

**SUSTAINABILITY REPORTING IN LOCAL GOVERNMENT IN AUSTRALIA–  
A PRELIMINARY ANALYSIS**

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# **SUSTAINABILITY REPORTING IN LOCAL GOVERNMENT IN AUSTRALIA– A PRELIMINARY ANALYSIS**

## **ABSTRACT**

**Purpose** – In recent years sustainability reporting has grown in importance, considered by some almost as mainstream reporting in the private sector. The same cannot be contended for the public sector with sustainability reporting appearing to be in its infancy. This exploratory study considers the current state of local government sustainability reporting in Australia.

**Design/methodology/approach** – This study adopted a quantitative methodology utilizing mail survey techniques. The mail survey document, comprising 38 questions was forwarded to all chief financial officers of local government authorities in Australia. A 35.5% response rate was achieved.

**Findings** – Preliminary findings indicate that local government is reporting on sustainability. Of total respondents, 50% considered that they report on one, two or three aspects of sustainability. Further, of those respondents that do not currently report sustainability information almost 40% indicated that they were extremely likely to report sustainability information in the future. Sustainability reporting information was found in a variety of reports with different reporters found to have certain reporting preferences. Respondents were found to engage in more social reporting than other sustainability reporting; however it was considered that all aspects of sustainability were important.

**Research implications/limitations** – To further enhance the results from this mail survey, support by interview work would complement this study and make the results more conclusive (or otherwise).

**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.

**Keywords:** *Sustainability reporting, public sector, local government, mail survey*

## **1. Introduction**

Sustainability reporting (reporting on voluntary social, environmental and economic aspects of the firm) has grown in importance today (Lamberton 2005) with views that sustainability reporting represents the most important advance in organisational reporting in the last few decades (Ball 2005a). However, whilst this form of accounting has been taken up by the private sector, in comparison, progress by public sector organisations is seemingly patchy and is seen as an emerging field (Dickinson et al. 2005, Ball 2004, 2005a). This is slowly changing with recent shifts in momentum within the public sector, evidence of increasing interest and engagement in the practice of sustainability reporting by public agencies (Leeson and Ivers 2005). This paper considers sustainability reporting in the Australian public sector focusing on local government.

The local government sector is in the prime position to foster and pursue this agenda. The services and functions this sector provides are at the community level with decisions directly affecting the economic, social and environmental well-being of their communities. This places local government in a position to foster a bottom-up approach to regional and national development towards the development of sustainability reporting in the public sector.

This paper addresses a gap in the literature identified by Ball and Grubnic (2007). They called for researchers to ‘make contributions of a fundamental nature, which help in understanding the nature of sustainable development accounting and accountability in PSOs (public sector organisations)’ (p. 257). This study contributes towards understanding sustainability accounting in the public sector, with particular focus on local government, by undertaking a preliminary analysis investigating whether local government in Australia is reporting or not reporting on sustainability activities.

This study is structured as follows. Section 2 provides a review of sustainability studies that have been conducted in the local government sector. Section 3 outlines the hypotheses that were developed for this study with section 4 providing the methodology. Section 5 reports on the results whilst section 6 concludes, suggesting areas for future research.

## **2. Literature Review**

Research into sustainability reporting has historically been geared towards the private sector rather than the public sector (Ball 2004, 2006; Ball and Grubnic 2007; Dickinson et al. 2005) with local government sustainability reporting research still very much in its infancy. International studies that have incorporated the local government sector 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 utilizing a mail questionnaire. Sixty questionnaires were received by submission date with the highest response rate from local authorities (35 respondents). In examining the results of the questionnaire, 67% (40 respondents) had completed reports that they perceived could be identified, either internally or externally as a sustainability report with sustainability reporting information found to be incorporated in a variety of reports including expanded annual reports, expanded state of environment reports and stand-alone sustainability reports.

The Global Reporting Initiative (GRI) (2004) provided a limited qualitative overview of international sustainability reporting practices in the public sector. 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. International local government research has also provided in-depth case-study analyses (e.g Ministry for the Environment (New Zealand) 2002, Ball 2002, 2005b and 2007) and studies that have emphasized particular aspects of sustainability reporting (e.g. Farneti and Siboni 2008, Seal and Ball 2005, Marcuccio and Steccolini 2009 and 2005).

Research into sustainability reporting in the Australian local government sector is minimal. Research that has been conducted has been at the broader public service level embracing limited populations with restricted focus placed on local government. Such studies include a study conducted by Jones et al. (2005) who investigated sustainability/triple-bottom-line (TBL) reporting in Australia. The study covered private sector entities, commonwealth and state government business enterprises and local government authorities and focused on the nature and the extent of sustainability reporting by these entities. Results suggested that few councils in Australia report on

their sustainability performance, rather confining their sustainability disclosures to general statements of policy. It was further found that there was very little consistency between the types of reports containing sustainability information, with sustainability information being found in a mixture of reports including state of environment reports, annual reports, community reports and budget statements. Studies that have examined the TBL reporting practices of individual local authorities in Australia include Herbohn and Griffiths (2008), Jigsaw Services (2004) and Potts (2004). All concluded that there is a lack of consistency in reporting approaches to sustainability reporting in Australia.

Guthrie and Farneti (2008) in an examination of 7 public sector organisations (whom all prepared sustainability reports utilizing the GRI/SSPA framework), found the amount and patterns of disclosure reporting to be fragmentary. In analysing the results, it was established that the greatest number of sustainability disclosures were environmental with 66% (87 disclosures) with labour practices having the second greatest being 29% (68 disclosures) (p. 364). However, when the actual results of this review were compared against the total number of possible disclosures contained in the GRI and SSPA guidelines, results showed a different picture. Labour practice disclosures accounted for 54% whilst environmental reporting disclosures accounted for 32.2% of possible GRI and SSPA reporting elements. Further findings were that organisations were using an array of reporting media to report sustainability information including the annual report, stand-alone sustainability reports, web-sites and CD's. Farneti and Guthrie (2007) concurred with this finding in concluding that the annual report was not utilised to a great degree in communicating sustainability information but rather such information was published in an array of documents.

Whilst there has been limited research conducted on sustainability in local government, there has been greater research interest examining Local Agenda 21 (LA21). Whilst LA21's focus has a more restrictive focus on sustainability, it has been a key driver in promoting and commencing the sustainable development agenda in local authorities (Cotter and Hannan 1999, Keen et al. 2006, Neil et al 2002). These studies, in general have concluded that sustainability reporting in local authorities have clearly focused on environmental aspects of sustainability reporting rather than an integrated viewpoint (environmental, social and economic) with reporting provided through a variety of forms

(e.g. Lewis 2000, Tuxworth 1996, ICLEI undated, Whittaker 1996 and 1997, Mercer and Jotkowitz 2000, Kupke 1996).

### **3. Hypotheses Development**

This study sought to determine the extent to what voluntary sustainability activities are being reported on in the local government sector in Australia. Three hypotheses were developed to investigate this research question.

The first hypotheses sought to determine if local government authorities are reporting on sustainability. As a result of previous research (Jones et al. 2005; Jigsaw Services 2004; Farneti and Guthrie 2007; Herbohn and Griffiths 2008, Potts 2004, Whittaker 1996 and 1997; Merzer and Jotkowitz 2000), it was expected that whilst sustainability reporting in the local government sector may be minimal, local governments in Australia do, in fact, report on sustainability. Consequently, hypothesis 1 was stated as follows.

*H1: Sustainability reporting is undertaken by local government organisations in Australia.*

Hypothesis 2 sought to examine where sustainability information is being reported by local authorities. Previous studies have shown that sustainability is found in a mixture of reports including state of environment reports, stand-alone sustainability reports, annual reports, strategy documents, council minutes, community reports and budget statements (Jones et al. 2005; Farneti and Guthrie 2007; Herbohn and Griffiths 2008). Accordingly, it was anticipated that there will be no consistency in where this information is being reported. Hypothesis 2 was stated as follows.

*H2: There is no consistency in reporting medium in the disclosure of sustainability information by the local government sector in Australia.*

Hypothesis 3 examined the focus of sustainability reporting in local government. Prior research has found that actual reporting has focused on one aspect of sustainability reporting, being the environment (GRI 2004; Farneti and Guthrie 2007; ICLEI undated; Lewis 2000; Whittaker 1996) rather than taking an integrated view of sustainability (encompassing environmental, social and economic aspects). With this emphasis on

environmental sustainability, it was considered that local authorities were being selective in addressing the sustainability reporting agenda. Thus, hypothesis 3 was stated as follows:

*H3: The focus of sustainability reporting across the local government sector in Australia is environmental sustainability.*

#### **4. Research Design**

This study adopted a quantitative methodology utilizing mail survey techniques. By utilizing this approach, it allowed for an analysis across a wide-geographical area and broad cross-section of organisations to be conducted (Seraken 2003).

The population for this study was all chief financial officers of local government authorities in Australia, which currently total 565 (Department of Infrastructure, Transport, Regional Development and Local Government 2009) situated across 7 states/territories. Prior to the mail survey being sent out, pilot testing was conducted involving the mail out of the survey document to 30 local government organisations selected by random sample. A response rate of 20% was achieved with no major changes resulting from the pilot survey.

The mail survey, consisting of 38 questions was mailed out in March 2009 to all local government authorities with 2 subsequent re-mailings with a space of approximately 3 weeks between each. To ensure a frame of reference for respondents, the mail survey document incorporated a definition of sustainable development which for the purposes of this research, was adapted from Pearce's (1993) definition and applied to the local government level.

*Activities undertaken at the local community level which seek to maintain, integrate and improve environmental protection, social equity and economic/financial growth within the community.*

Included in the mail out of the survey document was a covering letter explaining the purpose of the research project, 2 reply-paid envelopes and a guarantee of confidentiality to encourage participants to complete and return the survey. To encourage participation,

participants were offered a summary of the results when completed. To obtain the summary and to ensure anonymity, participants were asked to complete a separate sheet attached to the survey providing their contact details and to place it in 1 of the reply-paid envelopes. To ensure confidentiality, participants were requested to use the other reply-paid envelope for the return of the completed survey document.

As completed mail surveys were received, each survey was opened, date stamped and consecutively numbered. Each survey was then examined to ensure that it was acceptable for processing. The completed surveys were subsequently sorted and then coded manually to allow for inputting of the data into a computer spreadsheet.

The final sample for this study was 190 usable responses equating to a usable response rate of 35.5%. This response rate was consistent with previous Australian studies conducted in this area of research, ranging from 25% for the National Local Sustainability Survey conducted by Whittaker (1997) to 52% in conducting an LA21 study focusing on local government in South Australia by Kupke (1996).

## **5. Results**

The results are discussed in relation to each of the 3 hypotheses that have been developed in this study.

### **Hypothesis One (H1): Sustainability reporting is undertaken by local government organisations in Australia.**

Hypothesis 1 sought to examine if sustainability reporting is undertaken by local government in Australia. Respondents were asked to indicate if they reported any voluntary sustainability information to their external stakeholders in the areas of environmental, social and/or economic reporting. To guide respondents in determining if their organisation was engaging in such activities, a definition of sustainability reporting was provided with examples for each aspect of sustainability reporting<sup>i</sup>.

Of the total respondents, results were evenly distributed between those that do report (95 respondents or 50% of total responses) voluntary sustainability information and those that

do not report sustainability information to their external stakeholders (95 respondents or 50% of total responses). For those respondents that do report sustainability information, results were examined to determine if they reported on 1, 2 or 3 aspects of sustainability (being environmental, social and/or economic). It was found that 12 respondents reported on 1 aspect, 17 respondents on 2 aspects and 66 respondents reported on all 3 aspects. Thus, an integrated viewpoint of sustainability incorporating the 3 aspects of environmental, social and economic reporting was undertaken by the majority of respondents (69.5%). Results are shown in Table 1.

**Table 1**  
**Mail Survey – Reporting on Sustainability**

<b>Report on Sustainability</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>% That Report</b>
Yes	95	50		
<i>Environmental</i>			78	82.1
<i>Social</i>			86	90.5
<i>Economic</i>			80	84.2
<i>Integrated</i>			66	69.5
No	95	50		
<b>Total</b>	<b>190</b>	<b>100</b>		

The data were further analysed to determine which reporting aspects of sustainability reporting were most commonly reported on – whether it be environmental, social or economic. The results indicate that the highest level of reporting was social reporting with 90.5% of reporting respondents reporting on social information (that is, either reporting on its own or in combination with 1 other or 2 other reporting aspects). These

results are interesting when viewed against comments from Burritt et al. (2009, p.9) who considered that attention to accounting for social issues is not an established practice (from the viewpoint of the public sector in general) and as a consequence, the social accounting pillar in sustainability accounting is underutilised. Perhaps the local government sector is an anomaly to this general trend in public sector reporting? This is an issue that needs further examination to determine if in fact, social accounting is as widely reported in local government as these survey results suggest.

To gain further insights into the sustainability reporting practices of local government authorities that do report, respondents were required to answer a number of additional questions in the mail survey. Their responses are now discussed.

#### *When Did Sustainability Reporting Commence?*

Analysis was conducted to determine when respondents first commenced reporting on voluntary sustainability information. The results are provided in Table 2. It appears that there was an increase in this type of reporting in the 2005 year with smaller percentage increases in subsequent years. It is interesting to note that these results are similar across each aspect of reporting (whether it be environmental, social, economic or from an integrated reporting viewpoint) ranging from 21.8% through to 30.2% during the 2005 year with a decrease for all forms of reporting in subsequent years. The category 'prior to the 2005' year also recorded a higher percentage rate of first-time reporting in comparison to other years (ranging from 24.4% to 31.8%). However, without the exact year of when each respondent commenced voluntary sustainability reporting, it is difficult to determine if there was a particular year, prior to 2005 that had a higher percentage of first-time reporters.

**Table 2**  
**Mail Survey – Year Commenced Sustainability Reporting**

<b>Year Commenced</b>	<b>Environmental</b>	<b>Social</b>	<b>Economic</b>	<b>Integrated</b>
2008	9 11.5%	5 5.8%	4 5.0%	4 9.1%
2007	12 15.4%	9 10.5%	9 11.2%	5 11.4%
2006	8 10.3%	9 10.5%	8 10.0%	4 9.1%
2005	17 21.8%	26 30.2%	23 28.8%	10 22.7%
Prior to 2005	19 24.4%	25 29.1%	25 31.2%	14 31.8%
Unknown	13 16.7%	12 14.0%	11 13.8%	7 15.9%
<b>Total</b>	<b>78</b> 100%	<b>86</b> 100%	<b>80</b> 100%	<b>44</b> 100%

*Why do organisations report voluntary sustainability information?*

Analysis was conducted to determine why reporting respondents (95) do in fact report voluntary sustainability information to their external stakeholders. Respondents were asked to indicate the importance of 12 reasons (using a 5-point scaled response from very unimportant (1) to very important (5)) in helping to explain why they report this information.

To determine if any of these reasons were considered significant in explaining why sustainability information is reported, a one sample t-test was conducted on each of the reasons, with an expected mean of 3 (being the mid-point on the scale from 1-5). As can be seen, in Table 3, all were considered significant at the .001 level in influencing why respondents report sustainability information.

**Table 3**  
**T-test**  
**Why Organisations Report on Sustainability**

#	Reasons	Mean	Std. Deviation	Number	t-test	df	Sig. (2 tailed)	Mean Difference
1	Improved engagement with key stakeholders	4.20	.77	92	14.82	91	.000	1.20
2	Improved public image	4.23	.64	95	18.66	94	.000	1.23
3	Response to pressure from senior management	3.50	.84	90	5.66	89	.000	.50
4	Response to pressure from councillors	3.55	.85	89	6.09	88	.000	.55
5	Response to pressure from stakeholder groups	3.64	.82	88	7.29	87	.000	.64
6	Response to pressure from State and Federal Government	3.79	.84	90	8.90	89	.000	.79
7	Show alignment to national and world concerns	3.57	.92	89	5.90	88	.000	.57
8	Raise public awareness of sustainability issues	4.11	.81	91	13.09	90	.000	1.11
9	Educate the community	4.19	.67	89	16.72	88	.000	1.19
10	Change community attitudes	4.22	.69	89	16.82	88	.000	1.23
11	Streamline reporting processes	3.48	.99	89	4.61	88	.000	.48
12	Demonstrate progress towards organisational commitments	4.06	.69	93	14.91	92	.000	1.06

Further analyses were conducted to establish if there were significant differences in levels of importance between the 12 reasons in explaining why respondents report sustainability information and the type of reporter (whether or not the organisation is an integrated reporter reporting on all 3 aspects of sustainability), by utilizing an independent groups t-test. By doing so, this may help to explain why different reporters report the sustainability information that they do. Significant results are provided in Table 4.

**Table 4**  
**Independent Groups T-test**  
**Why Respondents Report Sustainability Information to Type of Reporting**

#	Reasons Respondents Report on Sustainability	T-test	df	Significance (2-tailed)	Mean Diff	Std. Error Difference
7	Show alignment to national and world concerns	2.05	87	.044	.43	.21
8	Raise public awareness of sustainability issues	2.63	89	.010	.47	.18
11	Streamline reporting processes	2.05	87	.043	.47	.23

The results from Table 4 indicate that there is a significant difference between integrated reporters and non-integrated reporters for reasons 7, 8 and 11 - that is, integrated reporters are different from non-integrated reporters in explaining why they report. Reason 7 is in relation to showing alignment to national and world concerns ( $t=2.05$ ,  $p<.05$ ), reason 8 is raising public awareness of sustainability issues ( $t=2.63$ ,  $p<.05$ ), and reason 11 is to streamline reporting processes ( $t=2.05$ ,  $p<.05$ ). On further examination of the descriptive statistics for these reasons (Table 5), all 3 reasons provided higher mean scores for integrated reporters than non-integrated reporters. This therefore highlights the fact that integrated reporters place more importance on these reasons than non-integrated reporters in explaining why they report.

**Table 5**  
**Descriptive Statistics**  
**Why Respondents Report Sustainability Information to Type of Reporting**

#	Reason	Classification	Number	Mean	Std. Deviation	Std. Error Mean
7	Show alignment to national and world concerns	Integrated	63	3.70	.87	.11
		Non-Integrated	26	3.27	.96	.19
8	Raise public awareness of sustainability issues	Integrated	64	4.25	.74	.09
		Non-Integrated	27	3.78	.89	.17
11	Streamline reporting processes	Integrated	63	3.62	1.01	.13
		Non-Integrated	26	3.15	.88	.17

It appears, therefore, from examination of Table 3 that all reasons were considered important by reporters in helping to explain why respondents report sustainability information. However, in further analysing the results by type of reporter (Table 4 and 5), there appears to be some significant differences between the type of reporter and the reasons that they report helping to explain why certain types of reporters report on sustainability information.

#### *Future Sustainability Reporting*

Mail survey respondents were asked to indicate the likelihood that their organisation would report voluntary sustainability information to their stakeholders in the future (using a 5-point scaled response from not at all likely (1) to extremely likely (5)). The results are provided in Table 6, split by if respondents were currently reporting on sustainability or not and the total for all responses. In examining the results, 82.1% of current sustainability reporters will be likely to extremely likely to report on sustainability in the future. Whilst for non-reporters of sustainability – 37.9% of respondents indicated that in the future they would likely to extremely likely report on sustainability. These are very encouraging results indicating that 36 respondents will possibly commence reporting on sustainability in the future.

**Table 6**  
**Sustainability Reporting in the Future**

<b>Sustainability Reporting</b>	<b>Did Not Respond (0)</b>	<b>Not at all Likely (1)</b>	<b>Unlikely (2)</b>	<b>Neutral (3)</b>	<b>Likely (4)</b>	<b>Extremely Likely (5)</b>	<b>Total</b>
Yes	1 1.1%	1 1.1%	2 2.1%	13 13.7%	44 46.3%	34 35.8%	95 100%
No	0 0.0%	7 7.4%	26 27.4%	26 27.4%	25 26.3%	11 11.6%	95 100%
Total	1 .5%	8 4.2%	28 14.7%	39 20.5%	69 36.3%	45 23.7%	190 100%

To determine if these differences between reporters and non-reporters were significant, an independent samples t-test was conducted. The results indicate that the differences are significant at the .001 level, as shown below in Table 7.

**Table 7**  
**Type of Sustainability Information Test Statistics**

<b>Measurement Method</b>	
t-test	6.87
df	188
Asymp. Sig. (2 sided)	.000

For those respondents that had indicated that they plan on reporting voluntary sustainability information in the future, they were asked to indicate for each aspect of voluntary information (environmental, social, economic or integrated reporting) whether the information would be restricted, similar or expanded in comparison to previous years (Table 8).

**Table 8**  
**Future Sustainability Reporting by Type of Report**

Type of Sustainability Reporting	Currently Reporting?	No Response	Restricted	Similar	Expanded	Total
Environmental	Yes	1 1.3%	2 2.6%	29 37.2%	46 59.0%	78 100%
	No	5 13.9%	0 0.0%	0 0.0%	31 86.1%	36 100%
Social	Yes	4 5.1%	2 2.6%	33 42.3%	39 50.0%	78 100%
	No	5 13.9%	0 0.0%	0 0.0%	31 86.1%	36 100%
Economic	Yes	3 3.8%	2 2.6%	34 43.6%	39 50.0%	78 100%
	No	8 22.2%	0 0.0%	0 0.0%	28 77.8%	36 100%
Integrated	Yes	19 24.4%	2 2.6%	24 30.8%	33 42.3%	78 100%
	No	9 25.0%	0 0.0%	0 0.0%	27 75.0%	36 100%

Of the current reporters on sustainability, of the 78 respondents that had indicated they were likely to extremely likely to report voluntary sustainability information again in the future (Table 6), the area most likely to expand in the future was found to be environmental reporting with 46 respondents (59% of respondents) considering that their environmental sustainability information would be expanded. Both social and economic information was likely to be expanded by 50% of respondents (39 respondents) with integrated reporting the least favoured reporting approach for expansion (33 respondents or 42.3%).

Of the non-reporters, respondents would most likely commence sustainability reporting in the areas of environmental and/or social reporting (both with 31 respondents or 86.1%). The area next most likely was economic reporting (28 respondents) with the least most likely area of the four reporting types being integrated sustainability reporting (27 respondents). As was previously found in current sustainability reporting for local government in Table 1, the integrated approach to reporting is lagging behind other

individual reporting approaches. It appears this trend may continue for those non-reporters planning on the uptake of sustainability reporting in the future.

A number of organisations did not report any voluntary sustainability information and indicated why they did not. This is now discussed.

*Why do organisations not report any voluntary sustainability information?*

As shown in Table 1, of the 190 mail survey respondents, 95 indicated that their organisation does not report any sustainability information. These respondents were asked to provide a reason why they do not report with 32 not providing an answer to this question. This left a total of 63 respondents that had responded to the question with a number giving multiple reasons, providing a total of 90 responses to this question.

From these 63 respondents, the most commonly cited reason was insufficient resources (41.1% of respondents) including insufficient time, funding, data and/or manpower. Other commonly cited reasons included there is no current mandated requirement for such reporting (26.7% of respondents); the organisation was planning to commence reporting in the near future (7.8% of respondents); the reporting was not seen as a priority (6.70% of respondents); the reporting was not requested by the community (5.60% of respondents) and the organisation had no expertise in this area of reporting and/or there were no systems in place to report such information (each 4.40% of respondents).

It had been expected that whilst sustainability reporting in the local government sector may be minimal, local governments in Australia do, in fact, report on sustainability. The results from the mail survey do support this expectation in that 50% of mail survey respondents are reporting on either 1, 2 or 3 aspects of sustainability with a further 37.9% of non-reporters considering that it is likely to extremely likely that they will report on sustainability information in the future. Thus, hypothesis 1 is supported: local government organisations do report sustainability information in Australia, though not all reporting across each aspect of sustainability reporting

**H2: There is no consistency in reporting medium in the disclosure of sustainability information by the local government sector in Australia.**

H2 sought to determine where sustainability information is being reported by local authorities. To determine the types of reports that voluntary sustainability information is actually being reported in, respondents were asked to identify from a listing of 13 which media are currently being utilised in their organisation to report this voluntary information. The results are provided in Table 9 detailing the type of reporting conducted and whether 1, 2, or 3 aspects of sustainability are being reported on.

**Table 9**  
**Mail Survey – Reporting Media Utilised**

Reporting Medium	Reporting on Sustainability							
	Environmental	Social	Economic	1 Aspect	2 Aspects	3 Aspects	Total Reporting	Total Non-Reporting
Stand-alone Sustainability Report	37	29	25	13 13.7%	7 7.4%	21 22.1%	41 43.2%	54 56.8%
Annual Report	65	73	77	21 22.1%	13 13.7%	56 58.9%	90 94.7%	5 5.3%
Corporate/ Strategic Report	53	56	59	14 14.7%	9 9.5%	45 47.4%	68 71.6%	27 28.4%
Operational Plans	47	50	53	16 16.8%	8 8.4%	39 41.1%	63 66.3%	32 33.7%
State of Environment Reports	37	20	20	17 17.9%	4 4.2%	17 17.9%	38 40.0%	57 60.0%
Community Reports	32	41	39	16 16.8%	7 7.4%	27 28.4%	50 52.6%	45 47.4%
Budget Statements	28	32	53	26 27.4%	6 6.3%	25 26.3%	57 60.0%	38 40.0%
Key Performance Indicator Reports	36	36	36	- 0.0%	- 0.0%	36 37.9%	36 37.9%	59 62.1%
Council Minutes	47	54	52	10 10.5%	10 10.5%	41 43.2%	61 64.2%	34 35.8%
Web-Site	59	59	57	8 8.4%	8 8.4%	50 52.7%	66 69.5%	29 30.5%
Staff Training Manuals	22	26	27	13 13.7%	4 4.2%	18 18.9%	35 36.8%	60 63.2%
Policy Documents	42	43	44	13 13.7%	4 4.2%	36 37.9%	53 55.8%	42 44.2%
Management Reports	45	46	51	9 9.5%	6 6.3%	40 42.1%	55 57.9%	40 42.1%

From preliminary analysis, the most utilised reporting medium for sustainability reporting was found to be the annual report (94.7% of respondents reported on 1, 2 or 3 aspects of sustainability with economic reporting being the most utilised form of

reporting). Interestingly, the annual report was also utilised the most from an integrated viewpoint of sustainability (58.9% of respondents). Other frequently utilised reporting medium included the corporate/strategic report (71.6% of respondents) and the web-site (69.5% of respondents). Of web-site respondents, fifty respondents were reporting from an integrated reporting viewpoint (52.7% of respondents).

The stand-alone sustainability report is one of the least used reports for sustainability reporting with 54 respondents (56.8% of respondents) indicating that they do not report sustainability information in a stand-alone report. Twenty-one respondents indicated that they used stand-alone reports to report from an integrated viewpoint of sustainability (reporting on environmental, social and economic aspects) whilst 13 respondents reported on 1 aspect and 7 respondents reported on 2 aspects providing a total of 43.2% (41 respondents) reporting respondents with environmental reporting being the most utilised form of reporting.

Other least utilised reporting mediums included state of environment reports (60% of respondents not reporting), key performance indicator reports (62.1% of respondents not reporting) and staff training manuals (63.2% of respondents not reporting). A possible explanation for this low reporting rate is that these reports are not produced by all local government authorities. This would be particularly relevant for state of environment reports – with these reports only mandatory in one state of Australia, local authorities in other states may simply not produce the reports.

To determine if there were any particular preferences for reporting methods being utilised by type of reporter (integrated or non-integrated reporting), further analyses was conducted utilizing independent group t-testing with significant results provided in Table 10.

**Table 10**  
**Independent Groups T-test**  
**Reporting Medium Utilised to Type of Reporter**

Type of Reports	t-test	df	Significance (2-tailed)	Mean Diff	Std. Error Difference
Stand-alone Sustainability report	-2.06	93	.043	-.22	.11
State of Environment Reports	-4.38	93	.000	.44	.10
Budget Statements	-2.02	93	.046	-.22	.11
Key Performance Indicator Reports	-3.36	93	.001	-.35	.10
Web-Site	-3.09	93	.003	-.31	.09
Management Reports	-3.73	93	.000	-.39	.10

From preliminary findings, it appears that the type of reporter may help to determine what reporting medium they will utilise in reporting sustainability information. Results indicate that there are significant differences between integrated and non-integrated reporters for stand-alone sustainability reports ( $t=-2.06$ ,  $p<.05$ ), state of environment reports ( $t=-4.38$ ,  $p<.001$ ), budget statements ( $t=-2.02$ ,  $p<.05$ ), key performance indicator reports ( $t=-3.36$ ,  $p<.01$ ), the web-site ( $t=-3.09$ ,  $p<.01$ ) and management reports ( $t=-3.73$ ,  $p<.001$ ). On further examination of mean scores, results indicated that for all 6 reporting medium, there was a higher uptake of these forms of reporting for integrated reporters in comparison to non-integrated reporters.

It had been expected that there would be no consistency in where sustainability information is being reported. From preliminary results, whilst it appears that voluntary sustainability information is being reported across a range of reports; integrated reporters may be favouring certain reporting methods in comparison to non-integrated reporters. Perhaps, consistency in sustainability reporting may be being achieved in a small way across the different reporters. Therefore it appears from preliminary analysis that hypothesis 2 is not conclusively supported; however, it is recommended that further research is undertaken to provide further evidence in support (or otherwise) of these results

**H3: The focus of sustainability reporting across the local government sector in Australia is environmental sustainability.**

H3 sought to determine if mail survey respondents focused on a particular aspect of sustainability reporting. Survey respondents were asked to consider the 3 aspects of sustainability reporting plus reporting from an integrated viewpoint (focusing on all 3 aspects) and determine the importance of each to their organisation (using a 5-point scaled response from very unimportant (1) to very important(5)). The descriptive results are provided in Table 11.

**Table 11**  
**Focus of Sustainability Reporting**

<b>Area</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Number</b>	<b>t-test</b>	<b>df</b>	<b>Sig. (2 tailed)</b>	<b>Mean Difference</b>
Environmental	3.97	.88	88	10.33	87	.000	.97
Social	4.06	.83	87	11.94	86	.000	1.06
Economic	4.18	.74	87	14.93	86	.000	1.18
Integrated	3.94	.91	86	9.58	85	.000	.94

Respondents indicated that the traditional economic focus was considered slightly more important than the other sustainability reporting aspects with a mean score of 4.18. Social reporting was considered next important recording a mean score of 4.06. Environmental reporting provided a mean score of 3.97 with an integrated reporting approach being viewed the least important (mean score of 3.94). To determine if these differences were significant, a one-sample t-test was conducted. As can be seen in Table 11, all four aspects of sustainability reporting were significant at the .001 level – thus, all approaches are considered important by respondents.

These results are mixed when compared against the type of sustainability reporting that respondents actually engage in as previously provided in Table 1. Results indicated (from Table 1) that the highest level of reporting was social reporting (90.5% of respondents) with integrated reporting being reported on by 69.5% of respondents. It appears perhaps that whilst respondents may be engaging in more social reporting than other reporting, respondents consider all aspects of sustainability reporting important.

Prior research has found that the reporting focus of sustainability reporting in the local government sector has been on environmental reporting (eg GRI 2004, Farneti and Guthrie 2007, ICLEI undated). It had been expected that this trend would continue on analysis of the survey results. However, results do not support this expectation with all four reporting aspects considered significant by respondents. In order of importance, results indicated that the traditional economic focus was most important, followed by social, environmental with integrated reporting viewed the least important. When the results were compared against actual sustainability reporting practices, differences were highlighted with social reporting recording the highest level of reporting (Table 1) Thus, hypothesis 3 is not supported, rather it appears that all types of reporting aspects are considered important by respondents with social reporting being most utilised in sustainability reporting for the local government sector.

## **5. Conclusion**

This study investigated reporting on sustainability by local government authorities in Australia. Results indicated that they do report; 50% indicated that they reported on at least one aspect of sustainability reporting with the highest levels of reporting being reported for social reporting (90.5%). In considering the adoption of sustainability reporting there was found a consistent increase in each of the 3 aspects reflected in sustainability reporting during the period 2005 to 2009, with the most significant increase in the 2005 year.

A number of reasons were examined to determine why local authorities report sustainability information with all 12 reasons identified found to be significant. When results were analysed by type of reporter (integrated reporters and non-integrated

reporters) though, a number of significant differences were found. Very encouraging results were found in analysing future sustainability reporting planned practices both for current reporters and non-reporters. However, an integrated approach to sustainability reporting comprising environmental, social and environmental aspects may be some way off with results indicating this approach to be the least favoured.

For reporting authorities, there was found to be an array of reporting media being utilised with the annual report being the most favoured by respondents. All 12 reporting media were found to be utilised by some respondents. When results were further analysed, it was found that integrated reporters favoured certain reporting methods in comparison to non-integrated reporters which may provide a certain level of consistency in sustainability reporting for local authorities.

It was further found that there does not appear to be an overall stand-out important focus of sustainability reporting contrary to expectations, with respondents considering all aspects significant. However, when contrasted against actual sustainability reporting practices, results are mixed with respondents engaging in more social reporting than other reporting practices.

As this study was of an exploratory nature, support by interview work could be utilised to strengthen and complement these results and make them more conclusive (or otherwise). There is a number of directions future research could take. Future research could examine sustainability reporting across individual states of Australia or across different classifications of local government in an effort to determine what drives local government reporting in Australia.

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<sup>i</sup> Definition of Sustainable Reporting:

*An integrated approach to reporting to stakeholders that focus on the environmental, social and economic activities undertaken to achieve specific objectives in the pursuit of sustainable development by the local government agency.*

Examples of Voluntary Reporting Information:

Environmental – *energy consumption, greenhouse emissions, water usage/water recycled, biodiversity, initiatives to mitigate environmental impacts.*

Social – *occupational health and safety programs, employee data, employee training programs, equal-opportunity data, community well-being programs.*

Economic – *Geographic breakdown of markets, % of contracts that were paid in accordance with agreed terms, total payroll expenditure broken down by region, donations provided to community groups broken down in terms of cash and in-kind.*