Strategic Audit of Victorian Government Agencies’ Environmental Management Systems
January 2009
Strategic Audit of Victorian Government Agencies’ Environmental Management Systems

January 2009

Acknowledgements
Net Balance Management Group undertook the strategic audit of Victorian Government agencies’ environmental management systems on behalf of the Commissioner for Environmental Sustainability.
## Contents

1. Commissioner's Foreword  
2. Executive Summary  
   2.1 Strategic Audit Recommendations  
3. Introduction, Audit Objectives and Methodology  
   3.1 Role of the Commissioner  
   3.2 Purpose of the Strategic Audit  
   3.3 Objectives of the Strategic Audit  
   3.4 Strategic Audit Methodology and Scope  
4. Government and Environmental Sustainability  
   4.1 The Story So Far: Where is Government at Today?  
   4.2 Environmental Sustainability Policy Background  
   4.3 Integration of Environmental Sustainability into Government Day-to-Day Operations  
   4.4 The EMS as a Tool for Government Environmental Management  
   4.5 Public Reporting of Environmental Performance  
5. The Global Context – How Does the Victorian Government Compare?  
   5.1 Targets for Environmental Performance  
6. Whole of Government Performance: Areas of Special Interest  
   6.1 Procurement  
   6.2 Office Accommodation  
   6.3 Vehicle Fleet  
7. Status of Past Audit Recommendations  
8. Acknowledgements  
9. References  
Appendix A – Link to the SOE  
Appendix B – Environmental Performance Reporting  
Glossary
In 2003, in a progressive move, the Victorian Government required the ten departments and the then three environment agencies to prepare Environmental Management Systems (EMS) for their office-based operations while through a Financial Reporting Directive required public reporting of associated consumption of resources and greenhouse gas emissions. Additionally the Government through statute gave the new Commissioner for Environmental Sustainability the task of conducting a strategic audit of these EMSs.

In a short five years, most Government Departments have become committed to improving their environmental performance.

Certainly the Commissioner’s annual auditing stimulated some of this commitment, but most of the response has been from departments, their staff and management not only seeking to meet an obligation to show leadership but also to reap the financial benefits of more efficient operations.

There is much to be proud of in the environmental management programs established over the five years and reported increases in resource use efficiency over that period. I commend those agencies whose EMS and environmental reporting have extended to cover broader operations such as Department of Justice with its courts and prisons, and the Department of Primary Industry and Victoria’s Environment Protection Authority including sites such as their institutes and laboratories. The Department of Sustainability and Environment also has an EMS in place covering their forest and fire activities.

I am encouraged by the suite of ResourceSmart programs underway, supporting the ESF/ESAS policy, providing tools and guidance to government statutory agencies. Also the schools program integrating existing waste wise and the Australian Sustainable Schools Initiative Victoria, and a health care sector program under development.

However, a great deal more needs to be and can be done. Late in 2008, my State of the Environment Report for Victoria was released and it reflects the simple fact that most areas of the state are highly stressed. Meaning that most native vegetation, waterways, wetlands, coasts and rivers are reported to be in poor condition.

Population growth, consumption patterns, along with climate change are identified as the key drivers of environmental degradation in Victoria. As such, there are many aspects of the environment that need to be considered when making key Government policy, program and project decisions.

During 2008, there was substantial planning as input to the Victorian Climate Change Green Paper/White Paper development. While this is a priority area, if government’s focus becomes effectively limited primarily to issues around Climate Change, there is a clear gap between the broad environmental sustainability objective and the narrower climate change intention. A confined climate change response is greatly insufficient when considered against the ESF/ESAS policy.

It is imperative that the Victorian Government continues to build on its foundation environmental management programs to cover all its operations, policies and programs, to demonstrate its ongoing leadership commitment to environmental sustainability and in reducing its own ecological footprint. The community expects their government to take the lead on these challenging issues that we all face.

From this impressive start the entire program needs to be fully dimensioned. It is now time for government-wide standards and targets to be set, and for these to be audited, and measured in such a way that data is not only comparable from year to year, but against targets and performance standards set by Government. The initial development phase lent itself to a less stringent approach, but it is now time for a more rigorous, credible and comparative phase.
In the State of Environment Report we stress that Victoria should join other Australian governments and phase in a carbon-neutral target. I understand this is being discussed as part of the Climate Change Green/White Paper process, but other governments have found it a useful objective. Additionally, in the State of the Environment Report we argue strongly that at the very least all policy proposals to government should be accompanied by a full analysis of the potential climate change and greenhouse gas impacts.

The Victorian Government is one of, if not the biggest, purchaser of goods and services in Victoria. As such, it should be actively driving environmental procurement from the centre of Government and form a core element of its value for money proposition. There is also a great opportunity for the Government to make the best strategic use of its annual purchasing budget, approximately $14.8 billion, to support the required economic transition to a low carbon economy and in doing so, maximising new industry job creation. I look forward to the outcomes from the Eco-Buy State Government program due to commence in 2009 which will reflect a stronger operational position on procurement.

The Victorian Government needs to urgently reconsider its executive vehicle policy to establish some incentive as encouragement for those executives choosing personal motor cars, to select lower emission vehicles. I believe that the present executive policy preference for large vehicles makes any claim of government leadership arguable.

At a more strategic level, Strategic Environmental Assessment (SEA) is a tool used to better inform decision-makers on the environmental implications of government policies, plans and programs in a number of international jurisdictions.

The Government’s ESF/ESAS policy includes a commitment to developing a process of environmental assessment of government’s internal, day-to-day decision making, encompassing all policies, strategies and programs. Through a merger of the well-developed principles contained in the European SEA process and the ESF commitment, Victoria would be well on the way to achieving this objective. I am concerned that the emphasis on tackling major capital works dilemmas in recent years has occurred while ignoring a policy commitment already agreed by Cabinet that would provide a much broader range of options and costings from which government can choose when making these decisions.

I believe my annual strategic review of the Government’s environmental management systems has elevated the awareness and environmental responsiveness within the Victorian Government and its departments and agencies. I believe the EMS program has led to innovation and behaviour change within many agencies and I expect this to continue.

I emphasise again the importance and the challenge ahead of not only expanding environmental management programs to cover all operational areas in government departments and agencies but to integrate environmental sustainability into key decision-making processes such as Cabinet, budget and project approval processes.

I wish to thank the efforts of all the dedicated staff within the Government departments and agencies who over the past five years have been tirelessly committed to driving the environmental programs within their agency and across Government.

The Victorian Government has responded in its commitment for demonstrated leadership to reduce the environmental impacts of Government’s operations and decision making and it now must see this through.

I encourage the Victorian Government to consider this report and its recommendations with its longer term sustainability objectives in mind.

Dr Ian McPhail
Commissioner for Environmental Sustainability
This report is the Commissioner’s fifth Strategic Audit of the Victorian Government’s environmental performance and it features the second assessment by the Commissioner, on the adoption of the Victorian Government’s Environmental Sustainability Framework strategic directions in relation to Government’s operations. The strategic audit is a high level audit with a focus on whole of government environmental performance.

One of the key objectives of the strategic audit is to assess the integration of environmental sustainability into the day-to-day operations of Government. This was achieved by reviewing how and to what extent Government considers the environment when it makes decisions.

The report includes:
- an assessment of Government's strategy and implementation of its EMS expansion commitment
- progress over the past five years of the Government’s Environmental Management System (EMS) program
- comparisons with environmental management approaches in other jurisdictions
- office accommodation and vehicle fleet profiles
- progress against past strategic audit recommendations
- review of central agency strategic and common decision-making processes to better integrate environmental sustainability
- Government’s environmental performance under the Financial Reporting Directive (FRD24C) for 2007-08 which is provided in a supplementary report.

Environmental Sustainability Framework

In 2005, the Victorian Government committed to an environmental sustainability leadership position through the development and adoption of the Our Environment, Our Future: Environmental Sustainability Framework (ESF). The ESF document and the supporting Environmental Sustainability Action Statement, (ESAS), 2006 provide key strategic directions, objectives and interim targets for reducing Victoria’s environmental impacts. The ESF states one simple message: ‘we must make environmental sustainability a part of everything we do, if we are to maximise our future economic growth, maintain our quality of life and protect our unique Victorian environment’.

The five year implementation strategy for the Government’s ESAS policy commitment to EMS expansion has been partially completed, with a number of key areas still to be developed and finalised. These include communication of the Government’s commitment to all agencies, finalising environmental management program implementation, public environmental performance reporting and auditing arrangements.

The Departments, Environmental Protection Authority and Sustainability Victoria (EMS Agencies) have gone some way to integrating environmental considerations into policy, core business planning and business processes. However, it has tended to be on an ad hoc basis, varies greatly from agency to agency, and any progress thus far has been with limited guidance from central agencies. Where integration was seen to be progressing well, ownership and key accountabilities had been assigned, and key executive staff had taken a leadership position.

The EMS Agencies are expected to meet the obligations placed on them by the ESF, however they may choose to do so by expanding their EMS to include all operations or another structured program. At present this message does not seem to be strongly communicated by the central agencies and some EMS Agencies remain confused about the commitment and approach to be adopted in future.

While the ESF provides directions to guide Government’s environmental sustainability programs, implementing the ESF is not always the primary driver of environmental strategies. The plethora of other government directives, stakeholders and community expectations tend to dominate.

Considerations around specific issues such as climate change and, to some extent, water generally have a greater individual carriage at a senior level but efforts are not necessarily derived from the ESF nor are they necessarily a coordinated and focused approach. The forthcoming Climate Change Green Paper/White Paper development and the Climate Change Bill are recognised as potentially a primary mechanism for setting future commitments and the Green Paper is expected to include broad discussion on ‘mainstreaming’ climate change in government decision-making.

In August 2008 Our Environment Our Future: The Victorian Government’s Environmental Sustainability Framework Progress Report was released by DSE. While good progress was reported against a number of the actions, overall, it is concluded that this progress report does not provide a clear, transparent and balanced picture of how Government is performing and progressing against its ESF and ESAS Government Leadership Actions to date.
The ResourceSmart Government program for change commenced in 2007-08. The program designed and implemented by Sustainability Victoria and Department of Sustainability and Environment addresses the Government’s ESAS commitment (specifically actions 16.1 and 16.2) to expand the EMS program to statutory authorities and integrate environmental sustainability into government decision-making processes. ResourceSmart Government provides targeted workshops, tools and guidance to statutory agencies to assist them in integrating environmental management with their strategic and operational management.

ResourceSmart Government is a voluntary program, with 55 statutory agencies having participated through to the end of 2008 (approx 20% of public sector agencies excluding schools). Remaining agencies are to be invited to participate within the next 2 years. In addition, programs with schools (ResourceSmart Australian Sustainable Schools Initiative Victoria – AuSSIVic) and TAFES (Sustainable Campus Group) are underway and a health sector program is under development with the ResourceSmart Healthcare program expected to commence in 2009. The health and education sectors must be a focus representing over 80% of the State Government’s building energy consumption. There are around 400 schools (approximately 25%) supported through the AuSSIVic program. An opportunity exists for this program to be implemented across a far greater number of schools. The Government should consider increasing the resources to support a more timely implementation across this sector.

While recognising that the Government’s Sustainable Energy Targets (GSET) program records energy consumption of key Government agencies, including health care and educational facilities, the ESF/ESAS roll-out strategy and implementation, is considered too slow for understanding the Government’s greenhouse gas emissions and water use and reporting on its performance in these areas. There has been no progress report to date against the additional 5% energy efficiency target by 2010 (from 15% to 20% below 2000 levels) in Government buildings and increase use of Green Power to 25% by 2010.

Government’s environmental sustainability program policy and design should be reviewed to ensure all programs are complementary and where appropriate rationalised to drive program efficiency and performance outcomes such as ResourceSmart (Government, Healthcare and AuSSIVic modules), waterMap, Environment and Resource Efficiency Plans (ERE P), GSET and EMS/Financial Reporting Directive (FRD24C) requirements and the National Greenhouse and Energy Reporting Scheme (NGERS).

Victoria is comparable with other jurisdictions in its environmental program design for Government operations, but appears to be below those targets set for understanding and reporting greenhouse gas reductions for Government operations. The Victorian Government has committed to leadership in environmental sustainability and should be setting ambitious targets for priority areas such as greenhouse gas emissions and water use, and focussing on delivery against these targets.

Environmental management systems

The expansion of the current Government EMS is progressing beyond just tracking and managing office-based environmental impacts. Over the five years since the initiation of the Government’s EMS program, significant time and resources have been invested by the EMS Agencies to further develop and improve environmental performance with objectives and targets established for office-based impacts. The EMS program and public reporting through the FRD24C, have provided a good foundation for action, and several EMS Agencies have demonstrated the move to beyond office-based environmental considerations.

At an EMS program level, within the scope of the mandated office-based EMS, Departments have shown improved performance for 2007-08. Where comparable and reported, office-based environmental performance results when collated across the participating Agencies show improvement: water (13.8% litres per FTE), energy (4% MJ per m²), waste (10% kg per FTE), transport (4% tonnes of CO₂-e) and paper (1.8% reams per FTE). It should be noted however, that 7 of the 12 EMS Agencies reported increases in energy use.

FRD24C required for the first time, the disclosure of greenhouse gas emissions associated with air travel, being 6% of reported emissions, and from waste production. Discussion on FRD24C environmental performance is provided in the strategic audit’s supplementary report Strategic Audit: Environmental Performance Reporting Supplementary Report 2007-08.

EMS Agencies, however, rely on a myriad of sources for environmental data, Excel spreadsheets and the FRD24C guidelines as the primary method for collecting, validating and giving assurance to annual report data. The guidelines while valuable and necessary are subject to interpretation and compliance issues.
Comparable trends are available over the past 12 months for most aspects reported at the individual EMS Agency level. However, at a whole of program level not all Agency data is comparable with the previous year and therefore some Agencies are excluded from the whole of EMS program trends.

At the EMS program level, targets are generally focused on the short term and/or regularly revised. Measuring outcomes and sustained progress needs to be measured over a longer time frame. Shifting baselines and retrospective changes to FRD24C data (generally going back only one year), make it difficult to determine performance and these will need to be settled and monitored over time.

The EMS mandate and FRD24C reporting requirements are still limited to office based operations, covering approximately 4% of Government agencies excluding schools (20% of FTE’s) and not fully aligned with the broader ESF/ESAS directions. A review of 194 annual reports (excluding Departments) tabled in Parliament for 2007-08, indicated that 33% did include information regarding their environmental performance. Of those, 39% provided quantitative energy/and or greenhouse gas emissions and water performance data. There is currently no whole of government greenhouse gas or water use inventory.

The Commissioner supports the increased use of the Global Reporting Initiative (GRI) and the Public Agency Sector Supplement to assist with the guidance of reporting structure and content for all Victorian Government Departments and Agencies.

For 2007-08, 25% of EMS Agencies publicly reported progress against at least one target per aspect and 58% of EMS Agencies publicly reported at least one future target per aspect. The FRD24C requires EMS Agencies to report a target for each aspect yet doesn’t articulate a requirement to report environmental performance progress against targets. Agencies should be reporting progress against these targets and FRD24C should be amended to make this requirement explicit.

Key opportunities for Government exist in the meaningful setting of environmental targets, action planning and public reporting across the Victorian public sector. Targets for whole of government performance to reduce greenhouse gas emissions (not just energy efficiency), potable water usage and waste production have not been established. The Government’s current understanding of its water use, while improving for office accommodation, and in setting targets for reduction, are considered to be below community expectations.

As stakeholders take a greater interest in Department’s and Agencies’ environmental performance, there is a need for Government to speed up knowledge, action, and reporting of key environmental aspects such as water consumption and greenhouse gas emissions across Government.

It is not yet possible to conclude that Government can claim a leadership position on managing its own environmental performance.

**Procurement, accommodation and vehicle fleets**

Performance in the area of green procurement generally reflects a bottom up approach that has been pursued by Government over the past several years.

This approach now needs to be supplemented with a structured program driven by Department of Treasury and Finance as part of delivering its Sustainable Procurement Policy. ECO-Buy is currently piloting a program for the Victorian State Government to assist departments and agencies to ‘green’ their purchasing practices.

Tackling material aspects of procurement that realise further real reductions in Government’s environment impacts, and communicating to suppliers the Government’s environmental procurement commitments, is a key opportunity.

The public sector expenditure on goods and services is around $14.8 billion. There is the opportunity for the Department of Innovation, Industry and Regional Development to review the potential of using Government’s significant existing spend to minimise operational environmental impacts, provide for job creation and support Victoria’s economic transition to a low carbon economy.

The Department of Treasury and Finance is in the process of determining the environmental performance of its office accommodation stock. At present Government is performing in line with what is becoming considered business as usual in Victorian green office accommodation. The Government has openly committed to leadership in this area in the ESAS and therefore a great opportunity to improve exists. DTF is currently implementing an Energy Performance Contracting (EPC) project aimed at reducing energy and water consumption at 16 of the 18 owned office buildings in its portfolio. This project is expected to reduce energy and water consumption by greater than 30% across all 16 buildings and should be applied across existing government facilities more broadly.
Since June 2006, there has been a positive change in operational fleet to lower emission vehicles with a 48% decrease in 6 cylinder operational vehicles. However, there has been little action on the executive fleet with 6 cylinder vehicles accounting for 88% of the executive fleet (which grew by 3%).

**Decision- making**

Central Agency decision-making processes were found to lack the more sophisticated tools required for a comprehensive assessment of environmental considerations.

Cabinet processes represent a great opportunity to lead by example in this area, through the integration of the objectives of the ESF into tools, methodologies, education and training to assist departments and agencies to consider the environment when preparing Cabinet submissions.

There are a also a number of management frameworks for example, the Integrated Management Cycle and Victorian Government Risk Management Framework that operate in Victorian Government which should be reviewed to ensure that they explicitly support environmental sustainability outcomes (addressing greenhouse gas emissions, water demand management, biodiversity protection and resources efficiency).

**Strategic audit recommendations**

The strategic audit includes recommendations based on the strategic audit findings and key opportunities identified.

Against the past strategic audit recommendations, supported or supported in principle by Government, most are reported as being underway. However, there is slow progress with key areas of uncertainty on Government policy and actual delivery.

**Climate Change Green Paper/White Paper**

During 2008, there was substantial future action planning activity undertaken by Departments as input to the Victorian Climate Change Green Paper/White Paper and proposed Climate Change Bill. This work has the potential to change Government operations practice and Government decision-making in relation to climate change.

While this is a priority area, if Government’s focus becomes limited primarily to issues around Climate Change, there is a clear gap between the broad environmental sustainability objective and the narrower climate change intention.

In the context of the Carbon Pollution Reduction Scheme (CPRS) and the announced 5-15% 2020 cap, the Climate Change Green Paper/White Paper should articulate what ‘leadership’ means with respect to its own environmental sustainability goals and initiatives to reduce greenhouse gas emissions.

**SoE Recommendations**

In December 2008, the Commissioner for Environmental Sustainability (CES) released the inaugural State of the Environment Report (SoE) for Victoria. The report includes recommendations to the Government for improving the state of Victoria’s environment.

The following are findings and recommendations complementary to the Strategic Audit:

- exemplary environmental leadership required for the management of Government’s estate
- integration of environmental sustainability into decision making, including establishing a ‘climate change test’ and requirement for pre Cabinet certification
- establishing a Victorian whole of Government greenhouse gas emissions and Agency inventory and annual greenhouse gas emissions and water consumption reporting
- setting a carbon neutral goal and medium term target for Victorian Government operations
- executive performance contracts to include greenhouse and water use performance
- undertake policy and program review for climate change and water
- key components requiring Government action on climate change be incorporated into the Climate Change legislation

The related SOE recommendations are listed in Appendix A.
2.1 Strategic Audit Recommendations

The recommendations for this strategic audit, outlined below:

- aim to support Government in achieving its environmental performance objectives based on the findings and key opportunities identified during the strategic audit
- have been selected from the key opportunities in the report, with other key opportunities identified throughout the report for Government to consider
- assume past strategic audit recommendations supported by Government continue to progress
- understand that the relevant SoE recommendations will be considered by Government as part of its response to the SoE
- understand that Government operations and decision making in relation to climate change will form part of the Government’s Climate Change Green Paper/White Paper development
- recognise that the CES will be undertaking a further review in 2009 of the Government’s progress and actions in response to the CES Sustainable Procurement Review 2006 for Government’s vehicle fleet and, goods and services.

It is expected the lead Agencies responsible for the recommendations will be the relevant central co-ordinating Agency DSE, DPC, DTF and DIIRD.

Note the recommendations are not listed necessarily in order of priority.

Table 1: Strategic audit recommendations

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Page Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Targets</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Government should set for its operations ambitious targets to reduce absolute greenhouse gas emissions (not just efficiency) and potable water use at the whole of government and agency level.</td>
<td>36-40</td>
</tr>
<tr>
<td>1.2 Government to consider setting a 'Zero waste to landfill' target for Government operations to be achieved by 2014.</td>
<td></td>
</tr>
<tr>
<td><strong>2 Energy and Greenhouse Emissions - Buildings</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 DTF’s environmental performance standards (below), for all new office accommodation built for Government purposes should be mandatory.</td>
<td></td>
</tr>
<tr>
<td>2.2 EMS Agencies and statutory authorities to disclose annually their implementation against the environmental performance standards and targets outlined in the Victorian Government Office Accommodation Guidelines 2007: ABGR/NABERS Energy</td>
<td>46-49</td>
</tr>
<tr>
<td>2.3 The Government should set a timeframe for meeting its office accommodation environmental performance standards, for current leased and owned buildings.</td>
<td></td>
</tr>
<tr>
<td>2.4 A central funding mechanism be established for greenhouse gas abatement and water use reductions in leased and owned buildings (including non-office).</td>
<td></td>
</tr>
<tr>
<td>2.5 Energy Performance Contracting (EPC) be used at all existing government facilities with annual electricity consumption of greater than 1 GWh to identify energy conservation measures and implement (at least) those measures with an averaged simple payback period of up to 8 years. Sites should have leases greater than 5 years or be owned by Government. Sites should include facilities such as hospitals and schools.</td>
<td></td>
</tr>
<tr>
<td>2.6 For sites with annual electricity consumption of less than 1 GWh energy and water audits could be an alternative to EPCs. Thresholds should be set to prioritise actions.</td>
<td></td>
</tr>
<tr>
<td>Recommendations</td>
<td>Page Reference</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>3 Energy and Greenhouse Emissions - Information Technology and data centres</strong></td>
<td>49</td>
</tr>
<tr>
<td>3.1 The Government’s shared services implementation strategy should include energy consumption and greenhouse gas reduction requirements, including from data centre establishment and operations.</td>
<td></td>
</tr>
<tr>
<td>3.2 The energy use associated with the larger offsite/hosted IT systems should be attributed to departments and agencies as part of their environmental performance reporting or explicitly accounted for in whole of government reporting.</td>
<td></td>
</tr>
<tr>
<td><strong>4 Sustainable production and consumption - Procurement</strong></td>
<td>41-45</td>
</tr>
<tr>
<td>4.1 Conduct a review of the Victorian Government’s annual purchasing expenditure and how this can be better strategically used to minimise operational environmental impacts, provide for job creation and support Victoria’s economic transition to a low carbon economy.</td>
<td></td>
</tr>
<tr>
<td>4.2 Prioritise environmental sustainability in policy by setting specific targets/requirements for sustainable procurement. This could include threshold values or type of procurement based on environmental procurement profiles for which appropriate requirements or targets can be set.</td>
<td></td>
</tr>
<tr>
<td>4.3 Consider opportunities to include specific environmental sustainability objectives as part of the functions of the Victorian Government Procurement Board or other governance framework for procurement, as part of the review of the Victorian public finance legislation, Financial Management Act 1994.</td>
<td></td>
</tr>
<tr>
<td>4.4 Review opportunities to drive the uptake of innovative energy and water efficiency technologies and their commercial demonstration.</td>
<td></td>
</tr>
<tr>
<td><strong>5 Executive leadership</strong></td>
<td>50-52</td>
</tr>
<tr>
<td>5.1 Revise the executive vehicle policy to establish incentives for those executives, members of Parliament and Judicial officers choosing personal motor vehicles or alternate transport modes.</td>
<td>40</td>
</tr>
<tr>
<td>5.2 Include Key Performance Indicators for reporting against environmental targets into the performance criteria management framework of all Victorian Government department and agency heads.</td>
<td></td>
</tr>
<tr>
<td><strong>6 Efficiency</strong></td>
<td>18-23</td>
</tr>
<tr>
<td>6.1 Ensure program and reporting efficiency, streamlining the requirements of ResourceSmart (Government, Healthcare and AuSSIVic modules), waterMap, EREP, GSET, and EMS/FRD24.</td>
<td></td>
</tr>
<tr>
<td><strong>7 Reporting</strong></td>
<td>32-35</td>
</tr>
<tr>
<td>7.1 Develop a whole of government and individual agency greenhouse gas emissions inventory to include health care and education facilities by December 2010.</td>
<td></td>
</tr>
<tr>
<td>7.2 Under a Financial Reporting Directive (FRD), replace the current office-based environmental reporting directive with an FRD for annually reporting all organisational environmental performance applicable to departments and statutory agencies.</td>
<td></td>
</tr>
</tbody>
</table>
| 7.3 Utilise the Global Reporting Initiative (GRI) approach in developing the FRD in 7.2. A dual approach is recommended in which:  
  • genuine whole of government efforts (ie operations as well as office-based) use a small and consistent set of indicators that include some of the GRI indicators (at a minimum greenhouse gas emissions and potable water)  
  • Departments and statutory agencies adopt the GRI reporting framework and progressively move toward being compliant with it. The determination of environmental indicators should be relevant to entities’ particular operating context e.g. Parks Victoria and biodiversity.  
  A threshold should be set, such as the size of the organisation (eg. greater than 10 FTE’s) to which the GRI approach would apply.  
  7.4 Include a requirement for departments and statutory agencies to disclose five rolling year’s of data to allow for measuring environmental performance over time and to report performance against targets. Should be from 2006-07 or for statutory agencies not yet reporting, to build up from their first year of reporting. |                |
| **8 Climate Change**                                                           | 18, 23         |
| 8.1 In the context of the Carbon Pollution Reduction Scheme (CPRS), the Climate Change Green Paper/White Paper should articulate what ‘leadership’ means with respect to Government’s own goals and initiatives to reduce greenhouse gas emissions associated with its own operations. |                |
3 Introduction, Audit Objectives and Methodology

This is the fifth strategic audit of the Commissioner for Environmental Sustainability (CES). This year the strategic audit report provides a progress update on the implementation status of the ESF and ESAS, a review of the Victorian Government’s environmental sustainability performance over the 2007-08 financial year, and outlines recommendations for further improvement.

3.1 Role of the Commissioner

The Victorian Government appointed the Commissioner for Environmental Sustainability in November 2003 under the Commissioner for Environmental Sustainability Act 2003 (the Act). The Commissioner is independent of Government Agencies and reports directly to the Minister for Environment and Climate Change.

The objectives of the Commissioner as prescribed 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.

3.2 Purpose of the Strategic Audit

The Commissioner is required under the Act to conduct annual strategic audits which act to provide the Minister, 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 Commissioner defines the statutory audit role as encompassing any and all management programs developed by Government to minimise environmental impacts associated with its operations. The strategic audit also seeks to improve agency environmental performance by identifying program outcomes as well as barriers to and opportunities for change.

3.3 Objectives of the Strategic Audit

This year’s Strategic Audit covers a number of strategic and action based objectives. The strategic objectives aim to provide an assessment of how Government is progressing with the implementation of ESF and ESAS strategies and the integration of environmental sustainability into key Government decision-making processes. The action based objectives aim to assess EMS Agencies environmental performance for the year.

3.3.1 Strategic-orientated objectives

a) Provide an assessment of the Government’s strategy and implementation approach to meeting its ESAS Actions 16.1 and 16.2 (defined in Section 4.3 of the report) policy commitments for both Departments and Statutory Agencies.

b) Provide a strategic assessment of the performance of the Government’s EMS program over the past 5 years (2003-04 to 2007-08) since implementation, in meeting the program’s objectives and targets.

c) Compare the Government’s approach in reducing the environmental impacts associated with its operations against international and intra-state jurisdictional approaches.

3.3.2 Action-orientated objectives:

d) Provide analysis of the 2007-08 office-based environmental performance as reported within EMS Agency Annual Reports.

e) Assess the Government’s office-accommodation and motor vehicle fleet profiles for environmental performance.

f) Review central agency strategic and common decision-making processes to better integrate consideration of environmental sustainability.

g) Report on progress of the implementation of Strategic Audit actions in response to specific recommendations made in the previous Strategic Audit reports.

3.4 Strategic Audit Methodology and Scope

3.4.1 Methodology

The methodology applied for the Strategic Audit is presented in Figure 1.
This audit, conducted by Net Balance Management Group, adopted an international best practice approach to the assessment of Government's environmental sustainability performance.

The principles and guidance contained within AccountAbility's AA1000 Assurance Standard (AA1000AS) and Stakeholder Engagement Standard (AA1000SES) were applied to ensure that the project methodology was robust and the approach to the Strategic Audit was clear, transparent and structured. The key aspects of the AA1000AS applied during the Strategic Audit include, the assessment of materiality, completeness and responsiveness.

Stakeholder engagement was a key component of the strategic audit methodology and the AA1000SES was used to guide this process. Through a series of workshops, interviews and written correspondence agencies and departments were engaged at executive and officer level to provide input to this report.

The office-based environmental performance data for 2007-08 is based on EMS Agencies' annual reports. Note: EMS Agencies were not required to have their EMSs independently audited for 2007-08, the Government now requiring them to do so biennially rather than annually.

• Materiality: Is Government addressing issues that are considered important to their stakeholders? Has Government applied a robust approach to defining what is material and where its efforts should be focused?

• Completeness: Is Government considering and addressing environmental sustainability issues in a complete manner? Is Government focusing on the right issues, or are there areas for improved focus?

• Responsiveness: Is Government responding to stakeholder needs and concerns in a timely and clear manner? Has stakeholder feedback been incorporated into Policy action, response and implementation?
The Strategic Audit was also guided by an external Reference group. The draft strategic audit report was circulated to participating agencies for review and comment prior to it being finalised.

3.4.2 Scope
The ten departments, two agencies and seven ResourceSmart pilot agencies included in this year’s Strategic Audit are listed below:

EMS Agencies

- Department of Education and Early Childhood Development (DEECD)
- Department of Human Services (DHS)
- Department of Justice (DOJ)
- Department of Innovation, Industry and Regional Development (DIIRD)
- Department of Premier and Cabinet (DPC)
- Department of Planning and Community Development (DPCD)
- Department of Primary Industries (DPI)
- Department of Sustainability and Environment (DSE)
- Department of Treasury and Finance (DTF)
- Department of Transport (formerly Department of Infrastructure) (DOT)
- Environment Protection Authority Victoria (EPA)
- Sustainability Victoria

ResourceSmart Government pilot participants

- Goulburn Broken Catchment Management Authority
- Essential Services Commission
- Parks Victoria
- Victoria Police
- National Gallery of Victoria
- Victorian Electoral Commission
- Parliament of Victoria
4 Government and Environmental Sustainability

4.1 The Story So Far: Where is Government at Today?

The following figure provides a summary of the steps that the Victorian Government has undertaken since 2002 to address its own environmental performance, along with setting the environmental policy direction for the State of Victoria.

Figure 2: Environmental Sustainability in Victorian Government Operations

2009
- Climate Change Green Paper/White Paper
- Planned commencement ResourceSmart Healthcare

2008
- ResourceSmart Government launched
- Eco-Buy State Government pilot program established
- ResourceSmart AuSSTIVic launched for primary and secondary schools

2007
- ResourceSmart Government pilot program
- Government office accommodation guidelines updated - includes NABERS Energy and sustainability Green Star standards
- Environmental procurement policy and guidelines released (VGPB)

2006
- Environment Sustainable Action Statement released (ESAS)
- Improve energy efficiency by 20% by June 2010 based on 1999-2000 base year (5% increase on 1 July 2006 target)
- Purchase 25% Green power by June 2010 (15% increase on 1 July 2006)

2005
- Environment Sustainability Framework (ESF) released - requires Departments and Agencies to integrate the directions of the ESF into day-to-day operations
- Victorian Greenhouse Strategy Action Plan Update

2004
- Commissioner for Environmental Sustainability inaugural strategic audit

2003
- Victorian Government Departments and two environment agencies commence to:
  - adopt an office-based environmental management system (EMS)
  - report office-based environmental performance in their annual reports
  - conduct an annual audit of their EMS by an environmental auditor
- Commissioner for Environmental Sustainability established

2002
- Victorian Greenhouse Strategy
- Energy efficient targets introduced for inner budget-sector Government agencies
4.2 Environmental Sustainability Policy
Background

The Victorian Government has initiated a number of key policy statements and positions with regard to managing its own environmental impacts as illustrated in Figure 2.

The Victorian Government’s ESF is one of these key position documents. It was released in 2005 and provides key strategic directions, objectives and interim targets for reducing Victoria’s environmental impacts. The ESF states one simple message: ‘we must make environmental sustainability a part of everything we do, if we are to maximise our future economic growth, maintain our quality of life and protect our unique Victorian environment’.

In doing this, the ESF defines three broad ‘directions’ in which all Victorians must pursue to move towards being a Sustainable State. These are:

• maintaining and restoring our natural assets
• using our resources more efficiently
• reducing our everyday environmental impacts.

The ESF is aimed at all Victorians, but it specifically commits Government to taking the lead and commits the State government to incorporating environmental sustainability into day to day decision-making through business planning and operations from July 2006. It further commits government to building environmental sustainability into government policies, programs, regulations, investments and budgets and charging the Commissioner for Environmental Sustainability with the task of annually reviewing the implementation of that commitment.

The ESAS developed in 2006, acts as a partner to the ESF and is one of the main mechanisms that Government departments and agencies use to operationalise the strategic directions of the ESF. It contains two additional strategic directions, aiming to make Victoria a sustainable State within one generation:

• responding to the Challenge of Climate Change
• Government Leadership.

The Victorian Government’s commitment to improving sustainability in its own operations and providing leadership to the Victorian community in operational sustainability are also reflected in key policies and strategies such as:

• Growing Victoria Together: A Vision for Victoria to 2010 and Beyond
• Victorian Greenhouse Strategy
• Tackling Climate Change – Helping Families Play Their Part.

The government has also established interim targets for Victoria as a whole, under its ESF and a biennial environment report card.

4.3 Integration of Environmental Sustainability into Government day-to-day operations

The Government committed to integration of the directions of the ESF in its own day-to-day operations back in 2005. ESAS Action 16.2 addresses the integration of sustainable government decision-making processes. It specifically states that:

The Government is committed to integrating the directions of the Victorian Environmental Sustainability Framework into its own day-to-day operations. Departments and Agencies will include the directions of the Framework in all their business and operational planning, including their environmental management systems.

Sustainability Assessment can also play a significant role in enhancing the integration of sustainability considerations into policy and planning processes. We will develop a systematic process for better integrating these types of considerations into Government decision making.

ESAS Action 16.1 commits the Government to the expansion of the EMS across Government. It specifically states that:

To date, EMS’s were limited to office-based activities, facilities and central offices. The EMS program has proven to be highly successful in driving improved resource management within Government. The benefits of the EMS system exceed simply the environmental, having also saved Government thousands of dollars in operating costs. The Government will now consolidate this success by developing a five-year strategy to expand EMS’s into statutory agencies.

4.3.1 Status of Integration

Generally, the strategic audit has found there is a great deal of activity occurring but genuinely owned and practical integration within Government business processes has only really just commenced. The ESF, however, is not always the primary driver of environmental strategies and other government directives, stakeholders and community expectations can dominate. Considerations around specific issues such as climate change and, to some extent, water have a greater individual carriage at a senior level.
The required culture change, development and implementation of decision-making tools requires a great deal more central agency direction and support. Uptake and levels of success are seen to vary across Departments, with some able to report experimentation in planning and decision-making tools, whilst others demonstrated little progress.

DSE has been charged with developing a five year implementation strategy for the Government’s ESF/ESAS policy commitment which was due to be completed by March 2008. This implementation strategy has only been partially completed, with a number of key areas yet to be developed and finalised. These include communication of the Government’s commitment to all agencies, finalising the environmental management program implementation, public environmental performance reporting and auditing arrangements.

The expansion of the EMS to Victorian Government statutory agencies is being delivered through the ResourceSmart Government program launched by the Minister for Environment and Climate Change in March 2008 at the National Gallery of Victoria. The program supports Victorian public sector agencies to implement effective environmental management programs (EMP’s) relevant to their own operations in line with ESF and ESAS requirements.

The EMS Agencies (10 Departments, EPA and SV) are expected to meet the obligations placed on them by the ESF and ESAS, however they may choose to do so by expanding their EMS to include all operations or another structured program. At present this message does not seem to be strongly communicated by the central agencies and some EMS Agencies remain confused about the commitment and approach to be adopted in future. To some extent, this is due to the work currently being undertaken on the proposed Climate Change Bill and Green Paper/White Paper which is expected to include broad discussion on ‘mainstreaming’ of climate change in government decision-making.

The EMS program is discussed in Section 4.4.

The Eco-Buy program pilot was developed in 2007-08 which aims to assist departments and agencies in improving the environmental sustainability of their goods and services procurement. This program is discussed in Section 6.1.2.

The Australian Sustainable Schools Initiative (AusSSI) was first piloted in Victoria in 2001 as the Sustainable Schools Initiative (SSI). The AusSSIvict program is supported by CERES, Department of Education and Early Childhood and Development and the Australian Government. This program has been designed as a whole of school approach to education for sustainability. There are around 400 schools (approximately 25%) supported through the AusSSIvict program. An opportunity exists for this program to be implemented across a far greater number of schools. The Government should consider increasing the resources to support a more timely implementation across this sector.

In addition, programs with the TAFES (Sustainable Campus Group) are underway and a health sector program is under development with the ResourceSmart Healthcare program expected to commence in 2009.

The development of the Government’s Climate Change Green Paper/White Paper was initiated with the Premier’s Climate Change Summit in April 2008 and will engage with the community in exploring options for further mainstreaming of climate change into Government decisions.

This process has resulted in some understandable delay but also frustration to departments and agencies who seek clear direction and supporting tools in managing change programs in Government decision making for environmental sustainability.

During 2008, there was substantial planning activity as input to the Victorian Climate Change Green Paper/White Paper development process. While this is a priority area, if Government’s focus becomes limited to issues around Climate Change, there is a clear gap between the broad environmental sustainability objective and the narrower climate change intention.

4.3.2 ResourceSmart Government Strategy

The ResourceSmart Government program has been developed specifically by DSE and SV, to assist agencies to meet Victorian Government requirements for the expansion of environmental management systems to statutory agencies. The program includes: targeted assistance for agencies in developing and implementing a comprehensive environmental management program, capacity building, information resources (toolkit for change), networking workshops and a rewards and recognition scheme.

The program aims to enable statutory agencies to deliver on Government ESF/ESAS 16.1 and 16.2 commitments. Each participating Agency is responsible for developing and implementing an environmental management program which addresses all major aspects of operations.

Agencies which choose not to participate in ResourceSmart Government are requested to demonstrate to DSE that they meet Government policy requirements through other means, such as existing environmental management programs. Currently no evaluation criteria are available by which DSE would use to assess such parallel programs for their efficacy. The criteria and outcomes of assessments should be made available to future Strategic Audits to ensure that they can be reviewed for adequacy.

ResourceSmart Government, like the EMS, focuses on the process of environmental improvement. Clear, strongly owned and articulated targets are missing from the process, along with substantial content, to drive improved performance. Under current conditions, the absence of such targets in the ESF and ESAS work compromises the ability of both the EMS and ResourceSmart Government programs to deliver a leadership position and genuine outcomes to the State Government.

**Relationship to other programs**

A number of Statutory Agencies eligible to participate in the ResourceSmart Government program are also already subject to Victorian and National regulatory programs addressing resource efficiency. The Environment and Resource Efficiency Plans program (EREP) administered by EPA and the waterMAP program administered by the water authorities and DSE also apply to some public sector organisations.

WaterMAP is a key aspect of Our Water Our Future policy. It has a large coverage and applies to non-residential water customers consuming more than 10 megalitres of water per annum. waterMAP requires organisations to:

- Assess their current water use
- Identify inefficiencies and opportunities for water savings
- Prepare an action plan to implement water conservation activities
- Annually report on implementation of water conservation activities.

In this sense, a waterMAP would potentially fulfil the water requirements of a plan for ResourceSmart Government. DSE and SV maintain that waterMAP and ResourceSmart Government are consistent programs. As the commencement of waterMAP pre-dates ResourceSmart Government, alignment should be relatively simple and involve transferring actions from the waterMAP into the subsequent ResourceSmart Government plan. Guidance should be given by DSE and SV to assist participants with a smooth transition to streamlined reporting and management of water.

EREP, however, applies only to the largest energy and water consuming sites in Victoria. Only a small number of public sector sites breach the thresholds of 100 terajoules of energy and/or 120 megalitres of water per annum. These include: Bayside Health, Melbourne Health, Melbourne Water, Southern Health, St Vincent’s Hospital, Botanic Gardens and the Zoological Gardens.

EREP requires sites to register, develop an action plan, implement cost effective actions with a three year or less pay-back and report annually on progress. The plan must address energy, water and waste. DSE and SV maintain that EREP and ResourceSmart Government are consistent programs and it is likely that a plan prepared under EREP would be acceptable under the ResourceSmart program. Once again, clear guidance should be given by DSE, SV and EPA to assist participants with a smooth transition to streamlined reporting and management of resources.

An issue for Government consideration is the timing of the three programs reporting requirements. EREP plans for the first intake are due by 31st December 2008 so for Statutory Agencies subject to EREP, and then subsequently participating in ResourceSmart, the plan prepared for EREP would suit both purposes. However, EREP thresholds are living thresholds and can be triggered at any financial year in the next seven years. An agency that first develops a plan under ResourceSmart and then finds that it triggers the EREP threshold in future may be required to undertake further work particularly in areas such as pay-back calculations and mass balances which are not pursued to the same degree in a voluntary program like Resource Smart Government. EREP is a legislated program and, as such, requires evidence of activity and carries penalties for non-compliance.

A secondary consideration is the wholesale increase in programs and reporting requirements in resource efficiency, at a State and Federal level. The business community have raised a number of concerns regarding the significant growth and duplication in regulations and reporting requirements in the area of energy and water in particular.

The development of the National Greenhouse and Energy Reporting Scheme (NGERS) over the past year raised this issue very publicly. As one result, the Council of Australian Governments now has a working group attempting to streamline the reporting requirements between multiple Commonwealth and State programs including NGERS, EREP and the Energy Efficiency Opportunities program. Although statutory authorities are exempt from some of these, the reporting obligations placed on the public sector are growing and require rationalising in the near future.

2 A full list of registered sites is available at http://www.epa.vic.gov.au/bus/erep/docs/EREP-registered-sites-5sep08.pdf
Roll out and Implementation

Participation in ResourceSmart Government is voluntary; however, SV advises that 95% of the agencies invited to participate have taken up the opportunity. As of November 2008, 55 public sector agencies were participating in ResourceSmart Government (approx 20% of public sector agencies excluding schools). DSE has indicated that all key statutory agencies (excluding health care and educational facilities) will have the opportunity to participate in ResourceSmart Government by the end of 2009-10.

Figure 3 illustrates the progression of participation in the program by public sector agencies to be achieved by May 2010. Given that this is currently a voluntary program, the rate of ongoing participation needs to be monitored and transparently reported. In addition, participation alone does not necessarily translate to performance and the Government needs to examine the progress of agencies in using ResourceSmart to improve performance.

Participation to date in ResourceSmart Government represents a significant number of employees with a range of medium to smaller public entities entering Phases 1 and 2 of the program in 2008. This is illustrated in figure 4.

Several sectors of Government operations will be phased into the ResourceSmart Government program. Higher education entities will be included from 2009-2010. DSE, DHS and SV have been developing a specialist ResourceSmart Health Care program for health care services to be piloted in 2009-10 with six services and then rolled out to the remainder of the portfolio in 2009-10 and 2010-11. Water authorities are already required to undertake strategies to minimise their operational environmental impacts, as such, DSE and SV are currently undertaking a needs assessment to determine if and when water authorities will be invited to join the program.

A data collection and reporting framework is included in ResourceSmart Government program. However, the requirement of environmental management plans and reporting for statutory agencies is to be determined.
Toolkit and workshops

To support the roll out of the ResourceSmart Government program, SV developed toolkits which were provided to all Agencies as part of the introduction to ResourceSmart training. The toolkits contain information regarding government commitments and links to useful external resources. The toolkit should be reviewed regularly to ensure communication about Government commitments are up to date and provide a dynamic suite of materials to support agencies in establishing and implementing a comprehensive environmental management program.

Agencies participating in the program are required to submit a ResourceSmart strategy to SV and DSE for review as part of this program.

Pilot group and evaluation

A workshop was conducted with the ResourceSmart Agencies involved in the pilot program this year, to discuss progress and assess areas for improvement. It should be noted that the program is only in its infancy, but progress with implementation was seen to be evident. A summary of pilot Agency’s progress in meeting the milestones of the ResourceSmart Government program is presented in Table 2.

The Parliament of Victoria also volunteered to participate in the ResourceSmart Government pilot program.

Parliament of Victoria’s progress includes:

- developing an environmental policy which applies to the three parliamentary departments
- developing a Sustainability Framework guided by the environmental policy
- establishing baseline data and modifying financial systems to enable data capture at point of bill payment and implementing other systems to monitor activities not billed e.g. rain water harvesting and usage
- establishing a Sustainability Team formed by the Parliamentary Senior Management Group (PSMG) plus 5 volunteer staff volunteers, strongly supported by Parliament’s executive and presiding officers.

Most agencies have established baselines, prepared action plans and some have reported progress to management. However, some of the pilot agencies reported a number of ongoing challenges including:

- a need for dedicated human resources: The program is currently managed by non-specialist staff within the agency and is not reflected as part of their formal work program making it vulnerable to other program needs. While SV provides training for participants, the lack of dedicated resources within participating agencies may result in slow or patchy progress.

Table 2: Pilot agency progress in ResourceSmart program

<table>
<thead>
<tr>
<th>Environmental Policy</th>
<th>Vic Police</th>
<th>VEC</th>
<th>GBCMA</th>
<th>NGV</th>
<th>ESC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parks Vic</td>
<td>In draft</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Senior Management Support</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Baseline Established</td>
<td>Yes</td>
<td>In progress</td>
<td>In progress</td>
<td>In progress</td>
<td>Yes</td>
</tr>
<tr>
<td>Aspects and Impacts Identified</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Targets and Indicators Set</td>
<td>Yes</td>
<td>Yes</td>
<td>Partially</td>
<td>Partially</td>
<td>Yes</td>
</tr>
<tr>
<td>Action Plans</td>
<td>In draft</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Environment team</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Report to Management</td>
<td>Yes</td>
<td>In progress</td>
<td>Yes</td>
<td>In progress</td>
<td>Yes</td>
</tr>
</tbody>
</table>
• **staff buy in:** Gaining the ownership of staff across the agency is an ongoing challenge. This possibly represents the “start-up” nature of the program in agencies but is an ongoing challenge even for the EMS Agencies which have had programs in place for five years or more.

• **addressing beyond office issues:** For those agencies where past efforts may have been in office-based programs requires a major shift in thinking, design and implementation of programs. Once moving from an office base, operations become very diverse and require more tailoring to suit the agency context.

• **a need for demonstrated commitment from government leaders:** Gaining support from senior leaders is considered crucial to the success of the program. This is reported by Statutory Agencies beginning ResourceSmart as well as Departments with demonstrably successful, long-term programs.

At the time of writing, the details of the assessment process were not available and the assessment was yet to be trialled with a small group of participating Agencies. This is, however, expected to be complete by the end of March 2009.

The certification process is intended to be open for any Government agencies to apply regardless of whether the organisation has participated in the ResourceSmart Government program or not.

The management of the formal assessment of Government Agency performance should be done independent of SV, and link where relevant to ratings for other ResourceSmart programs for other sectors. It is the Commissioner’s understanding that SV might manage the assessment process but that external experts may be involved in making determinations, in particular at the higher levels of certification (4 and 5 star). The Commissioner looks forward to receiving more information about this process in future.

**Sustainability Victoria’s 5 Star ResourceSmart certification**

ResourceSmart 5 Star Sustainability scheme is the final major element of the ResourceSmart Government program. It aims to provide a pathway towards environmental sustainability and recognise good sustainability practices and reward high achievement and leadership. The scheme is still under development and is guided by the following 5 levels (stars) of achievement:

- **5* Showing others the way**
- **4* At your best**
- **3* Performing within the sector**
- **2* Demonstrating ResourceSmart outcomes**
- **1* Set up and on the way**

Each of the 5 Star levels addresses a range of factors key to good environmental practice, increasing in complexity at each star level. It is proposed that the assessment process has two key stages - an online self-assessment component and a formal assessment component. The online self assessment tool will be available for agencies to use voluntarily. The formal assessment will provide the reward and recognition component, to be managed by SV. This process would include:

- an application submission by the agency including their self assessment report, plus their documentation demonstrating that they meet the sustainability scheme requirements
- a formal assessment of their application, managed by Sustainability Victoria
- Awarding of their 5 Star level, along with a rewards package.
4.3.3 Major Findings:

- The expansion of the EMS to a beyond office is not being actively pursued by all EMS Agencies. The expansion is not supported by mandatory reporting framework which currently only applies to office-based activity.

- The Agencies participating in ResourceSmart Government have been advised of environmental reporting requirements but at the end of 2008, these arrangements had not been formalised. It is understood, DSE is facilitating a process in 2009 to formalise the EMP and reporting implementation requirements for statutory agencies.

- Reporting on ResourceSmart Government potentially duplicates that for the waterMAP and EREP for agencies subject to multiple programs.

- Departments and agencies are advised that they may use multiple tools for meeting the ESF requirements (eg. EMS, ResourceSmart) but there does not appear to be a mechanism by which the adequacy of alternative approaches are assessed.

- While climate change is clearly a priority area, if government’s focus becomes effectively limited primarily to issues around Climate Change, there is a clear gap between the broad environmental sustainability objective and the narrower climate change intention.

- Integrating environmental sustainability into decision-making processes commenced in some Agencies but implementation varies across EMS Agencies and limited guidance received as to the explicit requirements and approaches to be used from DSE and central agencies.

4.3.4 Key Opportunities:

- ResourceSmart Government is intended to assist agencies in identifying their environmental impacts and prioritising these, however, a materiality module could be included in the ResourceSmart Government Training Module to increase its flexible application in addressing agencies’ diverse operations.

- All Departments and statutory agencies nominating to use a program other than ResourceSmart Government should have their EMPs or Action Plans submitted for assessment (as a part of SV’s certification scheme).

- Staff contribution toward environmental programs should be genuinely reflected in work plans and performance reviews.

- Dedicated human resources (experts within Government) should be provided as part of their work plan to assist agencies with implementing their EMPs. This could be resourced as a “visiting role” for 6 months at a time and shared across portfolios.

- Public reporting should be mandatory for all departments and statutory agencies.

- Establish a target and timelines for increasing the number of Victorian Government schools participating in the AuSSIVic program.

- Program policy and design should be reviewed to ensure all programs are complementary and where appropriate rationalised to drive efficiency and performance outcomes; ResourceSmart, WaterMap, EREP, GSET, EMS/FRD24 requirements and at the National level, NGERS.

- In the context of the Australian Government’s proposed Carbon Pollution Reduction Scheme (CPRS), the Climate Change Green Paper/White Paper development should articulate what ‘leadership’ means with respect to its own goals and initiatives to reduce greenhouse gas emissions.

- DSE should communicate the expectation for integrating environmental sustainability into decision-making processes and the methodologies to be employed, including a staff training program and to provide follow up support to EMS Agencies.
**Sustainability in Healthcare**

DHS is committed to making the Victorian public healthcare system more sustainable. DHS has a number of programs in place to achieve this which fall outside of the department’s corporate environmental management system.

DHS has Sustainability Guidelines applicable to all healthcare capital projects, requiring implementation of a suite of standard initiatives, including passive design, energy efficiency, native landscaping and water efficiency. In addition DHS allocates 2.5% of healthcare capital works budgets for leading and demonstrational initiatives, such as improved indoor environments to stimulate patient well being, use of environmental materials and low emission energy.

Under ESAS, DHS was allocated $3.3 million for “Greening Our Hospitals - Energy” and $3.9 million for “Greening Our Hospitals - Water” over the period 2006-07 to 2010-11.

Energy efficiency measures implemented to date include installation of digital “smart” lighting systems (10 hospitals), energy saving appliances and building management systems (40 hospitals) and power correction equipment (20 hospitals).

Progress to date for “Greening Our Hospitals - Water” includes commencement of water audits across 40 hospitals, 40 water efficiency retrofits, 29 steriliser retrofits and a trial program to assess opportunities to save water in laundries and reuse of dialysis water. Other water initiatives include preparation of a standard Water Management Plan for hospitals and preparation of guidance on water reuse opportunities in healthcare.

DHS and SV are working in partnership on a project to minimise waste in hospitals. This includes a 12 month project officer position located within DHS to focus on capacity building, signage, support tools, waste reporting and sustainable procurement.

DHS is also working in partnership with DSE and SV on expanding ResourceSmart to healthcare agencies. A pilot involving six healthcare agencies is planned for early 2009, with roll-out to all statutory healthcare agencies commencing from 2009-10.

Hospitals are one of the largest contributors to the Victorian Government’s environmental impact. The Commissioner is encouraged by the plans that DHS has to measure performance and reduce impacts in this area.

4.3.5 Key decision making processes

Central Agency decision making processes generally were found to lack the more sophisticated tools required for a comprehensive assessment of environmental considerations to enhance the integration of environmental sustainability into policy and planning processes.

There are also a number of management frameworks for example, the Integrated Management Cycle and Victorian Government Risk Management Framework, that operate in Victorian Government which should be reviewed to ensure they explicitly support environmental sustainability outcomes (greenhouse gas emissions, water demand management, biodiversity protection and resources efficiency).

While Cabinet submissions include a requirement for environmental consideration, greater support and training for policy officers when preparing submissions for Cabinet would help ensure proposals have sufficiently addressed the potential environmental impacts at the policy drafting stage.

Although, not responsible for the content of Cabinet submissions, the Cabinet Secretariat, and Cabinet and Legislation Liaison Officers located within each Department may benefit from training in relation to Government’s environmental policies and objectives. The Infrastructure and Services Branch of DPC provides some assistance to officers preparing submissions but to date indicated they have not been sought to assist in preparing the environmental information for the Cabinet submission template.

DTF advised that the Business Impact Assessments that accompany policy proposals often give very detailed consideration to the environmental impact of the proposal at hand. Every submission brought before Cabinet is required to indicate whether or not it is considered to have an environmental impact.

However, a more comprehensive framework is considered to be required which both supports officers developing submissions and which includes a clear line of review. This should be pursued in a similar way to that undertaken for the Charter of Human Rights and Responsibilities Act 2006 in which the Department of Justice now provides a point of review for adequacy. Ministers are accountable for providing complete submissions and a communication program supports the roll out of this requirement with Ministers required to certify compliance. DSE may be that point of review for environmental assessment.

This would assist Cabinet in deciding if the environmental assessment contained in a submission is adequate.
The Cabinet Handbook needs to provide clear advice on how officers should approach the scope, boundary and content of the submission in relation to environmental sustainability and the circumstances under which a formal referral for consideration under the Environment Effects Act 1978 might apply.

A review of the Cabinet Handbook and Cabinet Assessment Guidelines is suggested. The handbook, should for example refer to environmental sustainability issues of major policy significance to Victoria, specifically greenhouse gas emissions, water demand management, biodiversity protection and resources efficiency.

It is expected that the Victorian Government's Climate Change Green Paper/White Paper development will provide a broad discussion of the challenges involved in ‘mainstreaming’ of climate change in decision making. The Green Paper is due for public release in early 2009.

In the meantime, the Government may consider the following two approaches. First, the Commonwealth Government has introduced a Strategic Environment Assessment capacity into the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) to guide decision-making on endorsed policies, plans and programs. A strategic assessment occurs early in the planning process and examines the potential impacts of actions which might stem from one or more policy, program or plan. These may include: local government plans, schemes or policies, fire, vegetation or pest management policies, plans or programs, building design policy/guidelines, and infrastructure plans and policies.

Strategic environmental assessments promote an early consideration of environmental matters in planning processes, can provide greater certainty regarding future developments and reduce regulatory burdens by considering issues early and minimising delays to resulting projects. Strategic assessments under the EPBC Act mainly involve individuals or agencies such as local councils, State Government Ministers or State Government departments responsible for implementing the policy, plan or program. The mechanism, applies to matters of national significance and, to date, has been applied to a number of fishery management plans by the Commonwealth Department of Agriculture, Fisheries and Forestry.

The EPBC Act also allows for a bilateral assessment agreement between the Commonwealth and Victorian Governments to streamline the process for assessing development proposals, through a combined assessment process covering both Commonwealth and State responsibilities. This presents the Victorian Government with a leadership opportunity to pursue a more integrated approach to environmental assessment, decision-making and the progress of environmental sustainability.

The Victorian Environment Effects Act 1978 provides existing powers under which strategic environmental assessment can be pursued. The Act currently provides for the assessment of proposed projects (works) that are capable of having a significant effect on the environment. The existing Act and associated guidelines could easily accommodate a strategic assessment mechanism and be applied to policies, plans and programs. Such assessment needs to be extended to the policies and programs of State Government through a strategic approach to assessment.

Strategic environmental assessments would consider broader environmental impacts such as population growth, production and consumption. In terms of climate change, the recent State of the Environment Report for Victoria, 2008 recommended that the Victorian Government build a climate change “test” into all major policy, infrastructure and expenditure decisions, including:

- Development of appropriate assessment tools, methodologies and processes, including consideration of the essential components of strategic environmental assessment methodologies
- Assessment of climate mitigation and adaptation impacts of budget and Cabinet decisions
- Assessment of the impact of current policies and programs on Victoria’s emissions profile and reduction target
- Regular public reporting against this measure including building climate assessment and greenhouse gas and water use reduction performance requirements into all Victorian Government department and agency heads performance plans\(^3\).

\(^3\) Commissioner for Environmental Sustainability (2008, State of the Environment Report Victoria, Melbourne
### 4.3.6 EMS Agencies Engagement Results

The EMS Agencies were not required to undertake an independent audit of their EMS for 2007-08, now a biennial requirement rather than annual. As part of this year’s strategic audit, a stakeholder engagement survey was undertaken of all EMS Agencies. The following provides a summary of the feedback gained and an opinion on their progress to date.

**Nature of the agency**

Most EMS Agencies demonstrated an active awareness of the ESF and ESAS directions in their responses to the survey through a discussion of Government mechanisms including the EMS, FRD24C reporting, ResourceSmart Government which assist them and statutory agencies to deliver on these obligations.

There was, however, a distinction in responses between the EMS Agencies which are overtly environmental in their mandate and those which are not. SV, EPA, DPI and DSE are, arguably predisposed to evidencing environmental sustainability in their business planning, decision-making and programs, due to the nature of their Government portfolios. For these Agencies, environmental sustainability is considered “core business” and responses don’t necessarily distinguish between their public policy role and internal operations.

**Executive Engagement**

The “buy in” of senior Government executives is vital to the adoption of the ESF directions and the implementation of environmental programs within Departments. Most EMS Agencies reported a direct relationship between the viability of their environmental sustainability programs, ESF commitments and the interest or otherwise of the Department’s leadership team.

Several EMS Agencies, such as DHS, have reported the establishment in 2007-08 of executive level sustainability committees and working groups which oversee the development of decision making and other frameworks and report that this has resulted in further program achievements. One Agency reported that “the integration of environmental sustainability in decision making is becoming a part of business practices and considerations in a number of divisions. This was reported to be due to the Secretary’s requests for information on environmental impacts of operational decisions and general support of the initiative”.

To ensure senior4 Government level buy-in is achieved across Government, contribution to ESF targets adopted by the State Government and the Departments EMS targets should be included as formal performance criteria in Schedule A of the Standard Executive Contract pursuant to the *Public Administration Act 2004*. Active demonstration of a reporting disclosure toward those targets should then be made central to the annual performance review process and any performance-related incentive payment.

Gaining ownership of environmental performance outcomes associated with the direct impacts and policies that can influence improved environmental outcomes should be reflected in staff work plans and performance reviews. The targets adopted and the level at which they are applied should be made appropriate to the role and responsibility of the position. The key mechanism should commence at the most senior level, and subsequently cascade to the operational staff reporting to them, who are charged with achieving on the ground change.

**Strategies for integration into business process**

Most Departments have reported growing attempts to integrate environmental sustainability into decision making and business planning with varying degrees of success. Examples include:

- **DEECD**, which has incorporated environmental sustainability within its business planning process over the past two financial years and also incorporated within its risk management framework.

- **DPCD** has developed a “Three Year Environmental Strategic Plan” endorsed by the Department’s Secretary in 2008, which includes objectives on the incorporation of sustainability into business planning. The Plan has specific actions designed to enhance the Department’s performance in all of the EMS office-based areas of performance measurement. The DPCD Business Plan for 2008-09 incorporates environmental issues into the plan and lists drought and climate change as one of the top priority areas to be addressed.

- **DPI** has gained Executive approval in 2007-08 for its Environmental Road Map which has become a part of DPI Strategic Planning.

---

4 Senior government executives are classified as level EO1-3 as listed in the VPS Executive Renumeration Bands, 1st July 2008.
The degree to which integration of environmental considerations into decision making occurs was seen to vary within and between the EMS Agencies. In the survey responses, Departments advised reference to the ESF in their strategic plans, while at the same time acknowledging the absence of available tools to implement this commitment. As such, the provision of EMS Agencies with guidance and tools on how to implement ESF objectives is still required.

Whole of government related decision-making processes are generally thought to lack the explicit guidance and support needed to adequately identify and address potential environmental impacts. It then becomes more difficult for the Agency to include in their processes. A small number of EMS Agencies have begun to use or interpret the whole of government business processes along environmentally sustainable lines.

Most Departments were aware that Cabinet submissions require an assessment of environmental, social and economic impacts, and that Cabinet Handbook Guidelines explaining the requirements for environmental assessment was available to support their submission. In general, Cabinet submissions discussed earlier and procurement processes remain key areas of opportunity for Government to improve its environmental performance both through its direct impacts and areas in which it has influence.

Staff culture change
Most Departments and EMS Agencies reported the establishment of communication and culture change programs within their operations. SV has EMS Co-ordinators and Green Leaders that are representative of all the units of the organisation. Staff meetings, team meetings, the sponsorship of events and internal newsletters are listed as common techniques for both communicating achievements but also engendering changed behaviours. Ride to Work Day is always a significant event, for example, at SV which has won a Ride to Work Day award for greatest percentage of staff riding to work in their category for two years running.

Agencies with other mandates, such as DHS, are seeking a greater understanding of the culture change drivers in the organisation. In 2008 the DHS Environmental Management Unit undertook a survey of all staff to better understand the current level of understanding and attitudes of DHS staff towards more sustainable work practices. This will feed into a subsequent program for change.

In late 2008, SV launched its change behaviour kit ‘Shrink your impact’, to support programs aimed at influencing staff behaviours to support sustainability. Staff culture change is a challenge, within any organisation whether it by private or public practice. Culture change does however work best when driven from the top levels of management down through the organisation. It is for this reason that the Government needs to place additional focus on ensuring executive level staff are engaged and motivated to be part of the change process.

Tools to Implement ESF
Several EMS Agencies reported that integration of environmental sustainability into decision making was yet to be formalised and embedded throughout departmental policies and procedures. While the need for resources was seen as one challenge, the need for facilitation and guidance from central agencies was seen as a significant area for improvement.

The provision of training, manuals or other tools is now an expectation of the EMS Agencies. Further guidance and support should be given to the EMS Agencies and be supported by reporting and compliance requirements covering all operations, in order to ensure environmental sustainability is seen as a business priority.

The next step is for Government to provide advice on how the environment might be considered when arguing the case against other compelling and competing priorities. Procurement is a case in point, when considering a tender submission, advice on how much emphasis should be or could be placed on environmental considerations alongside issues such as cost is needed. DOT, for example, reported that their tenders are including more requirements about bidder’s sustainability performance and plans. Yet, indicated a need for greater guidance, supporting case studies, cost/benefit analysis and criteria for weighting environment factors when making vendor selections.
4.3.7 Major Findings:

- The approach to integrating environmental sustainability into day-to-day operations has commenced but is patchy throughout Government. A great deal of activity is occurring at all levels, however it is not a systematic approach that currently covers all material aspects within Government’s sphere of influence.
- Departments and Agencies with a clear environmental mandate are predisposed to including environmental decision-making in key business plans.
- Leadership by executive government staff is vital to success but reported as lacking in some agencies.
- Greater evidence of formal consideration of environmental sustainability in high-level government decision-making processes is required and more robust frameworks.
- The assessment of major policies, strategies and programs is currently inadequate. The introduction of a statutory instrument for strategic environment assessment and a greenhouse threshold for triggering that mechanism would provide Cabinet with a sufficient level of information for decision-making.

4.3.8 Key Opportunities:

- Modify the Cabinet Handbook and Cabinet Assessment Guidelines to provide clearer advice about the level and scope of environment assessment required prior to submission.
- Formal training should be provided to the relevant Policy Officers located within each department with regard to environmental sustainability in preparing Cabinet submissions.

4.4 The EMS as a tool for Government Environmental Management

4.4.1 Background on the EMS

In 2002, the Victorian Government made a commitment to introduce best practice environmental management tools for all Departments. As a result, the Victorian Government’s EMS program commenced in 2003-04.

The ten Victorian Government Departments have implemented environmental management systems for their office based activities (which are based on, but not required to be certified to International Standard ISO 14001). In addition, two Environment portfolio agencies, EPA Victoria and SV volunteered to implement EMS’s. These Departments and Agencies have been referred to as ‘EMS Agencies’ in this document.

Since, the 2003-04 reporting period, the EMS Agencies have been required to report annually on their environmental performance in relation to office-based activities in their Annual Report under the Department of Treasury and Finance (DTF) Financial Reporting Direction FRD24C - Reporting of Office-based Environmental Data by Government Entities. Environmental aspects of office-based activities reported are water, energy, paper and transport fuel consumption, greenhouse emissions, waste production and purchasing.

The FRD24C sets minimum reporting requirements. EMS Agencies are able to report on a broader set of performance criteria if desired.

The requirement for agencies to have their EMS audited by an environmental auditor annually has been reviewed by the Government and from 2007-08 adjusted from annually to every second year. Independent audits were not required for 2007-08. As the EMS program expands to beyond office and into statutory authorities, it is expected that each Department and Agency will separately engage audits of their EMS/environmental management programs.
4.4.2 EMS Program Objectives
The Strategic Audit seeks to assess and influence the effectiveness of the government’s environmental performance program in achieving its objectives. That is, to assess how well and to what extent the program is:

- contributing to the achievement of environmental outcomes through minimising the release of greenhouse gases, reducing water, waste and other resources
- driving cultural change across government in relation to integrating environmental considerations into daily activities
- demonstrating the government’s commitment to lead by example by taking action to reduce environmental impacts associated with its own operations
- contributing to the achievement of efficiency gains and resulting financial savings by reducing the use of resources such as energy, water and transport fuels
- ensuring Victoria’s leadership in transparency and openness of performance reporting by government.

4.4.3 The Expansion of the EMS
ESAS Action 16.1 commits the Government to the expansion of the EMS across Government and beyond being an office based EMS.

The ten Departments and two Agencies which have been involved in this program over the past five years have made solid progress in their environmental performance. However, the expansion of the EMS outside of the office-based aspects represents a number of considerable challenges.

To date, the challenges of rolling out the EMS across the portfolios was to some extent a shared experience comparing one office-based operation to another office-based operation. However, expanding the EMS to all operations will involve quite different issues, capabilities and engage diverse aspects of their organisations. Such an expansion also necessitates a consideration of more flexible performance indicators and reporting styles.
Several EMS Agencies reported confusion regarding the future of the EMS expansion work, particularly in light of the development of the forthcoming Climate Change Bill and associated Green Paper/White Paper. Uptake of the expansion to beyond office is currently ad-hoc and there is a high expectation that this work may soon be superseded by a new directive.

To date most EMS Agencies have extended their office-based program to regional centres. DOJ is noted for having extended its EMS to facilities such as courts and prisons while EPA Victoria has extended its EMS to laboratory facilities. DPI has extended its reporting to include non-office activities such as research, laboratories and farms. DSE, SV and DHS are together developing the ResourceSmart program for health care agencies, with the pilot to commence in February 2009.

A key process in the development of an Environmental Management Plan is the determination of organisation’s key aspects and impacts. This step should be the basis for which priority areas for action are identified and by which performance targets are established. It is essential that the principles of materiality and completeness are taken into account during this process of determination. As it is essential that key issues are covered, focus is applied to those priority issues to manage. Ensuring management plans and targets are developed through a rigorous assessment of key aspects and impacts needs to be an ongoing feature of Agencies independent audits.

The DOJ appears to be one of the most active Departments in expanding the scope of its EMS beyond the office context. It has also included environmental management formally into its corporate plan and future business planning framework.

4.4.4 EMS Performance Objectives, Targets and Outcomes

As part of the strategic audit the 12 EMS Agencies submitted their 2007-08 and 2008-09 Environmental Management Plans (EMPs). A summary of progress against targets achieved 2007-08, and the range of targets against each environmental aspect (energy, water, waste, paper, procurement and travel) set for 2008-09 as reported to the Strategic Audit has been compiled in Table 3 below.

Table 3: EMS Agency office-based performance against targets

<table>
<thead>
<tr>
<th>Total Number of Targets Set</th>
<th>Target met</th>
<th>Target not met</th>
<th>Progress not reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>31</td>
<td>77%</td>
<td>19%</td>
</tr>
<tr>
<td>Waste</td>
<td>20</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>Water</td>
<td>26</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Paper</td>
<td>18</td>
<td>61%</td>
<td>44%</td>
</tr>
<tr>
<td>Procurement</td>
<td>26</td>
<td>69%</td>
<td>19%</td>
</tr>
<tr>
<td>Transport</td>
<td>32</td>
<td>69%</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>153</td>
<td>71%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Note: When considering whether a target had been achieved or on progress no differentiation was given to those targets that were stretch targets compared to those that could be easily achieved by an Agency. SV and EPA in particular had stretch targets for each environmental aspect in their EMPs to help drive their environmental performance. Targets may be quantitative and/or action-based.

In total 153 targets were set in 2007-08 across energy, water, waste, paper, procurement and travel for the EMS Agencies. A number of Agencies also included additional categories for which targets were set and progress was measured for communication/awareness raising, reporting and compliance, climate change, and sustainability in capital works. In total 109 targets were met (71%), 35 were not (23%), and the progress against 8 targets was not reported (6%). At an EMS Program level it is not readily understood whether the targets set by the EMS Agencies are relatively easy targets to achieve or stretch targets and/or the timeframes for achieving.
Under the mandatory reporting requirements of FRD24C, EMS Agencies are required to report against at least one target for each aspect. In the publicly reported annual reports it was found that:

- 25% of Agencies publicly reported progress against at least one target per aspect
- 58% of Agencies publicly reported at least one future target per aspect.

There is an opportunity to improve Government reporting against specified environmental performance targets.

Environmental Management Plans have matured and now represent a solid foundation of continuous improvement. Some EMS agencies have commenced incorporating non-office activities into their EMS. DOJ is noted for its EMS and environmental reporting which covers major facilities such as courts and prisons. DSE has an EMS for forest and fire activities and the DPI and EPA EMSs extend to laboratories. DPI has included regional offices in its reporting since commencement of their EMS.

Several EMS Agencies, such as EPA, DEECD and DIIRD have begun to include regional offices in their plans and have noted the specific challenges that represents. DEECD improved the overall percentage of staff commuting sustainably to and from work from 57 per cent to 63 per cent but noted that it has limited ability to influence sustainable travel in rural areas, due to restricted transport infrastructure and provision of free and ample car parking spaces.

DIIRD also indicated limited ability for its small regional offices located in a tenanted (or shared) office space to influence more sustainable office based improvements along with restricted transport and waste management infrastructure in regional areas.

Several agencies reflected a revision of targets and plans based on previous results and improving alignment with FRD24C to facilitate reporting.

In summary EMS Agencies’ EMP actions to minimise energy, water consumption and waste production have been predominately office based with the following listed as the most common actions undertaken in 2007-08. Whilst these are good examples of office-based initiatives that can assist with the reduction of resource use and greenhouse gas emissions, they are not in many cases tackling the broader more significant operational environmental impacts.

**Energy**
- Energy opportunity assessments and building audits
- Teleconferencing and videoconferencing
- Awareness raising campaigns to switch off monitors/turn off lights etc.
- Automatic switch-off of computer monitors after 20/30 mins inactivity.
- Installation of T5 lights and motion sensors
- De-lamping

**Water**
- Installation of water efficient urinals and toilets
- Installation of flow restrictors
- Installation of rain water tanks
- Awareness raising campaigns
- Purchase of water efficient appliances

**Waste**
- aWay With Waste program of activities
- Waste audits
- Expansion of office-based recycling to include more products (including fluorescent tubes, cartridges and toners, mobile phones and CDs) and extension of office-based recycling to further sites.
- Implementing more accurate data collection systems
- Removal of personal bins
- Decreasing the % of contamination in waste and recycling systems
- Duplex printing
- Awareness raising campaigns
Addressing behaviour Change at EPA

Aimed at addressing behaviour change, EPA listed as an action in their 2007-08 EMP to implement a 'Cap and Trade Scheme' to mimic a trading system whereby a greenhouse gas emissions cap will be placed on regional offices, with trading allowed between sites to generate a drive for greenhouse gas emissions reductions.

Vehicle use minimisation at DHS

During 2007-08 DHS undertook a state wide 'Doing Business Better' project aimed at 'Minimising Non-essential Travel' to meetings and other departmental activities. One of the aims of this project was to further reduce the Department's direct greenhouse gas emissions and overall environmental footprint from operational fleet usage. Implementation has already commenced in the areas of Video Conferencing and Tele Conferencing. Hardware and systems have already been purchased, and knowledge is building to realise the desired utilisation of the investment. The project complements the broader strategy currently in planning; "DHS Green Travel Plan", whereby staff will be better able to recognise the available options for travelling to meetings and their subsequent impacts on the environment, safety, cost and time.

Minimum environment performance standards for EPA contractors

Aimed at addressing waste in procurement, EPA are establishing minimum environmental performance standards for all contractors entering into an EPA contract. Performance standard setting for third party suppliers is considered best practice in both Government and the Business Community.

4.5 Public Reporting of Environmental Performance

4.5.1 ESF Progress Report

The ESF committed DSE to review and report on how the State is tracking against environmental objectives and interim targets, commencing 2007. DSE released its first biennial environment report card in August 2008, Our Environment Our Future: The Victoria Government’s Environmental Sustainability Framework Progress Report. It reported against the ESF/ESAS commitments for government leadership by highlighting the following major government leadership initiatives:

- a new goal of purchasing at least 25% Green Power by 2010 in response to having exceeded the original target of purchasing 10% of government electricity needs as accredited Green power by 2006
- met the target to reduce energy use in government buildings by 15% by June 2006, saving $17.5 million on annual power bills
- significant progress towards improving the sustainability of new government buildings and refurbishments
- 200 hybrid cars operating in government fleet
- achieved a reduction in total energy, water and paper consumption and waste produced in departmental office-base operations between 2005-06 and 2006-07
- conducted a pilot of a ResourceSmart Government program in 2007 to expand environmental management system requirements to statutory agencies
- the progress report also referred to the operation of the office-based EMS across all Departments.

This progress report has been assessed against the principles of the AA1000 and in summary the following observations were made:

- Materiality: What has been reported does relate to policy performance of Government, however, it is not clear why the six points of Government Leadership detailed above were chosen as highlights for public reporting over other successful projects or indeed some reporting of failures or areas for improvement. There does not appear to be a process for ensuring that they are the most significant issues which warrant reporting or that stakeholders are more interested in them than they might be in other projects.
- Completeness: The progress report does not report against all Government leadership areas in the ESF/ESAS framework. Progress in the greening of schools and hospitals, ESF integration into decision making and other resource efficiency projects, for example, have not been reported against without explanation.
- Responsiveness: It is not clear that the report is responding to a particular need for disclosure or decision-making by stakeholders.
Overall, it is concluded that this progress report does not provide a clear, transparent and balanced picture of how Government is performing and progressing against the ESF and ESAS Actions.

The community expects to be able to find out how their government has performed on its environmental sustainability commitments and hence greater transparency of progress is required.

It recommended that the information contained within reports detailing high level and strategic Government environmental performance are subject to independent review and assurance. This independent review would add to the credibility of reporting, and if undertaken using the AA1000 Assurance Standard, would ensure that material issues were addressed, a complete, fair and balanced, and timely picture of Government performance to stakeholders. At present this is not a requirement for Government reporting, but it is considered best practice and is therefore presents a leadership opportunity for Government.

4.5.2 EMS Agency Environmental Reporting
Parliament has an important role in ensuring that government uses natural resources effectively and efficiently. The community expects to be able to find out how their government has performed.

Each EMS Agency is required to report on environmental performance of their office based activities under the Government’s Financial Reporting Directive (FRD24C). The strategic audit’s review of environmental performance reporting under the FRD24C, for 2007-08, is contained in the strategic audit accompanying report Strategic Audit: Environmental Performance Reporting Supplementary Report 2007-08.

4.5.3 International Best Practice Reporting
The Commissioner supports the increased use of the Global Reporting Initiative (GRI) and the Public Agency Sector Supplement to assist with the guidance of reporting structure and content for all Government Departments and Agencies. Progressing toward full use of the GRI framework and, in particular, its Public Agency Sector Supplement will require a more detailed review of the current reporting mechanisms, capacity building and a tolerance for experimentation particularly by Agencies which are atypical of government operations.

Under ESAS, the Victorian Government committed to piloting the GRI. It is understood that DSE are currently compiling proposals for the future direction of public reporting for Government. Both DPI and DSE commenced using GRI in reporting over the past financial year and a number of government owned enterprises, such as City West Water, have been doing so since 2000. Commonwealth agencies such as the Department of the Environment, Water, Heritage and the Arts and the Department of Families, Housing, Community Services and Indigenous Affairs have also been producing reports using the GRI framework for nearly five years.

It is important to note that the work that Agencies have already undertaken in relation to the development of their EMS and EMP’s, FRD reporting and the rollout of ResourceSmart Government can feed into a GRI approach to reporting. The use of the GRI to guide reporting is not intended to re-invent the wheel, but rather to strengthen, enhance and add value to the reporting of environmental performance across Government.

Internationally, the Swedish government provided leadership direction in this area when it declared that all 55 of its State owned companies would need to file an annual sustainability report based on GRI’s G3 Guidelines. The requirement commences in March 2009 and is considered to be a first in government compelling public sustainability reporting by entities over which it has control. The Swedish government claimed that the move was in a bid to improve sustainability performance but also ensure the effective and transparent use of public money.

A longer and more exhaustive menu of indicators and disclosures within the FRD24 framework is not recommended, rather a narrowing of indicators coupled with an expansion of the reporting boundary to include whole of government. This approach should be coupled with the endorsed use of the GRI and its Public Sector Supplement for all Departments and Agencies. This would help to link Victorian public agencies to a globally consistent reporting methodology and place the State Government in a leadership position.

It is expected that Agencies across Government report as a minimum against indicators of environmental significance, greenhouse gas emissions, water usage and waste production but have the flexibility to use the entire GRI framework to tailor their reporting according to their operating context, materiality considerations and stakeholders.

A data collection and reporting framework, including GRI indicators, is included in the ResourceSmart Government program. However, the reporting requirements are not yet mandatory and subject to Government approval. FRD24C refers to GRI indicators and encourages EMS Agencies to use, however, this is at their own discretion in the absence of direction and capacity building. This approach also separates the GRI indicators from the GRI principles, protocols and supplements which are vital to organisations in their consideration of what, when and how to disclose sustainability performance information. The GRI principles of materiality, sustainability context, completeness and stakeholder inclusivity can be used effectively to rationalise reporting efforts. They act as a methodology for focusing on disclosures and indicators which are the most meaningful while additional principles of comparability, accuracy, reliability, timeliness, balance and clarity assist in ensuring quality of information reported. Other elements of the GRI framework such as the boundary setting protocol assist practitioners in designing their responses. It is important to maintain the use of the GRI principles and broader framework over the adoption of a handful of specific environmental indicators from the framework. The framework is illustrated in Figure 5.

Source: G3 Guidelines, Global Reporting Initiative
A gradual increase in reporting practice and use of the GRI framework will move Victorian Public Agencies toward use of the GRI’s Public Agency Sector Supplement (the Supplement) which also includes disclosures for policies and programs. The Supplement uses a conceptual framework based on a recognition that Public Agencies can and do report across three spheres of sustainability activity.

The sphere is information on organisational performance, which can be reported through the use of performance indicators, such as those already in the GRI G3 Guidelines.

The second sphere is information on externally focused public policies and programs that the agency has carriage of and how their sustainability outcomes.

The third sphere relates to the agency’s area of jurisdiction and context. This type of information may appear in a GRI-based sustainability report as context for an agency’s operations or policies, but is often primarily contained in other reports such as SoE reports.

Understanding organisational performance for a public agency draws on all three types of information and seeks to create a framework that enables more meaningful disclosures and reporting to stakeholders.

### 4.5.4 Key Findings:

- Reporting is not yet mandatory across all functions of current EMS Agencies and statutory authorities.
- The adoption of some of the GRI indicators in the FRD24C and advice to EMS agencies to use GRI indicators as optional, separates the GRI indicators from the rest of the GRI framework which compromises its utility.
- Independent review and assurance of what Government reports to Stakeholders is not currently required to be undertaken.

### 4.5.5 Key Opportunities:

- Reporting on significant/material environmental aspects to be made mandatory across all functions of current EMS Agencies and Statutory Authorities.
- A risk-based regime of regular verification/assurance be developed prior to public reporting of Agencies’ environmental performance. This could be undertaken by government’s current audit functions, or an independent 3rd party where required and disclosure of verification.
- Rationalise the approach to reporting by applying the GRI principles and a dual reporting system which addresses:
  - a limited set of indicators significant for all of government (including greenhouse gas emissions and water)
  - adoption of the GRI framework by Departments and Agencies to disclose issues materially significant to their specific operations and to their stakeholders.
- 50% of Departments and agencies progressed to full use of GRI’s public agency sector supplement by 2012. Training and guidance would need to be provided and clear expectation of baseline data.
- Disclose five rolling years data to allow for measuring environmental performance over time and performance against targets. The treatment of retrospective data, machinery of govt changes - impacting on organisational structures, accountabilities and so on and any new indicators, would need to be taken into account.
5  The Global Context - How does the Victorian Government compare?

To consider how the Victorian Government is performing in the area of environmental sustainability, the Strategic Audit has examined the Victorian Government’s approach against other jurisdictions, in particular in relation to target setting.\(^6\)

5.1 Targets for Environmental Performance

5.1.1 Inter-Jurisdictional Comparison

Table 4 summarises the targets set by various jurisdictions both within the Australian context and internationally for greenhouse gas emissions, stationary energy and water use associated with their own Government operations.

Energy use and greenhouse gas emissions were the environmental aspects most commonly addressed by high level targets.

Features include:

- A number of jurisdictions have set a range of carbon neutrality targets. NZ and UK by 2012, SA and QLD by 2020 and a number of local governments have set carbon neutrality targets.
- Victoria has not set a target for the reduction of greenhouse gas emissions for its own operations.
- Victoria, WA and UK have targets for the purchase of renewable energy.
- Tasmania has a Target Setting Action Team and South Australia has a Energy Efficiency Reference Group.
- Most jurisdictions require agencies to regularly report on their energy use and emissions, usually on a financial year basis, and to make this information publicly available. Auditing by a certified third party is generally required. Reporting typically by end use category, such as tenant lighting, office equipment, building air-conditioning, etc. Normalised data for energy consumption is usually reported in MJ/ full-time-employee/ annum, or MJ/ m\(^2\)/ annum.
- Many Governments are looking at initiatives to reduce energy use in public school buildings through school programs such as the Australian Sustainable Schools Initiative, which, as well as reducing greenhouse gas emissions, increases student awareness of sustainability and climate change.
- Fewer numerical based targets have been set for emissions reductions from transport with the focus being on increasing the use of lower emission and alternative fuels and changing travel behaviours.
- Many jurisdictions required Departments to develop workplace travel plans for their employees, encouraging the use of public transport, alternative modes of transport, carpooling, and teleconferencing.
- Victoria and Queensland have targets to offset carbon dioxide emissions from their transport fleet. QLD, New Zealand, the UK and Canada have all committed to reductions in emissions from transport fleet, deciding to set targets rather than to just offset emissions. SA and Tasmania have committed to carbon neutral fleets by 2020 and 2010 respectively.
- Victoria has committed to setting a mandatory carbon emissions target for State Government fleets under the Victorian Transport Plan, 2008 but this is yet to be determined.
- There is less publicly available information on water use and water efficiency measures in Government operations when compared with energy use.
- Most water related targets and policies tend to focus on the broader jurisdiction issues rather specifically Government’s own operations.
- Many jurisdictions are currently in the process of developing water reduction and efficiency targets for Government operations, as well as auditing and reporting schemes.
- Some jurisdictions are developing Water Saving Action Plans on a Department by Department basis. For example, in NSW, Government Agencies whose water consumption is above a certain threshold will be required to develop their own Water Saving Action Plans.
- The UK has set a 25% reduction in water consumption for Government Offices by 2020 from 2008 levels. NSW has set a water target for Government agencies of 15% reduction from 2006 levels by 2010-11.
- There was focus across most jurisdictions on retrofitting more water efficient fixtures and appliances in government buildings, and on procurement of goods based on their water efficiency. Most Australian jurisdictions appear to be more advanced in water efficiency actions which is, arguably, due to prolonged drought, water restrictions and public pressure.
- Only a few jurisdictions have set targets for reducing waste or increasing recycling in government operations. Procurement activity tends to focus on the areas of paper, water and energy as they are high in profile and relatively easy to quantify, monitor and implement.
- The purchase of goods is gaining focus with service contracts being more challenging to influence. Many Governments are setting standards on the energy and water consumption associated with purchased goods. Electronic goods are being looked at by a number of jurisdictions, with some only purchasing electronics from companies with extended producer responsibility programs in place.
- In relation to procurement, paper attracts the most attention, with aims to increase the recycled content of paper and reduce overall paper use.

---

\(^6\) Limitations: This part of the report has been prepared as a result of desktop analysis. It is based on internet research and does not purport to cover all programs in place. The purpose of this study was to identify which aspects of sustainability are being addressed by the majority of jurisdictions in government operations and present opportunities for the Victorian government regarding its position relative to therest of Australia and the world.
5.1.2 Targets: The Victorian Government Approach

The most widely known environmental sustainability targets for Government operations are the Government Sustainable Energy Targets (GSET) adopted in 2001 to improve energy efficiency. The original targets aimed to:

- improve energy efficiency in Government buildings by 15% by July 2006, and
- purchase 10% of electricity as Green Power by July 2006.

These targets have been reported as met, though have not been independently verified.

According to the *Government Sustainable Energy Targets Progress Report 2007*, energy efficiency achievements now save the Victorian Government an estimated $17.5 million on power bills each year, and cut annual greenhouse gas emissions by 230,000 tonnes. The Government has since committed to improve its energy efficiency by a further 5% in addition to the 15% improvement by 2010, and increase use of Green Power to 25% by 2010.

Whole of government targets for reducing greenhouse gas emissions (not just energy efficiency), potable water use, waste production are lacking. The GSET targets have been a significant driver in improving energy efficiency across government and in the uptake of green power. The lack of clear targets and objectives compromises the effective delivery of the EMS/EMP programs and leading edge outcomes.

The setting of Agency level targets for environmental aspects is encouraged under the ResourceSmart Government program and occurring through the Environmental Management Plans of EMS Agencies. However, individual EMS agency targets covering office-based operations, tend to be short term, differ in scope, are adopted from disparate sources making their communication and capacity to become embedded in operational management more challenging.

Central agencies should consider how the development of individual EMS Agency and statutory agency level targets and whole of government or sector targets can and should intersect. Should different Departmental portfolios assume a greater or lesser proportion of the whole of government target or should a target be adopted equally?

The Commissioner’s *State of the Environment for Victoria 2008* report made the following recommendations in relation to targets:

- The Victorian Government should develop strong medium-term greenhouse gas emission targets and a long-term goal of carbon neutrality associated with its own operations.
- The Victorian Government monitor and report its own greenhouse gas emissions and water use in annual budget papers and its performance against set targets. A detailed whole of government entity by entity listing of greenhouse gas emissions and water consumption should also be reported.

While recognising that targets are set by some, at Agency level, in particular action-based targets, the lack of ambitious whole of government targets addressing key environmental issues facing Victoria is considered to be a limitation of the Government’s current approach. Energy efficiency targets don’t necessarily equate to greenhouse gas emission reductions. The ResourceSmart targets are draft, tend to be short term, have not yet been communicated to all Agencies and have not been endorsed by Cabinet.

Establishing clear targets to drive improved performance outcomes is recognised as best practice in the business community. As such the Victorian Government is currently not setting the benchmark or delivering on the promise of leadership in this area.
Table 4: Comparison of Environmental Targets for Government Operations by Aspect

<table>
<thead>
<tr>
<th>Aspect/Target</th>
<th>Victoria</th>
<th>NSW</th>
<th>QLD</th>
<th>SA</th>
<th>WA</th>
<th>Tasmania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stationary greenhouse gas emissions</td>
<td>No target</td>
<td>Reduce greenhouse gas emissions from building energy use to 2000 levels by 2020. The NSW Government agencies, all schools, hospitals, police stations, and RTA depots to be carbon neutral by 2020.</td>
<td>Government office buildings to be carbon neutral by 2020.</td>
<td>All South Australia Government operations to be carbon neutral by 2020.</td>
<td>No Target</td>
<td>No Target All Departments required to report GHG in Annual Reports</td>
</tr>
<tr>
<td>Stationary energy and Purchase of Green energy</td>
<td>Improve energy efficiency by 20% below 2000 levels by 2010 (further 5% on the 15% by June 2006 target) Purchase of 25% Green Power by June 2010</td>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
<td>The general government sector will purchase 20% of its electricity from renewable sources by 2010.</td>
</tr>
<tr>
<td>Transport greenhouse gas emissions</td>
<td>Carbon neutral government fleet from offsets To set a mandatory carbon emissions target for State Government fleets (Vic Transport Plan, 2008)</td>
<td>No Target</td>
<td>Reduce emissions from Government vehicles by 50% of 2007 levels by 2017. Offset 100% of emissions from the government car fleet by 2020.</td>
<td>SA Government departments and agencies to be carbon neutral in their operations by 2020.</td>
<td>No Target</td>
<td>Entire government fleet to be carbon neutral by 2010</td>
</tr>
<tr>
<td>Water</td>
<td>No Target Government accommodation guideline-30 litres per day.</td>
<td>Reduce overall drinking water consumption by Government agencies by 15% of 2006 levels by 2010-11 (about 1 billion litres per year)</td>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
</tr>
</tbody>
</table>

Note: The table has been prepared as a result of a desktop analysis. It is based on internet research and does not purport to cover all programs in place.
<table>
<thead>
<tr>
<th>ACT</th>
<th>Federal</th>
<th>Victorian Local Government</th>
<th>New Zealand</th>
<th>UK</th>
<th>Canada</th>
<th>California USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Target</td>
<td>Reduce energy use in Office - tenant lighting and power, to 7500 MJ/person/annum by 2010-11.</td>
<td>No Target</td>
<td>No Target</td>
<td>Increase building energy efficiency for the Government Office Estate buildings by 30% per square metre by 2010, based on a 2007 baseline.</td>
<td>No Target</td>
<td>Reduce grid-based energy use in buildings by 20% by 2015, compared to 2003 levels.</td>
</tr>
<tr>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
<td>The Department of Conservation to reduce carbon dioxide emissions from vehicles by approximately 33% by 2012, reduce air travel by 15% by 2012, and reduce helicopter use by 5% by 2012.</td>
<td>No Target</td>
<td></td>
</tr>
<tr>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
<td>No Target</td>
<td>Reduce water consumption by the Government Office estate by 25% of 2008 levels by 2020.</td>
<td>No Target</td>
<td></td>
</tr>
<tr>
<td>Schools to be carbon neutral by 2017.</td>
<td>The local governments of the Central Victoria Greenhouse Alliance (14 in total) to reduce their greenhouse gas emissions by 30% below 2000 levels by 2010, and to be carbon neutral by 2020. The City of Melbourne is aiming for zero net emissions by 2020.</td>
<td>Six public sector agencies to be carbon neutral by 2012, and the other 28 core agencies to be &quot;well on the way to carbon neutrality&quot; by 2012.</td>
<td>Central Government Office Estate to be carbon neutral by 2012. Government Office estate to reduce carbon dioxide emissions by 12.5% by 2010-11, and 30% by 2020, relative to 1999-2000 levels.</td>
<td>The eleven departments and agencies that account for 95% of the government's total emissions have committed to reducing greenhouse gas emissions from their buildings by 31% of 1990 levels by 2010.</td>
<td></td>
<td>Reduce carbon emissions from buildings by 1.8 million tonnes by 2020.</td>
</tr>
</tbody>
</table>
5.1.3 Key Findings:

- Victoria is comparable in its environmental program design for Government operations, but appears to be below standards set for greenhouse gas reductions and below community expectations in understanding its water use and in setting targets for reduction.

- The adoption of whole of government energy targets has contributed to improved government performance in this area.

- The lack of targets and a consistent reporting methodology compromises the value of progress reporting against the ESF.

5.1.4 Key Opportunities:

- Consistent with the State of the Environment for Victoria report recommendation, Government should set for its operations ambitious targets to reduce absolute greenhouse gas emissions and potable water use at the whole of government and agency level.

- Set a ‘zero waste to landfill’ target for Government operations to be achieved by 2014, consistent with the Victorian Government’s Toward Zero Waste Strategy to focus decisions and actions on minimising the amount of waste generated and maximise opportunities for recovering materials.

- The adoption of whole of government robust and monitored targets would assist in driving and communicating Government’s leadership commitment and help to facilitate more meaningful reporting on whole of government progress against frameworks such as the ESF.

- Departments and agencies to set their own interim targets consistent with whole of government targets and with a consideration of their relative contribution to the environmental aspect.

- Include disclosure and reporting on government and departmental environmental targets as performance criteria in the management framework of senior executives.
6 Whole of Government Performance: Areas of special interest

The strategic audit includes several special interest areas in relation to Government operations: procurement; office accommodation; and its vehicle fleet. Government needs to improve its management of these areas from an environmental sustainability perspective to genuinely demonstrate its leadership in reducing its ecological footprint and signalling to suppliers, industry and the community its commitment to sustainable living.

The Commissioner plans to undertake a more comprehensive review of government’s progress in sustainable procurement (specifically vehicles and goods and services) in 2009 following the Commissioner’s ‘Government procurement and environmental sustainability’ reports released in 2006.

6.1 Procurement

Through its significant buying power, purchasing by the Victorian Government has the ability to influence sustainable production and consumption in several ways.

Firstly, through the pursuit of specific environmental objectives and improved environmental performance in its goods and services procurement.

Secondly through leveraging relationships with supply chain companies on their broader environmental performance, uptake of environmental sustainability innovative technology and support for green industries.

Spending on goods and services is typically the largest item for agencies after employee costs. The public sector expenditure on goods and services is around $14.8 billion. Public construction activity in Victoria represents a significant contribution to overall building activity. In 2005-06, 7 % or $1.1 billion of all building work in Victoria was government related.\(^7\)

Victorian manufacturing and service industries have to compete with businesses in jurisdictions around the world. The increasing international focus on environmental factors is creating new economic development opportunities for businesses that have a greener reputation. Environmental issues are also increasingly the subject of international agreements which can place constraints on countries that do not comply with them.

Greater incorporation of environmental sustainability requirements into government specifications could help drive innovation in Victorian industries by providing a market (or greater demand) for more environmentally sustainable products. It is important, especially in a time of severe worldwide economic contraction, that the Government assists in building the capability of Victorian businesses to create new green product and service opportunities while avoiding any potential negative impacts on regional suppliers of goods and services (often small to medium-sized enterprises). Integrating environmental information into existing industry development structures and ensuring appropriate lead times for altered government specifications would be consistent with the Victorian Industry Participation Policy and the education, training and capacity building goals outlined in the government’s commitments for innovation and industry development.

Many companies within industry understand the importance of their suppliers in reducing their ecological footprint and are working proactively with them to facilitate change. While government purchasing is significantly different to that of industry, it still involves multiple facets in pursuing a green procurement program, all of which must work effectively.

The Government should continue to review the application of green procurement to major service contracts which have significant impacts and significant opportunities for leveraging environmental outcomes. The development of a continuous improvement approach and ongoing two way communication is required to build a partnership approach to service delivery.

Government’s implementation of environmental sustainable procurement needs to recognise the diverse operations of Government. Several are largely office-based such as DPC and others such as DoJ and DHS have large and complex contracts with significant opportunities to improve and influence improved environmental outcomes.

---

6.1.1 Policy and Implementation

The Victorian Government Purchasing Board (VGPB) is responsible for developing broad Government supply management policies and guidelines.

The Development of a Procurement Model for Government

Government has committed to using their strong buying power, to send strong signals to the market in the area of green procurement. Government now has an environmental procurement policy, an avenue for a structured approach to green purchasing, and has commenced assistance with implementation through the ECO-Buy program pilot. There are still many opportunities for improvement to ensure procurement choices address the environment.

Performance in the area of green procurement generally reflects a bottom up approach that has been pursued by Government over the past several years. This approach now needs to be supplemented with a structured program similar to that outlined in the UK’s Procuring the Future: Sustainable Procurement National Action Plan. This program is considered best practice and involves five progressive levels of performance in procurement (foundation, embed, practice, enhance & lead) across five areas of activity (people, policy/strategy, process, supplier engagement and monitoring).

Local Governments in Victoria, many of whom have been part of the ECO-Buy program since 2000, have experienced some success in the area of assessment of the environmental performance of suppliers through the inclusion of:

- weighting of environmental performance in contract considerations
- requirements to assess the environmental impacts of the service
- regular reports back on environmental monitoring such as energy and water consumption
- progressive development and implementation of environmental management plans during the course of the contract.

It is recommended that the State Government leverage off the success of Local Government in this area, using the above guides to assist with the formulation of a procurement assessment and selection model. These assessment measures should be integrated into an overall strategy similar to that in the UK’s ‘Procuring the Future’ as a model.

The Victorian Government’s “Buying Smarter Buying Less” policy represents a strategic approach to procurement and is chiefly designed to realise the ‘Efficiency in Government’ election commitment. The policy is expected to save $291m over four years. Responsibility and accountability for most aspects of purchasing have largely been devolved to individual Departments through the formation of departmental Accredited Purchasing Units (APU). The APUs of various Departments must develop purchasing plans which are then “accredited” by the VGPB. A strong relationship between the development of environmental purchasing plans by Departments and the procurement plans developed by APUs for accreditation is required for this policy and process to succeed.

As such it is recommended that the VGPB take an active review role to ensure that accredited plans include a sound approach to driving green procurement based on assessments of spend levels and ability to influence the market.

Both DTF and DSE have advised that sustainability can be accommodated within the value for money approach. However, several Departments requested a need for more guidance and clarity in the application of the value for money approach and its relationship to more sustainable outcomes. The concept of value, who it accumulates to and over what time frame requires further articulation in guidance materials so that concepts such as life cycle assessment and full cost accounting might be developed within an application of the current VGPB purchasing policy. How to appropriately weight sustainability in purchasing decisions is one example. DSE reports that it has included sustainability as a weighted evaluation criteria in the default of its purchasing evaluation criteria.

Policy Implementation Model for Success

The Victorian Industry Participation Policy (VIPP) serves as an example of how specific objectives can be pursued through Victorian Government purchasing and accommodated within the VGPB framework. Since its release in 2001, this policy has been used in the Victorian Government’s major procurement activities, major projects and grant programs to support local industry development. It has been applied to more than $20 billion of Government procurement activity, achieving average levels of local content of 84% and creating more than 22,500 jobs.

This policy is now strengthened by the release of the Building Our Industries for the Future manufacturing strategy which commits Government to favour local bidders for state contracts over offshore tenders. When releasing the strategy, the Premier stated that this would mean sourcing 40% of materials for new trains and rail locally.
The strategy commits the State Government to:

- Give preference to bids that maximise local industry benefits when two or more bids are comparable in terms of quality and whole-of-life pricing.
- Use additional criteria for major projects of strategic significance to include minimum local content requirements, with an aim of 40% local content and an additional weighting value of 10% in the process.

Recognising this policy relates to 'large' projects and in this case a specific area of procurement, it nonetheless provides a basis for Government to consider targets for sustainable procurement.

**Recommendations from the Commissioner’s last strategic audit for 2006-07 included:**

**2006/2007 Recommendation 8:** Government establish a policy to contract suppliers who have demonstrated commitment to environmental sustainability for contracts greater than the tender threshold of $102,500 for goods and services purchases by July 2008.

**Progress in 2008:** DTF are revising the standard form contract for Request for Tender (RFT) to require suppliers to detail their environmental credentials and environmental performance. The revision of the Procurement Process Report submitted to the APU and/or VGPB now requires the project manager to detail the extent of environmental considerations in their submission. Despite these changes and the Government’s support of the recommendation, no change to policy has been advised.

**2006/2007 Recommendation 9:** Departments are consulted on the adequacy of support, including guidelines and tools to enable compliance with the VGPB’s environmental procurement policy and that identified improvements are actioned by July 2008.

**Progress in 2008:** The VGPB Policy Awareness Program (PACCER) presented a number of times during the year; now includes added emphasis on environmental factors. The VGPB notes that two departments conducted detailed environmental procurement workshops that were well attended by government procurement officers. Despite these changes, consultation with Departments is still to occur.

Information was requested from the VGPB as part of the strategic audit regarding environmental information from the Annual Supply Report (ASR) which details Departmental purchasing of goods and services subject to the application of VGPB purchasing policies.

The VGPB advised that the ASR is designed to provide Government with an overview of purchasing activity, and a level of assurance and transparency, but does not seek information on the application of specific policies. The collection of information through the ASR is an avenue for the Government to carry out a pulse check on its policy implementation in the future.

The VGPB also advised recent initiatives to assist with the roll-out of environmental procurement activities within Government. These include:

- a review of the standard Request for Tender (RFT) form so that suppliers need to detail their environmental credentials and environmental performance
- a new version of the Procurement Process Report (PPR), a mandated summary document to accompany all purchasing requests subject to APU or VGPB approval, requires details on environmental considerations in their submission
- a review of the Variations procurement Process Report (VPPR) to ensure departments account for environmental considerations in any change to an existing contract for which APU or Board approval is required.

These processes will assist Government Departments in improving environmental purchasing decisions. However, consultation from the VGPB and DTF with Departments must happen to ensure these improvements are understood and implemented in earnest to support Government’s environmental leadership objectives.

The FRD24C requires Departments to report annually on office-based environmental procurement. The reported activity tends to be in policy and program development such as guidelines rather than progress against quantitative targets.

When asked about current actions taken in ‘greener’ procurement as part of the strategic audit survey, most EMS Agencies reported progress through the purchase of Green Power, recycled paper and white goods with higher energy and water efficiency ratings.

Actions need to be driven from the development of environmental procurement profiles which would highlight services and goods with high environmental impacts and the Department’s ability to influence change in the supply chain. More work needs to be done by the EMS Agencies in this area with greater support from DTF and the VGPB.
6.1.2  ECO-Buy: Supporting Change
Supporting the Commissioner’s Sustainable Procurement report recommendations, the Victorian Government committed to establish Eco-Buy Ltd, a Centre of Excellence in Environmental Purchasing.

Funded by the State Government, the ECO-Buy is piloting a program for the Victorian State Government to assist Departments and Agencies to green their purchasing practices. This program aims to positively influence procurement processes and provides tools and resources to assist in decision making.

This pilot program was officially launched in July 2008 by the Minister for Environment & Climate Change. The pilot is working with a small group of Departments and Agencies, who are currently trialling an adapted new ECO-Buy services program. The feedback and results of this trial will be used to develop an adapted program for roll out in early 2009. The nine organisations participating include: DSE, DPI, DTF, DOJ, SV, EPA, Ballarat Health Services, Melbourne Health and VicRoads.

The pilot program and workshops include:
• benchmarking their Department or Agencies' green purchasing performance against international best practice
• prioritising their spend against environmental risk and ability to influence
• training on ‘greening’ contracts
• for the EMS Agencies, developing green purchasing plans including identification and assessments of high spend and high impact areas
• workshop to share progress, ideas and issues
• training on establishing tracking and measurement of ‘green’ spending.

ECO-Buy has also been providing assistance to participating agencies on ‘greening’ tenders and contracts in the IT, print services, stationery, paper products, office fit-out/major build project, and catering areas as well as standard ‘Request for Tender’ templates and procurement processes.

On conclusion of the pilot in January 2009, the ECO-Buy pilot program will be assessed by DSE to ensure the final program for roll-out in 2009 will deliver a structured program with advanced guidance addressing issues raised in the Strategic Audits and the Commissioner’s Sustainable Procurement reports. The ECO-Buy program will be included in the Commissioner’s review of progress against the 2006 Sustainable Procurement report recommendations in late 2009.

Training in green purchasing at DOJ
In 2007-08 DOJ undertook two major initiatives in an effort to enhance the incorporation of environmental considerations across the Department’s purchasing activities. The first was to ensure that environmental purchasing and procurement activities were included in Regional Environmental Action Plans, and the second was the engagement of Ernst & Young to develop and conduct a workshop with key procurement personnel.

The objectives of the workshop were to provide:
• An introduction to environmental procurement, including the Department’s environment policy.
• An overview of the Victorian Government Purchasing Board’s environmental procurement policy and its principals.
• Practical examples of how environmental considerations can be taken into account in purchasing decisions.
• Participant’s with an understanding of how they can incorporate environmental considerations into their purchasing on a day-to-day basis.

DOJ is a good example of the initial steps that need to be undertaken by Departments to engage staff at all levels in green purchasing decisions. This approach is seen as a bottom up approach, a key opportunity for all Departments is to also tackle the issue of green procurement using a top down approach. This involves the ranking of material procurement impacts within the Department to ensure that focus is given to procurement activities with the highest environmental impact. A number of the ECO-Buy pilot participants are beginning to implement these kind of initiatives.
6.1.3 Major findings:

- The public sector expenditure on goods and services is around $14.8 billion. Through its significant buying power, purchasing by the Victorian Government has the ability to influence sustainable production and consumption in several ways.

- Interpretation of the environmental procurement policy varies between departments and within departments. There is uncertainty regarding the boundaries of decision-making such as how to weight sustainability against other considerations within the current policy framework.

- Participation in the ECO-Buy Pilot has led to an increase in green procurement activity particularly in assessment and planning as a foundation for genuine action. Some participants, for example, have progressed to a review of their high end/high impact spending for 2008-09.

- Most on ground action and reporting still focuses on IT, paper, Green Power purchase, fleet and white goods. This reflects a “bottom up” approach.

- Some Departments/Agencies are developing specialised internal training and checklists to use when considering tender documents.

6.1.4 Key Opportunities:

- Staff with financial delegations of $25,000 or more to undergo formal training on sustainable and green sourcing and share best practices through programs such as ECO-Buy.

- Performance metrics, targets and monitoring should be established in purchasing plans.

- VGPB to include a requirement for an approach to environmental purchasing in plans considered for accreditation.

- Purchasing plans developed by APUs to include guidance on whole of life costings, cost of carbon and weighting of sustainability outcomes.

- Complete WofG and Agency spend profiling as part of the sustainable procurement policy and guidelines.

- DSE receive the report from the ECO-Buy pilot in January 2009 and review it to ensure the final program will deliver a structured program with advanced guidance for Government’s green procurement needs.

- ‘Public Finance in Victoria: Practices and Legislation’ review by Department of Treasury and Finance to assess the opportunities to include environmental sustainability/climate change requirements through, for example, funding mechanisms, procurement and reporting.8

- At the time of the Victorian public finance legislation review by DTF, the Financial Management Act, 1994, processes and practices relating to environmentally sustainable purchasing should be explicitly included along with nominated supervisory, reporting and monitoring procedures.

- Prioritise environmental sustainability in policy in line with the recent approach taken to support local content in ‘Building Our Industries For The Future: Action Plans for Victorian Industry & Manufacturing’ by setting specific targets for sustainable procurement.

- Review opportunities to drive the uptake of innovative energy and water efficiency technologies and their commercial demonstration.

- Department of Innovation, Industry and Regional Development to conduct a review of the Victorian Government’s annual purchasing expenditure and how this can be better strategically used to minimise operational environmental impacts, provide for job creation and support Victoria’s economic transition to a low carbon economy.

---

6.2 Office Accommodation

In December 2007 the Government announced an investment of $5 million to reduce the environmental impact of its owned office accommodation portfolio. The following sections provide a commentary on what has been achieved so far.

6.2.1 DTF Portfolio Summary
Currently DTF owns or manages a portfolio of buildings consisting of 18 owned buildings and 58 leased tenancies.

DTF's Government Services Group (GSG) is currently responsible for managing some of the 12 EMS Agencies' property portfolio. These buildings do not include all buildings owned by the Government with the operational facilities of Government, such as prisons, hospitals and schools being where the largest environmental impacts are. For example DOJ owns 67 buildings including courts and prisons.

There are many responsibilities associated with the management of Government's accommodation portfolio, but where the environment is concerned, DTF's responsibilities are split into four main management categories: Setting standards, policies and targets; improvement programs; facilities management; and accountability and reporting.

DTF is responsible for setting policies, ratings targets and standards for building design and retrofits. These are communicated using the Victorian Government Office Accommodation Guidelines 2007 and the Victorian Government Office Building Standards 2008. In the case of owned buildings DTF is responsible for programs, ongoing management and reporting while leased buildings are the responsibility of the occupying Department. DTF provides advice for other departments on environmental management and where retrofits are planned for leased buildings, on the tenancy area only.

DTF's accommodation building portfolio represents leased (428,862 m²) and owned (104,375 m²) properties.

6.2.2 Building ratings
The Office Accommodation Guidelines 2007 require all new office accommodation built for Government tenancies to be rated at a minimum of 5 stars for office design, base building and office interiors, under the Green Building Council of Australia Green Star rating system. This requirement in the Guidelines is in line with Action 16.8 of the ESAS.

The Guidelines also require the achievement of 4.5 stars for base building of new office buildings built for Government accommodation, 4 stars for base building of existing office buildings and 5 stars for tenancies of new offices under the Australia Building Greenhouse Rating (ABGR) Scheme (or the National Australian Built Environment Rating System, known as NABERS energy). In addition, the Guidelines detail a water consumption target of 30 litres per person per day. NABERS is also recommended by DTF as the preferred tool for ongoing performance management of the building portfolio.

At present the Guidelines don't recommend that official Green Star Ratings are performed on existing building stock, but rather that they should be used as a tool to design accommodation of an equivalent standard.

For the CBD, under the Melbourne Planning Scheme, clause 22.19, new office buildings and buildings of more than 5,000 square metres undergoing a change of use must achieve a rating of 4 stars under the Green Star system which includes the requirement of 4.5 stars under the NABERS energy program.

Melbourne City Council’s CH2 has recently achieved 6 stars and the refurbishments of existing office buildings, such as 500 Collins Street, Melbourne and 40 Albert Road, South Melbourne achieved 5 and 6
stars respectively under the Green Star system. These building projects demonstrate that environmental best practice in construction projects is occurring in Victoria. Given that a minimum rating of 4 stars (under Green Star) is now regulated for new offices and large refurbishments through the Melbourne Planning Scheme, and 6 stars projects have been successfully developed in Melbourne, Government needs to move forward and take a leadership position in this area.

At present Government is performing in line with what is becoming considered business as usual in Victorian green office accommodation. The Government has openly committed to leadership in this area in the ESAS and therefore has a great opportunity to, and should, improve.

It is recommended that Government mandate a minimum of 5 stars for all Government’s accommodation buildings, leased and owned. At present Departments have the discretion to apply the 2007 Office Accommodation Guidelines, to assist with improvement in this area. It is recommend that these Guidelines are mandated across the entire Government office accommodation portfolio.

6.2.3 Performance management
Since late 2007, DTF have benchmarked the Government owned segment of the building portfolio using the NABERS energy and NABERS water ratings. Such ratings are not officially accredited or available for publishing but have been used internally to discern possible benchmarks and major variance issues.

Previous attempts have been made to benchmark and rate the leased accommodation portfolio, however this has been limited to a handful of tenancies due to difficulties in accessing accurate data which largely relies on the occupying Departments.

At present DTF is unable to fully and accurately analyse the whole of government environmental footprint associated with their accommodation portfolio. This is the result of the lack of true and representative data across the portfolio. Collecting environmental data such as office accommodation energy and water use is now considered standard practice in industry, and as such Government needs to improve in this area.

Brookfield Multiplex Services (BMS) has recently been engaged by DTF to manage the DTF owned building portfolio and under that contract benchmark environmental performance, including NABERS energy and NABERS water ratings, for all accommodation on a quarterly basis. This program commenced on the 1st of July 2008 and applies to 18 of the 23 government owned buildings. The first report on environmental performance was not available at the time of writing this report. However it should be noted that these ratings are expected to continue to be unofficial, for the purposes of managing the portfolio and targeting improvement projects.

The appointment of BMS will go some way to assist with the measurement of the environmental footprint for whole of government office accommodation, however gaps will still exist. It is recommended that DTF mandate that all Government accommodation stock (that is deemed to be material) report back periodically on their environmental performance. This will assist Government to overcome the gap that currently exists between their current practice and what is considered standard within industry.

6.2.4 Recent initiatives
DTF has initiated a number of key projects during the year, these include:

• An Energy Performance Contracting (EPC) project aimed at reducing energy and water consumption at 16 of the 18 owned office buildings in the DTF portfolio. Implementation is expected to occur within the 2008/2009 financial year. This project is expected to reduce energy and water consumption by more than 30% and represents 83,000 square metres of floor space, nearly 80% of DTF government owned and managed buildings

• In October 2007, DTF released a standard lease for use when procuring leased office space for Government. Included in the standard lease is a green lease schedule, which places significant requirements on the landlord to address the environmental performance of the base building

• In March 2008, DTF fitted out 6,000m² of office accommodation at 120 Collins St, using Green Star and ABGR rating tools to deliver a five star standard office for both DTF and DHS as occupying Departments. The project was implemented with the assistance of landlord Investa Property Group, making use of their ‘Investa Greenhouse Guarantee’ program, which follows similar guidelines to a standard EPC.

---


6.2.5 Current environmental features of most buildings

The majority of office accommodation within the DTF Government owned portfolio include the following energy saving features:

- Mainly fluorescent T8 or T5 lighting, with minimal halogen lighting
- Motion sensors in meeting rooms, enclosed offices, toilets and tea rooms to reduce lighting run hours
- Voltage reduction units and/or time based lighting control systems for open plan office areas to reduce lighting energy consumption
- Building Management Systems (BMS) aimed at efficiently managing the operation of major plant and some lighting
- Solar hot water systems to preheat water to existing gas hot water heaters.

The Treasury Reserve has installed a water metering system covering all buildings and major end uses for the nine buildings. This will help to resolve the long-standing issue of separate metering data for that area.

6.2.6 The business case for sustainable Government buildings

Buildings represent a key opportunity for the State Government in reducing energy consumption and greenhouse gas emissions. Commercial buildings across the globe are gaining more attention for their use of energy and efforts to increase efficiency, and the Victorian Government’s performance and strategy to manage this area of impact will also be a focus point for some time to come.

According to a report by the Centre for International Economics in 2007, commercial buildings represent an estimated 10% of Australia’s national greenhouse gas emissions. Although office buildings represent a relatively small percentage of the State Government’s energy consumption, reducing energy consumption represents a leadership opportunity. It signals its commitment to developers and landlord and can yield savings and returns on financial investment. According to the Government’s GSET report in 2007, hospitals and schools account for 86% of the State Governments energy consumption and therefore represent the big opportunities for Government in reducing greenhouse gas emissions.

The Commissioner’s Government procurement and environmental sustainability report, included the following recommendation supported by Government ‘Departments should identify energy, water and waste reduction initiatives that have a payback period of four years or less, and publicly report on progress towards implementing these initiatives in departmental annual reports and in EMS action plans for offices covered by the EMS program’.

A report by Allen Consulting Group in April 2008 found that the mandatory implementation of projects with a three year or less payback period and a modest ($15 per tonne) carbon price at sites of 100TJ or more would deliver a net economic benefit of $710 million over ten years (in Net Present Value terms). One of the difficulties in pursuing the business case presented here is access to capital funding within Government.

Mechanisms such as monitoring and Energy Performance Contracting (EPC) projects may be of some assistance but a dedicated and possibly revolving source of central funding requires investigation and senior level support within Government. According to a recent publication, a conservative estimate claims that a 10% increase in building energy efficiency can be achieved with an average internal rate of return of about 25%. This represents an attractive opportunity for the Victorian Government moving forward. The viability of EPC’s would need to be assessed for operational sites such as DOJ’s prisons and courts especially in rural and regional centres.

EPCs have a history of delivering cost effective energy savings in both the public and private sector and are used extensively internationally and also in Queensland and New South Wales. Work undertaken by DTF indicates that based on analysis of previous energy efficiency projects (including EPCs) implemented in Australia and overseas, energy consumption at Victorian Government facilities can be reduced by approximately 25% by 2020. This equates to an annual cost saving of $55 million by 2020 and GHG emissions are estimated to be reduced by over 400,000 tonnes.

6.2.7 Major Findings:

- Recent initiatives, particularly the use of NABERS ratings and EPC, are to be commended and the Commissioner looks forward to learning of the results in future audits.

- Victorian Government buildings represent both a significant opportunity to display leadership in energy efficiency and save public money.

- The Victorian Government does not currently have a clear picture of whole of government environmental impacts associated with its office accommodation portfolio.

- The Victorian Government Office Accommodation Guidelines 2007 state that “all new purpose built government offices are required to achieve a minimum of 5 star”. This is guidance only and there is no mandate to achieving a 5 star rating for new buildings or to report to DTF on the outcomes of use of the Guidelines.

- There is increasing focus on the performance of commercial buildings and the role they play in energy consumption and climate change mitigation. Greater public disclosure of the performance of major office buildings is a current gap in reporting practice.

- Government’s Efficient Technology Services (ETS) program aimed at improving government productivity and the efficiency of our corporate services should include energy consumption management and disclosure performance criteria.

6.2.8 Key Opportunities:

- Government’s environmental performance standards for all new office accommodation built for Government should be mandatory. Consideration would need to be given to rural locations where, in some cases, ability to fully meet the standards may not be possible.

- The Government should set a timeframe for meeting its office accommodation environmental performance standards, for current leased and owned buildings as part of Government’s accommodation strategy.

- Departments report annually to DTF on their implementation of the Victorian Government Office Accommodation Guidelines 2007 and how they are meeting the targets set in them, specifically the requirement for 5 star tenancies under ABGR/NABERS energy and the water consumption target of 30 litres per person per day. Consideration would need to be given to any rural locations and heritage sites where, in some cases, ability to meet the standards may not be possible.

- The roll out of NABERS energy and NABERS water ratings be used to set performance targets commencing in 2010-11 and the program extended to buildings occupied by Statutory Authorities.

- DTF disclose the annual energy and water consumption of the highest consuming (top 80%) government buildings by Department.

- Energy and water audits to be undertaken, for all Government sites, greater than 2,000m², for leases greater than 5 years. Should include Government facilities such as hospitals and schools within thresholds set to prioritise actions.

- Pending the outcomes of the EPC project, that it extend to buildings with government leases of 5 years or more and to specific government facilities, such as hospitals and prisons, where feasible.

- It is recommended that EPC be used at all existing government facilities with annual electricity consumption of greater than 1 GWh to identify energy conservation measures and implement (at least) those measures with an averaged simple payback period of up to 8 years.

- A dedicated source of funding to be put in place for the implementation of projects in existing government buildings. Specifically, DTF consider a revolving energy fund and/or a policy which prioritises projects with a demonstrated return.

- The Government’s shared services implementation strategy should include demonstrated energy use/GHG reductions through IT and data centre services delivery.

- The energy use associated with the larger offsite/hosted IT systems should be attributed to Departments and Agencies as part of their environmental performance reporting or explicitly accounted for in whole of government reporting. This is necessary to avoid any false target achievement by excluding IT data because it is held in a different government organisation or site.
6.3 Vehicle Fleet

6.3.1 Current Policy and Context
Currently the Victorian Government’s vehicle policy requires that all passenger vehicles purchased by the Government are to be Australian-made. This is with the exception of the purchase of Hybrid cars, which were allowed under a recent amendment which aimed to remove the barrier to reducing environmental impacts through the purchase of vehicles.

Under the current policy, Departments are limited in their options to reduce greenhouse gas emissions from fleet, due to the nature of the Australian manufacturing market. This will change when the local manufacture of small and medium size hybrid cars commences in 2010. It is anticipated that the purchase of locally manufactured hybrid cars for Government will increase after this date. The Government has committed to purchasing 2,000 of these hybrid vehicles to supplement the Government fleet with fuel efficient cars.14

The State Services Authority recently reviewed the executive vehicle arrangements of Government to examine incentives in relation to low congestion and low carbon alternatives and delivered a report to the Premier. Unfortunately no congestion and low emissions changes relating to the executive fleet policy resulted from the work. The Commissioner maintains that there is a strong need for leadership on behalf of Government in relation to its vehicle fleet and particularly executive vehicles which have been seen to be much slower in adopting low emission options.

While recognising that executive vehicle are considered an issue of remuneration packaging, the Commissioner believes that the vehicle pricing policy should include an incentive for the adoption of lower emission vehicles where executive vehicles are concerned. Further to this, the Commissioner has already recommended, in the State of the Environment Victoria Report 2008, that the Victorian Government should encourage the Commonwealth Government to abolish the current FBT concession for private use of company cars as part of its current review of the Australian tax system. Both of these initiatives would assist with driving down the Government’s emissions associated with vehicle fleet.

6.3.2 The Current Government Fleet Profile

VicFleet, DTF provided information on the Government’s leased vehicle fleet profile to assist in understanding the change in vehicle mix over the past three years. The data indicates that the operating passenger vehicle fleet has steadily moved toward a decrease in six cylinder unleaded petroleum vehicles and increases in four cylinder unleaded petroleum, lower emission fuel sources and hybrid cars.

Unfortunately, the same cannot be said for the executive vehicle fleet profile. The data has shown an increased number of six cylinder cars when compared to 2005-06 levels, although this year’s numbers have decreased since last year. Nonetheless, the data indicates that executive vehicle fleet are primarily comprised of emissions intensive vehicles and that there has been little movement towards vehicles with less environmental impact.

6.3.3 Key Initiatives

Last year’s strategic audit highlighted the work of DHS, which developed a departmental vehicle profiling strategy. This strategy aims to achieve and continually improve on the Government’s greenhouse gas emissions reduction target by purchasing LPG and hybrid vehicles at the time of replacement.

An important consideration is that this initiative was designed to be cost neutral and gives consideration to policies relating to safety, Australian manufacturing, fit for purpose and economic sustainability. Last year’s strategic audit recommended that the Government consider adopting this approach across Government until the fleet management strategy that DTF is developing was operational.

DPI has also driven major financial and environmental outcomes around increased fleet utilisation and decreases in 6 cylinder vehicles without incurring additional capital expenditure, and has been commended by the Government Services Group of DTF for its fleet management.

2006-2007 Recommendation 7: Consider applying across government, the Victorian Department of Human Services’ vehicle re-profiling strategy aimed at achieving reduced greenhouse gas emissions until the Government Services fleet management strategy is operational.

Progress in 2008: DTF have incorporated elements of the DHS re-profiling strategy to provide clear information to Departments on emissions of vehicles. Further detail regarding life cycle costs and emissions will be included in leasing documentation. The whole of government fleet strategy being developed will address a range of policies and how departments apply them. The policy pertaining to environmental sustainability will be balanced against policies relating to safety, Australian manufacturing, fit for purpose and economic sustainability.

All Victorian Government departments have reduced the number of 6 cylinder vehicles within their fleet as illustrated in Figure 9.
6.3.4 Major findings:

- The State Government’s operating leased passenger vehicle fleet, excluding executive vehicles, is reducing in the proportion of six cylinder unleaded petroleum vehicles.

- Executive passenger vehicles remain an ongoing area of inaction with proportions of six cylinder vehicles not declining.

- Policies including the Australian made, executive remuneration and taxation system do not in their current form support the move toward lower emission vehicles, in particular within the executive fleet.

- DHS Vehicle Selection Profile Model continues to demonstrate success in moving toward a lower emission profile. DHS advised it continues to buy dedicated LPG and duel fuel six cylinder vehicles. These LPG vehicles are considered lower emission than the ULP 4 cylinder fleet vehicles.

6.3.5 Key Opportunities:

- A financial incentive be created within the vehicle pricing policy as encouragement for executives to adopt lower emission vehicles.
## Status of Past Audit Recommendations

The table below outlines the status of past Strategic Audit findings and recommendations.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Year</th>
<th>Lead Responsibility</th>
<th>Government Response</th>
<th>Implementation Comments</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2006-07</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extend Departments coverage of annually reported water use (office and non office) to at least 75% of locations for 2009-10.</td>
<td>2006-07</td>
<td>Reference # 1</td>
<td>Agencies</td>
<td>Supported in principle</td>
<td>Various EMS agencies have commenced increasing the number of sites and percentage of staff for which water data has been reported in 2009-07, building on trends in previous years but water use reporting remains inadequate in some Agencies.</td>
</tr>
<tr>
<td>DSE in consultation with SV to standardise waste auditing methods across Departments and Agencies to improve agency and whole of government monitoring and reporting for 2007-08.</td>
<td>2006-07</td>
<td>Reference # 2</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>DSE has reviewed waste auditing and reporting methodologies and has developed new criteria to improve the accuracy of reporting. These will be provided to other agencies as the recommended basis for future auditing and are anticipated to be included in future versions of FRD 24.</td>
</tr>
<tr>
<td>DSE in consultation with DTF develop a whole of organisation (beyond office-based) environmental sustainability annual reporting framework to include direct energy and transport emissions, water consumption, waste production, procurement, trends and targets ready to communicate in March 2008 as part of EMS expansion. Applicable to Victorian Government departments and statutory agencies.</td>
<td>2006-07</td>
<td>Reference # 3</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>FRD 24B has been updated (to version 24C). Future reviews will consider linking to relevant international and national standards to remove the need for continual further updates. A data collection and reporting framework is included in ResourceSmart Government program for statutory agencies but is not yet mandatory and is subject to a Government decision in 2009 to formalise. Mandatory reporting requirements for EMS Agencies beyond-office, has not as yet been determined by the government.</td>
</tr>
<tr>
<td>The whole of organisation reporting framework (beyond office based) to be developed with SV to include guidelines, education and training. Develop reporting I.T tool/s that efficiently and effectively report agencies and whole of government environmental performance data such as water, energy and transport emissions, waste and procurement. To allow for monitoring over time and against targets to support reporting commencing for 2009-10.</td>
<td>2006-07</td>
<td>Reference # 4</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>Detailed guidelines for data collection and reporting have been developed for ResourceSmart Government participants as part of their training materials. Training in this area is provided as part of the ResourceSmart Government program. Development of a Government-wide data collection, management and reporting tool has commenced to support this process further. A version of the tool is expected to be ready for use before the end of 2009-10. The adequacy and commitment for the planned approach should be assessed.</td>
</tr>
<tr>
<td>Agencies to report against the revised annual reporting framework in line with DSE’s EMS expansion/ESF implementation plan. The first Departments and Agencies expected to report for 2009-10.</td>
<td>2006-07</td>
<td>Reference # 5</td>
<td>Agencies</td>
<td>Supported in principle</td>
<td>Selected agencies are expected to commence reporting from 2009-10, which will expand as ResourceSmart Government participation expands. The implementation of reporting requirements for statutory agencies is subject to a Government decision in 2009.</td>
</tr>
<tr>
<td>DSE to undertake interim improvements to FRD24B, its guidelines and associated education and training while developing the whole of organisation reporting framework to ensure Agencies annual reporting addresses the findings of this and last year’s Strategic Audit report for 2007-08 and 2008-09.</td>
<td>2006-07</td>
<td>Reference # 6</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>FRD 24B has been updated (to version 24C). Future reviews will consider linking to relevant international and national standards to remove the need for continual further updates. Training has been provided on new FRD24C by DSE.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Year</td>
<td>Lead Responsibility</td>
<td>Government Response</td>
<td>Implementation Comments</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>---------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Consider applying across government, the Victorian Department of Human Services’ vehicle re-profiling strategy aimed at achieving reduced greenhouse gas emissions until the Government Services fleet management strategy is operational.</td>
<td>2006-07</td>
<td>DTF</td>
<td>Supported in principle</td>
<td>DTF have incorporated elements of the DHS re-profiling strategy to provide clear information to Departments on emissions of vehicles. Further detail regarding life cycle costs and emissions will be included in leasing documentation. The whole of government fleet strategy being developed will address a range of policies and how departments apply them. DTF advised the policy pertaining to environmental sustainability will be balanced against policies relating to safety, Australian manufacturing, fit for purpose and economic sustainability.</td>
<td>= Complete</td>
</tr>
<tr>
<td>Government establish a policy to contract suppliers who have demonstrated commitment to environmental sustainability for contracts greater than the tender threshold of $102,500 for goods and services purchases by July 2008.</td>
<td>2006-07</td>
<td>DTF</td>
<td>Supported in principle</td>
<td>No change to policy advised. DTF are revising the standard form contract for Request for Tender (RFT) to require suppliers to detail their environmental credentials and environmental performance. The revision of the Procurement Process Report submitted to the APU and/or VGPB now requires the project manager to detail the extent of environmental considerations in their submission.</td>
<td>= Complete</td>
</tr>
<tr>
<td>Departments are consulted on the adequacy of support, including guidelines and tools to enable compliance with the VGPB’s environmental purchasing policy and that identified improvements are actioned by July 2008.</td>
<td>2006-07</td>
<td>DTF</td>
<td>Supported in principle</td>
<td>The VGPB Policy Awareness Program (PACCER) presented a number of times during the year, now includes added emphasis on environmental factors. The VGPB notes that two departments conducted detailed environmental procurement workshops that were well attended by government procurement officers. Consultation to Departments still to occur.</td>
<td>= Complete</td>
</tr>
<tr>
<td>Departments and Agencies review whether their Environmental Management Programs (EMP) objectives and targets to adequately deal with procurement activity with high environmental impacts in readiness for 2008-09.</td>
<td>2006-07</td>
<td>Agencies</td>
<td>Supported in principle</td>
<td>Several EMS agencies reported having commenced this work. However, this appears to be mostly associated with recent activity in the ECO-Buy program and has not yet been reflected in EMPs.</td>
<td>= Complete</td>
</tr>
<tr>
<td>Government to commit to extend environmental management for the current EMS Agencies to whole of organisation operations (beyond office-based) establishing as a minimum an Environmental Management Program in line with the ESF directions by July 2008.</td>
<td>2006-07</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>Work in developing a strategic program to incorporate ESF directions into departmental operations requires more focus. DSE is continuing to work with individual departments and agencies that are expanding operational sustainability initiatives beyond office-based operations.</td>
<td>= Complete</td>
</tr>
<tr>
<td>Government’s EMS expansion program (ResourceSmart Government framework) to include an independent auditing and public reporting requirement. The current annual independent audit requirements for Government Departments should be reviewed by March 2008 to consider the expansion beyond the office-based EMS and improvements to FRD24B, its guidelines and associated education and training and possible transition to a biennial independent audit program.</td>
<td>2006-07</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>Governance arrangements for statutory agencies to include mandated EMPs, independent agency auditing and environmental performance data yet to be confirmed. The ResourceSmart government includes a public reporting component and participants are made aware of the OCES strategic auditing function. The Government has approved biennial independent audits for Departments EMS. These will occur next in 2008-09. FRD 24B has been updated (to version 24C). Future reviews will consider linking to relevant international and national standards to remove the need for continual further updates. Details of specific changes in FRD24C can be provided if required.</td>
<td>= Complete</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Year</td>
<td>Lead Responsibility</td>
<td>Government Response</td>
<td>Implementation Comments</td>
<td>Status</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>------------</td>
<td>---------------------</td>
<td>----------------------</td>
<td>-------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Communicate the Environmental Sustainability Framework (ESF) policy requirements to departments and agencies clarifying the policy intent, responsibilities and actions required by Agencies as soon as practicable.</td>
<td>2006-07</td>
<td>DSE</td>
<td>Noted</td>
<td>Communication to all departments and agencies clarifying the policy intent, responsibilities and actions required by Agencies is required. DSE advised work is continuing in developing a strategic program to incorporate ESF directions into departmental and agency operations, including ensuring consistency with the Climate Change Green Paper/White paper development. DSE also continues to work with individual departments and agencies that are expanding operational sustainability initiatives beyond office-based operations. ResourceSmart Government, voluntary program available to agencies, includes a focus on improving sustainability across all key agency operations.</td>
<td>Complete</td>
</tr>
<tr>
<td>Review key WofG decision making processes to require more explicit and sophisticated consideration of environmental impacts and contribution to Government's overarching environmental objectives by December 2008.</td>
<td>2006-07</td>
<td>DTF</td>
<td>Noted</td>
<td>As part of the Climate Change Green/White Paper development, DSE are examining government decision making processes in relation to climate change. Proposals for ensuring the adequate consideration of climate change are being developed and will be reviewed as the development of these key climate change policy documents continues. There is a gap potentially between current environmental sustainability and climate change integration if Government’s focus is limited primarily to issues around Climate Change. There are many other aspects of the environment that need to be considered when making key Government policy, program and project decisions.</td>
<td>Complete</td>
</tr>
<tr>
<td>Develop practical methodologies and tools to support improved consideration of the environment in decision making processes and provide education and training in their use.</td>
<td>2006-07</td>
<td>DTF</td>
<td>Noted</td>
<td>A range of tools to support improved consideration of the environment in decision making processes are under development. For example, the Department of Treasury and Finance is developing tools to help manage uncertainty and risk. The need for education and training is recognised.</td>
<td>Complete</td>
</tr>
<tr>
<td>Government to establish Whole of Government (WofG) targets for: - Water - GHG emissions associated with energy consumption - Green procurement - GHG emissions associated with the passenger vehicle fleet - Green Travel Plans</td>
<td>2005-06</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>Targets have been extended for Government energy efficiency (further 5% from 15% target) and Green Power (25%), to be achieved by 2010. Targets have been developed for the 12 EMS agencies covering office-based water, GHG emissions associated with motor vehicle use, green procurement, and green travel plans. These targets are not mandatory.</td>
<td>Complete</td>
</tr>
<tr>
<td>Conduct a review of Financial Reporting Directive 24A and its Guidelines.</td>
<td>2005-06</td>
<td>DSE lead DTF, selected EMS Coordinators</td>
<td>Supported</td>
<td>FRD24A was reviewed and replaced with FRD24B. The Guidelines were also reviewed and updated. FRD24B has subsequently been replaced with FRD24C.</td>
<td>Complete</td>
</tr>
<tr>
<td>Training on Implementation of FRD 24A.</td>
<td>2005-06</td>
<td>DSE, DTF</td>
<td>Supported</td>
<td>Training was provided on the new FRD24B by DSE.</td>
<td>Complete</td>
</tr>
<tr>
<td>Government to require performance trend reporting and disclosure of future performance targets within FRD24A data for the 2006-07 period onwards. It is suggested a base year of 2005-06 is used, with trend reporting to at least 2009-10.</td>
<td>2005-06</td>
<td>DSE</td>
<td>Supported in principle</td>
<td>Now a mandatory component of FRD 24 in the Guidance. Needs to be clarified in the Directive to ensure longer-term reporting and performance against targets.</td>
<td>Complete</td>
</tr>
<tr>
<td>Recommendation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DSE to allocate the WoVG vehicle greenhouse gas emissions offsets to be purchased on behalf of government’s (department’s) consumption, to departments and agencies for inclusion within FRD24A published performance results within Annual Reports for the 2006/07 financial year. If reporting net emissions, the GHG emission offsets need to be reported separately to ensure transparency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>2005-06 Reference # 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead Responsibility</td>
<td>DSE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Response</td>
<td>Supported</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation Comments</td>
<td>DSE allocates these greenhouse gas emission offsets on behalf of departments and agencies on an annual basis. Timing doesn’t provide for inclusion in annual reports for the current reporting year.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status</td>
<td>Complete</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies to be required to implement actions that are effective in reducing water use, rather than just initiatives that can be monitored. Actions including implementation of water efficiency flow restrictors for all basin taps and showers should be mandatory for all agency sites.</td>
</tr>
<tr>
<td>Year</td>
</tr>
<tr>
<td>Lead Responsibility</td>
</tr>
<tr>
<td>Government Response</td>
</tr>
<tr>
<td>Implementation Comments</td>
</tr>
<tr>
<td>Status</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victorian Government Property Group (VGPG) – now Government Services Group, DTF, to develop a water consumption reduction strategy for owned and leased office accommodation. Strategy to be developed by July 2007. The strategy should include a review of the adequacy of water measurement devices or negotiated provision of detailed data sets for every agency accommodation location greater than 2,000m² with a contract life greater than 2 years by December 2008.</td>
</tr>
<tr>
<td>Year</td>
</tr>
<tr>
<td>Lead Responsibility</td>
</tr>
<tr>
<td>Government Response</td>
</tr>
<tr>
<td>Implementation Comments</td>
</tr>
<tr>
<td>Status</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victorian Government Property Group (VGPG) – nowGovernment Services Group, DTF, to examine the potential for a WoVG contract for waste and recycling management to reduce risk while streamlining the service, costs and reporting over a transition period. VGPG should develop a WoVG waste contract Options Paper for waste and recycling management with presentation to and endorsement of its recommendations by the IAC.</td>
</tr>
<tr>
<td>Year</td>
</tr>
<tr>
<td>Lead Responsibility</td>
</tr>
<tr>
<td>Government Response</td>
</tr>
<tr>
<td>Implementation Comments</td>
</tr>
<tr>
<td>Status</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>To influence agency supply chains, clients and customers to improve their environmental performance, the Procurement Branch, DTF to progress the review of WoVG spend profile (not just a profile of existing WoVG contracts) and consider the inclusion of environmental impacts within the current Spend Map project. Agencies need to develop environmental procurement profiles and targeted actions by July 2007.</td>
</tr>
<tr>
<td>Year</td>
</tr>
<tr>
<td>Lead Responsibility</td>
</tr>
<tr>
<td>Government Response</td>
</tr>
<tr>
<td>Implementation Comments</td>
</tr>
<tr>
<td>Status</td>
</tr>
<tr>
<td>Recommendation</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>To support the improved uptake and performance of agency green procurement, the coordination and provision of adequate tools, training and targeted communication is required. DSE, as the lead agency responsible for the Government’s EMS program and ESAS 2006, to work with the Procurement Branch, DTF, VGPG, DTF and SV to drive the necessary collaboration to deliver an integrated implementation plan to support Departments and Agencies by March 2007.</td>
</tr>
<tr>
<td>The Minister for Finance to require the VGPB to report on its progress in enabling the tangible uptake of green procurement across Agencies in its future Annual Reports.</td>
</tr>
<tr>
<td>Agencies with regional sites to establish office-based regional environmental programs and action plans that are approved and resourced by agency Regional Directors or equivalent by July 2007.</td>
</tr>
<tr>
<td>DSE to clarify the definition of Agencies within the expanded EMS scope (within its 5 year implementation timing), communicate this obligation and the implementation plan to applicable Agencies, clearly explaining the integration of Environmental Sustainability Framework decision-making with the EMS program by May 2007.</td>
</tr>
<tr>
<td>The need for strong Secretary and Agency Head leadership, to lead attitudinal and behavioural change, to ensure full implementation of resource saving programs and deliver improved environmental outcomes, should be referred to the Premier.</td>
</tr>
<tr>
<td>DSE to consider how best to provide resource support to cover the issues requiring resolution in advancing the performance of the EMS program, as outlined within this report and communicate the resource support to be made available to Agencies in support of the EMS program.</td>
</tr>
<tr>
<td>DSE to ensure provision of sufficient secretariat support for the IAC to coordinate and manage EMS issues, opportunities and the annual action plan for IAC at an appropriate level.</td>
</tr>
<tr>
<td>Recommendation</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>DSE to take a key executive leadership role as Chair of the EMS IAC and DTF take the role as Co-Chair of IAC to ensure the strong integration and timely delivery of EMS expansion of scope (to non-office) and coverage (to outer budget agencies) and resolution of outstanding EMS issues. These appointments to occur in early 2007 to develop an annual action plan to support key actions based on an identification of priorities.</td>
</tr>
<tr>
<td>The IAC’s role to be strengthened and endorsed by the Departmental Heads State Coordination and Management Committee. The IAC to be required to produce an annual action plan and report on its performance.</td>
</tr>
<tr>
<td>Victorian Government to propose the inclusion of environmental sustainability into the policy development curriculum of the Australian and New Zealand School of Government’s (ANZSOG) education programs.</td>
</tr>
<tr>
<td>DSE, in consultation with OCES, IAC and EPA to update the EMS model manual and the model manual guidelines by July 2007 to clarify the expected level of EMS documentation development and implementation to allow for a more flexible adaptation of the standard model by Agencies. To be done in a manner that will ensure that agencies are able to reflect operational imperatives and further divert focus towards environmental performance rather than EMS documentation.</td>
</tr>
<tr>
<td>DSE to lead a review in consultation with OCES and EPA regarding EMS audit scope, timeliness and requirements with consideration of the expansion of the EMS.</td>
</tr>
<tr>
<td>DSE, in consultation with SV, to review the adaptation of Environmental Data Gathering and Reporting (EDGAR), or its replacement, or other web portal tool, in managing all required EMS environment aspects and in meeting required reporting requirements.</td>
</tr>
</tbody>
</table>
8 Acknowledgements

The Commissioner for Environmental Sustainability would like to acknowledge the contributions of the following people in compiling this strategic audit report.

Amber Elliott (DEECD)  Steve Pascoe (DTF)
Caroline Evans (DEECD)  Marcel Colman (DTF)
Noelene O’Keefe (DHS)  Leigh Chambers (DTF)
Kane Goldsworthy (DHS)  John Brooks (DOT)
Tiernan Humphrys (DHS)  Martin Dawes (DOT)
Laura Knight (DIIRD)  Lisa Miall (ECO-Buy)
Carmela Parris (DOJ)  Beth McLachlan (EPA)
Julian Freeland (DOJ)  Maureen Goey (ESC)
Leah Fensham – Brown (DOJ)  Kate Pendergast (GBCMA)
Ruth McMillan (DPC)  Vivienne Bonnell (MSI)
Danielle Kidd (DPC)  Howard Winter (NGV)
Megan Hill (DPC)  Peter Jenkins (PV)
Phil Clements (DPCD)  Peter Lockhert (POV)
Jan Burne (DPI)  Stuart Galbraith (SV)
Stuart Murphy (DPI)  Rachel Gatewood (POV)
Kent Schubert (DPI)  Pam Craven (SV)
Kyle Garland (DSE)  Richard Jennings (SV)
Alex Guild (DSE)  Anna Lohse (SV)
John Hutchinson (DSE)  Julie O’Brien (SV)
Sharon MacDonnell (DSE)  Kelly Wickham (SV)
Ian Waters (DSE)  John Halls (Victoria Police)
Sam Burke (DTF)  Aileen Duke (VEC)
Paul Barnard (DTF)


Centre for International Economics (2007), Capitalising on the building sector’s potential to lessen the costs of a broad based GHG emissions cut. Report prepared for the ASBEC Climate Change Task Group, Canberra.

City of Melbourne (2008), Local Planning Policies: Melbourne Planning Scheme, Melbourne.


Hume, J (2008), A new dawn for energy efficiency? WME: Environment Business Magazine, 9, 10: 51

Municipal Association of Victoria, Victorian Local Sustainability Network http://www.mav.asn.au


Spada Limited (2008), Environmental Reporting: Trends in FTSE 1000 Sustainability Reports, United Kingdom.


Watson, R & Balkan, E (2008), Green Building Impact Report, Greener World Media Inc.


Appendix A: Link to the SoE

Victoria’s State of the Environment Report, 2008

The recently released State of the Environment Report (SoE) includes the following recommendations (requiring a Government response) which relate to Government operations and decision making.

Recommendation: A1.5
- The Victorian Government should build a climate change “test” into all major policy, infrastructure and expenditure decisions, including:
  o Development of appropriate assessment tools, methodologies and processes, including consideration of the essential components of strategic environmental assessment methodologies
  o Assessment of climate mitigation and adaptation impacts of budget and Cabinet decisions
  o Assessment of the impact of current policies and programs on Victoria’s emissions profile and reduction target
  o Regular public reporting against this measure including building climate assessment and greenhouse gas and water use reduction performance requirements into all Victorian Government department and agency heads performance plans.

Recommendation: LW16
- The Victorian Government should institute as soon as possible a statutory-based assessment of the full natural resource impacts of all policies, programs and strategies brought before Cabinet. The essential elements of broader environmental assessment as used overseas (such as Strategic Environmental Assessment (SEA)) should be used to support its existing ESF integration policy commitment. All pre-Cabinet processes will need to certify that a proper environmental assessment of all policies, strategies and programs has been conducted.

Recommendation: A1.11

Recommendation: LW2
- The Victorian Government should ensure that the value of ecosystem services is factored into economic decision-making, as water and climate are starting to become. Agencies should become as adept at valuing and accounting for ecosystem services as they are economic and social services.

Recommendation: LW7
- That the Victorian Government comprehensively integrates decoupling, its stages and importance, into all Victorian Government decision-making at the strategic level.

Recommendation: LW8
- That the Victorian Government, generally, employs better data collection, monitoring and reporting regimes, with a stress on long-term, consistent data sets.

Recommendation: LW18
- The Victorian Government continues and expands at the highest level its role of public leadership for sustainability by visibly and transparently demonstrating commitment to environmental sustainability (in each of the areas of energy, water and materials) in all government operations – purchasing, decision-making, accounting, facilities and fleet management.

Recommendation: LW19
- Ambitious stretch targets (including zero emissions) should be set and regularly reported against at a whole of government level in State budget papers. Detailed, entity-by-entity listing of performance should also be publicly provided.

Recommendation: LW20
- As part of this process, an examination of all policy should be conducted by the Victorian Government to identify and reconcile subsidies, grants and programs that are perverse to agreed environmental objectives.
Appendix B: Environmental performance reporting

As part of the Strategic Audit, a separate supplementary report reviews the EMS Agencies environmental performance under the FRD24C for 2007-08.

Refer to the Strategic Audit: Environmental Performance Reporting Supplementary Report 2007-08, January 2009.
# Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>APU</td>
<td>Accredited Purchasing Unit</td>
</tr>
<tr>
<td>ANZSOG</td>
<td>Australian and New Zealand School of Government's</td>
</tr>
<tr>
<td>AuSSI</td>
<td>Australian Sustainable Schools Initiative</td>
</tr>
<tr>
<td>CES</td>
<td>Commissioner for Environmental Sustainability</td>
</tr>
<tr>
<td>DEECD</td>
<td>Department of Education and Early Childhood Development</td>
</tr>
<tr>
<td>DHS</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>DIIRD</td>
<td>Department of Innovation, Industry and Regional Development</td>
</tr>
<tr>
<td>DOJ</td>
<td>Department of Justice</td>
</tr>
<tr>
<td>DOT</td>
<td>Department of Transport</td>
</tr>
<tr>
<td>DPC</td>
<td>Department of Premier and Cabinet</td>
</tr>
<tr>
<td>DPCD</td>
<td>Department of Planning and Community Development</td>
</tr>
<tr>
<td>DPI</td>
<td>Department of Primary Industries</td>
</tr>
<tr>
<td>DSE</td>
<td>Department of Sustainability and Environment</td>
</tr>
<tr>
<td>DTF</td>
<td>Department of Treasury and Finance</td>
</tr>
<tr>
<td>EDGAR</td>
<td>Environmental Data Gathering and Reporting</td>
</tr>
<tr>
<td>EMP</td>
<td>Environmental Management Program</td>
</tr>
<tr>
<td>EMS</td>
<td>Environmental Management System</td>
</tr>
<tr>
<td>EMS Agencies</td>
<td>Ten government departments, EPA, SV</td>
</tr>
<tr>
<td>EPA</td>
<td>Environment Protection Authority Victoria</td>
</tr>
<tr>
<td>EREP</td>
<td>Environment and Resource Efficiency Plans</td>
</tr>
<tr>
<td>ESAS</td>
<td>Environmental Sustainability Action Statement</td>
</tr>
<tr>
<td>ESD</td>
<td>Ecological Sustainable Development</td>
</tr>
<tr>
<td>ESF</td>
<td>Environmental Sustainability Framework</td>
</tr>
<tr>
<td>FRD24</td>
<td>Financial Reporting Direction 24</td>
</tr>
<tr>
<td>FTE</td>
<td>Full Time Employee</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gas</td>
</tr>
<tr>
<td>GSET</td>
<td>Government Sustainable Energy Targets</td>
</tr>
<tr>
<td>GSG</td>
<td>Government Services Group</td>
</tr>
<tr>
<td>IAC</td>
<td>Inter Agency Committee</td>
</tr>
<tr>
<td>IPCC</td>
<td>Intergovernmental Panel on Climate Change</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
</tr>
<tr>
<td>KM</td>
<td>kilometre</td>
</tr>
<tr>
<td>MSI</td>
<td>Monash Sustainability Institute</td>
</tr>
<tr>
<td>NGERS</td>
<td>National Greenhouse and Energy Reporting Scheme</td>
</tr>
<tr>
<td>OCES</td>
<td>Office of the Commissioner for Environmental Sustainability</td>
</tr>
<tr>
<td>OSCAR</td>
<td>Online System for Comprehensive Activity Reporting</td>
</tr>
<tr>
<td>SEA</td>
<td>Strategic Environmental Assessment</td>
</tr>
<tr>
<td>SOE</td>
<td>State of the Environment</td>
</tr>
<tr>
<td>SV</td>
<td>Sustainability Victoria</td>
</tr>
<tr>
<td>t-CO₂-e</td>
<td>Tonnes of Carbon Dioxide Equivalent</td>
</tr>
<tr>
<td>ULP</td>
<td>Unleaded Petroleum</td>
</tr>
<tr>
<td>VGPB</td>
<td>Victorian Government Purchasing Board</td>
</tr>
<tr>
<td>VR</td>
<td>VicRoads</td>
</tr>
<tr>
<td>WofG</td>
<td>Whole of Victorian Government</td>
</tr>
</tbody>
</table>