Influences on Sustainability Reporting Practices in Selected South Australian Local Councils: An Explanatory Case study

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Abstract

Purpose: - This research aims to understand the factors driving sustainability reporting practices in selected South Australian local councils and to investigate what these councils are reporting as sustainability issues, in the absence of any mandatory reporting guidelines.

Research Design: - The study is orientated towards a qualitative research approach aligning with the case study method and uses new institutional theory as the theoretical framework. The research focuses on four selected South Australian local councils (i.e. metropolitan, metropolitan fringe, regional and rural council) and uses interviews and content analysis of 2010-11 annual reports to explore the sustainability reporting practice in these councils.

Findings:- The South Australian state strategic plan is the most influencing factor (quasi-coercive isomorphism) that drives most councils to adopt sustainability reporting practices. In addition, evidence of normative isomorphism and mimetic isomorphism factors are also identified in the study. The study showed presently there is no separate or standalone sustainability reports published by any council but elements of sustainability issues are reported in the annual report and in all cases these disclosures are comparable with the Global Reporting Initiative's (GRI) Sector Supplement for Public Agencies (SSPA) guidelines**.**

Research implication:- The study highlights the present status of the sustainability reporting practices within four South Australian local councils. It extends the applicability of institutional theory in the field of sustainability reporting and provides new perspectives to the limited literature on sustainability reporting in local councils.

Practical implications:- This in-depth study can guide other local councils in their sustainability reporting practice, especially in relation to the content of disclosure and the possible influences on their own reporting. The study has policy implications in relation to the potential regulation of sustainability reporting in local councils.

Originality/value: - The study provides a detailed understanding of a specific research context (sustainability reporting in South Australian local councils within an institutional framework) that has not been explored in prior literature. It contributes towards increasing an awareness of sustainability in local councils.

Keywords:- Sustainability Report, Local Government, Institutional Isomorphism, Content Analysis, Global Reporting Initiative and Quadruple bottom line .

Paper type: Research paper.

Introduction

The purpose of this research is to understand factors driving sustainability reporting practices in selected South Australian local councils and to investigate what these councils are reporting as sustainability issues, in the absence of any mandatory reporting guidelines. Sustainability issues have become a priority agenda in environmental discussions at global, national and local levels, ever since the United Nations' Conference on Human Environment (1972) and the publication of the Brundtland Report on sustainable development (1987) (Edwards & Orr 2005). Sustainability values needs to be promoted from large metropolitan cities to small towns (Warburton 1998). The United Nations' 'Agenda 21' report has emphasised that although sustainability related issues need to be addressed at all levels, more robust action is required at the local government level (Christie 2000).

Awareness for sustainability has created a need to measure the level of sustainability actions and that has resulted in the emergence of sustainable accounting and reporting (Ball 2002). Sustainability accounting aims to provide information on whether an organisation is moving towards or away from sustainability actions, whereas sustainability reporting is a formal communication process of an organisation's sustainability performance (Schaltegger, Bennett & Burritt 2006). The focus of this study will be on sustainability reporting practices since a sustainability report provides a complete analysis of an organisation's sustainability performance (i.e. economic, social and environmental) at a given point of time to its stakeholders (Macintosh & Wilkinson 2012).

Traditionally, research on sustainability reporting was business focused, as businesses controlled a substantial part of global economic activities, natural resources and technologies (Gray & Bebbington 2001). This view is changing and the topic of sustainability has entered the public policy domain with the publication of the United Nations World Commission on Environment and Development (Brundtland) Report (1987) and the subsequent United Nations Conference on Environment (1992)(Ball 2002). Researchers in the field of sustainability reporting are suggesting that more sustainable actions are required to come from democratically elected bodies rather than commercial organisations (Ball 2002). For example, Gray and Bebbington highlight:

> The essence of environmental and social accountability is that social and environmental matters are too complex to be left in the already over-burdened hands of corporations.

> Not only is it unreasonable to ask corporations to take even more decisions that affect our futures but nobody has the information upon which to make such decisions in any unique and 'rational' way (Gray and Bebbington 2001, p.316).

However, sustainability reporting practices in the public sector are still in its early stage compared to the practices in private sectors (Dickinson et al. 2005; Herbohn & Griffiths 2008).

The eminent danger of climate change has created a need to adopt sustainability values. A recent report by the Australian Local Government Association (ALGA) highlighted that by 2030 Australia will be 1 degree Celsius warmer and as a result of that chance of very high or extreme fire danger may increase by 25% and probability of drought, storm surges and severe weather events may increase (Pillora 2010). Similarly, in a separate climate change report it is indicated that the probable intensity of climate change in South Australia may be higher than the rest of Australia (McInnes et al. 2003). The ALGA report has cautioned about the likely consequences of short sighted planning decisions in the event of climate change and pointed out that if local authorities allow unplanned expansion of urban habitat in inappropriate locations it will put pressure on natural resources and local environment (Pillora 2010).

Environmentalists also indicated that since 1910 South Australia's average annual rainfall is getting weaker than the rest of the continent and suggested that occurrence of drought will increase towards the end of the century (McInnes et al. 2003). In addition, South Australia is one of the driest states of Australia (Department of Water Government of South Australia 2012) and a significant proportion of its economy depends on the use of biological and natural resources (Braham, Danenberg & Winefield 2009). Hence, if local authorities ignore sustainability issues, they may lose community assets due to coastal erosion and permanent inundation and climate change may put pressure on local tourism and agriculture which rely on local natural resources (Pillora 2010). Furthermore, local authorities may face legal actions and may be forced to pay financial compensation if it is reasonably proved in a court of law that local authorities are unable to anticipate effects of climate change in exercising planning and development activities (Pillora 2010). Therefore, embracing sustainability is important for South Australian local governments. Hence, the above discussion sets the stage to investigate factors that driving South Australian local authorities' sustainability reporting practices and to understand what type of information is disclosed as sustainability issues in the absence of a mandatory sustainable reporting framework.

Sustainability Reporting in the Public Sector

Prior literature illustrates that awareness of sustainability among taxpayers and citizens has created a demand to understand how the public sector is addressing this issue (Jones 2010). Conventional accounting reports only provide financial information of an entity and are primarily oriented towards reporting accounting profits and cash flow (Lamberton 2005; Alexander & Archer 2009). Financial accounting reports do not provide all information required to make economic decisions (Alexander & Archer 2009). Besides, conventional accounting systems report only economic growth of an organisation without reporting associated externalities that are incurred to achieve economic growth (Ball 2004b).

Sustainability reporting is seen as an option to overcome shortcomings of the traditional reporting framework in the public sector (Macintosh & Wilkinson 2012). Sustainability reports can present information on economic, social, environmental matters and dissemination of such holistic information will assist tax payers and citizens to judge the extent of societal wellbeing delivered by the respective level of governments (Macintosh & Wilkinson 2012). Sustainability reporting practices in the public sector are still in its early stage compared to private sector reporting practices (Dickinson et al. 2005). With 40% of all global economic activities in the domain of the public sector, this sector has a significant role in promoting sustainability compared to the private sector (Ball & Grubnic 2007). The necessity for sustainability reporting in public agencies is argued in the Global Reporting Initiative Report (2005):

> as significant employers, providers of services, and consumers of resources, public agencies also have a major impact on national and global progress towards sustainable development [and] are expected to lead by example in reporting publicly and transparently on their activities to promote sustainability (GRI, 2005, pp. 7-8).

Motives for presenting sustainability reports differ from the private sector to the public sector. The public sector's prime responsibility is to provide public goods and services whereas the private sector operates for profit (Jones 2010). The United Nations defines public agencies as:

> …legal entities established by political processes which have legislative, judicial or executive authority over other institutional units within a given area. Viewed as institutional units, the principal functions of government are to assume responsibility for the provision of goods and services to the community or to individual households and to finance their provision out of taxation or other incomes; to redistribute income and wealth by means of transfers; and to engage in non-market production (UN 1993, Section 4.104, p 122)

The private sector's sustainability reporting practices are driven by fear of legal sanctions, obligation to follow industry norms, and pressure from customers and investors (Handford 2010). On the other hand, sustainability reporting practices in the public sector are influenced by national political pressures, international obligations, and trading relationships. Furthermore, the public sector needs to lead by example to motivate other reporting entities, to encourage stakeholders' participation in governments' policy making processes, to preserve sensitive natural resources, to protect vulnerable communities and to execute its social responsibilities at different levels of governance (Kubo 2004; Jones 2010; CPA Australia 2012). Hence, Ball argued:

> public service organisations are fundamentally different forms of organisation to private sector companies,…they have a key role in driving a sustainability agenda, and…sustainability reporting for public service organisations, therefore, should be advanced in different ways to the current thinking in the private sector. (Ball 2004b, p.7)

Of the three tiers of democratic governance, local governments are at closest proximity with local communities and in a better position to understand needs of local stakeholders and local environments (O'Riordan 1998; Lewis 2000). Hence, local councils can act as an effective agent in guiding communities towards sustainability (Potts 2004). Furthermore, at the United Nations World Commission on Environment and Development (Rio conference, 1992), 178 countries had adopted the Agenda 21 report and this report highlighted the need for solving sustainability issues at local levels (Ball 2004a). In agreement with this view some authors suggested that sustainability issues need to be addressed at multiple levels, however, more focus needs to be given at local government levels (i.e. a bottom up approach) (Christie 2000, Williams, Wilmshurst & Clift 2011).

From the international perspective, sustainability reporting practices of local government in UK, New Zealand (NZ), Italy and Malaysia are driven by different factors. For example, in the UK, sustainability reporting practices are influenced by change in the central government's legislation whereas in NZ reporting practices are guided by increased policy instructions and educational training (Ball 2005, Bellringer, Ball & Craig 2011). The study specific to Italian local government suggests change in reporting practices are not to gain legitimacy but to conform with a shared rational norm of the society and to improve performances and accountability in response to the ongoing public sector reform (Marcuccio & Steccolini 2005) whereas research on Malaysian local government revealed that mimetic isomorphism is the main influencing factor to change sustainability reporting practices (Joseph & Taplin 2012).

In the context of what local councils are reporting as sustainability issues, prior literature highlighted that different local authorities tend to report different sustainability issues based on their local circumstances (for example: traffic congestion can be a priority issue for one city, whereas rising sea level can be a priority issue in another city) (Jones 2010). The literature also suggested that environmental issues (such as depletion of natural resources) are easier to quantify and relatively easier to build consensus on what constitutes environmental issues compared to other sustainability issues (Jones 2010). However, others argue that social sustainability is a prerequisite for environmental sustainability, since governments need the support of the society to raise awareness for environmental sustainability (Littig & Griebler 2005). Social sustainability is manifested by promoting social good or wellbeing (McKenzie 2004; Littig & Griebler 2005).

One of the challenging issues in reporting social sustainability is how to measure consistently. However, some argue that difficulty in measurement should not be a reason to foreclose social sustainability issues from public sector sustainability reports (Jones 2010) since it is the duty of the public sector to promote social wellbeing (Ball 2004b). Social wellbeing is not just about individual citizens' quality of life but also about the collective wellbeing of the community in term of impartiality in the democratic political system and equal opportunities in the community (Australian Bureau of Statistics 2010). In this regard, the local government's role is not to make individual citizens happy but it is to develop an environment that will assist local community to flourish, adopt to change and feel the sense of belonging (Aked, Michaelson & Steuer 2010).

A recent report emphasised the growing attempts to develop a local government specific sustainability reporting framework (Zakis, Hamilton & Goldsmith 2011). These frameworks aim to develop community level indicators within the scope of local councils' activities through community consultation processes (i.e. a bottom-up approach)(Wiseman et al. 2006). The framework also attempts to present meaningful and relevant indicators to local communities by integrating local social (wellbeing & quality of life), economic, environmental and governance issues and this newly emerging framework is termed as 'quadruple bottom line' (QBL) (Olesson et al. 2012). Some of the community centric frameworks are: (a) Quality of life London, (b) City of Sydney Community Indicator Framework, and (c) Quality of Life Bristol (London Sustainable Development Commission 2009; Partridge et al. 2011; Consultation Research and Intelligence Team 2012). However, in the context of presenting holistic sustainability reporting in public sector, GRI's Sector Supplement for Public Agencies (SSPA) is one of the most accepted and recognised

voluntary reporting formats (Williams 2011). In 2005 GRI released SSPA guidelines with an intention to guide the public sector (including federal, state, local governments and different government departments) on what to report as sustainability issues and catagorised sustainability issues into economic, social and environmental indicators (Tort 2010).

In the Australian context, the 'action towards sustainability' can be categorised in two phases; namely, the pre-Kyoto Protocol era and the post-Kyoto Protocol era (it was ratified by the Australian Federal Government in 2007). The findings of earlier research suggest that gradual systemic changes have been observed at the Commonwealth level through: (a) release of the Triple Bottom Line reporting guidelines by The Department of Environment, Water, Heritage and the Arts in 2003 (Thoradeniya et al. 2008); (b) introduction of the Auditing Standard AUS110 in 2004 with an objective to have an auditing standard for non-financial information and to assist auditors to review the Triple Bottom Line reporting format (Barrett 2004); and (c) increased effort to disseminate information to the public through websites and online media by Australian government departments (Herawaty & Hoque 2007).

Although there was awareness and some action towards sustainability in the pre Kyoto Protocol era, the post-Kyoto Protocol era has been marked by an increased commitment by the Australian Federal government towards sustainability by introducing stronger regulations and measures. Some important regulations and measures are enactment of the National Greenhouse and Energy Reporting Act 2007, formulation of the Carbon Pollution Reduction Scheme (presently, Green Energy Legislation), funding for Low Carbon Communities, setting up of the Climate Change Adaptation Action Plan (2009) and the National Coastal Climate Change Forum (2010) (Pillora 2010). A recent study of the 19 Australian Commonwealth Departments suggests that environmental reporting at the Commonwealth level is oriented to address public concerns on environmental performances of the individual department and to gain legitimacy of the organisations' actions (Lodhia, Jacobs & Park 2012). Commonwealth Government reporting is mostly influenced by coercive factors and internal policy requirements (Lodhia, Jacobs & Park 2012).

State government based public sector research suggests that although managers were aware of the importance of environmental performance, much of the progress in environmental reporting was lagged due to the absence of clear regulation and guidelines in public sectors at the state

government level (Frost & Toh 1998). Separate state government based sustainability reporting research by Lynch (2010) identified a direct relationship between increases in regulatory pressure and increases in environmental reporting. The study also suggested that external pressure by stakeholders and structural change can also improve the quality of reporting practices. Moreover, the research highlighted that implementation of the GRI's reporting framework can bring consistency and comparability among all reporting bodies.

In the context of the above mentioned gradual systemic changes at the Commonwealth level and increased institutional pressure at the State government level, it is necessary to understand how a lot of these systemic changes and institutional pressures are trickling down to the local government level. The local government specific research by Herbohn and Griffiths (2008) on three selected councils (two metropolitan and one regional) revealed that there are strong motivations to commence sustainability reporting at a council level and in some cases some of the local government managers had shown a personal interest to adopt to change. However, it is not certain to what extent such systemic change is required at council levels. This is because the sustainability outlook is not strongly integrated within the council's decision making process such as project assessment or managerial appraisal (Herbohn & Griffiths 2008). A review focusing on application of GRI guidelines in the local government sector revealed that the guidelines are in limited use and the main reasons for this limited use is due to the lack of trained staff, resources and most importantly lack of knowledge about the GRI guideline itself (Sciulli 2011; Williams 2011). Hence, the process of change requires further political support both from the federal and the state level, without which the process of change will be slow and evolutionary (Herbohn & Griffiths 2008).

Prior literature on local governments also highlighted: (a) local governments are a state subject and in different states, local governments are governed by different state legislations, (b) the local government related sustainability reporting research is at the nascent stage, (c) there are lack of data relevant to local councils and respective state specific Local Government Associations (LGA), and (d) research is too academic and lacked application at council levels (Burton 2011; Pritchard 2011). A separate study also revealed that [state specific] local government based sustainability reporting research was limited within the public sector based sustainability research (Williams, Wilmshurst & Clift 2009). All these factors create a need to explore the factors that drive sustainability reporting practices in local councils of individual states.

In South Australia there are a total of 68 local councils, collectively these councils act as an industry. Local councils are one of the major sources of employment, investment and provider of pubic goods and services. Recent estimates reveal that South Australian Local Governments manage about $10 billion worth of infrastructure, provide over $1 billion worth of services each year, generate more than 8000 direct local jobs and play major role in local planning and economic development (Local Government Association of South Australia 2012).

In the South Australian context, there is some evidence of the Government's effort towards honouring the Kyoto Protocol at the state level. Some of the initiatives are the adaptation of SA Greenhouse Strategy 2007-2020, the setting up of the Premier's Climate Change Council, and a plan to reduce South Australia's emissions to 1990 levels during 2008-12 (Pillora 2010). In South Australia, all councils are governed by the Local Government Act 1999, and pursuant to section 7(e) of the act it is the duty of each council to manage its business in a sustainable manner and to conserve the local environment (Government of South Australia 1999). Under Section8 (f) of the act, councils are required to contribute to sustainable development and are responsible to protect the environment and to ensure the right balance between economic, social and environment factors (Government of South Australia 1999). However, there is still no mandatory requirement to publish sustainability reports. Hence, there is scope for (South Australian local councils specific) further research to demonstrate what factors are driving sustainability reporting practices in selected South Australian local councils and to understand what type of information is reported as sustainability issues in the absence of any mandatory reporting guidelines, through the lens of institutional theory.

New Institutional Theory

Institutional theory has been previously applied to establish how accounting and disclosure practices change due to external institutional pressure (Unerman & Bennett 2004; Larrinaga-González 2007; Islam & Craig 2008). In addition, new institutional theory is also applied in public sector to explain what motivates them to adopt particular accounting practices and to present voluntary disclosures For example Baker and Rennie (2006) had examined reasons for adopting full accrual accounting method by the Canadian federal government within the perspective of institutional theory; Carpenter and Feroz (2001) explored how institutional forces effected four US state governments' decision to implement generally accepted accounting principles; and Taylor and Oylan (2008) had used institutional theory to explain motives behind voluntary environmental

disclosure practices of Australian city councils. Hence, application of this theory will be considered as an extension of previous institutional theory based research and is compatible with the current study's research questions.

Institutional theory (Meyer & Rowan 1977; Meyer, Scott & Deal 1981; DiMaggio & Powell 1983) is based on the idea of 'institutionalisation' which motivates an organization to transform and reshape its objectives, structure, and its way of operations. From an institutional theory perspective an organization operates within social norms and values (Oliver 1997) and thereby conforms to institutional pressures for transformation in order to achieve acceptability in society (Scott 1987). Authors like Tolbert and Zucker (1983) and Scott (1987) argued that changing society's norms and expectations lead to standardization and homogeneity in the work practice across the organizations in a particular industry. Hence, institutional theory provides a suitable theoretical perspective to analyse the different influencing external factors that are driving sustainability reporting practices and how external pressure is leading to uniformity in the sustainability reporting practice of selected councils.

The process that leads an organisation to homogeneity is termed as isomorphism (DiMaggio & Powell 1983). Isomorphism is a 'constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions' (Carpenter & Feroz 2001, pp 566). Institutional isomorphism will be the focus since local governments are the central subject of this study. Institutional isomorphism is characterised by three types of external influences namely coercive, mimetic and normative influences (Meyer & Rowan 1977; Powell & DiMaggio 1991).

Coercive pressure is manifested by an organization's legal obligation to abide by certain prescribed rules and regulations, and non-compliance may led to legal sanctions or penalties (Scott 1995). For example: a thermal power plant installs emission control equipment to comply pollution control regulation. Mimetic isomorphism derives from an uncertain environment. In such situations, an organisation lacks guidelines to follow and this results in imitating other similar organisations' policy and practice whom they consider to be a leader or more respected than themselves to gain legitimacy and survive in the difficult environment (Haveman 1993; Baker & Rennie 2006). For example: A metropolitan council may benchmark itself against similar or bigger metropolitan council/s within and outside the country whom it regards as best practicing metropolitan council/s. Normative isomorphism is manifested by pressure to follow group norms and that can happen

because of a) pressure from professional networks, b) information sharing among professionals, c) industry associations (Powell & DiMaggio 1991; Rahaman, Lawrence & Roper 2004). For example: a mining company adopting a labour welfare policy based on the most accepted norms or industry best practice guidelines.

In the context of institutional isomorphism, literature suggests that an organization does not necessarily change because of any rational decision making process, rather it is because of external environmental influences (Larrinaga-González 2007). Besides, the public sector is seen as a sole governing institution of businesses, non-profit organisations and society which leads to convergence all entities into one institutional value based eco-system (Frumkin & Galaskiewicz 2004). However, at times public sector agencies themselves are subject to institutional isomorphism (Frumkin & Galaskiewicz 2004) In this regard, this research seeks to establish whether institution isomorphism has any effect on the prevailing sustainability reporting practice at the local government level especially among the chosen South Australian local councils.

Research Design

This research is orientated towards qualitative data analysis aligning with the explanatory case study method (Yin 2009; Neuman 2011). The qualitative research approach is suitable for classifying contextual factors (such as social norms, perception of gender status) and to interpret narrative descriptions which are otherwise difficult to identify or not readily apparent in a particular research context (Quartaroli, Riemer & Lapan 2012). Similarly, identifying the evidence of institutional factors, as the driving force behind the sustainability reporting practice in selected South Australian local councils, are contextual and qualitative in nature (for example, ascertaining the evidence of coercive, normative and mimetic isomorphism). Aligning with the qualitative research approach, the research adopted semi-structured methods such as in-depth interviews (Quartaroli, Riemer & Lapan 2012) and used content analysis to understand the extent of sustainability disclosers among selected councils.

This case study focused on four selected South Australian local councils out of 68 local councils. A case study method provides an opportunity to conduct an in-depth study of fewer units to understand the characteristics of more comparable units (Gerring 2004) and it helps the researcher to offer comprehensive explanation of complex social issues (Yin 2009). Furthermore, as the study

is an explanatory case study it assists in drawing cause and effect inferences of the research objectives: (a) whether determinants of institutional isomorphism have any influence on sustainability reporting practices of the selected South Australian local councils, and (b) whether institution factors have any influence on the extent of sustainability disclosures of the reporting councils.

The selection of four councils is based on the categorisation of the Australian Classification of Local Government Councils (ACLC) (Mansfield et al. 2008). The study has drawn one council from each category namely metropolitan, metropolitan fringe, regional and rural council. As per ACLC categorisation, councils are mainly classified into two broad categories namely urban and rural. A council is considered as urban if it satisfies any of the three criteria: (a) if population is more than 20,000, (b) if population density is more than 30 persons per sq. Km, and (c) if 90 % of population are urban. On the other hand, a council is considered as rural if it satisfies any of the three criteria: (a) if population is less than 20,000, (b) if population density is less than 30 persons per sq. Km, and (c) if less than 90 % of population is urban. Both urban and rural councils are further categorised into metropolitan, metropolitan fringe, regional, rural agricultural and rural remote based on population size. The following tables present the details of Australian Classification of Local Government councils (ACLC).

Table 1: Classification of Australian Urban Local Councils

Urban	**Urban Metropolitan/Regional (city/town)/ Fringe**	**Population size or density**	**Category code**
Urban (U) • Population more than 20,000, OR. • Population density more than 30 persons per sq. Km OR • 90 % of populations are urban.	**Metropolitan Developed (D)** Part of an urban centre of more than 1,000,000 or population density more than 600/sq. km. **Regional Towns/City (R)** Part of an urban centre with population less than 1,000,000 and predominantly urban in nature. **Fringe (F)** A developing local government area on the margin of a developed or regional urban centre.	more than 120,000 (Very large or V) more than 70,001to less than 120,000 (Large or L) more than 30,001to less than 70,000 (Medium or M) up to 30 000 (Small or S)	UDV/L/M/S Or URV/L/M/S Or UFV/L/M/S

Table 2: Classification of Australian Rural Local Councils

Rural	Agricultural or Remote in relation to population	Category Code
Rural (R) • Population less than 20,000 OR • Population density less than 30 persons per sq. Km OR • Less than 90 % of population is urban.	**Agricultural (A)** more than 10,001to less than 20,000 (Very large or V) more than 5,001to less than 10,000 (Large or L) more than 2,001to less than 5,000 (Medium or M) up to 2,000 (Small or S) **Remote (T)** more than 3,001to less than 20,000 (Large or L) more than 1,001to less than 3,000 (Medium or M) more than 401to less than 1,000 (Small or S) up to 400 (Extra small or X)	RAV/L/M/S Or RTL/M/S/X

Councils in each category were selected based on a number of criteria such as a) population size and number of ratepayers, b) the percentage of grant and rate revenue out of the total revenue and c) whether selected councils disclose sustainability issues. This is to argue that all councils are on the same footing in terms of resource availability and responsibilities to promote sustainability.

The study involved face to face semi-structured interviews using open-ended questions (Corbetta 2003; David & Sutton 2004). This approach helped to obtain more detailed responses from respondents and the interviews were recorded and transcribed. The core interview questions revolved around understanding: (a) each council's interpretation of the term sustainability, (b) factors that were driving sustainability reporting practices, and (c) each council's sustainability goals and targets. To understand "the driving factors", eight face to face interviews were organised with senior council employees. The interview participants were selected from different hierarchical levels (i.e. directors, managers and senior officers) of diverse departments (finance, environment & sustainability, organisational development, and community services) to obtain a holistic view of the sustainability reporting practices of chosen councils. The study also used content analysis of annual reports to determine the type of information disclosed by local councils as sustainability issues. Content analysis is a technique that helps to draw desired inferences objectively by classifying the content of the qualitative text based data (Crano & Brewer 2002). To quantify the text based data the study used a manifested coding system. In the manifested coding system, the researcher

develops a list of terms, words or phrases then categorises the qualitative data under the coded list to facilitate the quantification process (Neuman 2011).

Since the study aimed at analytical generalisation instead of statistical generalisation, the data analysis of the study was based on the analysis of (a) transcripts from the interview, (b) annual reports, and (c) corporate and strategic plans. Interview data was analysed within an institutional theory framework and the coding system facilitated identification of patterns of interviewee responses. The analysis of response patterns assisted to identify determinants of institutional isomorphism. To understand what these selected councils are reporting the study compared the council's annual reports with the performance indicators of GRI's Sector Supplement for Public Sectors. The GRI's SSPA framework is designed to addresses the reporting expectation of diverse stakeholders in the public sector, for example:

a) Economic performance indicators reports on customers, suppliers, employees, and providers of capital;

b) Environmental performance indicators reports on materials, water, biodiversity, emissions, effluents, suppliers, and products and services; and

c) Social performance indicators reports on employment, labour /management relation, health and safety, training and education, diversity and opportunity, community, customer health and safety, and administrative efficiency.

Furthermore, each section is sub-divided into core and additional indicators, for example the economic section has 13 core and 3 additional indicators; the environment section has 16 core and 19 additional indicators; and the social section has 25 core and 25 additional indicators. Core indicators report the most relevant sustainability disclosures to both reporting organisations and report users whereas additional indicators are either important performance indicators or meet the particular information requirement of interested stakeholders (GRI 2005). In addition to triple bottom line indicators the SSPA framework has 6 other indicators relating to "Public Policies and Implementation Measures". These disclosures intend to understand the agency's policy priorities and implementation measures related to sustainable development (GRI 2005). The results are presented in a tabular format indicating whether the elements are disclosed or not disclosed.

Council Background

In this study the four chosen councils are renamed as council A, B, C and D to uphold the confidentiality clause of the research. However, to identify the characteristics of each council ACLC codes are added to each alphabet. For example, council A is identified as A-(UDV) (i.e. Urban Metropolitan Very Large), council B as B-(UFM) (i.e. Urban Metropolitan Fringe Medium), council C as C-(URS) (i.e. Urban Regional Small) and council D as D-(RAV) (Rural Agricultural Very Large). There are a total of 8 respondents from 4 chosen councils. The 2 respondents from council A-(UDV) are identified as RA1 and RA2, council B-(UFM) has 3 respondents (identified as RB1, RB2 and RB3), council C-(URS) has 2 respondents (identified as RC1 and RC2) and council D-(RAV) has 1 respondent (identified as RD1).

Each of these chosen councils is selected from different groups of local councils within South Australia but each has distinctiveness of its own within its individual group. Council A-(UDV) is one of the largest metropolitan councils of South Australia with a population of around 129,000 residents (Australian Bureau of Statistics 2012b) and a rate payer base of around 56,300 (Council website, Council A). A total of 72% of the council's revenue is generated through rates and 16% is from grants (Annual report 2010-11, Council A). Compared to other metropolitan councils, this council has the most socially diverse population with some 30 per cent of population born oversees and the total population is represented by 56 different cultural groups (Annual report 2010-11, Council A). Council-A (UDV) has a comprehensive city plan and the plan has four key goals (Annual report 2010-11, Council A). During the 2010-11 financial year the council won the Jim Crawford Award for Innovation in Public Libraries and also recognised by Environmental Health Australia (South Australian Division) for Excellence in Community Focused Environmental Health Practice (Annual report 2010-11, Council A).

From council A-(UDV) two respondents were interviewed. The first respondent (RA1) was a senior officer from the community development department, whose role is to address issues related to new migrants' settlement (those who are arriving in the area based on humanitarian grounds), youth affairs, ageing strategy and to advise council on the demographic trends in the council area. The second respondent, RA2 was from the environmental sustainability department. His role is focused towards carbon management within the council and this includes developing an energy

consumption data base, establishing greenhouse gas emission inventories and developing policy, and action plans in respect to carbon management.

Council B-(UFM) is situated in an environmentally sensitive hilly area with a population of around 38,600 residents (Australian Bureau of Statistics 2012c)and a rate payer base of around 17,400 (Council website, Council B). The council's two principle sources of revenue are rate revenue and grants and each account 79% and 10% respectively (Annual report 2010-11, Council B). Geographically this council area is situated within a watershed area and is a major water catchment area for the metropolitan Adelaide's water supply. Agriculture and tourism are the major economic activities in this area (Council website, Council B). The council has established a Sustainability Advisory Group (SAG) to address issues related to biodiversity, climate change, energy management, water and waste management (Council website, Council B). In 2011 the council was awarded Local Government Landcare Partnership Award and for last few years the council has adopted a triple bottom line approach in presenting its annual report to demonstrate performance measurement goes beyond financial performance (Council website, Council B).

At Council B-(UFM) three respondents were interviewed. RB1 is the sustainability officer and her responsibilities are to monitor operational aspects of environmental sustainability issues. In addition to that, she is responsible for developing the sustainability framework that covers five areas: climate change, waste, water, bio diversity, and energy. RB2 is the acting head of the finance department and he is also responsible for looking after libraries, customer service, community development, business excellence, external relation events and cemeteries. RB3 is the acting chief executive officer and as head of the entire council administration, he is the only council employee who directly reports to the council.

Council C-(URS) is South Australia's largest regional city with a population of around 25,247 residents (Australian Bureau of Statistics 2012a) and a rate payer base of about 13,400 (Council website, Council C). A total of 70% of the council's revenue is generated through rates and 10% through grants (Annual report 2010-11, Council C). Soft wood timber industry, tourism, winery, and agriculture are the main sources of employment for the local population (Council website, Council C). The council is the process of developing a framework/strategy based on the '*Natural Step Framework*' (Council website, Council C). Council C-(URS) is expecting that this framework

will assist it to integrate environmental and social issues in its strategic decisions and daily operations. In 2012 the council won the Energy Innovation category award at the Australian Tidy Towns Awards (Council website, Council C). The council was also applauded for its efforts in the Resource Recovery & Waste Management and Water Conservation categories (Council website, Council C). At council C-(URS) two respondents were interviewed. RC1 and RC2 are both at director level and lead the operations and corporate service departments, respectively. RC1 is responsible for planning & developments, engineering and health division. RC2 is responsible for finance, information technology, community, and management of the library.

Council D-(RAV) is one of the largest rural councils in South Australia with a population of 22,100 residents (Australian Bureau of Statistics 2012d) and a rate payer base of about 11,900 (Council website, Council D). The council's two principle sources of revenue are rate revenue and grants; accounting for 75% and 9% respectively (Annual report 2010-11, Council D). The council area is known for its internationally renowned wine production. Forestry, wool, tourism, and dairy products are the other major industries of this region (Council website, Council D). The council is a committed supporter of the Upper Torrens Land Management Project (UTLMP) and in 2011 the council has been awarded the Local Government Landcare Partnership Award (Council website, Council D). From council D-(RAV) one respondent was interviewed. Respondent RD1 is the organisational development manager and has the primary responsibility for implementing the Australian business excellence framework for local governments, which has sustainability as a critical component.

Findings

The study is oriented towards two objectives: (a) to understand the factors driving sustainability reporting practices in selected South Australian local councils, and (b) to investigate what these councils are reporting as sustainability issues, in the absence of any mandatory reporting guidelines. This section will reveal the findings of the first objective followed by the second objective.

What factors are driving sustainability reporting practices in selected South Australian local councils?

As mentioned earlier 8 face to face interviews were organised with senior council employees to understand "the driving factors". The findings of all interviews from each selected council are presented below.

Responses from Council A-(UDV)

The interview revealed that the council has a holistic view of sustainability that includes financial, environmental and social sustainability. According to RA1, presently the council's reporting style is oriented towards quadruple bottom line reporting. The respondent highlighted that South Australia's State Strategic plan is the prime factor that influences the council to address and report sustainability issues. In this regard the second respondent mentioned that South Australia's Local Government Grants Commission's request to report on emissions in their annual general return reporting actually made the council aware that it needs to report this requirement. However, it is an intergovernmental report and not an external and mandatory report. The interviewees agreed that these external factors are changing the views of top management.

The interview highlighted that the council has taken considerable actions towards environmental sustainability (such as waste water recycling, storm water harvesting, re-vegetating native plants and other bio-diversity projects) and social sustainability (such as organising homework programs, literacy and language programs, and assisting local "drop out" students to attaining basic secondary school qualification). However, measuring the council's social sustainability initiatives as well as reporting them is the challenging issue. Respondent RA2 mentioned presently the council is more interested in information gathering relating to emissions for its internal purposes and there is no real push for the council to report to the community. The council wants its emissions related information to be robust before reporting extensively to the community. Furthermore, there is no mandatory requirement for the council to report sustainability issues. However, the current reporting initiative is benefiting the council in data gathering and data management processes on carbon management, and equipping the organisation to quantify financial benefits from sustainability initiatives in addition to environmental benefits.

In the context of what motivates the council to disclose sustainability issues RA2 stated that there is always a bit of competition between councils in this regard but there was minimal governmental requirements that compelled the council to report. However, the council's city plan and its four key directions is the major guide to address and report sustainability issues. Both the respondents agreed that the service delivery departments and the relevant departments collectively report sustainability issues. For example: the finance department reports on the financial sustainability indicators and the community development department reports on social sustainability issues. However, according to first respondent the council should be careful of overcommitment to social and environmental sustainability because this could turn the council into a financially unsustainable entity. The council needs to take a balanced approach otherwise more taxes could be imposed on the community. In this regard RA1 stated:

> Quite often at the end of the day what is hit on the hip pocket or wallet that actually drives sustainability. People do not think social development is the council's role, say in an issue related to education or employment. Quite often people say 'I should not be paying my money as a resident for those people. Because they have got opportunity out there and other government departments look after that issue. Why council should be doing that?' For example in the case of new arrival communities, the Department of Immigration did not consult with the local government around settling these people here. The local government gets no aid relating to that. So responsibility is there but no money follows that.

Responses from Council B-(UFM)

All the respondents mentioned that presently the council is more focused on financial and environmental issues rather than social sustainability. For the past few years the council has adopted the 'triple bottom line' reporting for its annual report and according to RB3 that approach was taken because the former CEO wanted the council's reporting practices to be on par with the industry standard. The respondent remarked:

> Our former CEO looked at what is the current best practice of reporting not just within the local government but also within the government sector as well.

However, RB2 highlighted that the council is looking to adopt the quadruple reporting approach since it will provide extra information on its performance. The respondent also highlighted that financial and environmental sustainability are linked. In this respect, the second respondent stated:

> From a community perspective no one wants their bridges to fall over on which they are driving around and it needs finance to keep it up. At the same time they do not want their environment is degraded in the process of keeping the physical assets.

The respondent also mentioned that the council's financial sustainability is guided by the financial regulations of the local government act and accounting standard guidelines. However, neither of these regulatory documents mentions much about other dimensions of sustainability. In this regard RB2 stated:

> But what we are trying to do is to demonstrate to our community that we are very good corporate citizens. Our objective is to be financially sustainable and at same time we are environmentally responsible as well. The good thing is at least we can demonstrate that. We have a sustainability officer on board. She is a recent addition in our team and she is helping us in addressing our carbon footprint.

According to the first interviewee, the local communities of this council are environmentally conscious. The community has formed a sustainability advisory group to advise the council on sustainability issues. The respondents also highlighted that environmental sustainability is a relatively a new area and 'a lot needs to be learnt'. Hence, information sharing among sustainability officers of other councils is very important, especially with other larger councils. Interviewee RB1 said:

> In the area of environmental sustainability there are good networks so you learn from each other. I have learned a certain amount of things from other bigger councils but this council is lots smaller and lots different. So you need to adopt and tweak it according to your own organisation's requirement.

Furthermore, the acting CEO highlighted that the council works closely with the Natural Resource Management Board (NRM) and is also involved in the Torrens land management project to restore native grassland and vegetation. All the respondents mentioned that presently the council's strategic plan is the only guide to address and report sustainability issues. One respondent said the main benefit of reporting sustainability issues is:

> We can get the message out to the public that we are both financially and environmentally responsible. In addition to that it keeps the public aware of the procedure and practices we are following to keep the council sustainability from all perspectives (Respondent RB3).

The main challenge in reporting sustainability issues according to RB3 is:

> to get information because we do not always keep information way it is required to report. So the challenge is getting information in the first place.

Responses from Council C-(URS)

The interview revealed that the council is focusing on environmental and social sustainability in addition to financial sustainability. RC2 mentioned that most of the councils started addressing and reporting on financial sustainability after a study on financial sustainability by the South Australia's Local Government Association (LGA). The study demonstrated that all councils have a huge stock of old capital assets and each council needs to be financially sustainable to restore them. The findings of that study led to stronger enactment of financial regulations of the Local Government Act. However, the council's desire to adopt industry best practice which is the ultimate motivating factor to report other sustainability issues. One of the respondents mentioned that the council is in the process of implementing the Natural Step Framework and that it is looking at balancing and linking economic, social and environmental sustainability. In this regard, the respondent RC1 stated:

> Now we assess all our projects against the Natural Step Framework and it includes three dimensions of sustainability (i.e. environment, economic, social) and risk analysis. We are at a stage where we are testing few projects under this framework and seeing how it works. It is said you cannot have environmental sustainability without economic and social sustainability. One is dependent on the others. Lots of theory says economic development destroys the environment, but the natural step framework talks about the harmony.

However, the council's strategic plan is still considered as the main framework that guides the overall aspects of sustainability. One of the respondents also mentioned the council's long term financial framework is the main guiding principle for addressing financial sustainability. The respondent also added that Council C-(URS) is in an urban area and in the recent years the council had undertaken many capital intensive projects to boost the central business district of the city. It is expected these investments will bring economic sustainability:

> Lots of capital projects are undertaken to develop the CBD area. We want Council C-(URS) to be a great place to live and work. I think that is really paying off now (Respondent RC2).

Both the respondents highlighted the importance of sustainable procurement. Presently the council procures 20 % of the total electricity from renewable sources and the council's new library is powered by 100 % green energy. The council also buys recycled paper for office use and purchases only low emission rated vehicles:

> Council is ready to pay a premium as long as we can demonstrate the environmental benefit (Respondent RC1).

Responses from Council D-(RAV)

According to RD1 South Australia's state strategic plan and disclosure practice of local private sector organisations are the prime drivers of sustainability reporting practice for the council. In addition to that the council needs to be at par with the neighbouring council's performance. For example, the council works jointly with neighbouring councils towards the Upper Torrens land management program and the council partly funds it. The council also works closely with the Regional Development Board and industries to make sure the region remains economically viable. In this regard the respondent stated:

> The State Strategic plan tries to drive what we want to do and we have to contribute towards state government's direction regarding sustainability. There are quite a few larger industries in this area in the field of grapes / wine productions with whom we work very closely as well as we need to make sure that we are fitting with our neighbouring councils. So we notice what they are doing.

The respondent mentioned that the council adopted the Australian Business Excellence Framework and sustainability is one of the criteria of this framework. The council's view on sustainability is holistic, covering all dimensions of sustainability rather than just environment. RD1 says that sustainability issues are considered in every aspect of the council's decision making such as asset management. According to this respondent the council also looked at the 'Quadruple bottom line' reporting approach as a way to report sustainability issues. However, the biggest challenge in reporting sustainability issues is:

> getting information in the first place. The idea of sustainability is relatively new. It is changing the way people are thinking or acting or the way we report certain things. That is a challenge in its own. Even the organisation is also not always geared to report certain sustainability issues naturally (Respondent RD1).

The respondent also highlighted that out of all the sustainability indicators, financial sustainability is the most critical for the council:

> Financial sustainability is the most important area because if we are not financially sustainable we do not deserve to exist (Respondent RD1).

What type of information is reported as sustainability issues?

At present in the South Australia context, there is no mandatory sustainability reporting framework. Therefore, the study has used a globally recognised sustainability reporting framework, the Global reporting initiative's (GRI) Sector Supplement for Public Agencies (SSPA) framework, as a

standard to ascertain the extent of sustainability reporting in the annual report among the chosen councils. The GRI's SSPA framework was designed to suit the requirements of all forms of public agencies. Public agencies are mission driven entities and aim to implement public policy in its jurisdiction (GRI 2005). Hence, a public organisation's own sustainability disclosures standard will illustrate an understanding of its own commitment to promote sustainability values within its jurisdiction.

The study has used 2010-11 annual reports to understand what types of sustainability information are being reported by all chosen councils. The analysis revealed that none of the selected councils publish any standalone sustainability reports; however, councils do report sustainability issues in their annual reports which are comparable as well as identifiable with the GRI's SSPA performance indicators. Some of the identifiable and comparable economic, environmental and social indicators that were reported in the 2010-2011 annual reports by all selected councils are presented in the table 3, 4 and 5.

Table 3

Economic Indicators
Reported core economic indicators were:- • Total income broken down into capital and operating/recurrent revenue (EC1). • Cost of all goods, materials, and services purchased (EC3). • Gross expenditures broken down by type of payment (PA8). • Donations to community, civil society, and other groups (in terms of cash and in-kind donations per type of group) (EC10). • Total payroll and benefits (EC5). • Distributions to providers of capital (This includes all forms of debt and borrowings, not only long-term debt) (EC6). • Gross expenditures broken down by financial classification (PA9). • Capital expenditures by financial classification (PA10). • Describe procurement policy of the public agency as relates to sustainable development (PA11). **Reported additional economic indicators were:-** • Total spent on non-core business infrastructure development (Infrastructure build outside the main business activities of the reporting entity) (EC12).

Table 4

Environmental Indicators
Reported core environmental indicators were:- • Location and size of land owned, leased, or managed in biodiversity-rich habitats (EN6). • Total amount of waste by type and destination ("Destination" refers to the method by which waste is treated, including composting, reuse, recycling, recovery, incineration, or landfilling) (EN11). **Reported additional environmental indicators were:-** • Initiatives to use renewable energy sources and to increase energy efficiency (EN17). • Total recycling and reuse of water (EN22). • Total amount of land owned, leased, or managed (EN23). • Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored (EN26). • Objectives, programmes, and targets for protecting and restoring native ecosystems and species in degraded areas (EN 27). • Total environmental expenditures by type (EN35).

Table 5

Social Indicators
Reported core social indicators were:- • Breakdown of workforce by employment type (full time/part time) (LA1). • Net employment creation and average turnover segmented (LA2). • Standard injury lost day, and absentee rates and number of work-related fatalities (LA7). • Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring (LA10). • Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate (LA 11). • Description of policies to manage impacts on communities in areas affected by activities, as • Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring (SO1). • Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring (PR3). • Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy (PR3). • Administrative efficiency. **Reported additional social indicators were:** • Employee benefits beyond those legally mandated (LA12). • Evidence of substantial compliance with the guidelines for Occupational Health Management Systems (LA 14). • Description of programmes to support the continued employability of employees and to manage career endings (LA 16). • Awards received relevant to social, ethical, and environmental performance (SO4). • Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction (PA8).

Overall there are 54 core performance indicators and 47 additional performance indicators across the spectrum (i.e. economic, environment and social) of the GRI's SSPA sustainability reporting framework. Council A-(UDV) reported 16 core performance indicators and 10 additional performance indicators (9 core indicators in economic indicators section; 1 core and 5 additional indicators in environmental indicators section; and 6 core and 5 additional indicators in social

indicators section). Council B-(UFM) reported 14 core performance indicators and 9 additional performance indicators (8 core indicators and 1 additional indicators in economic section; 1 core indicator and 4 additional indicators in environmental section; and 5 core indicators and 4 additional indicators in social section). Council C-(URS) and Council D-(RAV) reported 19 and 18 core performance indicators respectively and 9 additional performance indicators each (8 core indicators each in economic section, 2 core indicators each in environmental section and 9 and 8 core indicators respectively in social section) . Similarly 1 additional indicator each under the economic section, 4 additional indicators under the environmental section and 4 additional indicators under the social performance section were reported. A comprehensive table of disclosures of all selected councils are given below in table 6.

Table:6 A comprehensive table of GRI's SSPA disclosures by all four selected councils in the 2010-11 annual report								
	Council A-(UDV)		**Council B-(UFM)**		**Council C-(URS)**		**Council D-(RAV)**	
Economic Performance Indicators	**Core Indicators**	**Additional Indicators**	**Core Indicators**	**Additional Indicators**	**Core Indicators**	**Additional Indicators**	**Core Indicators**	**Additional Indicators**
Customer	EC1	Nil	EC1	Nil	EC1	Nil	EC1	Nil
Supplier	EC3	Nil	EC3	Nil	EC3	Nil	EC3	Nil
Employees	EC5	Nil	EC5	Nil	EC5	Nil	EC5	Nil
Providers of Capital	EC6	Nil	EC6	Nil	EC6	Nil	EC6	Nil
Public sector	EC10	Nil	EC10	EC12	EC10	EC12	EC10	EC12
Expenditure	PA8,9,10, 11	Nil	PA8,9,10	Nil	PA8,9,10	Nil	PA8,9,10	Nil
Environmental Performance Indicators								
Energy	Nil	EN17	Nil	EN17	Nil	EN17	Nil	EN17
Water	Nil	EN22	Nil	EN22	Nil	Nil	Nil	EN22
Bio-diversity	Nil	EN23, 26	Nil	EN 27	EN6	EN26, EN27	EN6	EN27
Emissions, Effluents and Waste	EN11	Nil	EN11	Nil	EN11	Nil	EN11	Nil
Environmental expenditure	Not applicable	EN35	Not applicable	EN35	Not applicable	EN35	Not applicable	EN35
Social Performance Indictors								
Employee	LA2	LA12	LA2	Nil	LA1	Nil	LA1, 2	Nil
Labour/ Management relation	Nil	Nil	Nil	LA13	Nil	LA13	Nil	Nil
Health and Safety	LA7	LA14	LA7	LA14	LA6,7	LA14	Nil	LA14
Training and Education	Nil	LA16	Nil	LA16	Nil	Nil	Nil	LA16
Diversity and opportunity	Nil	Nil	Nil	Nil	LA10,11	Nil	LA10, 11	Nil
Community	SO1	SO4	SO1	Nil	SO1	SO4	SO1	SO4
Customer Health & Safety	PR1	Nil	PR1	Nil	PR1	Nil	PR1	Nil
Product & Service	Nil	PR8	Nil	PR8	Nil	PR8	Nil	PR8
Respect for privacy	PR3	Nil	Nil	Nil	PR3	Nil	PR3	Nil
Administrative efficiency	Addressed	Not Applicable	Addressed	Not applicable	Addressed	Not applicable	Addressed	Not applicable
Total Disclosed	**16**	**10**	**14**	**9**	**19**	**9**	**18**	**9**
Total SSPA indicators	**54**	**47**	**54**	**47**	**54**	**47**	**54**	**47**

As mentioned earlier, the GRI's SSPA has a separate disclosure category related to "Public Policies and Implementation Measures" with respect to sustainable development but in this category there is

neither any core nor additional indicators. The finding of this study shows all 6 disclosures related to public policy and implementations are reported by selected councils. The disclosures are as follows:-

- State the definition of sustainable development used by the public agency, and identify any statement or principle adopted to guide sustainable development polices (Description of any statements or principles adopted) (PA2).
- Identify the aspects for which the organisation has established sustainable development policies (This refers to aspects of public policy addressed by the organisation that relates to or contributes to sustainable development e.g., climate change, community health, etc.) (PA3).
- Describe the process by which the aspects and goals in both PA3 and PA4 were set (PA5).
- For each goal disclose information related to implementation measures, relevant assessments, description of progress, actions to ensure continuous improvement, post-implementation assessment (PA6).
- Description of the role of and engagement with stakeholders with respect to the items disclosed in PA6 (PA7).

Discussion

Evidence of institutional factors

The findings of this study are analysed within the perspective of institutional isomorphism. The study observed evidence of quasi-coercive isomorphism in addition to coercive, mimetic and normative isomorphism. The analysis of all interview responses highlighted the influences of normative isomorphism among all selected councils while evidence of quasi-coercive isomorphism was observed among Council A-(UDV), Council B-(UFM) and Council D-(RAV). The influence of coercive isomorphism was identified among Council B-(UFM) and Council C-(URS) whereas influence of mimetic isomorphism was observed among Council A-(UDV) and Council D-(RAV). In the context of quasi-coercive and coercive isomorphism, the study assumed that although the factors were not highlighted by all respondents, both of these isomorphic factors have equal influence on all selected councils as each councils operates within same political and legislative environment.

The study revealed that in the absence of any mandatory regulation to report sustainability issues South Australia's *State Strategic Plan* is the most important guiding framework to influence selected councils' sustainability disclosure practices. The *State Strategic Plan's* objective of creating a sustainable society is based on three main foundations, namely 'Our Community', 'Our Prosperity' and 'Our Environment'. The plan also stresses that to accomplish a sustainable society the community needs a healthy population and environment, good educational facilities and innovative ideas (Government of South Australia 2011). The strategic plan highlights the need of adopting a holistic approach to address the issue of societal wellbeing and acknowledges the importance for integrating the expectation of the diverse communities with the government's objective of a sustainable society. The philosophy of the plan influences the council's strategic and corporate plan and that in turn reflects the extent of sustainability disclosures in the annual report. Since abiding by the *State's Strategic Plan* is more of a moral obligation than a mandatory one, it can be termed as a quasi-coercive isomorphism factor.

Other quasi-coercive isomorphism influences are from the Natural Resource Management Board (NRM) and the Regional Development Board. Both these organisations operate at a regional level and work closely with local councils to address environmental and economic sustainability in a particular region. For example, the Natural Resource Management Board advises local councils and works in partnership with councils, local industries and local communities of a region to protect natural resources (i.e. land, water, air and sea) and also collects the NRM levy from the communities through local councils (Natural Resources Management Board 2010). Similarly, the Regional Development Board liaise with local councils and local industries of the region towards regional economic development, jobs growth, and free assistance to business (including development of business plans, marketing plans, process improvement, exporting) (Regional Development Australia 2012). In relation to coercive influence the study found financial regulations of the South Australian Local Government Act 1999 acts as the most important coercive factor since these regulations are the guiding principles to achieve financial sustainability (a subset of economic sustainability) for all councils. Although the influence of financial regulations is only mentioned by two councils, it can be assumed that the factor has equal influence on other councils since operations of all councils is governed by the act. In that respect, evidence of coercive isomorphism can also be established aligning with the findings of previous public sector based research conducted by Lodhia, Jacobs and Park (2012).

Among all institutional influences, normative influences are the most prominent among all selected councils. The evidence of the normative influences are reflected from the interview responses such as ‘desires to meet the industry standard’, ‘desire to adopt the industry best practice’ and ‘adoption of frameworks’. In the absence of an industry specific reporting framework, councils are following different available reporting frameworks such as the *Natural Step Framework* and the *Australian Business Excellence Framework* for local government. The *Natural Step Framework* mainly directs an organisation’s attention towards increasing sustainability: (a) by reducing the concentration of hazardous heavy metals, chemicals and degradation of natural resources; (b) by establishing a vision so that the organisation does not violate sustainability principles; and (c) by setting up plans to increase the consumption of renewal energy(The Natural Step 2012).

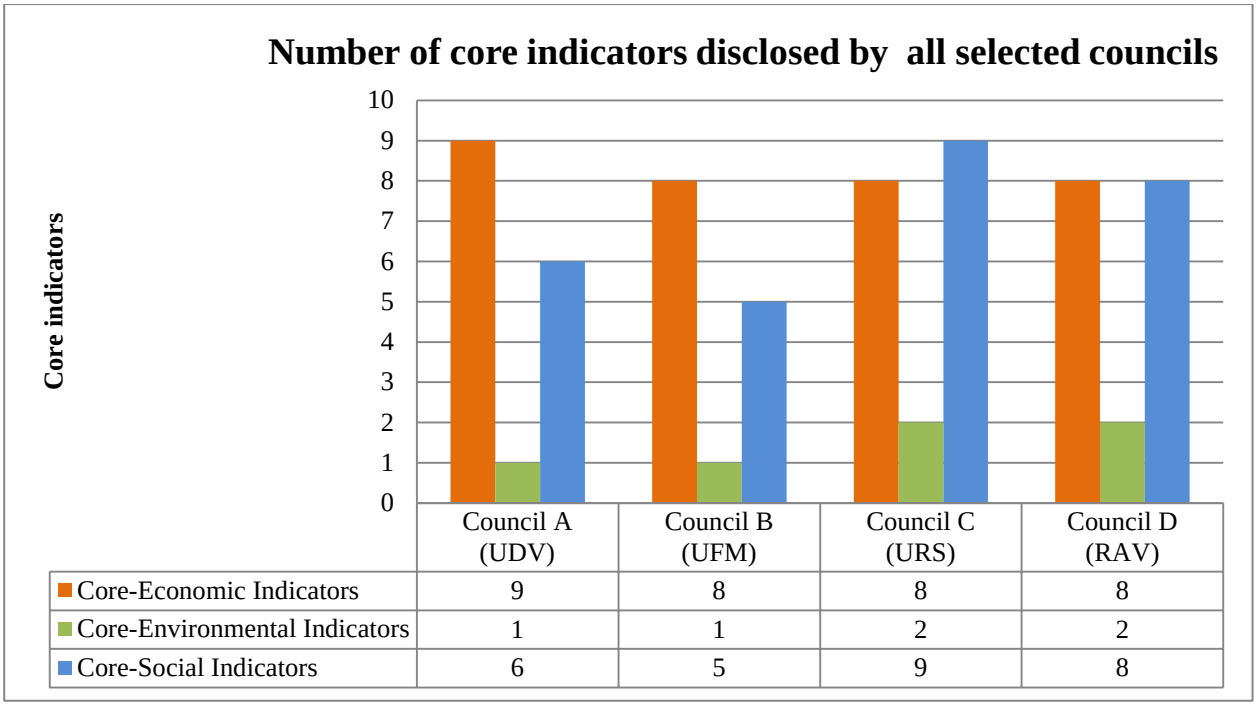
The other normative framework, the *Australian Business Excellence Framework* for the local government, is based on valued principles : (a) Leadership (lead by example), (b) Community and customers (understand what our community and customers value), (c) System thinking (continuously improve the system), (d) People (develop and value people’s capability and release their skills), (e) Information and knowledge (improve performance through the use of data, information and knowledge), (g) Corporate and social responsibility (behave in an ethically, socially and environmentally responsible manner), and (h) Sustainability (focus on sustainable results, values and outcomes)(Artist 2011). Both these frameworks address the issue of sustainability from a holistic perspective and guides the reporting councils in term of cost saving, setting up long term sustainability goals, addressing community expectation, increasing internal efficiency, improving service delivery process to increase community wellbeing and to meet all compliance requirements The present study also revealed the trend in reporting sustainability issues and the change in sustainability reporting approach. Currently the quadruple bottom line (QBL) reporting approach is the emerging reporting approach. The Quadruple Bottom Line (QBL) can be considered as an extension of the triple bottom line reporting approach. The four 'pillars' of QBL are economic, environmental, social and governance (Olesson et al. 2012). These influencing factors can be termed as normative isomorphism.

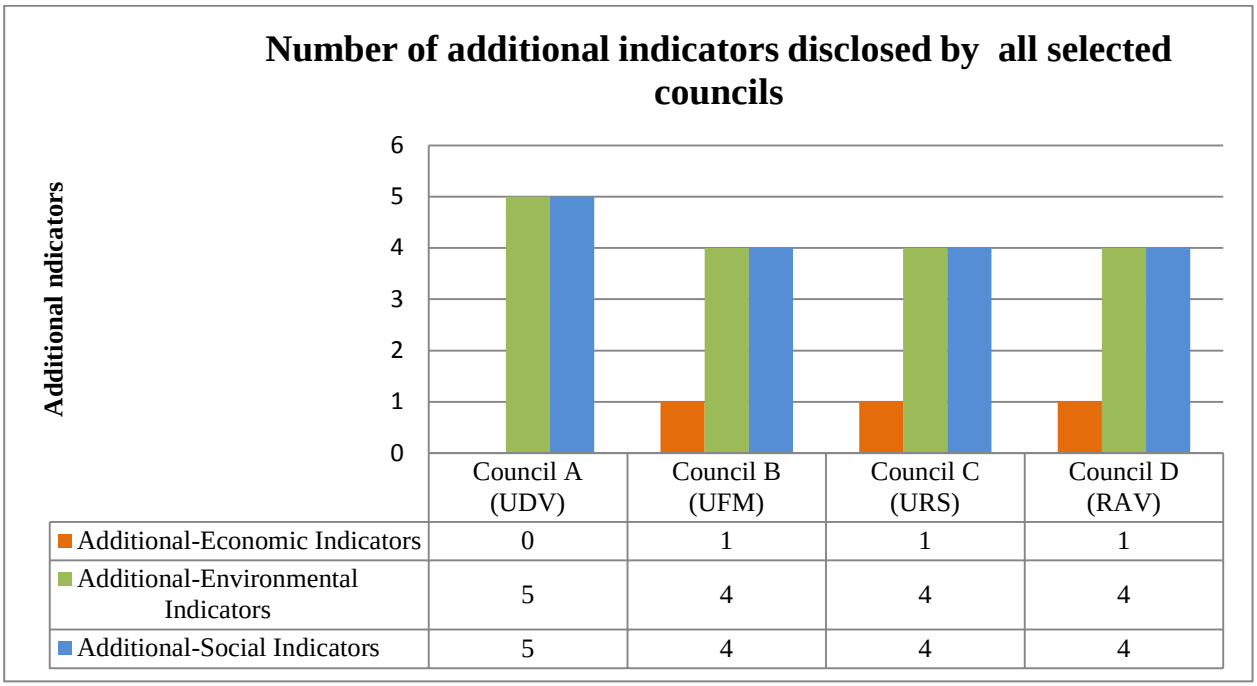
The type and extent of sustainability disclosures

The study concentrated on analysing 2010−11 annual reports of all selected councils and revealed that on average, about 17 core performance indicators and 9 additional performance indicators were disclosed among all chosen councils (Table 6). The GRI's SSPA core indicators address information requirements of multi-stakeholders and assumed to be the most material performance indicators for the reporting organisation whereas additional indicators are considered as emerging practices which may be material for some entities (GRI 2011). The study showed an overall consistent disclosures pattern of sustainability performance indicators among the selected councils. This makes a strong case for mimetic isomorphic influence and the finding is concurrent with earlier research of Joseph and Taplin (2012). Similar to previous study of Bebbington, Higgins and Frame (2009), the study suggests councils do follow each other's reporting practices and adopt them accordingly. This conclusion is made based on interviewees' responses as they had mentioned that in order to compete with other city councils or to fit with neighbouring councils, individual councils follow disclosure practices of other councils and even in some cases in order to improve disclosure standards individual council adopts disclosure practices of the local private sectors.

The study revealed that the importance for adopting a holistic approach to sustainability is well recognised by the selected local councils. However, financial sustainability (an important subset of economic sustainability) is the most important priority for all councils, followed by environmental and social sustainability. The councils believe financial sustainability is essential for maintaining and upgrading its large stock of public assets. At the same time, renewal and upgrading community assets are the key elements to uphold all-inclusive economic sustainability for the local community. The councils are also attempting to establish a link between environmental and financial sustainability in the decision making process within reasonable financial resources but are also cautious on an over commitment to environmental sustainability. The finding shows that out of all three sustainability performance indicators, most core performance indicators were disclosed in economic sustainability section. The relative higher disclosure pattern is mainly due to mandatory application (coercive isomorphism) of financial regulations of the Local Government Act and accounting standards.

In the environmental sustainability section, most of the disclosures fall under the additional performance indicator segment. This finding is concurrent with the interviewees' response as most of them mentioned that councils are at the early stage of environmental sustainability planning. Hence, most of the disclosed indicators in the environmental section are emerging and relating to the initiative stage. In that respect, non-disclosure of core environmental indicators is justified. However, in the environmental section only waste management related disclosures are reported as core indicators by all selected councils. This finding is not just a coincidental; it is rather expected since all local authorities are legally obliged to execute their waste management core function under the Local Government Act (coercive isomorphism). In the social sustainability section, the disclosure levels are mixed and it has both core and additional indicators. The most of the disclosed core indicators are in relation to 'Health and Safety', 'Customer Safety' and 'Respect for privacy' which are in turn related to the occupational health & safety regulations, Country Fires Act, Environmental Health Act, Food Act, Development Act and the confidentiality clause of the local Government Act (coercive isomorphism). On the other hand some of the additional social sustainability disclosures (such as: employee benefits beyond those legally mandated, survey result of customer satisfaction and awards relating to social sustainability performance) are reported to show the corporate social responsibility and legitimacy of the council. However, the study revealed the concept and ambit of social sustainability is not clear to most of the respondents, it does not include both employees and the community. For them social sustainability is only related to community whereas employee related issues are related to the governance issue.





The study also highlighted the reporting of all disclosures related to sustainable development policies and implementation. The disclosure of this information suggested that the importance and need for sustainable development is incorporated at the strategic decision making process by all selected councils.

The GRI's SSPA framework is a generic public sector based reporting framework (Guthrie & Farneti 2008) and all SSPA performance indicators are not relevant to local authorities. Although, a range of multi-stakeholder specific disclosures are reported by the selected councils, some important indicators are also not disclosed and non-disclosed information is as follows:

- Description of the procurement policy of the public agency as related to sustainable development (PA 11) (only Council A-(UDV) has disclosed).
- Percentages of the total value of goods purchased that were registered with voluntary environmental or social labels and/or certification programmes (PA14 core).
- Most of the core indicators relating to material, water, energy, bio diversity.
- Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section (EN33).
- Significant environmental impacts of principal products and services (EN14).
- Average hours of training per year per employee by category of employee (LA9).
- Description of policies, guidelines, and procedures to address the needs of indigenous people (HR12).

Most of respondents mentioned that currently the councils procure a certain percentage of electricity from renewable sources and emphasised local purchases; however, with the exception of one council, the disclosure level relating to sustainable procurement of goods and services is low or not evident at all. The sustainable procurement is an important sustainability issue since in every financial year local government units collectively procure a large amount of goods and services for both operational and capital assets purposes. Hence, sustainable procurement will lead to efficient use of natural resources, reduce wastage and protect bio-diversity (Centre of Excellence North East, Improvement and Development Agency & Local Government Association 2007).

All observed institutional isomorphism factors in the four councils are summarised in the Table 7.

Table 7: All observed institutional isomorphism				
	Quasi-coercive isomorphism	**Coercive isomorphism**	**Mimetic isomorphism**	**Normative isomorphism**
Council A-(UDV) (Metropolitan)	(a) SA's State Strategic plan, (b) SA's Local Government Grants Commission.		(a) Competition among other city councils.	(a) Quadruple bottom line reporting approach.
Council B-(UFM) (Urban Fringe)	(a) Natural Resource Management Board.	(a) Financial regulations of the Local Government Act, (b) Accounting Standards.		(a) Desire to be at par with industry standard, (b) Triple bottom line reporting approach, (c) Quadruple bottom line reporting approach, (d) Information sharing among sustainability officers of other councils.
Council C-(URS) (Regional)		(a) Financial regulations of the Local Government Act		(a) Desire to adopt industry best practice, (b) Natural Step Framework.
Council D-(RAV) (Rural)	(a) SA's State Strategic plan, (b) Regional Development Board.		(a) Following disclosure practice of local private sectors, (b) Fitting with neighboring councils.	(c) Quadruple bottom line, (d) Australian business excellence framework

The overall analysis suggests that although none of the selected councils are following any standardised sustainability reporting format like the Global Reporting Initiative's (GRI) Sector Supplement for Public Agencies (SSPA) reporting format, the selected councils do report some sustainability issues which can be identifiable and compatible with the GRI's SSPA performance indicators. The main reason for this is that most of the council are following frameworks or formats which are based on contemporary sustainability philosophies and may be inspired by the GRI guidelines. The study observed that selected councils are adopting a holistic approach to address sustainability issues and spreading sustainability values among the local communities as recommended by the *Agenda 21* report that sustainability related issues need to be addressed at all levels, however, more robust action is required at the local government level (Christie 2000). The study also highlighted the influence of institutional pressures on the selected South Australian local councils and also underlines how different dynamics of institutional isomorphism are leading to

homogenisation of sustainability reporting practices (Larrinaga-González 2007). Similar to the findings of Farneti and Guthrie (2009) the study found although the councils are taking initiatives to report environmental related information, the general intention to develop this information is to assist internal decision making rather than to report to the community.

Conclusion

This research has explored the factors influencing the sustainability reporting practice at four selected councils of South Australia and identified the type of sustainability information disclosed by these councils. In this study the importance of sustainability reporting has been recognised and it is suggested that the present reporting practices may not be at the nascent stage as observed in the earlier studies (Dickinson et al. 2005; Guthrie & Farneti 2008) since councils disclosed various multi-stakeholder specific information and adopted a holistic approach to address sustainability issues. Unlike previous research finding of Herbohn and Griffiths (2008) the study highlights that sustainability values are integrated in councils' strategic plan and subsequently these values flow through the respective departments' goals. The study revealed addressing sustainability issues are not vested upon one department rather responsibilities are spread across different departments and each department's sustainability performances are linked to report council's total sustainability performance. The research shows that councils are taking a practical approach towards addressing sustainability issues and consider financial sustainability is the top most priority since without that a council cannot survive. However, councils also highlighted that all dimensions of sustainability are important and linked to achieve the goal of community wellbeing. The study finds although evidence of quasi-coercive isomorphism had been observed, the level of sustainability disclosures are high where the indicators are linked with coercive factors.

This study supports earlier literature such as Williams (2011) which states that the application of Global Reporting Initiative's (GRI) guidelines is not found among local councils. This study highlights that the non-application of the GRI framework may not signify low level of sustainability disclosures. The study assumes availability of other similar normative frameworks are the probably reason for lack of usage of the GRI reporting framework, hence, the research addresses the future research scope of Williams' (2011) research. The study acknowledges the GRI as the most

recognised sustainability framework; hence, application of it among local councils would provide better comparability. In addition, application of the GRI's SSPA framework will provide a sound benchmark to demonstrate the extent of sustainability disclosure among councils. The study also observed the evolving nature of sustainability reporting approach and noticed a move from the triple bottom line reporting approach to the quadruple bottom line reporting approach (Olesson et al. 2012).

The study provides an in-depth contextual understanding of the present status of sustainability reporting practices within four South Australian local councils. However, it would be impossible to draw decisive and general conclusions on the other sixty four councils since the selected councils are not representatives of the diverse nature of all South Australian local councils. The research re-establishes the need of defining sustainability in a holistic way by integrated both financial and non-financial issues, since that will provide a true sustainability performance of an organisation instead of addressing financial and non-financial sustainability issues in silos. The study also extends the applicability of institutional theory in the field of sustainability reporting by underlining how different dynamics of institutional isomorphism are leading to standardisation of sustainability reporting practices. Hence, the study reinforces Frumkin and Galaskiewicz (2004)'s claim that although public sector acts as a catalyst to trigger initialisation to other sectors, at times they themselves are susceptible to institutional isomorphism. In addition, understanding the factors influencing the four selected South Australian councils' sustainability reporting would be beneficial to other South Australian councils in order to establish whether they are being guided by similar factors as stated by Sciulli (2011).

The study also has a policy implication in relation to the potential regulation of sustainability reporting in local councils. It recommends that to bring comparability, uniformity and to increase the extent of sustainability disclosures a South Australian local council specific reporting framework is required. Hence, further research can be conducted on how to formulate a holistic sustainability reporting framework covering all dimensions of sustainability for South Australian local governments to reduce overlapping and multiple sustainability reporting formats. Formulation of a holistic framework will not only benefit the South Australian local governments but also extend its value to other national, regional and local governments throughout the world.

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