

## **PUBLIC ENVIRONMENTAL REPORTING: HAVE WE IMPROVED?**

### ***The Results of the 2000 Environmental Report Benchmarking Program***

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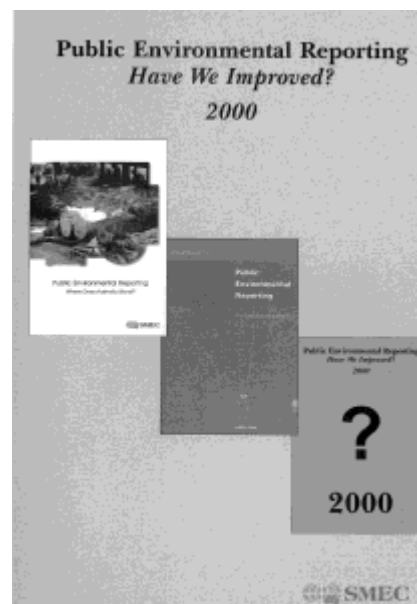
The first benchmarking program of Australian public environmental reporting was carried out by, Ken Fung and myself during our time at the Snowy Mountains Engineering Corporation (SMEC) and John Tunney of The Body Shop in late 1998 using the United Nations Environment Program (UNEP)/SustainAbility criteria. The benchmarking results were published in *Public Environmental Reporting: Where Does Australia Stand?* and presented in a number of conferences and proceedings nationally. The report, which compared Australian reports against performance of International reports, is now used by many in the field as a benchmark for their own environmental reporting programs. Over 500 copies of the report were distributed in the first few months after publication.

The significant national and international interest created in environmental reporting prompted the development of an Australian framework for environmental reporting. Our work for Environment Australia in developing guidelines then resulted in *A Framework for Public Environmental Reporting – An Australian Approach*.

The first benchmarking program and the Australian Framework generated significant interest in public environmental reporting. This interest also saw the birth of a new category, *Corporate Leadership*, as an environmental reporting award by the Banksia Foundation. All these were catalysts for the 2000 benchmarking program (*Public Environmental Reporting, Have We Improved? 2000*). Unlike the first benchmarking program where company reports were involuntarily chosen, this program involved sponsorship and voluntary participation by 21 organisations from Australian and New Zealand industries.

The 1998 benchmarking program found that the SustainAbility/UNEP 50 Reporting Ingredients were biased towards the manufacturing sector and had a significant level of subjectivity. Hence a different approach and methodology based on the *Australian Framework* was used in the 2000 program. This is called the Australian Environmental Report Scorecard (AERS). AERS is based on surveying the reporting entities on the planning, development and publishing phases of their environmental report as well as on the level of reporting undertaken in relation to an entity's own stakeholder needs, environmental objectives and targets, key environmental aspects and key performance indicators.

AERS allows the benchmarking of the report against the organisation's own key environmental and stakeholder issues and not against set criteria. While this second benchmarking program has a strong emphasis on using AERS for benchmarking, the UNEP criteria were also used for the purposes of making comparisons against the international benchmarking program carried out by SustainAbility Ltd as well as against the performance of Australian reports benchmarked in 1998.



In view of recent rapid developments in public environmental reporting, this assessment of the standard of environmental reporting within Australian and New Zealand companies will provide a useful tool for continuous improvement in reporting and in environmental performance. Both the Global Reporting Initiative (a global framework that is currently being developed for sustainability reporting) and the Australian Framework recommend benchmarking as a best practice environmental reporting tool. Therefore, the participants should be commended on their leadership and forward-looking, transparent approach.

Reports from companies within mining, utility, water, energy and manufacturing sectors were assessed in the 2000 benchmarking program. The performance of the twenty-one organisations in environmental reporting assessed using AERS and UNEP criteria is summarised below.

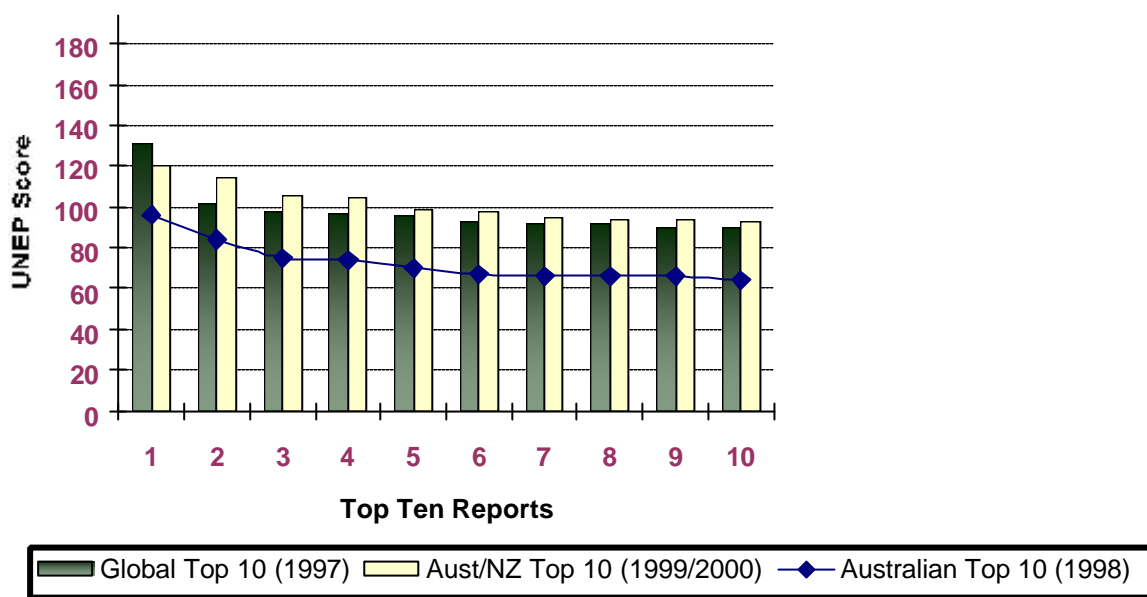
Organisation	AERS Score
WMC	110 (73%)
The Body Shop	102 (68%)
Alcoa	100 (67%)
Watercare	100 (67%)
Stanwell	99 (66%)
Sydney Water	97 (65%)
Delta Electricity	96 (64%)
South East Water	96 (64%)
BHP	94 (63%)
City West Water	87 (58%)
WA Water	87 (58%)
Murray Irrigation	86 (57%)
Ford Australia	85 (57%)
Loy Yang Power	83 (55%)
Melbourne Water	83 (55%)
Orica	81 (54%)
Hazelwood Power	80 (53%)
SA Water	78 (52%)
Water A	76 (51%)
QCL	75 (50%)
Energex	68 (45%)

Organisation	UNEP Score
WMC	120 (62%)
Watercare	114 (59%)
Stanwell	106 (55%)
Sydney Water	105 (54%)
The Body Shop	99 (51%)
BHP	98 (51%)
Alcoa	95 (49%)
Delta Electricity	94 (48%)
South East Water	94 (48%)
Ford Australia	93 (48%)
City West Water	82 (42%)
Melbourne Water	82 (42%)
Loy Yang Power	82 (42%)
Hazelwood Power	80 (41%)
Murray Irrigation	77 (40%)
Orica	77 (40%)
WA Water	77 (40%)
QCL	75 (39%)
SA Water	71 (37%)
Energex	65 (34%)
Water A	61 (31%)

The above results shows that all 21 organisations benchmarked for their reporting programs are performing significantly better than the benchmark average set in 1998 for the 30 companies assessed. More notably, the average UNEP score for the current study is 87.7 which is significantly higher than the average score of 72.3 for the global top 100 companies benchmarked in 1997. Furthermore, 86% of the organisations benchmarked scored higher than the 1997 global average benchmark score in comparison to only 13% of the organisations benchmarked in 1998. It can therefore be concluded that the standard of reporting has improved substantially in the past two years, notwithstanding some subjectivity involved in assigning scores.

The high standard of and improvement in performance of the top 10 companies is shown in the chart below, showing the differences as assessed in 1998 and 2000, as well as the comparisons against global performance in 1997. Perhaps John Elkington was correct when he professed in 1999 that *"I think that some of the Australian companies will become world leaders in reporting if current trends continue"* (Tomorrow Magazine, Wizards of Oz, May 1999 – a perspective on the 1998 SMEC benchmarking program).

## Comparing the Top 10.....



A separate minor survey was also carried out by us to gain some knowledge on the level of public environmental reporting practiced within the top profit earning companies in Australia. Of the fifty, the survey found that thirteen produced an annual stand-alone environmental report. This consisted of seven from the mining sector, two from the chemical sector, two in telecommunications, one in energy and one property. This is also an improvement compared to the 1998 study, which reported that only 5 companies produced stand-alone public environmental reports. Notably, nearly 60% reported some environmental information within their Annual Financial reports.

The 2001 Public Environmental Report Benchmarking Program will be undertaken in the second quarter of this year. Companies interested in participating or being kept informed of the progress and findings need to contact Terence Jeyaretnam on [terence.jeyaretnam@siris.com.au](mailto:terence.jeyaretnam@siris.com.au).

### REFERENCES

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