

Executive Summary and Recommendations

Report on an Audit/Assessment of ACT Government Agencies' Environmental Performance Reporting

This report presents findings from an audit/assessment of ACT Government agencies' environmental resource use reporting, including the accuracy of data reported and makes recommendations to assist the ACT Government and government agencies. It fulfils the Commissioner's role of scrutinising Resource Management Plans (RMPs) under *Weathering the Change: Action Plan 1 2007-11*.¹

The requests of the ACT Legislative Assembly's Select Committee on Estimates regarding the Commissioner's assessment of government environmental resource use² is also met by this report.

Although this report focuses on resource use reporting, the fundamental use of reporting should be to manage the resource being reported.

The ACT Government has committed to a goal of zero net greenhouse gas emissions for the ACT with interim targets of:

- reducing greenhouse gas emissions by 40 per cent by 2020 based on 1990 levels
- reducing greenhouse gas emissions by 80 per cent by 2050 based on 1990 levels.³

If the ACT Government is to gain the support of, and engage the community in actions to achieve these targets it is important that its agencies be exemplary in taking actions to reduce their greenhouse gas emissions and be able to show the results of their actions through effective reporting. The ACT Government in July 2007 committed to achieving carbon neutrality in its own buildings and services by 2020. Between 2006 and 2008, emissions from electricity use in the ACT Government increased by about 15 per cent.⁴

Not only is it important to understand the source and total energy used by the government but a comprehensive understanding of where, how and when the

¹ This audit/assessment was conducted similarly to a commissioner initiated investigation as outlined in the *Commissioner for the Environment Act 1993*, <http://www.legislation.act.gov.au/a/1993-37/default.asp>

² <http://www.hansard.act.gov.au/hansard/2009/comms/estimates08.pdf>, pp1052-53

³ ACT Government Climate Change Greenhouse Reduction Bill, August 2010, http://www.legislation.act.gov.au/b/db_39279/default.asp

⁴ Data sourced from pitt&sherry OSCAR Project Report, 2009

energy is used allows for a focused systematic approach to energy management. The same applies to all other types of environmental resources. Data on whole-of-government environmental resource use is essential to tracking progress; however, such data are not readily available.

In developing environmental resource reduction and management actions, consideration needs to be given to different agencies activities, potential and community priorities. For example, Roads ACT, ACT Health (Canberra Hospital) and the Department of Education are all high energy users. These agencies have all undertaken work to improve their resource use efficiency and reduce their emissions. However, these agencies are likely to remain high energy users due to the nature of their activities. Accordingly, options to reduce their energy use might be limited and a focus on alternative technologies and offsets may be needed.

As each agency has different activities, environmental resource use will vary; therefore each agency needs to be involved in determining its own resource efficiency and emission reduction priorities and actions. However, there also needs to be a whole-of-government approach to environmental resource management that includes tracking progress in a way that is strategic, accountable and transparent. Whole-of-government data and reporting on the environmental resources being used, and where, would facilitate progress in improving management of environmental resources and provide information for strategically targeting actions.

ACT Government Environmental Resource Management Strategy

While there is a government commitment to advance initiatives to manage environmental resources more efficiently, this has often taken considerable time to be realised by agencies. One reason for this seems to be the lack of an overarching environmental resource management strategy. Work has only recently begun on a strategic, whole-of-government approach to carbon neutrality. A whole-of-government environmental resource management strategy, which could encompass carbon neutrality, needs to be completed as a matter of high priority. Such a strategy should include whole-of-government and agency targets; pathways to reduce and better manage environmental resource use; and reporting requirements and accountabilities.

Given the government's strong commitment and the importance of taking action, particularly as financial gains can often be achieved in addition to environmental, Chief Executives should be responsible for addressing all aspects of environmental resource management. The Chief Executive Management Council (CEMC) offers an opportunity to ensure Chief Executives focus on managing their environmental resources and as such this could be a standing agenda item for this group's meetings.

An important component of a whole-of-government strategy would be RMPs. The target for implementation of RMPs by 2009 has not been met; only the Department of the Environment, Climate Change, Energy and Water (DECCEW) has completed its RMP within the timeframe. However, as at 30 May 2010, four other RMPs were in draft form and all other agencies were on track to complete their RMPs in 2010-11.

DECCEW's RMP has been circulated within ACT Government agencies to provide guidance on the key areas that need to be covered in agency RMPs.⁵ However DECCEW has not developed and promulgated guidelines for RMPs. These would assist agencies and should be completed as a matter of high priority. Work already done within agencies and in other jurisdictions could assist with this.

DECCEW's inclusion of an energy consumption target for 2011 is applauded. Developing targets for all environmental resource use in future reports should be required of all agencies. It is important to ensure that the sum of agency targets equals the whole-of-government target. For this reason, DECCEW should work with each agency to develop targets, which reflect the resource needs, potential and community priorities of agencies.

The Energy Efficiency Fund commenced 7 November 2007, with the first round of applications closing in mid February 2008. Two applications from the Canberra Institute of Technology and one from Canberra Stadium were approved, worth a total \$128,000. These applications were for cogeneration, heating and energy audits. However, there has been limited progress beyond this.

In 2005, seventeen audits of government buildings were conducted which identified costs, savings and calculated payback time for energy efficiency improvements. With the establishment of the Energy Efficiency Fund, some of the recommendations of these 2005 audits could have been implemented more easily; however, there are no reports of this occurring.

The Energy Efficiency Fund has been reviewed and renamed the Resource Management Fund. It now supports funding for a wider range of projects to deliver resource efficiencies, innovative technology systems, improved data collection and reductions in greenhouse gas emissions. The Fund is important as it allows agencies the opportunity to undertake minor capital works to improve resource use efficiency. This should be continued with RMPs being a pre-requisite for accessing the fund.

A Green Lease Schedule is a tool to facilitate environmentally beneficial practices and outcomes associated with the leasing of buildings. These provide guidance and information for a collaborative approach to improve operational activities. The ACT Government agency responsible for the green leasing policy and development is the Department of Land and Property Services (LAPS).⁶ A number of lease renewals in the ACT are in progress and landlords will be approached to implement a Green Lease Schedule within the new leasing arrangements. This should continue to be progressed as leases are renewed across the ACT Government.

The Property Sustainability Working Group (PSWG) is open to all agencies and generally attended by representatives from most agencies. As a result, it has considerable potential to progress effective environmental resource management across government, through information sharing. It would also be the appropriate

⁵ D Papps, Chief Executive, DECCEW, Letter to Commissioner, 5 March 2010

⁶ http://www.laps.act.gov.au/projects_and_initiatives/environment_and_sustainability/green_leasing_policy

body to report agency and whole-of-government progress on environmental resource management to the CEMC on a regular basis.

Data collection and coordination

Data on whole-of-government and agency resource use are essential for developing targets, management strategies and tracking progress. Data collection and coordination needs to be addressed as a matter of high priority. While there has been progress, given its importance, current inadequacies need to be addressed soon.

Data recorded in the Online System for Comprehensive Activity Reporting (OSCAR), metered by ActewAGL and reported in annual reports were found to be inconsistent and incomplete, resulting in gaps and discrepancies. For example, electricity data reported in OSCAR between 2006 and 2008 were consistently under half that recorded by ActewAGL for whole-of-government consumption. Units for reporting measurements varied across agencies, contracts and reporting systems.

Reporting of environmental resource use through OSCAR usually only occurs once a year for Annual Report purposes. Although training in OSCAR is offered 'on-demand' by DECCEW, staff often need annual refresher training in order to recall processes. As there is often a lack of consistency of staff who enter data, there is often a lack of understanding of OSCAR's potential and its requirements; and the available training.

Despite the difficulties agencies faced using OSCAR; agencies also respect the value of such a system. ACT Health stated that it is 'a convenient tool for collating and calculating greenhouse gas emissions'⁷ and Chief Minister's Department (CMD) referred to the 'ease with which outputs are provided for inclusion in Annual Reports and other required reporting'.⁸

Data collection is decentralised, generally undertaken by each agency. This creates the opportunity for inconsistencies and errors. Only a limited amount of information is collected centrally. The changing nature of government, with agency restructures and evolving activities and responsibilities can add to the challenge in reporting on environmental resource use. It is, for example, very difficult to compare total energy use from one year to the next if an agency has grown or reduced in staff numbers or the number of buildings for which it is responsible has changed. Accordingly, this makes whole-of-government reporting particularly important.

Centralising data collection and coordination is likely to improve the quality of data across government. DECCEW is currently responsible for managing the ACT Government's access to OSCAR, which captures some environmental resource use data. This should be extended to include all resource use data with support being given by LAPS. LAPS is responsible for managing government buildings and accommodation and has a significant amount of energy and water data for a range of government buildings. However, for quality control and efficiency other agencies should no longer directly enter their data into OSCAR unless accredited for OSCAR

⁷ Letter, 17 March 2010

⁸ Letter, 17 March 2010

use by DECCEW. It is important that centralising data collection and coordination does not centralise responsibility and accountability for the actual use of resources. Agencies would need to provide relevant environmental resource data to DECCEW in a timely manner and maintain accountability for their own use as well as having an understanding of their data. It is important that agencies continue to have access to OSCAR to view data and generate reports for their use. Enhancing OSCAR to align with reporting requirements, which might include modifying formats and units for measuring resources, could also improve data. While the Australian Government will be responsible for some of the needed changes to OSCAR, the ACT Government should promote these changes.

Smart metering might facilitate greater accountability and ownership of energy data and use by agencies. Smart meters log building energy data (usually electricity although there are also smart meters for gas and water) at frequent intervals and make data available remotely. This should allow agencies to monitor and, therefore, directly manage their energy use. Agencies in multi-tenanted leased buildings can use smart metres to monitor their environmental resource use performance separately to other tenants and thereby gain an accurate understanding of what they are using rather than apportioning use from the total use of resources of all tenants. This would have advantages in enabling better practice to be adopted with regard to heating, ventilation and air conditioning systems and would identify particular areas for potential improvement. It may also encourage greater accountability and engagement within an agency on its energy use. Online 'real time' reporting through smart meters should be encouraged as part of an ACT Government environmental resource management strategy.

Reporting

The ACT Government has a long history of environmental performance reporting and continues to build on this. To be effective, reporting needs to be complete, transparent, comparable and accurate. However, work is needed to significantly improve data collection and address gaps in reporting. Improving data collection will improve the accuracy and comparability of information.

There is currently no whole-of-government reporting on environmental resource management. Without this, progress towards carbon neutrality is difficult to assess. A whole-of-government statement on environmental resource management should be produced annually either through DECCEW's annual report or in a standalone report.

Agency reporting on environmental resource management is primarily undertaken through annual reports. However, compliance varies and there is a lack of accuracy and consistency in the data reported. Annual reports require environmental resource management data in Section A.10 Triple Bottom Line Report and Section C.21 Ecologically Sustainable Development (ESD).

The Chief Minister's Directions on Annual Reports 2007–10 state that 'Ecologically Sustainable Development means the integration of economic, social and

environmental considerations in decision-making process'.⁹ However, this is not reflected in the C.21 Ecologically Sustainable Development reporting section. The template provides for effective reporting on environmental resource use in government operations but does not seek details of the integration of economic, social and environmental considerations in decision-making processes. Furthermore, agencies tend to focus on completing the template while not providing qualitative descriptions of programs or processes implemented that improve environmental resource management or progress towards ESD. However, the template in this section has significantly improved reporting on environmental resource use, which has resulted in a more complete dataset for 2007–08 and 2008–09.¹⁰ There are gaps in the data reported, in particular air travel and putrescible waste data, which should be addressed. The table should be identified as reporting only on environmental resource use rather than a complete ESD report. Progress against RMPs should also form part of annual reporting.

The Section A.10 Triple Bottom Line Report in annual reports is in its early stage and as such provides an opportunity to realise the intent of Section C.21, which was to report on ecologically sustainable development. To be an effective reporting and comparison tool for all ACT Government agencies, both qualitative and quantitative information should be pursued. Section A.10 Triple Bottom Line Reporting should be improved by reporting on the integration of sustainability into decision making, and including the issues required under section 158A *Environmental Protection Act 1997* for annual reports.

Recommendations

To assist the ACT Government and government agencies better report on and manage their environmental resource use, the following five recommendations are made:

ACT Government Environmental Resource Management Strategy

- 1. A whole-of-government environmental resource management strategy, which could encompass carbon neutrality, should be developed and published as a matter of high priority.**

DECCEW should be responsible for developing, fostering the implementation of, and monitoring the strategy, which should include:

- a. Time-related targets for environmental resource use for the whole-of-government and for individual agencies. Targets should be set on a triennium basis and reviewed periodically.

DECCEW, in consultation with agencies, should be responsible for fostering the development of targets and ensuring that the sum of agency targets equals a whole-of-government target.

⁹ Annual Report (Government Agencies) Notice 2010 (No. 1) 16 June 2010: Chief Minister's 2007–10 Annual Report Directions, <http://www.legislation.act.gov.au/ni/2010-308/current/pdf/2010-308.pdf> p38

¹⁰ Green Steps report: *Energy and Water Usage Reporting Practices of ACT Government Departments*

- b. Preparing and publishing an annual environmental resource use statement with quantifiable data and progress towards targets.
This statement should be produced by DECCEW and be part of its annual report or be in a standalone document to be published concurrently with annual reports.
- c. Adopting a centralised data collection and coordination process (see Recommendation 3).
- d. The Chief Executive Management Council receiving quarterly reports on progress against agency and whole-of-government targets and on the implementation of actions. Environmental resource use could be a standing agenda item at their meeting. The Property Sustainability Working Group should develop the quarterly report.
- e. Reporting on an assessment of whole-of-government progress in the ACT State of the Environment Report.

The Commissioner for Sustainability and the Environment should do this.

2. Environmental resource management plans for all ACT Government agencies should be finalised and published by 31 December 2010.

Chief Executives should be responsible for addressing all aspects of environment resources management in their agencies.

Resource management plans should:

- a. Be signed off by the Agency's Chief Executive and published on its website.
- b. Be updated and published annually and concurrently with Annual Reports.
- c. Incorporate provisions of Green Lease Schedules.
- d. Be based on a consistent across-government process for data collection and coordination (see Recommendation 3).
- e. Include recommendations from environmental resource use related audits undertaken for an agency, or of its accommodation, and include responses to audit recommendations.
- f. Be a pre-requisite for all applications to the Resource Management Fund after 31 December 2010.
- g. Be updated following the development of agency targets.
- h. Be subject to audits.
- i. Be supported by:
 - Guidelines. These should be developed by DECCEW.

- Continuing to install smart meters to improve understanding of energy use and better target actions. This should continue to be a LAPS responsibility.
- Existing smart meter infrastructure being connected to allow data capture and monitoring. This should be an InTACT responsibility.

Data collection and coordination

3. Data collection and coordination should be centralised as a matter of high priority.

As part of this process:

- a. Data collection and entry into OSCAR should be the responsibility of DECCEW with support from LAPS. This should be undertaken quarterly. Other agencies should no longer directly enter data into OSCAR unless accredited to do so by DECCEW. However, they should provide all relevant environmental resource management data to DECCEW, in a timely manner, and continue to have access to OSCAR to view data and generate reports for their own use.
- b. OSCAR data should be verified and monitored by DECCEW so that timely corrective actions can be undertaken by agencies in an agreed, specified timeframe. Failure to implement agreed timeframes for corrective actions should be reported in the whole-of-government environmental resource use annual statement.
- c. Quarterly reports should be provided to agencies on their environmental resource use. This should be a DECCEW responsibility.
- d. Agencies would continue to report their environmental resource use in Annual Reports and resource management plans.
- e. The accuracy and completeness of data reported in OSCAR should be independently audited on a triennium basis.

4. The Online System for Comprehensive Activity Reporting (OSCAR) should be enhanced.

This should include modifying OSCAR so that:

- a. Automated data entry from spreadsheets or other file formats can be accepted.
- b. Smart meter data can be accepted.
- c. Conversion formulae are included to allow data to be recorded in consistent units and to provide transparency for 'lay' users.
- d. Information is in a format that can be directly placed into Annual Reports, resource management plans and triple bottom line reporting.

These modifications would need to be implemented by the Australian Government; however, DECCEW should promote the recommended actions.

Reporting

5. Environment resource use, ecologically sustainable development and triple bottom line reporting required in annual reports should be reviewed.

The Chief Executive of the Chief Minister's Department should progress this as CMD has accountability for Annual Report Directions. This should include:

- a. Ensuring that the table in Section C.21 Ecologically Sustainable Development is identified as reporting on environmental resource use, and progress against agency targets and implementation of actions in RMPs are required to be reported. The reported environmental resource use indicators should be assessed and in so doing air travel and waste putrescibles should be considered for inclusion.
- b. Integrating reporting requirements for ecologically sustainable development (currently under Section C.21) and triple bottom line (currently Section A.10) in a manner that ensures the requirements in section 158A of the *Environmental Protection Act 1997* are respected. Qualitative and quantitative information should be included.

Dr Maxine Cooper
Commissioner for Sustainability and the Environment
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