

ESD Reporting Guidelines

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1. Introduction

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Why Has This Guideline Been Developed?

Section 516A ([link](#)) of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) ([link](#)) requires Commonwealth organisations to include in their Annual Reports a section detailing the environmental performance of the organisation and the organisation's contribution to Ecologically Sustainable Development (ESD).

The purpose of s516A is to ensure that the Commonwealth Government is publicly reporting information relevant to its environmental performance and its implementation of ESD. It complements the Commonwealth Government's support for public environment reporting in the private sector.

This Guideline is intended to assist Commonwealth organisations in meeting their obligations under s516A of the EPBC Act. It is not prescriptive but rather a set of suggestions and tools to help agencies with the compiling and presentation of their reports.

The Australian National Audit Office (ANAO) has conducted one performance audit of Commonwealth organisations' compliance with the requirements of s516A of the EPBC Act and expects that further audits will be conducted in the future. The ANAO Report is at <http://www.anao.gov.au>

Who Has to Provide an ESD and Environment Report for their Annual Report?

The following Commonwealth organisations are required to produce an ESD and environment report as part of their Annual Report:

- a. A Department of State, and any other Agency (as defined in the *Public Service Act 1999*);
- b. A Commonwealth authority (defined in the *Commonwealth Authorities and Companies Act 1997*);
- c. A Commonwealth company (as defined in the *Commonwealth Authorities and Companies Act 1997*); and
- d. Any other Commonwealth agency that is established by or under a law of the Commonwealth and is required by law to give an Annual Report to the responsible Minister.

In this Guideline, a reference to a 'Commonwealth organisation' is a reference to an organisation referred to in any of paragraphs (a) -(d) above.'

What Has to be Reported?

Each Commonwealth organisation is required to include in its Annual Report a report on the following 6 items:

- a. how the **activities** of the organisation accorded with the **principles of ESD** (see paragraph [516A\(6\)\(a\)](#));
- b. how the **administration of legislation** by the organisation accorded with the principles of ESD (see paragraph [516A\(6\)\(a\)](#));
- c. how the **outcomes** specified for the organisation in an **Appropriations Act** contribute to ESD (see paragraph [516A\(6\)\(b\)](#));
- d. the effect of the organisation's activities on the **environment** (see paragraph [516A\(6\)\(c\)](#));
- e. the measures (if any) taken by the organisation to minimise this impact (see paragraph [516A\(6\)\(d\)](#)); and
- f. the mechanisms (if any) for reviewing and increasing the effectiveness of those measures (see paragraph [516A\(6\)\(e\)](#)).

2. Key Definitions

- [Activities](#) (*link*)
- [Administration of legislation](#)
- [Appropriation Outcomes](#)
- [Ecologically Sustainable Development](#)
- [Principles of ESD](#)
- [Environment](#)

Activities

For the purposes of s516A of the EPBC Act, 'activities' is defined (in s516A(7)) as including:

- a. developing and implementing policies, plans, programs and legislation; and
- b. the operations of the organisation.

Administration of Legislation

Administration of legislation by a Commonwealth organisation is not defined in the EPBC Act, but would include, among others, matters such as:

- a. the making of decisions under legislation on the grant of licences, permits and other authorities;
- b. the making of funding decisions under legislation.

For the purposes of this Guideline, administration of legislation is treated as an **activity** of the organisation.

Appropriation Outcomes

The appropriation outcomes for an organisation (not defined in the EPBC Act) are set out in its budget statements. These outcomes are the results that the proposed expenditure is intended to deliver.

Ecologically Sustainable Development

ESD is not specifically defined in the EPBC Act. The National Strategy for Ecologically Sustainable Development (NSESD) ([link](#)), endorsed by all Australian jurisdictions in 1992, defines the goal of ESD as:

'development that improves the total quality of life, both now and in the future, in a way that maintains the ecological processes on which life depends.'

Principles of ESD

Section 3A of the EPBC Act ([link](#)) sets out the following five principles of ESD:

- a. decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations;
- b. if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation (the 'precautionary principle');
- c. the principle of inter-generational equity - that the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations;
- d. the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making; and
- e. improved valuation, pricing and incentive mechanisms should be promoted.

For convenience the five principles of ESD under the EPBC Act are referred to throughout this guidance material as:

- the integration principle;
- the precautionary principle;
- the intergenerational principle;
- the biodiversity principle;
- the valuation principle.

Environment

The EPBC Act in s528 ([link](#)) defines 'environment' as:

- a. ecosystems and their constituent parts, including people and communities; and
- b. natural and physical resources; and
- c. the qualities and characteristics of locations, places and areas; and
- d. the social, economic and cultural aspects of a thing mentioned in (a), (b) or (c)

This definition allows for the inclusion of a number of specific human factors as aspects of the environment, for example, the economic or social value of natural resources, humans and human communities where they are part of an ecosystem, and the cultural aspects of a place, either built or natural.

Preparing the Report for Section 516A

- [Step 1. Reporting on how the activities of the organisation, and the administration of legislation by the organisation, accorded with the principles of ESD](#)
- [Step 2. Identifying how the outcomes specified in a relevant Appropriations Act contribute to ESD](#)
- [Step 3. Documenting the effect of the organisation's activities on the environment](#)
- [Step 4. Identifying any measures being taken by the organisation to minimise the impact of its activities on the environment](#)
- [Step 5. Identifying mechanisms, if any, for reviewing and increasing the effectiveness of these measures](#)
- [Step 6. Preparing ESD and environmental performance report](#)

Step 1. Reporting on how the activities of the organisation, and the administration of legislation by the organisation, accorded with the principles of ESD (s. 516A(6)(a))

- Identify all activities undertaken by the organisation, including the administration of legislation. These activities may include, among other things:
 - a. procurement processes for goods and services;
 - b. provision of goods and services;
 - c. provision of funds to State or local governments, other Commonwealth agencies, other national governments, businesses, individuals or community groups, in or outside Australia;
 - d. provision of payments or funding under statutory programs;
 - e. the granting, renewal or denial of permits, licences, approvals, accreditations, under legislation;
 - f. policy development, including the development and amendment of legislation, international agreements, grants and assistance programs, research activities ;
 - g. implementation of policies, plans, programs etc;
 - h. enforcement of legislation;
 - i. national security and defence operations;

- j. the carrying out of the operations of the organisation (this would include both in house and outsourced office operations).

Identify which of these activities have ESD relevance. We suggest you refer to “*Criteria for Determining ESD Relevance*” ([link](#)). If none of an organisation's activities are relevant to ESD in terms of the principles identified in the EPBC Act, the organisation's report against s516A(6)(a) should simply state this.

- If any of your organisation's activities have ESD relevance identify measures, if any, the organisation is taking to ensure these activities are carried out in accordance with relevant principles of ESD. “*ESD Performance Indicators for Commonwealth Agencies*” ([link](#)) may help you identify the kinds of measures that accord with the principles of ESD.
- If some of your organisation's activities are relevant to ESD, but you have no measures in place to ensure these activities are carried out in accordance with relevant principles of ESD, your report against s516A(6)(a) should simply state this.
- A single mechanism for ensuring that activities accord with the principles of ESD may span a wide array of different types of activity or different program areas across an organisation.
 - For example, inclusion of ESD objectives in the organisation's corporate plan, or a standing requirement for all program areas to consider ESD issues, along with their core business objectives, in decision-making, could be reported in relation to all of an organisation's activities.
- Larger organisations will often conduct similar activities under a range of different programs.
 - For example, an organisation might have responsibility for the administration of a number of different programs involving provision of funding to other parties. Some of these activities may have ESD implications, others may not. Of those that have ESD implications, some may have processes in place for according with the principles of ESD, others may not.
- We suggest that, in larger organisations, the area of the agency responsible for coordinating the s516A report ask each area of the agency with responsibility for a particular activity to consult the “*Criteria for Determining ESD Relevance*” ([link](#)) to determine whether its activities have ESD relevance.
- If an area thinks its activities have ESD relevance, it may then wish to report against the indicators suggested in “*Performance Indicators for Commonwealth Agencies*” ([link](#)) or use indicators of its own.
- The coordinating area should then use this input from the different areas of the organisation to compile a whole of organisation report for each activity.
- From this report by activity, the coordinating area will be able to produce a summary report across all activities of the agency.

- Using the performance indicators suggested in “*Performance Indicators for Commonwealth Agencies*” ([link](#)) will also assist organisations that wish to develop mechanisms for on-going assessment of whether their activities accord with the principles of ESD.
 - These organisations may wish to use these or other indicators to identify and report against performance targets. Desired performance targets would need to be set by each organisation itself, to suit their own core business, operational frameworks and priorities.
 - The following documents may give organisations some ideas around which to formulate frameworks for establishing their targets, benchmarks and more agency-specific indicators.
 - The NSESD ([link](#)) (see above) contains specific actions and objectives in a number of sectors (agriculture, fisheries, forest, manufacturing, mining, urban and transport planning, tourism and energy) and strategies on a number of intersectoral issues (for example, taxation).
 - A set of national sustainability indicators has been developed and a national report ([link](#)) against these indicators is available.

Step 2. Identify how the outcomes specified in a relevant Appropriations Act contribute to ESD (s.516A(6)(b))

- This part of your report can be fairly short. It is not necessary to delve into the outputs which are intended to deliver your identified “Appropriations Outcomes”. Since your Appropriations outputs generally equate with your organisation’s activities, this would be virtually a repetition of Step 1.
- Consider the proposed “outcomes” identified in your organisation’s Budget papers.
- Decide whether these “outcomes” are likely to contribute to the principles of ESD, using the “*Criteria for Determining ESD Relevance*” ([link](#)). The contribution of the Outcome to ESD could be:
 - explicit in the wording of the Outcome itself;
 - implied in the wording of the Outcome; or
 - not an intended objective of the Outcome but nevertheless a likely consequence.
- It is not necessary to identify Appropriations Outcomes that do not contribute to ESD in any way. If none of your Appropriations Outcomes have any ESD implications, your report against (s.516A(6)(b)) should simply state this.
- In some cases an organisation's Appropriations Outcomes may be relevant to the ESD principles identified in the EPBC Act but not contribute to ESD. If this is the case, a simple statement to this effect should form an organisation’s report under s516A(6)(b).

Step 3. Document the effect of the organisation's activities on the environment (s.516A(6)(c))

- Go to the list of your organisation’s activities you have prepared at [Step 1](#).
- Identify the activities of the organisation that individually, collectively or cumulatively may have a direct or indirect impact on the environment. Include all activities that are permitted by, funded by or otherwise administered by the organisation, including any relevant policy and program development.
- The operations of the organisation (that is, activities such as office use of water, paper and energy) should also be included in this part of your report.
- If the only activities of your organisation that are likely to have any environmental effects are your operations, the organisation's report against s516A(6)(a) should simply state this.
 - “*Performance Indicators for Commonwealth Agencies*” ([link](#)) provides some suggestions on generic indicators that might be used for measuring the environmental effects of an organisation's operations.
- As noted under Step 1, larger organisations will often conduct similar activities under a range of different programs. Some of these activities may have environmental effects, others may not.
 - We suggest that, in larger organisations, the coordinators of the s516A report ask each area of the organisation with responsibility for a particular activity to report on the environmental effects of that activity.
 - If an area thinks its activities have environmental effects, it may wish to consider using some of the indicators suggested in “*Performance Indicators for Commonwealth Agencies*” ([link](#)), or develop its own more specific indicators.
 - The coordinators should then use this input from the areas of the organisation providing these reports to compile a whole-of-organisation report for each activity.
 - From this report by activity, the coordinators will then be able to produce a summary environmental report across all activities of the agency.
- The report should include both negative and positive effects on the environment.
- Establishing their own organisation-specific environmental indicators will assist organisations that wish to assess their environmental effects. These organisations may also wish to identify and report against performance targets.

Step 4. Identify any measures being taken by the organisation to minimise the impact of its activities on the environment (s.516A(6)(d))

- These measures might include:
 - a. requirements for the consideration of environmental impacts prior to decision-making on activities;
 - b. formal procedures for environmental impact assessment of proposed activities;
 - c. the use of environment management systems in the organisation, for example ISO 14001 or the Greenhouse Challenge program;
 - d. measures undertaken to reduce the environmental impacts of those activities.

Some indicators for these measures are suggested in “*Performance indicators for Commonwealth organisations*” ([link](#)).

Step 5. Identify mechanisms, if any, for reviewing and increasing the effectiveness of these measures (s.516A(6)(e))

- These might include internal evaluation regimes, environmental auditing, benchmarks or targets, which the organisation has in place to review and increase the effectiveness of measures identified in Step 4.
- Time series reporting against in the indicators suggested in “*Performance indicators for Commonwealth organisations*” ([link](#)) or the organisation’s own indicators would enable a review of the effectiveness of any measures you have in place.

Step 6. Prepare ESD and environmental performance report

- Prepare a summary of the information under each of the above steps, so as to provide a report against each of the reporting requirements under s516A (6).
- You may wish to use the checklist, to make sure you have complied with all parts of s516A.

COMPLIANCE CHECKLIST FOR LARGER ORGANISATIONS

Step 1: How the activities of the organisation and the administration of legislation accorded with the principles of ESD	
Have you received from all areas of you organisation either: (a) a report on how its activities (including administration of legislation) accorded with the principles of ESD; or (b) a statement that its activities have no ESD relevance; or (c) a statement that, although its activities have ESD relevance, they do not accord with the principles of ESD.	
Are all the ESD relevant activities of your organisation covered by these reports?	
Have you compiled these reports into a summary report on how the activities of the organisation accorded with the principles of ESD?	
Step 2: How the outcomes specified for the organisation in an Appropriations Act contribute to ESD	
Have you determined whether and how each Appropriations Act of your organisation contributes to ESD?	
Have you written a report for each Appropriations Outcome specified for your organisation: (a) explaining how it contributes to ESD; or (b) noting that it has no relevance to ESD; or (c) noting that it is relevant to ESD but does not contribute to ESD?	
Step 3: The effect of the organisation's activities on the environment	
Have you prepared a report on the effect of your organisation's operations on the environment?	
Have you received from all areas of you organisation reports on any positive or negative effects of their activities on the environment?	
Are all the activities of your organisation covered by these reports?	
Have you compiled these reports into a summary report on how the activities of the organisation have affected the environment?	
Step 4: The measures (if any) taken by the organisation to minimise this impact	
Have you included a report on the measures taken by the organisation to minimise the impact of its operations?	
Have you received from all areas of your organisation a report on the measures taken to minimise the impact of its other activities on the environment?	
Are all the activities of your organisation covered by these reports?	
Have you compiled these reports into a summary report on the measures taken by the organisation to minimise the adverse effects of its activities on the environment?	

Step 5: The mechanisms (if any) for reviewing and increasing the effectiveness of those measures	
Have you included a report on the mechanisms for reviewing and increasing the effectiveness of measures to minimise the impact of your organisation's operations on the environment?	
Have you received from all areas of your organisation a report on mechanisms for reviewing and increasing the effectiveness of measures taken to minimise the adverse impact of their other activities on the environment?	
Are all the activities of your organisation covered by these reports?	
Have you compiled these reports into a summary report on the mechanisms for reviewing and increasing the effectiveness of the measures taken by the organisation to minimise the impact of its activities (other than operations) on the environment?	

COMPLIANCE CHECKLIST FOR SMALLER ORGANISATIONS

Step 1: How the activities of the organisation and the administration of legislation accorded with the principles of ESD	
Have you prepared either: (a) report on how your organisation's activities (including administration of legislation) accorded with the principles of ESD; or (b) a statement that your activities have no ESD relevance; or (c) a statement that, although your activities have ESD relevance, they do not accord with the principles of ESD?	
Are all the ESD relevant activities of your organisation covered by this report?	
Step 2: How the outcomes specified for the organisation in an Appropriations Act contribute to ESD	
Have you determined whether and how each Appropriations Act of your organisation contributes to ESD?	
Have you written a report for each Appropriations Outcome specified for your organisation: (a) explaining how it contributes to ESD; or (b) noting that it has no relevance to ESD; or (c) noting that it is relevant to ESD but does not contribute to ESD.	
Step 3: The effect of the organisation's activities on the environment	
Have you prepared a report on the effect of your organisation's operations on the environment?	
Have you prepared a report on any effect of the organisation's other activities on the environment?	
Are all the activities of your organisation covered by these reports?	
Step 4: The measures (if any) taken by the organisation to minimise this impact	
Have you prepared a report on the measures taken by the organisation to minimise the impact of its operations?	
Have prepared a report on the measures taken by the organisation to minimise the impact of its other activities on the environment?	
Are all the activities of your organisation covered by these reports?	
Step 5: The mechanisms (if any) for reviewing and increasing the effectiveness of those measures	
Have you included a report on the mechanisms for reviewing and increasing the effectiveness of measures to minimise the impact of your organisation's operations on the environment?	
Have you prepared a report on mechanisms for reviewing and increasing the effectiveness of measures taken to minimise the adverse impact of your organisation's other activities on the environment?	
Are all the activities of your organisation covered by these reports?	

ADDITIONAL CHECKLIST FOR A COMPREHENSIVE REPORT

The above checklist will help you ensure that your organisation complies with section 516A of the EPBC Act, but it will not necessarily provide a comprehensive report on your ESD and environmental performance.

Organisations wishing to prepare a comprehensive environmental and ESD report may also wish to check whether they have included the following supplementary information in their report where it is available and considered relevant:

- a. changes in the organisation's ESD and environmental performance since the previous year, or time series against performance indicators over a number of years (you could use the indicators suggested in *"Performance indicators for Commonwealth organisations"* ([link](#)) if they are available for successive years);
- b. targets achieved in the current year and targets you are aiming to achieve in the coming year (these could be derived from the *"Performance indicators for Commonwealth organisations"* - [link](#));
- c. major ESD and environmental performance successes of the organisation;
- d. key ESD and environmental issues faced by the organisation, including challenges;
- e. ESD and environmental issues in relation to which a change in activity is intended;
- f. details of sources (such as web site addresses) for further information.