government sectors.

**Kelly O'Shanassy**, is the Chief Executive Officer of Environment Victoria, the State's leading non-government voice on the environment. Kelly has an extensive background in sustainability and the environment. Kelly was author of Victoria's Framework for Environmental Sustainability and set the directions for Melbourne's future water supplies and conservation actions. Kelly established world-first environment protection policies for Victoria's water environments and maintains a strong voice for a sustainable Victoria.

**Dr Terry Walshe**, is a research fellow and environmental science lecturer at University of Melbourne. Terry's research and teaching explores the role of science in environmental issues, focusing on using quantitative methods to solve environmental problems, with particular reference to issues in conservation.

**Table 1 Meeting attendance record of Reference Group members**

<b>Name</b>	<b>Attendance</b>
Alex Arbuthnot	2 of 5
Dr Catherine Dale	4 of 5
Cheryl Batagol	1 of 5
Dan Atkins	3 of 5
Dr Gillian Sparkes	3 of 5
Rob Gell	0 of 4
Kate Vinot	3 of 5
Kelly O'Shanassy	5 of 5
Patricia Caswell	4 of 5
Russell Higgins	0 of 5
Dr Sarah Bekessy	5 of 5
Mick Murphy	4 of 5
Mike Hill	0 of 4
Terry Walshe	2 of 2

(Mike Hill resigned from the Group in 2007-08. Kelly O'Shanassy, Terry Walshe and Rob Gell were appointed to the Group in 2007-08)



## PERFORMANCE AGAINST KEY DELIVERABLES 2007-08

The following table provides a progress status against the key deliverables identified in the CES Business Plan for 2007-08. There were no major changes or factors affecting the performance of the office during 2007-08.

**Table 2:**

Priorities	Key Deliverables in 2007-08	Status
<b>State of the Environment (SoE) Reporting</b>	<ul style="list-style-type: none"> <li>Complete research, analysis and drafting of the State of the Environment report by 31 March 2008</li> </ul>	Complete. Timelines for completion of the report were reviewed. Research, analysis and drafting was complete for most sections to Expert Reference Group review stage by 31 March 2008. A complete draft was prepared by the end of June 2008.
	<ul style="list-style-type: none"> <li>Undertake consultation with government entities and other key stakeholders during the second quarter of 2008</li> </ul>	Commenced. A consultation Framework was developed in conjunction with stakeholders in October 2007. Consultation with government commenced at the end of June 2008.
	<ul style="list-style-type: none"> <li>Develop design for print and web products</li> </ul>	Commenced. Preparatory work commenced in mid April for the print and web design.
	<ul style="list-style-type: none"> <li>Prepare draft report and associated products to enable submission to the Minister in early July 2008</li> </ul>	Complete. The draft report was forwarded to the Minister at the end of June 2008 as part of the consultation process.
	<ul style="list-style-type: none"> <li>Publishing &amp; public advocacy</li> </ul>	Deferred. The report will be released in December 2008 at which point the Commissioner will engage broadly on the issues reported.
<b>Sustainable Transport and Analysis</b>	<ul style="list-style-type: none"> <li>Research issues relating to the state of Victoria's environment and the environmental impacts of transport policy</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>Analyse current policy and prepare a report on options for an environmentally sustainable transport system</li> </ul>	Complete. The Commissioner's position paper, 'Public Transport's role in reducing greenhouse emissions' released.
	<ul style="list-style-type: none"> <li>Provide analysis and advice on transport and related issues for inclusion in the State of Environment report by March 2008</li> </ul>	Complete
	<ul style="list-style-type: none"> <li>Work with government on implementation recommendation</li> </ul>	Ongoing
<b>Strategic audits and reports on Environmental Management Systems (EMS)</b>	<ul style="list-style-type: none"> <li>Conduct Strategic Audit and produce report by January 2008</li> </ul>	Complete. Strategic Audit Report submitted to the Minister for Environment and Climate Change on 30 January 2008, within statutory timelines. CES co-ordinated 12 agency EMS audits during 2007.
<b>Review the adoption of the ESF's directions by Government</b>	<ul style="list-style-type: none"> <li>Report outcome of inaugural assessment survey examining adoption of ESF directions by government departments and agencies</li> </ul>	Complete. Inaugural survey undertaken and results included in the Strategic Audit Report submitted to the Minister for Environment and Climate Change on 30 January 2008.
<b>Audit public education programs</b>	<ul style="list-style-type: none"> <li>Commence a broad based strategic assessment of sustainability education programs</li> </ul>	Deferred due to the need to focus on delivery of the SoE Report. A preliminary report was delivered to the Minister on the results of a stocktake of education programs.

Priorities	Key Deliverables in 2007-08	Status
<b>Enhance knowledge and understanding of environment</b>	<ul style="list-style-type: none"> <li>Deliver presentations to government, community and industry groups in line with the objectives of the Act</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>Foster effective relationships with key stakeholders to support efficient and effective delivery of statutory obligations</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>External communications – public speaking, supporting objectives and sharing knowledge</li> </ul>	Ongoing
<b>Procurement review</b>	<ul style="list-style-type: none"> <li>Prepare for the CES review of Government procurement – fleet review</li> </ul>	Government fleet profiles and associated GHG emissions reviewed as part of the Strategic Audit. The review of government's progress in responding to CES's Government procurement reports (2006) in relation to vehicles and goods and services is planned for 2009-10
<b>Corporate obligations</b>	<ul style="list-style-type: none"> <li>Maintain and develop the CES website to ensure it remains an effective communication tool</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>Submit 2006-07 Annual report to the Minister by October 2007</li> </ul>	Complete. Annual Report submitted to Parliament in early October 2007, within set timelines
	<ul style="list-style-type: none"> <li>Review Reference Group members appointments by July 2007</li> </ul>	Reference Group membership reviewed. Three new members were appointed in 2007-08
	<ul style="list-style-type: none"> <li>Develop and submit 2008-09 business plan and budget by June 2008</li> </ul>	Complete. 2008-09 Business Plan submitted to Minister June 2008
	<ul style="list-style-type: none"> <li>Publish statements and guidelines</li> </ul>	Ongoing

## FIVE YEAR FINANCIAL SUMMARY

**Table 3:**

	<b>2007-2008<sup>2</sup></b>	<b>2006-2007</b>	<b>2005-2006</b>	<b>2004-2005</b>	<b>2003-2004<sup>3</sup></b>
Government contributions	1,485,380	1,131,993	1,472,770	1,674,965	354,126
<b>Total revenue</b>	<b>1,485,380</b>	<b>1,131,993</b>	<b>1,472,770</b>	<b>1,674,965</b>	<b>354,126</b>
Corporate, Administration & Projects	376,397	613,531	807,463	1,011,819	370,272
State of Environment Report	838,298	423,183	444,736	475,000	–
Strategic EMS Audit	120,067	93,269	220,571	172,000	–
<b>Total expenditure</b>	<b>1,334,762</b>	<b>1,129,983</b>	<b>1,472,770</b>	<b>1,658,819</b>	<b>370,272</b>
Non-current assets	0	0	3,207	0	0
Current assets	449,147	260,240	223,215	235,931	2,927
<b>Total assets</b>	<b>449,147</b>	<b>260,240</b>	<b>226,422</b>	<b>235,931</b>	<b>2,927</b>
Non-current liabilities	19,237	20,906	23,092	10,740	0
Current liabilities	273,856	233,898	199,904	225,191	19,073
<b>Total liabilities</b>	<b>293,093</b>	<b>254,804</b>	<b>222,996</b>	<b>235,931</b>	<b>19,073</b>

*Note: The Commissioner for Environmental Sustainability was created by legislation under the Commissioner for Environmental Sustainability Act, 2003.*

<sup>2</sup> The total revenue from Government figure in 2007-08 includes 'resources provided free of charge' which relates to accommodation and IT facilities provided by Department of Sustainability and Environment not included in the prior year figures. There were no significant changes in the 2007-08 financial position compared to 2006-07.

<sup>3</sup> The 2003-04 figures represent a part year of operations being the period November 2003 to June 2004.

# THE OFFICE'S ENVIRONMENTAL PERFORMANCE

The Office aims to integrate environmental sustainability into all decision making processes in line with Government's *Sustainability Action Statement, 2006*. It also advocates policies that focus on environmental sustainability and sustainable development.

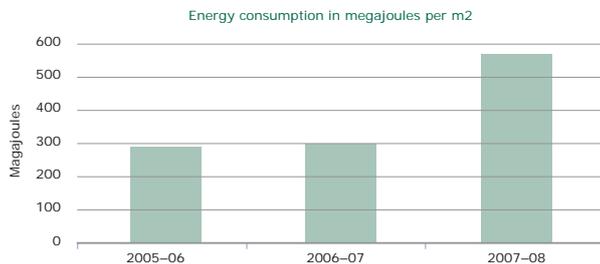
The office's 'day to day' operational environmental impacts include the greenhouse gas emissions and resources used as a tenant in a leased office building for 14 staff. As the office is co-located with DSE, the OCES operates within the Department's EMS, which manages office-based activities related to water, energy and paper consumption, waste production, transport and purchasing.

In September 2007, the OCES relocated from 8 Nicholson Street to 570 Bourke Street, Melbourne. OCES occupies 224 square metres or 2% of the DSE tenancy at 570 Bourke Street. The office-based environmental performance data for energy and water usage and waste production has been sourced through DSE's Facilities Management Group and extrapolated for OCES staff and the floor space occupied by OCES. The Commissioner has written to DSE about the actions being considered to further reduce energy and water use at 570 Bourke Street. OCES records have been used for transport, procurement and paper use.

The following information is based on the Government's Financial Reporting Direction (FRD) 24C, *Reporting of Office-Based Environmental Data by Government Departments*.

## Energy

Figure 4

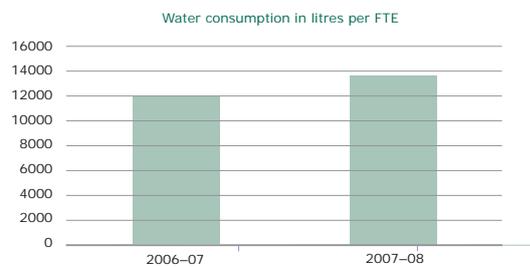


The OCES energy data is measured in megajoules, obtained by a metering device which covers the entire DSE tenancy at 570 Bourke Street. The above data is expressed in megajoules per metre square, also known as the 'energy intensity'. The significant variation between 2007-08 and the previous years is mainly due to the office relocation and the higher energy intensity at 570 Bourke due to the presence of the data centre in the tenancy.

During 2007-08 DSE engaged an energy auditor to assess the DSE occupied floors at this site against the Australian Building Greenhouse Rating (ABGR) which identified opportunities for reducing energy use. OCES is in discussion with DSE to understand if it is possible for the data centre to be separately metered and its usage be distributed more proportionally across the relevant DSE sites.

## Water

Figure 5

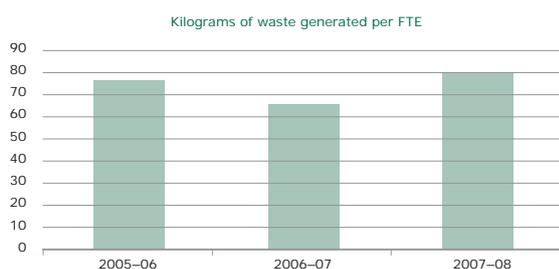


The variation between 2007-08 and 2006-07 litres per FTE figure reflects the difference in the extrapolated water use for the space occupied by OCES between 570 Bourke Street and 8 Nicholson Street. As a tenant in the multi tenanted Bourke Street site, DSE has had limited opportunity to implement water saving actions compared to 8 Nicholson Street, where it is the sole primary tenant and achieved significant water saving reductions including waterless urinals and dual flush toilets. Installing signage in kitchens and bathrooms aims to encourage staff to reduce water use at 570 Bourke Street.

DSE, in consultation with the building owner, is investigating opportunities to improve water use efficiency at 570 Bourke Street in line with strategic office accommodation planning.

## Waste

Figure 6



The office-based waste is divided into three categories: landfill, compost and co-mingled recycling. The figure reported for 2007-08 is based on a waste audit for the DSE tenancy at 570 Bourke Street and extrapolated for OCES staff as shown in table 4.

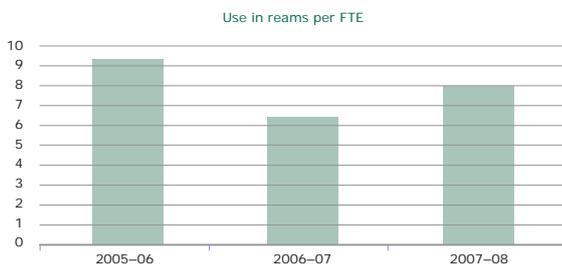
**Table 4**

Units of waste by destination	kilograms
Landfill	93
Commingled recycling	766
Compost	263
Units of waste by destination by FTE	kilograms/FTE
Landfill	6
Commingled recycling	55
Compost	19

The bulk of OCES' waste is collected in either personal recycling bins under each desk or in kitchen bins. The OCES adheres to DSE's 'aWay with Waste' waste management program which allows for easy separation of waste into the three categories. The 'Green Collect' initiative also allows for objects such as printer cartridges, CDs, DVDs, batteries and mobile phones to be collected from kitchen areas and recycled.

## Paper

**Figure 7**



The OCES tracks its photocopy, print and fax paper on a weekly basis. Actions to reduce paper consumption included default double-sided printing and having a single multi function device. For 2007-08 OCES staff used 114 reams of paper equating to an average 8 reams per person. The variance compared to the previous year is due to the increased workload and outputs of the office in 2007-08 associated with finalising the State of Environment Report.

All of the office's publications are available on-line but where hard copies are required, 100 percent recycled stock and environmentally friendly printing processes are used. The office used approximately 17 additional reams of paper in its printed publications for the year.

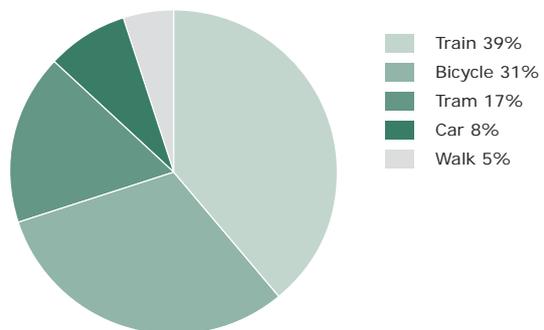
## Transport

Greenhouse gas emissions associated with work related travel relate primarily to air travel, with low vehicle related trips during the year. Staff are encouraged to walk or use public transport to travel to meetings and the provision of public transport tickets has encouraged this. The OCES also provides secure bicycle spaces for staff choosing to ride to work.

In 2007-08 staff travelled to and from work primarily by public transport and bicycle. Figure 8 illustrates OCES commuting based on a staff survey conducted over a one week period in 2007-08. The Commissioner, although entitled, has chosen not to have a vehicle under the Executive Car Scheme.

**Figure 8**

OCES commuting by proportion of trip



## Greenhouse Gas Emissions

**Figure 9**

OCES Carbon Footprint 2007-08 (tonnes CO<sub>2</sub>-e)

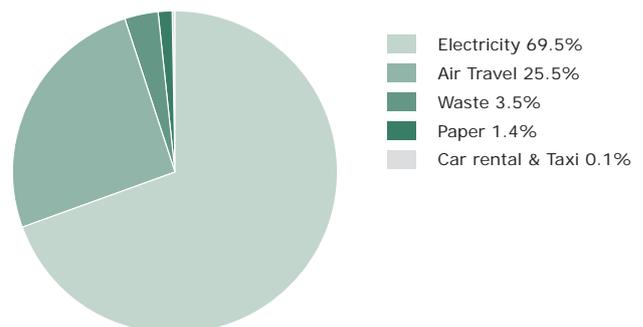


Figure 9 represents OCES carbon footprint calculated by 'Climate Friendly'. The emissions that could not be reduced were offset through an accredited offset scheme.

## Procurement

Staff members are required to consider the environmental impacts of their procurement choices and the Office continued to work closely with its suppliers and in its contract specifications to ensure environmental credentials and recruitment processes promote environmental sustainability objectives.

## Objectives and Targets

As a small statutory office co-located within DSE accommodation, OCES will in 2008-09 continue its discussions with DSE on environmental performance improvements at 570 Bourke Street as part of its office-based EMS.

In 2007-08, 95% of OCES greenhouse gas emissions related to building electricity use (70%) and air travel (25%). In 2006-07 this figure was 94%. The office will focus on these areas in 2008-09 aiming to reduce its greenhouse emissions. Residual emissions will be offset through an accredited offset scheme.

**Table 5:**

**FRD 24C<sup>4</sup> – Indicators**

Indicator		Consumption Units	2007-08	2006-07	2005-06
<b>Energy</b>					
E1	Total Energy Usage segmented by primary source (including Green Power)	Megajoules	127,512 <sup>5</sup>	66,910	62,120
E2	Greenhouse Gas Emissions associated with energy use, segmented by primary source	Tonnes CO2-e	27.84	24.65	25.3
E3	Percentage of electricity purchased as Green Power	% of total electricity consumption	40%	30%	14%
E4	Units of Office Energy Used per FTE (including Green Power)	Megajoules / FTE	9,108	4,779	5,647
E5	Units of Office Energy Used per unit of Office Space	Megajoules /m2	569	297	289
<b>Waste</b>					
Ws1	Total units of waste (broken down by category on page 27)	Kilograms	1,122 <sup>6</sup>	657 (recycled only)	608 (recycled only)
Ws2	Units of office waste disposed of per FTE (broken down by category on page 27)	Kilograms/FTE	80	66	76
Ws3	Recycling rate <sup>7</sup>	% of total waste	92%	82%	n/a
Ws4	Greenhouse Gas Emissions associated with waste disposal	Tonnes CO2-e	0.10	n/a	n/a
<b>Paper</b>					
P1	Total units of A4 equivalent copy paper used	Reams	114	91	101
P2	Units of A4 equivalent copy paper used per FTE	Reams/FTE	8	6.5	9.4
P3	Percentage of recycled paper purchased containing 75%-100% recycled content	%	91 <sup>8</sup>	n/a	n/a
<b>Water</b>					
W1	Total units of metered water consumption by water source	Kilolitres	192 <sup>9</sup>	167	n/a
W2	Units of metered water consumed in offices per FTE by usage type	Litres/FTE	13,743	11,980	n/a
W3	Units of metered water consumed in offices per unit of office space	Litres/m2	859	n/a	n/a

<sup>4</sup> Figures for 2007-08 based on 14 Full Time Equivalents (FTEs), located at 570 Bourke Street Melbourne. In 2005-06 and 2006-07 OCES was located at 8 Nicholson Street

<sup>5</sup> Figure includes 51,004 megajoules or 40% purchased as Green Power. Source data provided by DSE.

<sup>6</sup> Waste produced figures for 570 Bourke Street provided by DSE. Waste audit conducted over one day in May 2008. 2007-08 total includes landfill, commingled recycling and compost

<sup>7</sup> Recycling includes co-mingled and compost

<sup>8</sup> 100% of A4 paper stock contains 75%-100% recycled content. All A3 paper contains under 75% recycled content

<sup>9</sup> Water figure provided by DSE based on Multiplex Services Pty Ltd billing data. Figure is whole building use and has been pro-rated for OCES

**FRD 24C<sup>4</sup> – Indicators (continued)**

Indicator		Consumption Units	2007-08	2006-07	2005-06
<b>Transportation</b>					
T1	Total energy consumption by vehicle	Megajoules	752	1,930	3,694
T2	Total vehicle travel associated with entity operations segmented by vehicle type	Kilometres	459	1,280	2,455
T3	Total Greenhouse Gas Emissions from vehicle fleet segmented by vehicle type	Tonnes CO <sub>2</sub> -e	0.05	0.13	0.24
T4	Greenhouse Gas Emissions from vehicle fleet per 1000km segmented by vehicle type	Tonnes Co <sub>2</sub> -e/1,000km	0.11	0.10	0.10
T5	Total distance travelled by air	kilometres	30,211	31,533	n/a
T6	Employees who regularly use public transport, cycling, walking or car pooling to and from work	% of total employees	93 <sup>10</sup>	93	91
<b>Greenhouse Gas Emissions</b>					
G1	Total Greenhouse Gas Emissions associated with energy use	Tonnes CO <sub>2</sub> -e	27.84	24.65	25.3
G2	Total Greenhouse Gas Emissions from vehicle fleet	Tonnes CO <sub>2</sub> -e	0.05	0.13	0.24
G3	Total Greenhouse Gas Emissions from air travel	Tonnes CO <sub>2</sub> -e	9.88 <sup>11</sup>	n/a	n/a
G4	Total Greenhouse Gas Emissions associated with waste disposal	Tonnes CO <sub>2</sub> -e	0.10	n/a	n/a
G5	Greenhouse Gas Emissions offsets purchased	Tonnes CO <sub>2</sub> -e	39.96 <sup>12</sup>	29.9	n/a
G6	Any other known Greenhouse Gas Emissions associated with other activities	Tonnes CO <sub>2</sub> -e	0.54 <sup>13</sup>	n/a	n/a

<sup>10</sup> Sourced through a one week OCES staff travel survey conducted in April 2008

<sup>11</sup> Emissions calculation used is EPA methodology

<sup>12</sup> Offsets calculated and purchased through Climate Friendly Australia

<sup>13</sup> GHG associated from office paper production as calculated by Climate Friendly Australia

# FINANCIAL REPORT – 30 JUNE 2008

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*This financial report covers the Commissioner for Environmental Sustainability as an individual entity.*

*The Commissioner for Environmental Sustainability is a Government Commissioner of the State of Victoria. Its principal address is:*

*Commissioner for Environmental Sustainability  
570 Bourke Street, Melbourne 3000*

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

*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).*

## Operating statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>Income</b>			
Output appropriations	1(d),2	1,329,000	1,131,993
Resources received free of charge or for nominal consideration	1(d),2	156,380	0
<b>Total Income</b>		<b>1,485,380</b>	<b>1,131,993</b>
<b>Expenses</b>			
Grants and other payments	3	0	10,000
Employee benefits expense	1(i),3	1,028,471	947,437
Supplies and services	3	306,291	172,546
<b>Total Expenses</b>		<b>1,334,762</b>	<b>1,129,983</b>
<b>Net result for the period</b>		<b>150,618</b>	<b>2,010</b>

*The above Operating statement should be read in conjunction with the accompanying notes.*

## Balance Sheet

AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>Current Assets</b>			
Receivables	4,8	449,147	260,240
<b>Total Current Assets</b>		<b>449,147</b>	<b>260,240</b>
<b>Total Assets</b>		<b>449,147</b>	<b>260,240</b>
<b>Current Liabilities</b>			
Payables	5,8	61,858	31,611
Unearned Revenue		0	24,500
Provisions	6,13	211,998	177,787
<b>Total Current Liabilities</b>		<b>273,856</b>	<b>233,898</b>
<b>Non Current Liabilities</b>			
Provisions	6,13	19,237	20,906
<b>Total Non Current Liabilities</b>		<b>19,237</b>	<b>20,906</b>
<b>Total Liabilities</b>		<b>293,093</b>	<b>254,804</b>
<b>Net Assets</b>		<b>156,054</b>	<b>5,436</b>
<b>Equity</b>			
Contributed equity	7(a)	3,426	3,426
Accumulated surplus / (deficit)	7(b)	152,628	2,010
<b>Total Equity</b>	7(c)	<b>156,054</b>	<b>5,436</b>
Contingent liabilities	11		
Commitments for expenditure	12		

*The above Balance Sheet should be read in conjunction with the accompanying notes.*

## Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Net Result for the Period	150,618	2,010
<b>Total Recognised Income and Expense for the period</b>	<b>150,618</b>	<b>2,010</b>

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

## Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government		1,137,801	1,094,968
Receipts from other entities		8,063	24,500
<b>Total Receipts</b>		<b>1,145,864</b>	<b>1,119,468</b>
<b>Payments</b>			
Payments to suppliers and employees		(1,145,812)	(1,109,468)
Transfer payments, grants and subsidies		0	(10,000)
Goods and Services Tax paid to the ATO		( 52)	0
<b>Total Payments</b>		<b>(1,145,864)</b>	<b>(1,119,468)</b>
Net cash provided by/(used in) operating activities	15	0	0
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		0	0
Net cash provided by/(used in) investing activities		0	0
<b>Cash flows from financing activities</b>			
Proceeds from capital contributions by State Government		0	0
Net cash provided by/(used in) financing activities		0	0
<b>Net increase/(decrease) in cash held</b>			
Cash and cash equivalents at the beginning of the financial year		0	0
<b>Cash and cash equivalents at the end of the financial year</b>	15	<b>0</b>	<b>0</b>

*The above Cash Flow Statement should be read in conjunction with the accompanying notes.*

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## Note 1. Summary of significant accounting policies

### (a) Statement of Compliance

This general-purpose financial report has been prepared on an accrual basis in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards (AAS), which include the Australian accounting standards issued by the Australian Accounting Standards Board (AASB), AAS 29 Financial reporting by Government departments, Interpretations, and other mandatory professional requirements.

The financial statements include all the controlled activities of the Commissioner for Environmental Sustainability. The organisation was established on 6 November 2003 via the *Commissioner for Environmental Sustainability Act 2003*.

### (b) Objectives and funding

The Commissioner's statutory objectives are to:

- Report on matters relating to the natural environment of Victoria;
- Encourage decision making that facilitates ecologically sustainable development
- Enhance knowledge and understanding of 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 Parliamentary appropriations for the provision of outputs through the Department of Sustainability and Environment.

### (c) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

### (d) Income recognition

#### *Output appropriation*

Revenue from the outputs the Commissioner provides to Government is recognised when those outputs have been delivered and the relevant Minister has certified delivery of those outputs in accordance with specified performance criteria.

#### *Resources 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 the contributed asset qualifies for recognition, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In which case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

### (e) Receivables

Trade debtors are recognised at the amount receivable, as they are due for settlement at no more than 30 days from the date of recognition.

Collectability of debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists. Amounts owing from the Victorian Government represents funds held by the Department of Treasury and Finance which have been appropriated but not disbursed at reporting date to meet liabilities.

### (f) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(g) Payables**

These amounts represent liabilities for goods and services provided to the Commissioner prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(h) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(i) Employee benefits***(i) Wages, salaries, on-costs, long service, sick and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

*(ii) Superannuation*

The amount charged to the operating statement in respect of superannuation represents the contributions made by the Commissioner to the relevant superannuation funds in respect to the current services of current Commissioner staff based on the relevant rules of the plan. No liability is shown for unfunded superannuation in the Balance Sheet as the Department of Treasury and Finance assume the liability. The current year employer contribution for superannuation payments on behalf of the Commissioner's employees is disclosed in Note 13.

**(j) Cash and cash equivalents**

For the purpose of the Cash Flow Statement, cash includes short term deposits that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding cheques yet to be presented by the Commissioner's suppliers and creditors and net of outstanding bank overdrafts. As at the 30 June 2008, the Commissioner does not have any cash or cash equivalent balances.

**(k) Comparatives**

Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

**(l) Impairment of Assets**

All assets are assessed annually for indications of impairment.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

### (m) Provisions

Provisions are recognised when the Commissioner 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 date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recognised from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### (n) Financial Instruments

The accounting policies applied to accounting for financial instruments in the current financial year are detailed in notes 1(e), and 1(g).

### (o) Rounding of amounts

Amounts in the financial report have been rounded to the nearest dollar.

## Note 2. Income

	2008 \$	2007 \$
Output appropriations	1,329,000	1,131,993
Resources received free of charge or for nominal consideration	156,380	0
<b>Total revenue from Government</b>	<b>1,485,380</b>	<b>1,131,993</b>

## Note 3. Expenses

Supplies & services		
Contract and professional services	237,014	71,900
Equipment maintenance and hire	336	65
General expenses, stock and materials	30,613	64,550
Office and accommodation	35,341	26,633
Minimum Lease Payments - Operating Leases	2,987	9,398
<b>Total supplies &amp; services</b>	<b>306,291</b>	<b>172,546</b>
Grants and Other Payments		
External organisations & individuals	0	10,000
Other	0	0
<b>Total grants and other payments</b>	<b>0</b>	<b>10,000</b>
Employee benefits		
Salary and wages	751,018	684,025
Superannuation	72,763	73,775
Annual leave and long service leave	134,110	112,665
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	70,580	76,972
<b>Total employee benefits</b>	<b>1,028,471</b>	<b>947,437</b>

## Note 4. Receivables

<b>Current</b>	2008	2007
	\$	\$
Amounts owing from Victorian Government	420,091	228,892
Trade Debtors	27,825	30,169
Goods and services tax recoverable	1,231	1,179
<b>Total Current Receivables</b>	<b>449,147</b>	<b>260,240</b>

## Note 5. Payables

### Current Liabilities

Trade creditors (i)	25,104	4,411
Accrued expenses	5,738	5,692
Other (includes fringe benefits tax, payroll tax and superannuation payable) (i)	31,016	21,508
	<b>61,858</b>	<b>31,611</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.

## Note 6. Provisions

### Current

Employee benefits			
Annual leave	13	39,275	50,193
Long service leave	13	172,723	127,594
		<b>211,998</b>	<b>177,787</b>

### Non-current

Employee benefits			
Long service leave	13	19,237	20,906
		<b>19,237</b>	<b>20,906</b>

### Aggregate carrying amount of provisions

Current		211,998	177,787
Non-current		19,237	20,906
<b>Total provisions</b>		<b>231,235</b>	<b>198,693</b>

## Note 7. Equity and movements in equity

	2008 \$	2007 \$
<b>(a) Contributed Equity</b>		
Balance 1 July	3,426	3,426
Capital contributions by the Victorian State Government	0	0
<b>Balance 30 June</b>	<b>3,426</b>	<b>3,426</b>
<b>(b) Accumulated surplus / (deficit)</b>		
Accumulated surplus/(deficit) at the beginning of the financial year	2,010	0
Net result	150,618	2,010
<b>Accumulated surplus / (deficit) at end of the financial year</b>	<b>152,628</b>	<b>2,010</b>
<b>(c) Movements in equity</b>		
<b>Total equity at the beginning of the financial year</b>	<b>5,436</b>	<b>3,426</b>
Changes in equity recognised in the Operating statement		
Operating result	150,618	2,010
<b>Total changes in equity recognised in the Operating statement</b>	<b>150,618</b>	<b>2,010</b>
Capital contributions by the Victorian State Government [Note 7(a)]	0	0
<b>Total equity at the end of the financial year</b>	<b>156,054</b>	<b>5,436</b>

## Note 8. Financial instruments

### (a) Significant accounting policies

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, in respect of each class of financial asset, financial liability and equity instrument are disclosed throughout Note 1 to these financial statements.

### (b) Financial risk management objectives

The Commissioner's activities can expose it to the risks of changes in foreign currency exchange rates and interest rates. The Commissioner does not enter into derivative financial instruments to manage these exposures, nor does it enter into or trade financial instruments for speculative purposes.

### (c) Categorisation of financial instruments

#### Fixed interest maturing in:

	Notes	Category	Carrying Amount 2008 \$	Carrying Amount 2007 \$
<b>Financial assets</b>				
Receivables	4	Loans and Receivables at amortised cost	27,825	30,169
			<b>27,825</b>	<b>30,169</b>
<b>Financial liabilities</b>				
Payables	5	Financial liabilities measured at amortised cost	61,858	31,611
			<b>61,858</b>	<b>31,611</b>
			<b>(34,033)</b>	<b>(1,442)</b>

(i) The amount of receivables disclosed exclude statutory receivables (i.e. Amounts owing from Victorian Government and GST input tax credit receivable) totaling \$421,322 (2007: \$230,071)

### (d) Credit risk exposures

Credit risk arises when there is the possibility of the Commissioner's debtors defaulting on their contractual obligations resulting in financial loss to the Commissioner. The Commissioner measures credit risk on a fair value basis and monitors risk on a regular basis.

Credit risk associated with the Commissioner's financial assets is minimal because the main debtor is the Victorian Government. For debtors other than government, it is the Commissioner's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. In addition, the Commissioner does not engage in high risk hedging for its financial assets and mainly obtain financial assets that are on fixed interest.

Provision of impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

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

#### *Financial assets that are either past due or impaired*

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

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

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired:

## Note 8. Financial instruments (continued)

**Table 8.1: Interest rate exposure and ageing analysis of financial assets**

	Weighted average effective interest rate	Carrying amount	Interest rate exposure			Not past due and not impaired	Past due but not impaired				Impaired Financial Assets (ii)
			Fixed interest rate	Variable interest rate	Non-interest bearing		Less than 1 Month	1-3 months	3 months – 1 year	1-5 years	
<b>2008 Receivables(i):</b>	<b>0.00%</b>	<b>27,825</b>	<b>0</b>	<b>0</b>	<b>27,825</b>	<b>27,825</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>27,825</b>	<b>0</b>	<b>0</b>	<b>27,825</b>	<b>27,825</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2007 Receivables(i):	0.00%	30,169	0	0	30,169	30,169	0	0	0	0	0
		30,169	0	0	30,169	30,169	0	0	0	0	0

(i) Ageing analysis of receivables excludes statutory receivables totaling \$421,322 (2007: \$230,071) for amounts owing from the Victorian Government and GST input tax credit recoverable as these amounts are not contractual and are therefore outside the scope of this disclosure.

(ii) This ageing analysis table is used only to show the ageing of past due but not impaired financial assets.

### (e) Liquidity risk

Liquidity risk arises when the Commissioner is unable to meet its financial obligations as they fall due. The Commissioner 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. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Commissioner's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

**Table 8.2: Interest rate exposure and maturity analysis of financial liabilities**

	Weighted average effective interest rate	Nominal amount	Interest rate exposure			Maturity dates			
			Fixed interest rate	Variable interest rate	Non-interest bearing	Less than 1 month	1-3 months	3 months – 1 year	1-5 years
<b>2008 Payables:</b>	<b>0.00%</b>	<b>61,858</b>	<b>0</b>	<b>0</b>	<b>61,853</b>	<b>61,853</b>	<b>0</b>	<b>5</b>	<b>0</b>
		<b>61,858</b>	<b>0</b>	<b>0</b>	<b>61,853</b>	<b>61,853</b>	<b>0</b>	<b>5</b>	<b>0</b>
2007 Payables:	0.00%	31,611	0	0	31,611	31,611	0	0	0
		31,611	0	0	31,611	31,611	0	0	0

**(f) Market risk**

The Commissioner has no financial instruments exposed to market risk.

**(g) Fair value**

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

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

The commissioner considers that the carrying amount of financial assets and financial liabilities recorded in the financial report 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 9. 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 position of Minister and Accountable Officer in the Commissioner for Environmental Sustainability are as follows:

Minister for Water, Environment and Climate Change	The Hon. John Thwaites MP	1 July 2007 to 29 July 2007
Minister for Water, Environment and Climate Change	The Hon. John Brumby, MP	30 July 2007 to 2 August 2007
Minister for Environment and Climate Change	The Hon. Gavin Jennings MP	3 August 2007 to 30 June 2008
Commissioner for Environmental Sustainability	Dr Ian McPhail	1 July 2007 to 30 June 2008

**Remuneration**

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

Income Band	2008 No.	2007 No.
\$180,000-189,999	1	0
\$190,000-199,999	0	1

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

**Other transactions**

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

## Note 10. Remuneration of auditors

	2008 \$	2007 \$
Amounts received, or due and receivable, by the Victorian Auditor General's Office for the audit of the Commissioner's financial report:	5,100	4,700
	<b>5,100</b>	<b>4,700</b>

## Note 11. Contingent liabilities and contingent assets

There are no contingent liabilities or assets (2007: Nil)

## Note 12. Commitments for expenditure

There are no commitments for expenditure (2007: Nil)

## Note 13. Employee benefits

### Employee entitlement liabilities

Provision for employee benefits		
Current	211,998	177,787
Non-current	19,237	20,906
<b>Aggregate employee benefit liability</b>	<b>231,235</b>	<b>198,693</b>

### Long Service Leave

	2008	2007
Weighted average rates of increase in annual employee benefits to settlement of the liabilities	4.75%	4.50%
Weighted average discount rates	6.6%	6.3%
Weighted average terms to settlement of the liabilities	13 Years	13 Years

### Government Employees' Superannuation Fund

No liability is recognised in the Balance Sheet for the Commissioner's share of the State's unfunded superannuation liability. The State's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.

However, superannuation contributions for the reporting period are included as part of salaries and associated costs in the Operating statement of the Commissioner.

The name and details of the employee superannuation funds and contributions made by the Commissioner are as follows:

### Note 13. Employee benefits (Continued.)

	Contribution for the Year	Contribution for the Year
	2008 \$	2007 \$
Government Superannuation Scheme – revised and new	8,002	7,777
Victorian Superannuation Fund – Vic Super Scheme	58,971	60,784
Various other	5,790	5,214
	<b>72,763</b>	<b>73,775</b>

The bases for contributions are determined by the various schemes.

All employees of the Commissioner are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide defined benefits based on years of service and final average salary. Contributions by the Commissioner of a minimum of 9% of employee's wages and salaries are legally enforceable on the Commissioner. No outstanding contributions were payable by the Commissioner to the above fund as at 30 June 2008. In addition, no loans to or from Commissioner to the above fund were outstanding as at the 30 June 2008.

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

### Note 14. Subsequent events

The Commissioner is not aware of any other circumstances that have arisen, or information that has become available between 30 June 2008 and the date of final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

### Note 15. Notes to the Cash Flow Statement

	2008 \$	2007 \$
<b>(a) Reconciliation of Cash</b>		
Cash at bank and on hand	0	0
Balances as above	0	0
<b>Balances per Cash Flow Statement</b>	<b>0</b>	<b>0</b>

#### (b) Reconciliation of net results for the reporting period to net cash inflow from operating activities

Net result for the reporting period	150,618	2,010
Change in operating assets and liabilities		
Decrease/(increase) in debtors and receivables	(188,908)	(37,024)
(Decrease)/increase in employee benefits	32,543	54,671
(Decrease)/increase in creditors and accruals	30,247	(47,364)
(Decrease)/increase in other operating liabilities	(24,500)	24,500
<b>Net cash inflow from operating activities</b>	<b>0</b>	<b>0</b>

## Accountable Officer's declaration

We certify that the attached financial statements for the Commissioner have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2008 and financial position of the Commissioner at 30 June 2008.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.



**Ian McPhail**  
Commissioner for Environmental Sustainability

Melbourne  
8 September 2008



**Hamish Walker**  
Director  
Office of the Commissioner for Environmental Sustainability

Melbourne  
8 September 2008

## Auditor General's Report

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Members of the Parliament of Victoria and the Commissioner

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2008 of the Commissioner for Environmental Sustainability which comprises the operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Accountable Officer's declaration has been audited.

#### *The Commissioner's Responsibility for the Financial Report*

The Commissioner for Environmental Sustainability is responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

#### *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. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 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 obtained is sufficient and appropriate to provide a basis for my audit opinion.

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial statements published in both the annual report and on the website of the Commissioner for Environmental Sustainability for the year ended 30 June 2008. The Commissioner for Environmental Sustainability is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Commissioner for Environmental Sustainability web site.

### *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.

### *Auditor's 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 2008 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
8 September 2008



D D R Pearson  
Auditor-General

# STATEMENTS OF LEGISLATIVE REQUIREMENTS

The OCES’s administration in areas of financial management and account management, industrial relations, human resources and administrative procedures are provided by DSE and governed by DSE systems, controls and procedures.

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

### Consultancies

No consultancies were entered into during the reporting period.

### Major contracts

The Commissioner 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 OCES continues to implement and apply this principle in its business undertakings.

### Overseas Travel

No overseas travel was undertaken in the reporting period.

### Community Inclusiveness

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

### Whistleblowers Protection Act 2001

The *Whistleblowers Protection Act 2001* aims to encourage officers to disclose improper conduct by departments and public entities by giving clear contacts for making disclosures and making it an offence to expose the name of the whistleblower or subject them to any punitive action.

No disclosures were made under this Act during the reporting period.

Further information is available from the Victorian Ombudsman’s website at [www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au).

### Declaration of Private Interests

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

### Equal employment opportunity

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

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

Employers must ensure:	Employees must:
<ul style="list-style-type: none"> <li>• Decisions are based on merit;</li> <li>• Employees are treated fairly and reasonably;</li> <li>• Equal employment opportunity is provided; and</li> <li>• Reasonable avenues of redress against unfair or unreasonable treatment.</li> </ul>	<ul style="list-style-type: none"> <li>• Act with impartiality;</li> <li>• Display integrity, including avoiding real or apparent conflicts of interest;</li> <li>• Show accountability for actions; and</li> <li>• Provide responsive service.</li> </ul>

**Table 6 Workforce data at 30 June 2008**

	2007-08	2006-07	2005-06
Executive Officers (greater than \$100,000)	1	1	1
Director	1	1	1
Executive Support	1	1	1
Program and operational staff	11	9	8
Male	6	5	5
Female	8	7	6
<b>Total</b>	<b>14</b>	<b>12</b>	<b>11</b>

The OCES is supported by DSE to provide business systems and administrative support which includes the Office's accommodation, IT services, financial and human resources support.

### Occupational health and safety

Occupational health and safety (OH&S) is of paramount importance in our workplace. During the reporting period the staff participated in DSE's OH&S program and an OH&S officer was nominated to ensure OH&S requirements were met.

### Industrial relations

The OCES staff are employed under the *Victorian Public Service Agreement 2006*. There was no time lost due to accidents or industrial disputes.

### Reference Group

Under Section 9, 2(b) of the Commissioner for *Environmental Sustainability Act 2003*, the Commissioner has established a Reference Group. In collaboration with DSE, all the required processes and checks were completed.

### Freedom of information

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

The OCES is considered to be a "Government Agency" under the *Freedom of Information Act 1982* and is required to comply with the procedures that have been prescribed under which members of the public may gain access to information held by agencies. A decision to release information is made by an Authorised Officer. The OCES has determined that its Authorised Officer is the DSE's Freedom of Information Manager, Mr Michael Guarna (03) 9637 8873.

An application fee of \$22.70 applies at the time of this report's publication. In the 2007-08 reporting period there were no requests for information under the FOI.

### 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). Further information may be provided by contacting the Commissioner for Environmental Sustainability: phone (03) 8636 2197.

### Subsequent events which will affect operations in future years

No other potential events affecting operations have been identified to date.

### Compliance with building and maintenance provisions of Building Act 1993

The OCES uses DSE facilities which comply with the building and maintenance provisions of the *Building Act 1993*.

### Statement of availability of other information

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

### Victorian Industry Participation Policy (VIPP)

The *Victorian Industry Participation Policy Act 2003* requires public bodies and departments to report on the implementation of the VIPP. VIPP applies to tenders over \$3m in metropolitan Melbourne and \$1m in regional Victoria.

The OCES did not enter into any contracts to which VIPP applies.

### Risk management

Managing risk is an important component of CES operations and forms part of the CES annual business planning process. For 2007-08, the OCES reviewed risks that may impact on the timely delivery of the key outputs planned for that period. 2007-08 was a critical time for the Office in finalising the development of Victoria's first comprehensive SoE Report. A comprehensive risk assessment was undertaken, with DSE support, for the SoE project. Administrative systems such as financial, information technology, payroll, registry, OH&S, procurement and facilities are provided by DSE and the Government's Shared Business Systems.

Independent oversight of the Commissioner's operations include:

- financial control provided through the use of DSE systems and processes
- annual audits by the Victorian Auditor General's Office
- tabling progress reports for each of the Commissioner's functions at the Commissioner's Reference Group meetings

*I, Dr Ian McPhail certify that the Office of the Commissioner for Environmental Sustainability has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. I, as the Commissioner for Environmental Sustainability, verify that this assurance and that the risk profile of Office of the Commissioner for Environmental Sustainability has been critically reviewed within the last 12 months.*



**Ian McPhail**

Commissioner for Environmental Sustainability  
Melbourne 08 September 2008

# DISCLOSURE INDEX

The 2007-08 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.

**Table 7**

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