

# Chapter 7

## Environmental Reporting and Accounting: Sustainability Hybridisation

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### ABSTRACT

*This chapter examines the context in which ‘accounting-sustainability hybrids’ were constructed in anticipation of the Environmental Reporting Act (ERA) passed in 2015 in New Zealand. Using governmentality perspectives, the researchers consider how the key individuals in local government discursively articulate the ‘sustainability programmatic’ – sustainability policies that deploy the Act as a regulative intervention, the mediating instruments (reporting medium), and the hybridisation of accounting and sustainability (accounting-sustainability hybrids). The chapter draws on archival materials and qualitative survey of 90 key individuals from all 78 local authorities. The analysis showed that local mediating instruments were aligned with ERA and sustainability programmatic, resulting in modification of the existing hybrids and the creation of new ones. The chapter demonstrates how legislation facilitates action from a distance.*

### INTRODUCTION

Accounting-sustainability<sup>1</sup> processes and practices are regarded as central to embedding sustainability within public service organisations. They act as intermediaries between government programmes of reform and local service imperatives (Thomson, Grubnic, & Georgakopoulos, 2014, p. 453). Accounting-sustainability practices are considered to be hybrids of accounting with different aspects of the sustain-

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ability programmatic (Thomson et al., 2014, p. 455). For instance, full cost accounting (Bebbington et al., 2001; Herbohn, 2005) can be seen as a hybrid between conventional costing, sustainability science and environmental economics.

In New Zealand (NZ), the central government has introduced policies aimed at fostering greater sustainability in public service delivery. In 2014, the Environmental Reporting Bill was introduced by the Environment Minister, Amy Adams, and was later passed as a new law (the ERA) in September 2015. The ERA sets a broad framework to scope the reporting of one of the five environmental domains (air, freshwater, land, marine, atmosphere and climate), with the cycle beginning with freshwater in mid-2016 (MFE, 2016b). The framework requires a synthesis report, with analysis of air, freshwater, land, marine, atmosphere and climate trends and interactions, to be published every three years. The Resource Management Act (RMA) 1991 has also been amended to make local governments' (LG<sup>2</sup>) responsibility in collecting data and reporting<sup>3</sup> the state of their local environment explicit. Collectively, these policies and acts are referred to as programmatic. Programmatics are high-level discourses with purposive attempts to organise and reorganise institutional spaces, their routines, rituals and procedures, and the conduct of actors in specific ways (Dean, 1999, p. 32; Raco & Imrie, 2000; Thomson et al., 2014). As such they can be seen as part of many central government's strategies and interventions for LGs to transform their processes and practices.

In regard to environmental sustainability programmatics, in NZ the local authorities are required to report on the state of the environment under the RMA, and now the ERA has added on a new framework for local authorities to report on. In absence of specific standards and criteria of reporting the LG are left to interpret both Acts (considered as regulative sustainable programmatics) and other programmatics relevant to the public sector to construct their accounting-sustainability hybrids and to select mediating instruments (Kurunmäki & Miller, 2011, p. 222) to embed environmental sustainability. Mediating instruments are vital for constructing points of common reference between environmental sustainability reform and the local authorities' processes and practices. Mediating instruments can be local (internally generated) or non-local (generic solution by external body, such as GRI reporting). Thomson et al. (2014) advocate that understanding how the local hybrids programmatic are constructed is critical for the understanding of the hybridisation of accounting and sustainability.

The main aim of this chapter is to analyse the context in which accounting-sustainability hybridisation emerged. Specifically, the researchers examine how the local programmatic has been interpreted, prioritised and constructed at LG level, and then the researchers analyse how the local authorities selected a suitable mediating instrument, and the accounting-sustainability hybrids. This research contributes to the accounting-sustainability literature by providing insights on how regulation facilitates actions from distance and the importance of mediating instruments and hybrids being grounded in local contexts in order to support and facilitate change (Thomson, Grubnic, & Georgakopoulos, 2014, p. 473; Gray, 2010; Lehman, 2001).

## **CONTEXT OF STUDY**

There are 78 local authorities in NZ. Eleven are regional councils and 67 are territorial authorities. The Auckland Council (a unitary authority), 54 district councils and 12 city councils are collectively known as territorial authorities. Regional and territorial authorities are defined by the scope of their responsibilities. According to [www.localcouncils.govt.nz](http://www.localcouncils.govt.nz) (2016), the LG sector employs over 28,000 staff. LG's

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