

Centre for ISA Information Sheet 4

Why should local government report on the Triple Bottom Line and why use the ISA methodology?

“Triple Bottom Line (TBL) is a means of making operational the goals and values of an organisation. Local Government can use TBL to set their agenda for a continual improvement in the quality of life. It will consolidate existing ad-hoc approaches to comprehensively address the core functions and outcomes of Local Government and demonstrate to the community a council's commitment to achieving 'sustainable development.’”¹

There is increasingly an expectation that local government will lead the way to becoming a more sustainable society². However to lead the way the task of councils is to reduce resource input and waste output while at the same time dealing with the pressure to increase or at least maintain quality of life. In this holistic context it becomes obvious that social, economic and ecological planning and policy development are completely entwined.

Reporting on the Triple Bottom Line allows benchmarks to be set across the whole organisation in one coherent framework. The TBL process of aligning values with policy, planning and actions enables an organisation to identify where to allocate resources and what data collection strategies to employ. Put simply, TBL provides the tool for aligning values, visions and mission.

The case for reporting on TBL

TBL reporting provides a framework for better management of risk, better outcomes for stakeholders and enhanced reputation. These interact to produce

- a healthy working environment characterised by:
 - good governance
 - high calibre employees with the ability and will to enact council's values
- a healthy community characterised by:
 - participation in decision making
 - trust that council is working with them towards a sustainable future.

In addition TBL reporting

- reduces financial risk (it provides a consistent reporting framework and detailed monitoring of performance);
- reduces the risk of not meeting regulatory requirements (it provides clear evidence of compliance and uncovers areas of weakness);
- provides a communications framework for all stakeholders (it provides an open and transparent report-back mechanism);
- reduces the risk of adverse community response to decisions (it provides information about the reasons for and consequences of activities);
- helps to deliver better outcomes for employees and the community (it makes explicit the areas of accountability and invites engagement); and
- is increasingly being seen as fundamental to good governance (it enhances the reputation of those who use it).

¹ Accessed 29/07/04: <http://www.melbourne.vic.gov.au/rsr/PDFs/TBL/TBLBUSINESSCASETEXT.DOC>

² E.g. NSW Local Government Act 1993 Section 8

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ECOLOGICAL FOOTPRINT

ISA methodology

- was developed in the School of Physics, University of Sydney; it is science-based and rigorously monitored; it uses regularly published, publicly available National Accounts data;
- provides an integrated reporting framework (it allows for social, economic and ecological trade-offs in performance to be considered);
- gives you the true bottom line (it solves the boundary problem) enabling benchmarking, and comparisons over time within and between organisations;
- provides the detail necessary for strategic decision making (it shows TBL impacts of all your inputs);
- enables you to make green purchasing policy decisions with full knowledge of their impact (it provides all upstream details of resource use);
- provides a level of detail necessary for sound reporting (e.g. compatible with State of the Environment and Ecological Footprint (EF) reporting); and
- enhances and complements other approaches such as the Global Reporting Initiative and ICLEI.

The case for using ISA methodology

The ISA methodology ensures that what you report on is the true bottom line and not a selected cut-off point that could be different in different organisations. Only reporting on the true bottom line can deliver the full benefits of TBL or EF reporting including: benchmarking; ability to make comparisons within and between organisations; detailed information across the whole supply chain as a basis for strategic decision making (e.g. waste reduction, operating costs, ethical/green purchasing policies³); and completely transparent communication of the council's non-financial dealings to all stakeholders.

ISA provides comparability that enhances and complements other approaches to TBL reporting (such as the Global Reporting Initiative) that report on the impacts within a specified boundary. The level of detail provided by ISA methodology can reveal valuable information along the supply chain that would normally remain hidden. Such detail can become crucial, for example in the making of buying policy decisions that support the aims of ICLEI. Reporting transparently and openly on environmental, social and economic factors through the full supply chain indicates an acceptance of responsibility for the local and global environmental, social and economic impact of local government.

ISA methodology encapsulates the integrated nature of the TBL by treating all indicators in the same framework that covers the full economic, social and environmental footprint of the council. ISA reports can distil the complexities of the full supply chain into results that communicate trade-offs and opportunities for action. Without such detailed information opportunities for improvement, as well as occasions to recognise and laud good practice, can be missed.

³ E.g. the South Sydney Regional Organisation of Councils' *Get it Green: Supply Policy and Resource Use Strategy* (2000)

