



The Centre for  
**PUBLIC AGENCY  
SUSTAINABILITY REPORTING™**

# **Sustainability Reporting and the Global Reporting Initiative – Introduction and Overview**

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# Outline

- Centre for Public Agency Sustainability Reporting™
- Sustainability Reporting – an Overview
- Global Reporting Initiative
- G3 reporting guidelines



## The Centre

- Mission to improve the performance of public agencies through the practice of sustainability reporting
- Builds capacity in public agencies and facilitates the development of best practice
- Launched in March 2005 and incubated in Melbourne by ICLEI-A/NZ
- Core focus on capacity building, technical assistance, applied research and development of reporting



## **ANZ Reporting Alliance**

- The Centre's core program to assist all public agencies to advance sustainability reporting
- The Centre leads and facilitates workshops, provides expert support and advice, provides guidance and explanatory materials, and conducts strategic assessments
- The Reporting Alliance is a peer "learning group" that can exchange experiences and work on common reporting challenges



# What is Sustainability Reporting?

- Sustainability reporting involves measuring, accounting and disclosing an organisation's economic, environmental and social performance to advance sustainable development
- Drives greater business efficiency, promotes quality governance, strengthens stakeholder engagement, and demonstrates higher levels of performance

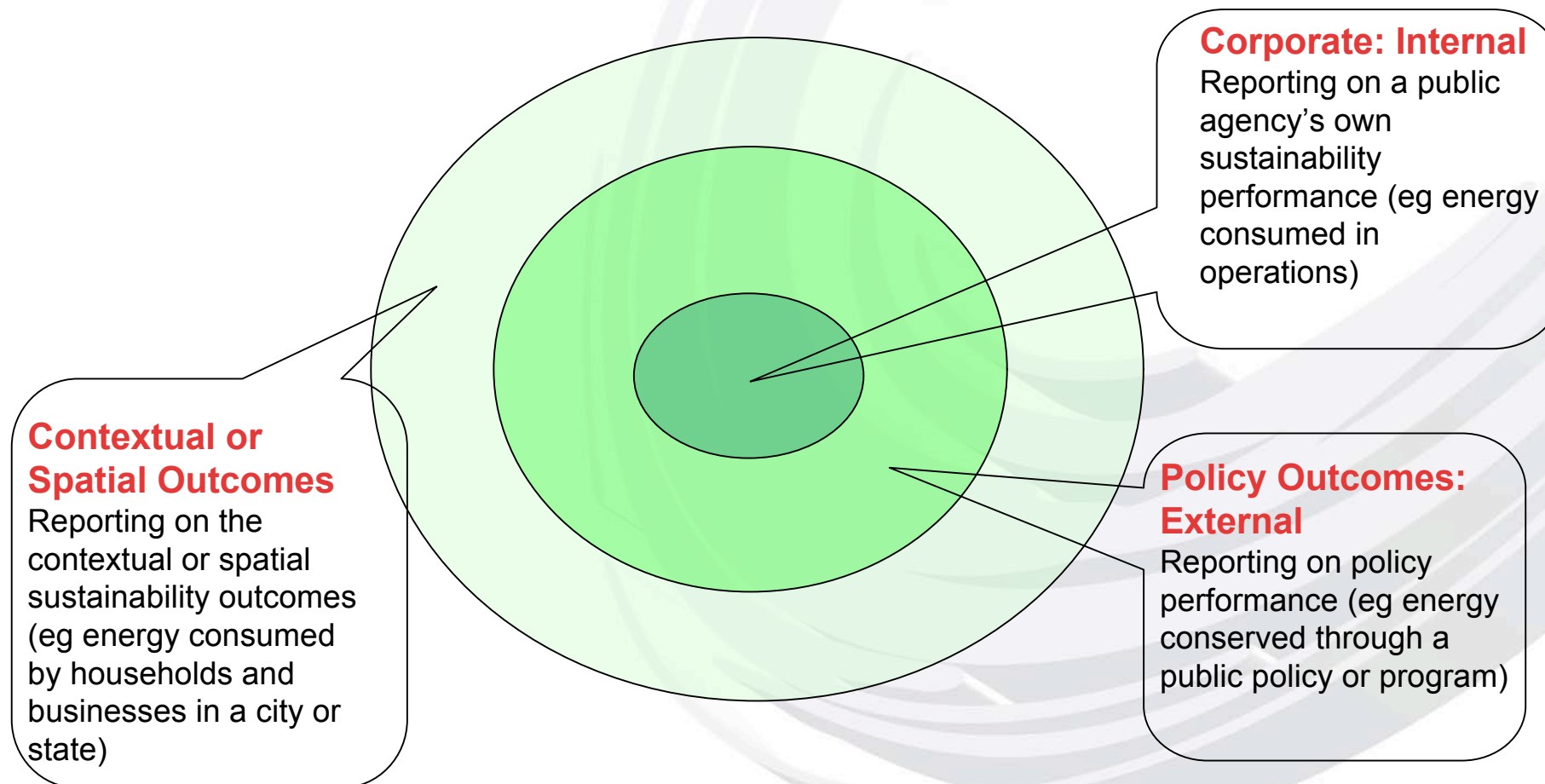


# **‘Typical’ Reporting Disclosures**

- Strategy and Analysis
- Organisational Profile
- Report Parameters eg Scope and Boundaries
- Governance, Commitments and Engagement
- Management Approach
- Economic, Environmental and Social/Cultural Performance Indicators
- Public Policy Outcomes



# Sustainability Reporting Spheres



GRI Sector Supplement 2005



## **Where did it come from?**

- Sustainability reporting emerged in the private sector in the 1990s
- A response to demands from shareholders, communities, employees and NGOs for more information, accountability and transparency
- Many leading international and Australian companies are undertaking reporting
- Increasingly, public agencies and NGOs are looking to take up sustainability reporting

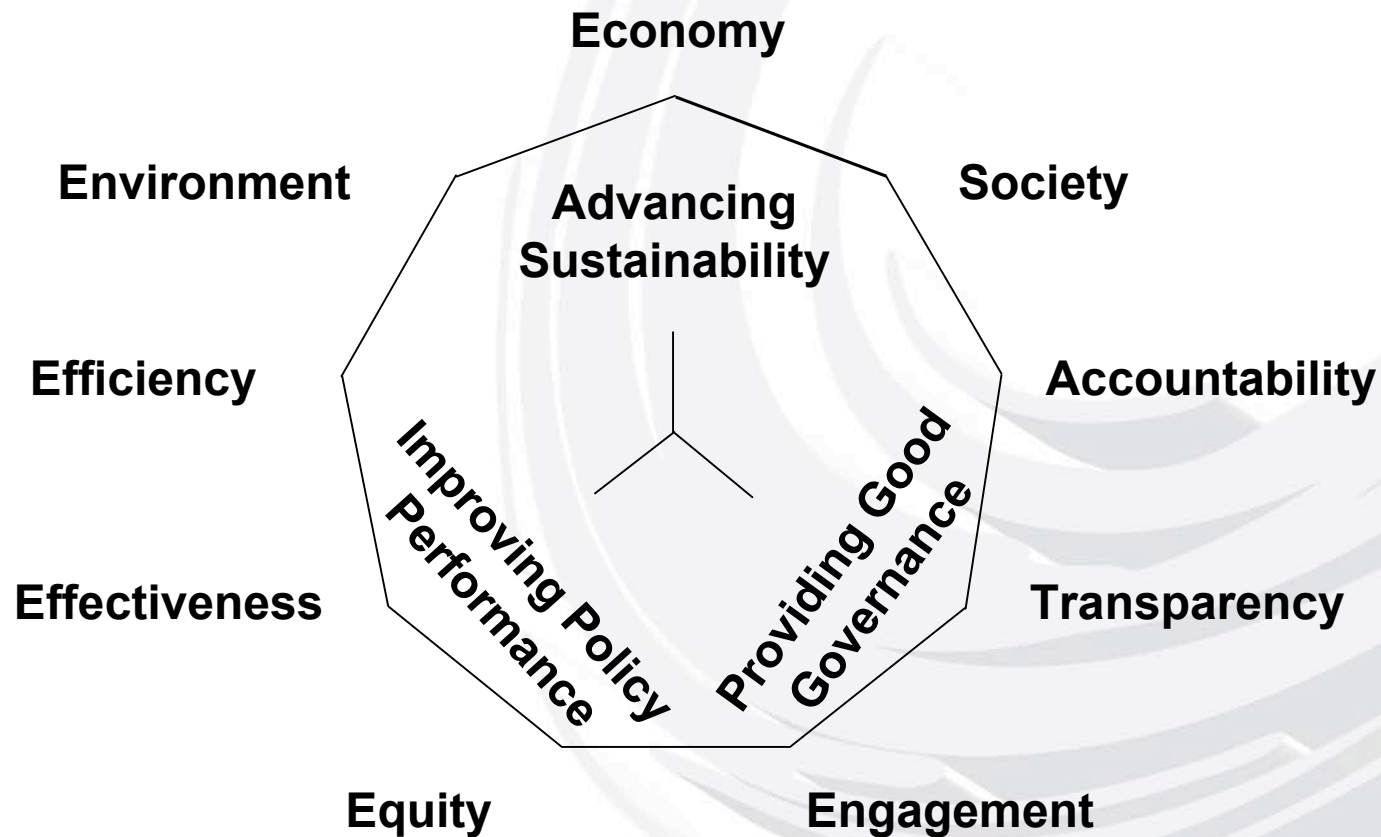


## Why public agencies?

- The public sector is typically one of the largest sectors in every country
- The direct and indirect impacts of public sector operations on the economy, environment, and society are significant
- Public policies and programs significantly influence progress on sustainable development
- Increased efficiency, accountability and transparency are as important as for the private sector



# Sustainability, Governance and Policy Performance



Hughes 2006



# What can sustainability reporting do?

- Enhance knowledge and measurement of economic, environmental and social performance
- Increase business efficiency by reducing operating and compliance costs
- Demonstrate performance and enhance the business case for ongoing public funding
- Proactively manage risk and protect reputation
- Attract and retain high calibre employees as an employer of choice



# What can sustainability reporting do?

- Facilitate stakeholder engagement, and strengthen stakeholder relations and dialogue
- Improve organisational accountability and transparency, and thereby promote good governance
- Provide the ability to benchmark both within and across sectors
- Demonstrate innovation and leadership by the public sector



## What are the challenges?

- Determining the appropriate scope and coverage of reporting – to avoid reporting on everything
- ‘Managing’ different reporting requirements
- Obtaining buy-in at the council, board and senior management level
- Embedding reporting within an organisation
- Using reporting to achieve change



## **Selected Public Agency Reporters**

- Department of the Environment and Heritage, and Department of Families, Community Services and Indigenous Affairs (Australia)
- Department of Corrections (New Zealand)
- Ministry of Defence (United Kingdom)
- Architectural Services Department (Hong Kong)
- Sydney Water, Melbourne Water and SA Water (Australia)
- Watercare Services (New Zealand)
- City of Melbourne (Australia), City of Amsterdam (Netherlands) and Wolverhampton City Council (England)
- BC Hydro and Hydro Quebec (Canada)
- Manaaki Whenua Landcare Research Ltd (New Zealand)



# Australian Government: Department for the Environment and Heritage

- “DEH is expected to play a leadership role in the implementation of sustainability...”
- “Public reporting demonstrates that we not only talk about sustainability, but also try to meet its challenges in the way we work as a public agency.”
- “The disciplines of TBL reporting ... help drive improvements in our performance as an organisation, putting us in a better position to manage change.”



CITY OF GOSNELLS



Strategic Plan for the Future 2007-2010



# City of Gosnells, Strategic Plan 2007-2010

## REPORTING ON PERFORMANCE

“Council will receive quarterly reports on the performance of the Strategic Plan. The Annual Report will include a comprehensive summary of our Strategic Plan for the Future, achievements and any difficulties over the previous year. Over time, we will develop specific targets for our performance outcomes.

The City is also working towards reporting on our organisational impact on sustainability. This includes the impact we have on the local economy, the environment and on society. We plan to produce our first report by December 2008.” (p.16)



## **City of Gosnells, Strategic Plan 2007-2010**

- Goal 4: To be an innovative, dynamic and customer focused organisation. (p.12)
- Objectives
  - 4.1 To be a flexible, responsive employer
  - 4.2 Ensure the City's long-term financial viability
  - 4.3 To ensure the efficiency and effectiveness of the organisation
  - 4.4 Demonstrate good governance
  - 4.5 Continuous improvement in occupational safety and health
- Strategy 26 – Exercise good governance and leadership  
Commence reporting on the organisational impact on sustainability, by December 2008. (p.13)



- An independent institution whose mission is to develop and disseminate globally applicable reporting guidelines
- Started in 1997, and becoming independent in 2002
- GRI guidelines are increasingly accepted as the global framework for sustainability reporting
- Guidelines are being adopted by a wide range of organisations
- Over 950 organisations self declaring use of GRI guidelines

# GRI G3 Reporting Framework

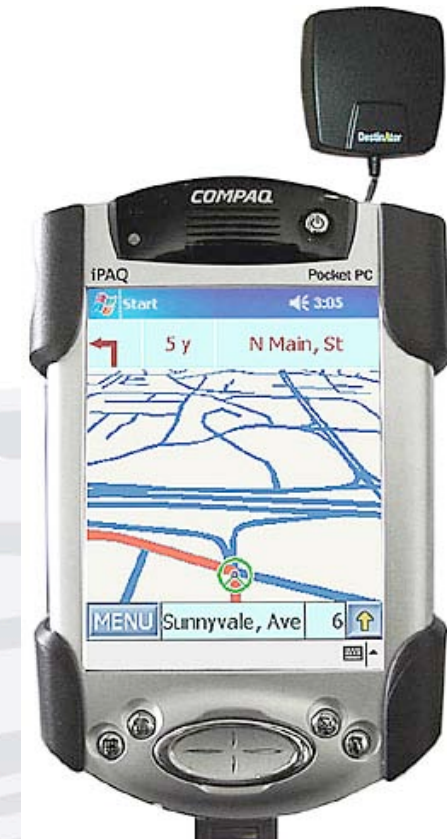


Source: GRI 2006



# Principles of Reporting – Content

- Materiality
- Stakeholder Inclusiveness
- Sustainability Context
- Completeness





## Materiality

- The information in a report should cover topics and indicators that reflect the organisation's significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders



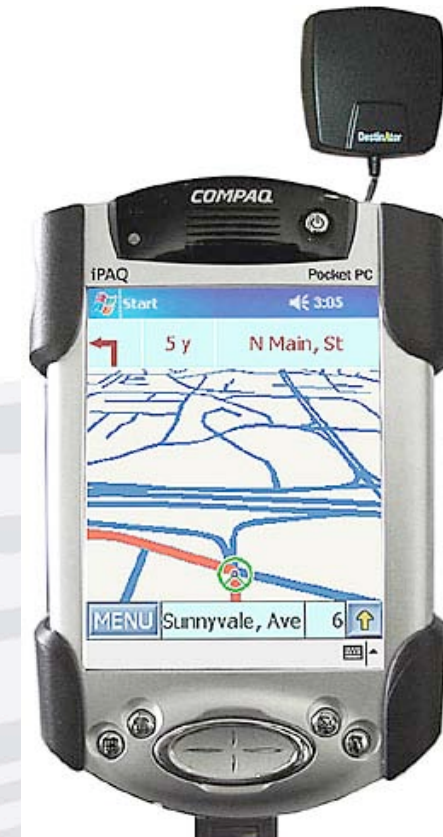
## **Materiality Tests**

- Main sustainability interests/topics
- Main topics and future challenges for the sector reported by peers and competitors
- Relevant laws, regulations and agreements
- Key organisational values, policies and strategies and systems
- Significant risks and critical success factors



# Principles of Reporting – Quality

- Balance
- Comparability
- Accuracy
- Timeliness
- Reliability
- Clarity





## **Balance**

- Report should reflect positive and negative aspects of the organisation's performance to enable a reasoned assessment of overall performance
- Overall presentation of the report's content should provide an unbiased picture of the reporting organisation's performance



## Balance Tests

- Report discloses both favourable and unfavourable results and topics
- Information in the report is presented in a format that allows users to see positive and negative trends in performance on a year-to-year basis
- Emphasis on various topics in the report is proportionate to their relative materiality



## **Boundaries for Reporting**

- An organisation must determine which entities' (eg subsidiaries and joint ventures) performance will be represented
- Boundary should include the entities over which the reporting organisation exercises control or significant influence



# **Disclosure on Management Approach**

- Context
- Goals and Performance
- Policy
- Responsibility and Accountability
- Training
- Monitoring
- Additional Contextual Information



# Reporting to Achieve Change

“As an important element of a sustainability management program, reporting is clearly not only an exercise in accountability; the process also fuels learning, change and innovation”

“The key question is therefore not ***whether*** sustainability reporting will become relevant, but rather in what ***shape or form*** reporting will be most useful”

Ernst Ligteringen, Chief Executive, GRI, 2006



## Closing Points

- Sustainability reporting is an essential tool to further embed sustainability in an organisation
- Sustainability reporting can help measure, track and improve internal and external performance to advance sustainability and promote good governance
- The challenge is for leading and innovative public agencies to take up reporting
- The Centre is ready to assist with capacity building, technical assistance and guidance



## Recruitment for 2007

- The Centre is accepting applications for public agencies to join the 2007 ANZ Reporting Alliance
- Standard membership package costs \$15,000 with provision for additional service options
- 10% discount for ICLEI-A/NZ members
- Melbourne, Brisbane, Penrith, Gosnells, Waitakere (NZ) are likely to continue with other councils joining



# Further information

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## **Inquiry into Corporate Responsibility 2006**

- Would like to see the rate of reporting continue to rise in the future
- Recommended that the Australian Government establishes voluntary sustainability reporting targets for government agencies
- Recommended research into quantifying the benefits of corporate responsibility and sustainability reporting [and extend to public agencies as well]