SUSTAINABILITY REPORTING IN LOCAL AUTHORITIES
– AN INTERVIEW APPROACH

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ABSTRACT

Purpose
This paper explores the sustainability reporting process in Australian local government authorities from a communication perspective.

Design/Methodology/Approach
Twenty-two semi-structured interviews were conducted, drawn from two categories within the Australian Classification of Local Government (ACLG).

Findings
Findings indicate that sustainability reporting is very much an emerging field in local government with a lack of clarity and consistency in the communication message currently being produced and transmitted.

Research Limitations/implications
The paper highlights the need for the local government sector to carefully consider the pathway required in order to provide guidance and direction to local authorities on how best to discharge their sustainability accountabilities.

Originality/Value
The study is an exploratory study examining an area of accounting in which there are few studies. This study seeks to contribute to the literature by exploring and examining sustainability reporting in the local government sector in Australia from a communication perspective.

Keywords
Sustainability reporting, public sector, local government, interviews

Classification
Research paper
1. INTRODUCTION

Whilst the concepts of sustainable development and sustainability reporting are increasingly becoming more widely established in the private sector, progress by public sector organisations is seen as an emerging field (Dickinson et al. 2005, Ball 2004, 2005a) with relatively little attention being paid to reporting practices within government (Lodhia et al. forthcoming). However, increasingly public sector organizations are likely to come under growing pressure to revisit their concept of sustainability (Ball et al. 2007) as these organizations are considered central to the sustainability debate due to their involvement in activities which shape people’s lives (Dumay et al. 2010).

This paper seeks to contribute to the current lack of public sector research by exploring the sustainability reporting process in the public sector, with particular emphasis on local government. With their proximity to the community they serve, local government are in a key position to bring about real change towards a sustainable future through sustainability reporting for the public sector as a whole.

This study responds to the recent call by Guthrie et al. (2010) who in suggesting that sustainability practices for public services appear to have been neglected by scholars, called for researchers to engage in in-depth investigations of sustainability practices within the public services. By gaining an understanding of sustainability reporting in the local government sector within Australia, it can only help to provide a more complete picture of the current state of play in local government which in turn will help provide valuable guidance and assistance in advancing the sustainability reporting agenda within the public sector.

Specifically, the paper explores from a local government perspective, who is reporting and the focus of sustainability reporting, the reporting media being utilized to report on sustainability, awareness of sustainability reporting and current restrictions to sustainability reporting. This study extends the literature by exploring the sustainability reporting process in local government from a communication perspective. It contributes towards an understanding of the role of communication in the reporting process, and by doing so, it highlights a number of issues in the communication process that need to be overcome in advancing the sustainability reporting agenda.
The paper has been structured as follows: section 2 provides a brief insight into the sustainability reporting literature whilst section 3 discusses the role of communication theory in the accounting reporting process. Section 4 discusses the research method applied with section 5 providing the results and main findings of the study. Section 6 provides the discussion and conclusion, suggesting areas for future research.

2. SUSTAINABILITY REPORTING IN LOCAL GOVERNMENT

With research into sustainability reporting historically been geared towards the private sector rather than the public sector (Ball 2004, 2006; Ball and Grubnic 2007; Dickinson et al. 2005), local government sustainability reporting research is still very much in its infancy. Research that has focused on sustainability reporting in the local government sector from an international perspective include the Centre for Public Agency Sustainability Reporting (Dickinson et al. 2005) who examined the up-take, forms and practice of sustainability reporting by public agencies internationally by mail survey approach. In examining the results of the study, 67% of respondents (forty) had completed reports that they perceived could be identified, either internally or externally, as a sustainability report. However, it was clear from the survey responses, that there is a lack of clarity over what constitutes sustainability reporting in the public sector with reports being produced on an ad hoc basis with a wide variety of reporting practices. Sustainability reporting was found to be incorporated into expanded annual reports, expanded SoE reports and stand-alone sustainability reports. In an analysis of types of report by type of organization, significant statistical results were found in that local authorities were more likely to produce expanded SoE reports containing sustainability information and less likely to produce expanded annual reports (Dickinson et al. 2005 p. 33).

The GRI (2004) provided a limited qualitative overview of international sustainability reporting practices in the public sector. Information was sourced from reports released by public agencies, reviews of secondary literature, telephone interviews and written comments from experts and practitioners in the field of public agency reporting. Interviewees were primarily drawn from Australia, Canada, Germany, Hong Kong, Italy, Mexico, New Zealand, the United Kingdom and the United States of America. It was
concluded that whilst sustainability reporting is happening at multiple levels of government, there is tremendous diversity in sustainability reporting which has resulted in inconsistent approaches. In a further GRI review, Tort (2010), in examining GRI reports prepared by public agencies, concluded that sustainability reporting in the public sector continues to be an emerging field.

There has been limited research focus into sustainability reporting in the public sector from the Australian context. From a broad public sector perspective, such studies have included that of Lodhia et al. (forthcoming), Lodhia (2010), Frost and Seamer (2002), Frost and Toh (1998a and b), Burritt and Welch (1997) and Gibson and Guthrie (1995) who specifically focused on environmental reporting disclosures and procedures in Commonwealth and/or State departments and agencies. In focusing specifically on research from a local government perspective, research is further restricted. Such research is now discussed.

In 2005, a study conducted by Jones et al. investigated sustainability/TBL reporting in Australia. The study covered private sector entities, Commonwealth and State government business enterprises and local government authorities\(^1\). It focused on the nature and the extent of sustainability reporting by these entities. In focusing on the results from the local government sample, results suggested that few councils in Australia report on their sustainability performance, rather confining their sustainability disclosures to general statements of policy. It was found that there was very little consistency between the types of report containing sustainability information, which even flowed to councils operating in the same States that operate within the ambit of State and Territory law and regulation. Sustainability information was found in a mixture of reports including SoE reports, annual reports, community reports and budget statements.

Farneti and Guthrie (2009), using semi-structured techniques, interviewed officers from a group of Australian public sector organizations that had prepared sustainability reports using the GRI framework. The group was composed of one Federal department, one State department, three local government organizations and two State public organizations.

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\(^1\) The scope of the study was limited to 35 councils drawn from a sample population of 721 local government authorities in Australia (as at 30 June 2003).
The semi-structured interviews were conducted during January - February 2007 and eleven people, being the key preparers of the organizations’ sustainability reports were interviewed across the seven organizations. Interviewees considered that whilst the annual report was a valuable communication device, it was just a number of reporting media reporting on sustainability (as also discussed in Guthrie and Farneti 2008). Other media utilized included stand-alone sustainability reports and internal documents such as strategy documents, operational plans, council minutes and publicly available scorecards.

Research undertaken by Herbohn and Griffiths (2008) utilized a case study methodology to examine three local government organizations based in Queensland, two metropolitan and one regional, all of which had previously demonstrated a commitment to sustainability reporting. The main sources of data were semi-structured interviews with employees of each authority that were involved in sustainability reporting, documentation and direct observation with a total of ten interviews being conducted. The case-study councils had a range of sustainability reporting maturities, from planning and implementing some form of sustainability report within the next two years, to publishing a first sustainability report to the publication of a fourth sustainability report. Little consistency was found in the type of sustainability reporting across the three entities. However, it was suggested that this could be explained in terms of each organization’s level of reporting maturity.

Further studies that have highlighted the low levels of sustainability reporting in local government include that of Sciulli (2009), Jigsaw Services (2004) and Potts (2004). However, the results from a more recent related study (Williams et al. 2011) indicate, that perhaps the tide is changing in Australian local government with results from a mail survey of all local government authorities in Australia\(^2\) highlighting that 50% of respondents were reporting on at least one aspect of sustainability reporting. Further, almost 40% of those respondents that do not currently report on sustainability indicated that they were extremely likely to report in the future.

\(^2\) The mail survey was sent out to 536 local authorities in Australia with a response rate of 35.5% (190 useable responses).
The prior literature discussed in this paper provides a basis for the current study. In addition to the key findings of prior research framing the current study, there is potential to extend the literature in exploring the sustainability reporting process in local government from a communication perspective. This is now discussed.

3. COMMUNICATION PERSPECTIVE

Communication as a concept in the English language originated during the 14th and 15th centuries but it was not until the 19th century that the term was used regularly (Baker et al. 2002). The Oxford Dictionary (2011) defines communication as the ‘imparting or exchanging of information by speaking, writing, or using some other medium’. Others have defined it as ‘the management of messages for the purpose of creating meaning’ (Frey et al. 1991) whilst Cherry (1957) defined it as ‘an attempt to establish commonness or a relationship between source and destination’. Whilst there are numerous definitions of the term, it is generally accepted today that there is a minimum of 3 basic elements present in any communication process; the source (originator), the destination (recipient) and the information intended to be communicated (Shannon & Weaver 1971).

In focusing on accounting and the communication process, communication is a critical component of accounting. Lee (1982) argued that accounting is as much about communication as it is to do with measurement, stating ‘no matter how effective the process of accounting quantification, its resultant data will be less than effective unless they are communicated properly’ (p. 152). However, whilst communication may be considered an important component of financial reporting and despite the fact that communication theory has been successfully introduced into many of the science disciplines, very little has been done to apply communication theory to accounting with Bedford and Beladouni (1962) stating ‘the opportunities that communication theory may hold for the advancement of accountancy are as yet unexplored’ (p. 650). This discrepancy between theory and actual practice was further discussed by Lentz (2004).

‘While accounting has for a long time given lip service to the notion that communication is central to its purpose, actual application of interpersonal
communication theories to the accounting process is lacking in day-to-day practice. Instead of concern about whether information has been ‘moved’ from the sender to the receiver, there seems to be a greater focus on adherence to rules and on liability protection. It would appear that the accounting profession traditionally develops and implements more accounting grammar rules rather than determining the actual information requirements and improving the communication process’ (p. 17).

In attempting to explain the communication process from an accounting perspective, there has been a number of accounting communication models developed including Bedford and Baladouni (1962), Fertakis (1969) and McCabe (1973). Whilst there are variations between models due to emphasis being placed on different elements within the communication process, each model highlights the importance of communication in the accounting process (Lentz 2004) and includes the basic elements of communication; the accountant (the sender), the user (the receiver) and the accounting report (the message).

This paper utilizes the notion of communication as the basis to explore sustainability reporting within the local government sector. By applying communication theory to accounting, this can highlight new insights into the accounting process and the role of communication in that process. For example, by viewing sustainability reporting within local government authorities as part of a communication process, perhaps the lag in uptake of this form of reporting has more to do with a breakdown in the communication process. Questions can then be asked surrounding the reporting communication process which help both to highlight the important role of communication in the accounting process but also to highlight the breakdown or gaps in the communication process from a local government perspective.

4. RESEARCH METHOD AND DESIGN

This study utilized semi-structured interview techniques to gather information regarding the sustainability reporting communication process in local government. By utilizing this approach, it allowed for an in-depth and informed analysis to be undertaken of sustainability reporting practices in local authorities. It allowed the interviewer to have an
overall structure and direction but also allowed for flexibility to include related, unanticipated questions that were not originally included in the interview questions. By allowing such a technique, it allowed for the possibility of unexpected and insightful information coming to light, thus enhancing the study’s findings (Hair et al. 2003).

Interview subjects were drawn from two categories within the Australian Classification of Local Governments (ACLG), one from the urban categorization and the other from the rural categorization. By choosing two categories, this allowed for an in-depth comparison of the extent of sustainability reporting across similar sized authorities but also allowed for analysis to be conducted between categories. The first category, ‘urban regional’ was chosen as it represents both the mid-range of the urban categorization and is the largest category within the urban categorization (representing approximately 46% of all urban local authorities in Australia). For local governments to be included in this category, they have to have a population density of more than thirty persons per square kilometer, be part of an urban centre with a population of less than 1,000,000 and be predominantly urban in nature – a total of 115 local authorities fitted within this category.

To allow a comparison of urban local authorities with rural local authorities, a comparative category in the rural classification system was chosen, being ‘Agricultural’. This category equates to the mid-range category of all rural local authorities and represents approximately 76% of all rural local authorities. For authorities to meet this category, they have to have a population of less than 20,000 and a population density of less than thirty persons per square kilometre - 230 authorities fitted within this category.

Previous research (Bajracharya and Khan 2004) has indicated that a factor influencing the adoption of sustainable development principles in local government authorities is the level of resources available with authorities with greater resource bases more likely to engage in sustainability initiative. Thus, to allow for an adequate comparison against urban local government organizations, rural authorities that were considered to have a greater resource base, being in the ‘very large’ and ‘large’ categorizations3 within the agricultural category were chosen (providing a total of 112 authorities). It was thought that by targeting these two sub-categories, it would provide a good summation of

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3 The agricultural category within the ACLG has four categorizations – very large, large, medium and small.
authorities within the rural category that are not as constrained by resource levels in comparison to other sub-categories within the agricultural category.

To provide for in-depth comparisons across states, purposeful sampling (Patton, 1990) was then utilized by focusing on state states within Australia across the urban and rural categories. This was similar in approach to that of Pini and Haslam McKenzie (2006 p 31) who, in focusing on environmental sustainability management practices in local authorities across four States of Australia, reasoned that past literature has typically focused on single States (for example, Kupke 1996) and to provide for comparative analysis, several States needed to be investigated. For this study, the States of NSW, Victoria, Queensland and Tasmania were chosen. This provided for a total sample size of 180 (92 authorities in the urban regional category and 88 in the rural agriculture category).

A pilot-testing process was undertaken where a preliminary version of the interview questions was pilot-tested prior to the interview process commencing. This involved the pre-testing of the questions by two colleagues within the School of Accounting and Corporate Governance at the University of Tasmania, with no major changes identified. A letter of introduction was sent in October 2009 to the 180 local authorities addressed to the CFO explaining the purpose of the research project seeking their assistance in the interview process. Included with the letter of introduction was a consent form setting out the study procedures, the risks, the rights to review and withdrawal from the process and a guarantee of confidentiality of which the interviewee had to sign prior to the interview taking place.

All interviews were conducted face-to-face at each respective organizations premises during November/December 2009 with the exception of one, due to the interviewee not being available. As such, a telephone interview was arranged and subsequently conducted in February 2010. Interviews varied in length with most interviews of an hour

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4 As this study was not dealing with known sustainability reporters in local authorities but rather all authorities, by focusing on the senior position of CFO, it was felt that a whole of organisational approach to sustainability reporting would be achieved rather than focusing on a particular role within the local authority, such as sustainability report preparer. This methodology was similar in approach to research conducted by Picher and Dean (2009) in the local government sector.
duration. All interviews were tape-recorded and then transcribed from the tapes by an independent person. The transcripts were then checked against the tapes and then forwarded to the interviewees to ensure that they agreed that the transcripts were a true and accurate record.

The interview transcripts were then manually analyzed over a three month period, February – April 2010. The process of analysis was similar in approach to that provided by Schmidt (2004) in that categories for the analysis were initially set-up after a process of detailed reading of the transcripts and then developed into a guide for coding. Two interview transcripts were manually coded using the coding guide and then checked by two peers within the School of Accounting and Corporate Governance. One change was made to the coding guide as a result of this checking mechanism. Each interview was then manually coded according to the categories in the coding guide. This then permitted the inputting of the coded data into a computer spread-sheet which allowed for quantification of each category through frequencies and the identification of any patterns, themes and meanings in the data.

5. RESULTS

Descriptive Results

A total of fourteen authorities agreed to be interviewed, seven from urban regional authorities and seven from very large/large rural agricultural authorities. Whilst fourteen authorities indicated initially that they were willing to be interviewed, one authority subsequently declined to be interviewed without explanation. Three authorities allowed interviews with a number of members of staff which provided for a total of eighteen interviews conducted with local authorities. Further, three external organizations involved with local authorities in sustainability activities/reporting agreed to be interviewed. One of the external organizations allowed two different members of staff to be interviewed; thus, four interviews were conducted with external organizations. This provided for a total of twenty-two interviews across sixteen organizations (thirteen local government and three external organizations).
Senior personnel were interviewed in each of the organizations, with the highest percentage drawn from the Financial/Corporate Services area. Of the thirteen local authorities, nine of the interviewees were either in the role of CFO or senior officer in the Financial/Corporate Services Department, equating to approximately 70% of the authorities interviewed. This paper explores a number of issues in relation to sustainability reporting within local government which are; who is reporting on sustainability reporting and the focus of sustainability reporting; reporting media being utilized to report on sustainability; awareness of sustainability reporting and restrictions to sustainability reporting.

1. Sustainability reporting amongst interviewees

Of the thirteen local authority interviewees, 92.31% (twelve) indicated that they were reporting on sustainability in some form with only one authority considering that they do not. Reporting included both formal and informal reporting (Table 1) with informal reporting for the purposes of this research including verbal internal/external reporting and/or ad hoc minor reporting of sustainability information with no formal reporting processes in place.

<table>
<thead>
<tr>
<th>ACLG Classification</th>
<th>Reporting on Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Urban</td>
<td>7</td>
</tr>
<tr>
<td>Rural</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
</tr>
</tbody>
</table>
Results indicated that all urban authorities considered themselves as reporting on sustainability whilst, in comparison, 83.33% of rural authorities were reporting on sustainability. Of the twelve authorities that indicated that they reported on sustainability, some utilized either/or a combination of both formal and informal reporting with 41.67% using formal reporting processes (five authorities) whilst 75% use informal means (nine authorities). When the numbers of authorities reporting in each respective ACLG classification were compared, this highlighted differences in classification with a higher proportion of rural respondents favouring informal means in comparison to urban respondents (80% to 55.56%).

One rural respondent highlighted the importance of informal approaches in smaller communities through indirect verbal communication with their stakeholders and energizing individuals within the community as more critical than formal sustainability reporting processes as such. They considered that formalized reporting on sustainability was of little importance, as the following quotation states:

‘Everybody does those sorts of things (sustainability reporting). You ask people, you go to the general public and say, what is your council doing, they don’t know. Well, they’ll get a copy of it and read it from page to page, from front to back and write letters to the paper and that’s as far as it will get. I'm afraid local government falls into the trap of producing doorstops and it (a sustainability report) would be just a report for the sake of a report' (Local Authority K - General Manager).

From an urban perspective, in discussing reporting on sustainability through informal means, more emphasis was placed on ad hoc low levels of reporting rather than the utilization of verbal communication as a means of reporting. For example:

‘What reporting does go on, it’s just a piecemeal thing’ (Local Authority H – Sustainability Manager).

‘The unfortunate thing, is that’s all we've done - the missing part is basically we haven't done anything formal (reporting) since to sort of say well basically, how we are travelling' (Local Authority G – Sustainability Director).
Further analysis was undertaken on the twelve reporting authorities with detail provided on the focus of this reporting (Table 2).

Table 2
Interviewee Responses: Focus of Sustainability Reporting

<table>
<thead>
<tr>
<th>ACLG Classification</th>
<th>Type of Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Environmental</td>
</tr>
<tr>
<td>Urban</td>
<td>57.14</td>
</tr>
<tr>
<td>Rural</td>
<td>40</td>
</tr>
<tr>
<td>Total Reporting Authorities</td>
<td>50</td>
</tr>
</tbody>
</table>

The highest level of reporting was found to be economic with 66.67% of reporting authorities indicating that they reported on economic matters, followed by environmental reporting (50%) and social reporting (8.33%) with no authority indicating that they report from an integrated approach. It appears from these results, sustainability reporting is very much an emerging field in local government with reporting still firmly focused on economic matters. These results concur with the study by Dollery et al. (2006) who highlighted the excessive emphasis that has been placed on economic sustainability at the local government level.

In focusing on the urban interviewees of this study (seven), more reported on environmental and economic information (each 57.14%, respectively) with social information being reported by only 14.29% of interviewees. For the five rural interviewees reporting on sustainability, the most practiced component of reporting was economic information (80%) with environmental reporting being utilized by two of the respondents (40%).

2. Reporting Media Being Utilized

Of the five authorities reporting through formal reporting processes, four indicated they were reporting formally through their annual reports (with one authority using both the annual report and management reports), with the fifth authority indicating that they utilized the website for reporting. Thus, the annual report was found to be the most utilized formal reporting medium of sustainability amongst interviewees (Table 3).
Table 3
Interviewee Response: Reporting media being utilized

<table>
<thead>
<tr>
<th>Reporting Media</th>
<th>Formal Reporting (1)</th>
<th>Informal Reporting (2)</th>
<th>Total (3)</th>
<th>Total % (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Report</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>31.25</td>
</tr>
<tr>
<td>Website</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>12.50</td>
</tr>
<tr>
<td>Management Reports</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Newspaper</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>6.25</td>
</tr>
<tr>
<td>Verbal</td>
<td>-</td>
<td>4</td>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>10</td>
<td>16</td>
<td>100</td>
</tr>
</tbody>
</table>

For the nine authorities that report utilizing informal and ad hoc reporting processes, an array of reporting media was being utilized (Table 3) with external verbal reporting to the community and management reports being used the most amongst interviewees. When results were examined from a total reporting perspective (that is, both formal and informal reporting – Table 3), it can be seen that whilst annual reports are the most utilized (31.25%), there is a number of reports being used for reporting on sustainability.

These findings support the results found in the mail-survey results of Williams et al. (2011) who found that whilst the annual report was being utilized, there was a number of different reporting media being used to report sustainability information. This finding was consistent with other research (Farneti & Guthrie, 2009; Guthrie & Farneti, 2008; Herbohn & Griffiths, 2008; Jones et al., 2005) who found a range of reporting media being utilized to report sustainability information.

In discussing where local authorities report on sustainability with the external interviewees, one of the external organizations considered that for local government ‘there’s more of a move to integrating the sustainability information with the annual reports’ (External Organization C - Sustainability Manager). The interview results do provide some support for this statement but due to the small sample size, it is recommended that further research be conducted.
3. Awareness of Sustainability Reporting

Whilst it was clear that interviewees were ‘aware’ of sustainability issues, it was found that they were at different levels of awareness and knowledge towards sustainability reporting. Based on a methodological approach similar to Schmidt (2004), the thirteen authorities were categorized according to their level of awareness. Five analytical categories were developed with each authority then assessed and coded according to these categories. Levels ranged from ‘not aware’ to those that were ‘aware’ to those in the process of ‘developing reporting processes’ (Table 4).

Table 4
Interviewee Response: Level of Awareness of Sustainability Reporting

<table>
<thead>
<tr>
<th></th>
<th>Not Aware</th>
<th>Vague Awareness</th>
<th>Aware</th>
<th>Positive Awareness and Action</th>
<th>Developing Reporting Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Rural</td>
<td>-</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>6</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>% Total</td>
<td>7.69%</td>
<td>46.15%</td>
<td>15.39%</td>
<td>23.08%</td>
<td>7.69%</td>
</tr>
</tbody>
</table>

Of the thirteen local government respondents, 30.77% (four) were positively aware and actively trying to develop or actually in the process of developing reporting processes for sustainability reporting. Of these authorities, one was actively engaged in the process of developing a sustainability reporting framework. They had been in this process for at least twelve months and having worked through a number of difficulties, anticipated that within the next twelve months, a reporting structure would be developed to report from a quadruple-bottom-line perspective (environmental, social, economic and governance).

‘In terms of where (Local Authority E) is at, we've had a look at a system whereby we have tried to develop up specific sustainability things given there hasn’t been a State framework to work to. ... I think where we're at the moment... is that we've put something together that is a) too complex and b) not integrated with the community and council plan adequately. So no good having sustainability reporting separate
from corporate and community reporting so we're trying to get those together .....’ (Local Authority E – Sustainability Coordinator).

Of the other three local authorities that were actively trying to develop sustainability reporting, two were in the very initial stages of commencing the process from a triple-bottom-line approach and attempting to determine the initial steps to take.

‘We’re looking at triple bottom line at the moment....I'm just in the midst of the melee at the moment - trying to sort through that in my own head .... what we’re going to do’ (Local Authority L – Director Corporate Services).

‘But at this stage, I think it’s going to be a case of crawling before we're walking’ (Local Authority L – Director Corporate Services).

‘Well we’re, we are starting. We’re starting’ (Local Authority F – Director Corporate & Community Services).

The remaining local authority was in the initial process of commencing reporting from an environmental perspective but envisaged that such reporting would eventually encompass triple-bottom-line reporting in the future ‘What I want is pretty much a triple-bottom-line approach for this organization’ (Local Authority A – Sustainability Coordinator).

The remaining 69.33% (nine) of interview respondents were at varying levels of awareness (see Table 4) with encouraging results indicated in discussing the future of sustainability reporting. Seven authorities considered that their organization would move to commence this process in the future, as the following quotations indicate:

‘I think it’s inevitable (reporting on sustainability) because more and more the State and Federal governments are saying to us, you are crying poor, but you've got to demonstrate to us why.... more and more the government will be asking us to demonstrate why they should be giving us the funding and how it is being applied. And in order to do that, you need to have knowledge of lots of things – where you’re at, what your assets are, what people want, where we’ve got to be and all that sort of
stuff. .... That’s where the triple-bottom-line stuff comes in’ (Local Authority B – Manager Financial Services).

‘It’s (reporting on sustainability) going to happen. It’s only not if, it’s when’ (Local Authority J – Finance Manager).

'We’ll have to do it (report on sustainability) and in about 5 years time it'll be mandatory anyway .... if not possibly less' (Local Authority A – Financial Services Coordinator).

‘We certainly want to get there (reporting on sustainability). I think you obviously can only do so much at a time though’ (Local Authority C – General Manager Corporate Services).

Of the remaining local authorities, one had no plans at the current time to report in the future whilst the other local authority was unsure.

4. Restrictions on Sustainability Reporting

Local authorities provided a number of reasons as to what is restricting sustainability reporting being either developed or developed further within their organization. Across the thirteen local government organizations, multiple reasons were provided in considering what is restricting sustainability reporting in local government. Most commonly cited reasons included lack of expertise and knowledge (15.49% of all interviewee respondents) and lack of funding (14.08%) which were consistent with prior research including that of Burritt et al. (2009). However, there was a small number of reasons provided by interviewees that were considered specific to the local government sector. Such reasons included the culture, the lack of vision/focus within the organization and the lack of available guidelines. These reasons will be briefly discussed.

The culture of the organization was considered by three respondents as a barrier to reporting on sustainability. One respondent, in providing an example of attempting to bring in changes to organizational policies to incorporate sustainability criteria, was made aware of the issues that change to the status quo could bring about within the organization ‘The response I got
was that you have to be careful, this is a small place...’ (Local Authority A – Sustainability Coordinator).

Local Authority E highlighted the need to bring about change in the culture and thinking of the organization:

‘We’ve got to inculcate it into our psyche and into our culture otherwise every four years, they’ll be some rooster stand on a zero rates policy and they’ll get elected and they’ll change the rules. Whereas if its inculcated into thinking so when the engineer thinks instead of doing his usual bloody thing and over-spending, over-ordering, over-designing, over-whatever it might be, he actually thinks with a sustainability viewpoint in mind, as does the planning people and the eco development people and so on. If that’s built into their psyche, into their culture, as good as it has been built into their culture to be wasteful.... that’s when we’ll have succeeded and the things we’ll be reporting’ (Local Authority E – General Manager).

This viewpoint concurred with Jigsaw Services (2004), who in conducting a review of three local government organizations, considered in producing a TBL report, it was:

‘not just about producing a few pages in an annual report, but involves a cultural change with a holistic approach involving a continual process of assessing councils’ service mix and integrating business planning with strategic objectives...’ (p. 10).

Two external organizations also raised culture within the organization as a barrier to sustainability reporting. One considered that it (sustainability and sustainability reporting) ‘is a very difficult thing for councils to get their head round and they’ve been sort of been doing things the same way for a very long time in councils ...’ (External Organization A-Environmental Manager). Further, it was highlighted by another external organization that, of those councils that do have sustainability officers, a lot of their time is taken up in trying to convince the people in their own organization that sustainability is important and is an issue that they need to be thinking about.

The lack of vision/focus by the authority was considered by three respondents as a barrier in restricting sustainability reporting. This was highlighted by Local Authority B.
‘We just don’t have a focus on it (sustainability). Because the problem is, when you don’t have a focus and a specific direction that your barrelling down, you will be distracted by any loud voice that comes along.... and you end up being very reactive’.

‘How we get pulled off on issues; we get completely distracted and we run around in circles and never get anywhere. It’s because we’re not focusing on things’.

‘It’s because you don’t have a strategy and I don’t blame the Councillors one bit. I mean they’re just people off the street that are saying I’d like to improve things. But they don’t have a clear idea of what they can do....’ (Local Authority B – Manager Financial Services).

Lack of available guidelines was cited by four interviewees as a further barrier in restricting reporting. This was highlighted by Local Authority E, being an urban authority:

‘One of the difficulties facing councils in sustainability has been the lack of guidelines... it’s been difficult to build a network or a reporting network around something where you've got no... regulations, parameters, goals, targets whatever you want to call them. And for the smaller councils, it’s even harder still’ (Local Authority E – General Manager).

To gain a perspective from a smaller rural authority, Local Authority M, which was reporting on environmental information using informal processes, highlighted the lack of guidelines for local government authorities by indicating their authorities current methods in developing reporting processes ‘..from my personal experience is the direction that its (sustainability reporting within their authority) following at the moment’ (Local Authority M – Environmental Coordinator).

6. DISCUSSION

This study has explored a number of issues surrounding sustainability reporting in local government. It has attempted to extend existing work that has been conducted on sustainability reporting within local authorities, particularly focusing on who is reporting and
what is being reported. In doing so, the results suggest sustainability reporting is very much an emerging field in local government.

In examining the results of this study from a communication perspective, these results indicate that local authorities are, in effect, producing a communication message through reporting on sustainability. However, this research has highlighted a number of communication issues - there is currently a lack of clarity in the form of the reporting message being produced with inconsistencies in how this information is being produced, that is, through formal or informal reporting means. As was highlighted from this study, local authorities used either or a combination of formal and informal reporting means with 41.67% of reporting authorities using formal reporting means and 75% using informal means. Informal reporting approaches was favoured by rural authorities (80% to 55.56%) with formal sustainability reporting approaches described by one rural authority as doorstop material which would be ‘just a report for the sake of a report’.

The results also highlight a lack of clarity in the focus of the message with economic reporting still having a firm focus whilst the integrated approach being the least utilized reporting method by local authorities. In comparing these results to the recent mail-survey study of Williams et al. (2011), it further highlights inconsistencies in the focus of the message where social reporting was found to be most prevalent amongst sustainability reporters (90.53%) followed by economic (84.21%) then environmental reporting (82.11%) Further, these results suggest that there appears to be no clear communication channel being utilized in the sustainability reporting process with the reporting message being transmitted through a range of reporting media by local authorities. Whilst annual reports were found to be most utilized by those authorities using formal reporting mechanisms, there are a range of reports being utilized for reporting on sustainability.

There were also varying levels of awareness by the interviewees highlighted of sustainability reporting with only 30.77% positively aware and either actively trying to develop or in the process of developing reporting processes for sustainability reporting. This highlights a possible communication issue at the broader local government level to foster and progress sustainability reporting as a means of progressing the sustainable development agenda. Perhaps a possible reason for this lack of awareness is the lack of a coordinated sustainability reporting framework, as was highlighted by some interviewees as a barrier to sustainability reporting in local authorities. With no reporting framework to provide guidance and
direction, the communication reporting message in the local government sector is being hindered by the lack of a clear reporting process and focus.

These results highlight that there is uncertainty and a lack of clarity in the sustainability communication message being produced and transmitted within the local government sector today. In an effort to overcome the current communication issues and to advance the sustainability reporting agenda within the local government sector, it is perhaps an opportune time for the local government sector to carefully consider the next step that is required in order to provide guidance and direction to local authorities on how best to discharge their sustainability accountabilities. Local government are in a key position to bring about change in the effort towards a sustainable future, however the results from this study highlight a lack of clarity and focus in the sustainability reporting agenda.

This paper adds to the limited available knowledge in an emerging field of accounting, specifically focusing on sustainability reporting practices within the local government sector. Further research is recommended to verify, strengthen and complement these results. Doing so can assist in the development of a more complete picture of the state of sustainability reporting in the local government sector today in an effort to move the agenda forward towards a more sustainable future.

References


