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Making a splash: Local council accountability implications for a proposed aquatic and health centre

This is the Accepted version of the following publication

Sciulli, Nick (2017) Making a splash: Local council accountability implications for a proposed aquatic and health centre. *Pacific Accounting Review*, 29 (4). 534 - 550. ISSN 0114-0582

The publisher's official version can be found at
<https://www.emeraldinsight.com/doi/full/10.1108/PAR-10-2016-0092>
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Special issue: Government and Municipality Accountability

Making a Splash: Local Council Accountability Implications for a Proposed Aquatic and Health Centre

Abstract

Purpose – The objective of this study is to investigate how accountability and transparency was used to inform the local community and support the decision making of the Surf coast Shire (SCS) with respect to the development of an aquatic and health centre.

Design/methodology/approach – This project investigates a case study of a proposed aquatic and leisure centre located within the Surf Coast Shire (Victoria-Australia). The paper draws on content analysis and an interpretative approach to critically analyse publicly available archival documents sourced from the Surf Coast Shire, consultant reports and the popular press.

Findings – Providing extensive disclosure for a major capital works project and engaging the community to determine support for such a project was undertaken for reasons of accountability and transparency. However, community feedback has provided evidence of divisions between and within local township communities.

Practical implications – This project illustrates that being transparent and communicating accounting information via different forums can create significant community engagement to facilitate council decision making; albeit at a cost to some social disharmony.

Originality/value – It is typical for local councils to prepare budgets that inform the community how funds will be expended. In this case, the council has sought feedback from the community before a capital intensive decision has been made. This approach extends the notion of accountability by disclosing managements' decision making apparatus.

Keywords – New Public Management, Accountability, Community Engagement, Local Shire

Paper type – Research paper

"I believe this funding model is divisive and inequitable and was designed to build significant community opposition to such infrastructure." Sarah Henderson MP – Federal member for Corangamite, Victoria, Australia.

Source: Taylor, J. (2015), "Henderson splashes council over pool", *Surf Coast Times*, 24 December, p.5.

1. Introduction

This paper explores two fundamental concepts that are integral to the machinery of government; namely accountability and transparency. The above quote from Sarah Henderson MP (sitting member for the seat of Corangamite, Victoria, Australia), sets the context of how the Surf Coast Shire (SCS) managed the consultation process for a proposal to build and operate an aquatic and health centre. The consultation and ultimate final decision took place just prior to the announcement of a new Federal election. This case study investigates the recent decision of a local council – the Surf Coast Shire, located in the south-west of Melbourne (Victoria, Australia) to consider the construction and operation of an aquatic and leisure centre (ALC) in the township of Torquay. The SCS is located in one of the most marginal Federal seats in Australia: the seat of Corangamite, currently held by the Liberal/National coalition member Sarah Henderson MP by a margin of 3.9%. As history demonstrates, the election outcome is determined by whichever party is able to hold or win over 'marginal' seats. This study is important as it explores how obligations of accountability and transparency fed into the decision making of this local council. In addition, it investigates how 'grass roots' local communities can influence local council decision making.

This scenario advances all the hallmarks of ~~how~~ what appears to be a relatively uncomplicated decision by a council, can become highly charged and result in unintended consequences. Theoretically, issues surrounding accountability and transparency are not new within the context of the public sector, so it is worthwhile investigating how such concepts hold in practice. The local government level is where many citizens feel a connection towards given that households receive many services provided directly by local councils (Kaur and Lodhia 2014). Local council research is regarded as important because it relates to 'grassroots' accountability, that is, local citizens becoming directly engaged with their elected officials, namely their councillors (Ahrens and Ferry 2015). This makes the case for investigating how a 'real life' decision is undertaken at the local level ~~important~~. In essence, this project investigates how community feedback was used (and not used) by a local government shire to assist in making a decision over the construction and operation of an ALC.

This ~~paper~~ project applies the model developed by Bovens (2010) for examining the operation of accountability as a mechanism for council decision making. Understanding how a local council views itself with its constituents and what mechanisms are used to facilitate community engagement provides an understanding of the changing nature of accountability at the grassroots level. In addition, Ferry et al. (2015) have highlighted the UK government's decision to select a pathway for its local government sector that has resulted in a mass of 'armchair auditors' (the general public). UK Citizens are being given the dubious task of evaluating financial and operating conformity of local government services. This policy has been advocated on the premise that *transparency* will hold the government to account.

Hence, the research question for this project centres on how accountability relationships at the local level are challenged and managed through council community engagement mechanisms.

The findings from this in-depth case study suggest that it is more than simply a decision to build a community asset. The budget constraint is particularly apparent in the context of Victorian Local Government sector because the Victorian State Government has imposed a new policy of 'rate-capping' to be introduced during the 2016/17 financial year. This new policy limits rate increase imposed by local councils to 2.5% per annum and is based on the CPI index. In addition, the Australian Federal Government has removed the automatic indexation of grants made to local councils. Both of these policies have constrained the financial manoeuvrability (management) of local government.

This ~~paper~~ project provides theoretical and practical contributions to the literature. At the practical level, these findings should be of interest to policy makers, public sector managers and the general public, as ~~they~~ demonstrates that increased accountability and transparency can be divisive among constituent groups. In addition, revealing the actual financial cost of infrastructure and connected services may be uncomfortable information to some citizens. Nevertheless, the process undertaken by the SCS should be analysed and considered by other local councils. On a theoretical level, this paper analysed the institutional arrangements used by the SCS to satisfy obligations of accountability. For this case study, it was not possible to clearly distinguish between accountability as a virtue and as a mechanism as espoused by Bovens (2010). However, taken as a whole, the primary focus of gaining feedback on the proposal via community engagement forums suggested that the council wanted to ensure transparency, openness and responsibility.

The next section provides some background on the case study site, namely the SCS. This is followed by a review of the literature including the conceptual foundation. Section 3 outlines the research method, followed by the findings and the last section draws on the conclusions.

2. Background and context

2.1 The setting

The Surf Coast Shire (SCS) is located on the west coast of Victoria servicing the needs of 28 941 residents and spanning an area of 1560 square km (<http://profile.id.com.au/surf-coast/population-estimate>). It is located 21 kilometres south of Geelong and approximately 120 kilometres from Melbourne. The shire is predominantly rural, but more popularly known as a coastal holiday destination for local and international tourists. The main rural townships are Winchelsea, Moriac and Deans Marsh, whereas the coastal townships of Lorne, Aireys Inlet, Anglesea and Jan Juc have long been popular due to their spectacular beaches. Torquay is known as the surfing capital of Australia with the famous international Bells Beach Surfing Classic (currently sponsored by Rip Curl) held at Bells Beach each year.

The proposed Aquatic and Leisure Centre (ALC) was to be located in Torquay. Torquay has undergone significant population growth rising from 10 142 in 2006 to 15 447 in 2012; a 51% increase. This uptake was encouraged by successive Victorian State Governments in

recognising Torquay as a dedicated ‘high-growth corridor’. Unsurprisingly, this rapid rate of growth has not been universally supported by the residents, many of whom have seen their once sleepy coastal hamlet develop into a major sought after area to live. This is due mainly to an available active life style with access to the pristine coastline and coastal villages, new major ring-road infrastructure providing access connecting Melbourne to the Surf-Coast and growing employment opportunities in construction, health care, tourism and education.

Given this context what makes the proposed construction and operation of the ALC controversial was that more than 50% of property owners do not reside permanently in Torquay, rather it is a holiday home that is commonly utilised for week-ends away and during vacation periods. Therefore, many of these non-residents would not use such a facility on a regular basis if it were to proceed.

The SCS proposed a three tier funding model:

1. A special charge each year for 20 years for all SCS property owners depending on the distance between their property and Torquay. The further the distance, the lower the levy. The levy ranged from \$20 (for residents living further away from central Torquay such as Lorne and Winchelsea) to \$150 for those residents living in the Torquay township. This levy was proposed for the *construction* of the facility;
2. In addition, a further charge of \$50 per year would be added to the resident’s rates notice to *operate* and maintain the ALC and,
3. All users would need to pay an entrance fee for use of the facility. These fees would be comparable to those charged by other recreation centres.

The SCS takes community engagement seriously and has resulted in the development of a *Communications and Community Engagement Strategy 2015-18* (SCSC 2015 p.27). Moreover, the level of interest in this proposed ALC was such that the Mayor, Cr. Margot Smith mentioned this initiative in her Welcome address (notably) on page 3 of the SCS 2014-15 Annual Report:

The Aquatic and Leisure Centre Task Force presented various options for funding the facility’s construction and ongoing operation. Council considered these in great detail as the basis for developing a proposed funding model which has since been released for community feedback (SCS 2014/15 Annual Report p.3).

With a rapidly growing population, developing and maintaining sufficient infrastructure to meet the community’s needs appears to be one of the most significant challenges for the SCS. Further, the SCS heavy reliance on rate revenue and the Victorian State Government rate-capping policy, has meant that the shire faced significant competing priorities. As reported in the Annual Report section, *Financial Sustainability and Challenges*:

Financial sustainability is a fundamental strategic principle for Surf Coast Shire Council and underpins our ability to deliver infrastructure and services to the local community. The current challenges to our overall financial sustainability include:

- Reductions to funding in Commonwealth and State Government grant programs,
- Increasing costs related to maintaining Council’s portfolio of property, infrastructure, plant and equipment assets and,
- Costs of providing new assets in growth areas (SCSC 2015 p. 15).

Therefore, the SCS is characterised as a locality with a low permanent resident base, most of who have lived in the area for many years. Many of these permanent residents chose to live in this shire for the lifestyle advantages of residing near the coast and not having the associated problems of living in urban areas. However, there is now also a group of newer residents who are at a point in their lives that they desire additional services and infrastructure more attuned to those available and what they had become accustomed to in suburban areas. This case provides a window on how the SCS balances the interests of residents who want to maintain the coastal amenity and lifestyle attributes that was the initial drawcard of the Surf Coast, with newer residents who see a need to continue to grow the level of infrastructure and services.

2.2 Literature review

Although austerity is a widely used phrase to signal that governments intend to make substantial budget cuts, the actual goal of limiting government expenditures through a range of policies is common and has a long history. Ahrens and Ferry (2015) describe new accountability relationships between the Newcastle (UK) City Council (NCC) and its 'grass-roots', being citizens and citizen organisations. Rather than managing central government austerity cuts imposed on UK local councils, NCC sought to engage its citizens to determine spending priorities. Therefore, the result was that accountability became localised. Budgets were integral to this new regime and citizens became and needed to be more aware of the financial implications of requesting new services, reducing others or changing the way services were delivered.

In recognition that there is a limit to government resources, a variety of management techniques have been adopted in many countries, most notably the New Public Management (NPM). First examined by Hood (1991, 1995) NPM is described as an integrated series of techniques including user-pays, devolution of duties with greater management autonomy, corporatisation/privatisation, contracting out, increased emphasis on outputs and outcomes and explicit measurable performance. However, NPM is not an isolated catalogue of management techniques that have been subsumed from the private sector, but rather used to collaborate with other important, long-standing public sector themes. Thus, it can be argued that the application of NPM enhances the accountability of public officials and supports the legitimacy of the institution under examination.

One of those themes that is particularly pertinent to this investigation is that of accountability. In its simplest form, to be held accountable means that one necessarily needs to provide an *account*; which in turn provides a justification for further action or non-action. Sinclair (1995) identifies the general community as the 'principal' and hence, in this case, the local council would be the agent that is accountable to its community. Bovens (2007) view that at its core, accountability is an *evaluation* process between the actor (for example, the local council) and a forum (namely, the stakeholders/community). Accountability is not static and over time there have been several incarnations such as accountability for probity, process accountability, financial and social accountability, moral accountability and political accountability to name but a few. This expansion of what fits the realm of accountability is not a problem *per se*, but may be viewed more as a shifting of power from one interest group to another. However, Bovens (2010) alludes to the possibility that the ever-expanding notion

of accountability can result in accountability being everything, but also nothing simultaneously. Therefore, Bovens (2010) suggests that to improve the scholarly analysis of accountability it is possible to divide accountability as a *virtue* and as a *mechanism*. A virtue implies a normative concept of acceptable and unacceptable behaviours, whereas accountability seen as a mechanism would focus on the operational elements; that is, a description by the agency of the steps to be taken to discharge the obligation of accountability.

Local government budget participation with their community has a long history (Covaleski and Dirsmith 1986). Budgeting and NPM have both been a significant component of changing accountability (Eckersley et al. 2014). However, less is known about the process and power relationships involved when a significant infrastructure *proposal* is created. Moore (2014) extols the notion of *public value* where issues of equity and justice would be served by the public sector as there would be less interest from the private sector to fulfil this role. Further refined, Moore (2014 p.471) then alludes to the creation of public assets that can be used to produce public value:

Citizens might be willing to invest more of their hard-earned money and to accept new burdens if they thought such action would create a better (more prosperous, sociable, and just) society. But in a liberal society, government must be able to demonstrate to a sceptical public that it can, in fact, produce the results that the public wants to see realized.

Thus, the cost side of government expenditures is relatively easy to quantify, and in the matter of building infrastructure assets, fixed contracts offer a degree of financial certainty. However, whilst the public sector accounting system is able to record and report on expenditures, it has not been designed to account for other *value* benefits accruing to the public (Moore 2013). Although some form of economic cost/benefit analysis can be undertaken, issues such as fairness or justice rarely come into play. Moreover, what is important to citizens changes over time, and a government infrastructure proposal that may seem to be a waste of taxpayers' funds at one point in time, may become an essential piece of infrastructure.¹

Carnegie (2005) argues that traditionally local councils would satisfy notions of accountability with the disclosure of a set of financial accounts. However, less recognition was given to what is termed *community assets* which are defined as those that are provided free of charge to residents and other users or on a subsidised basis. In any event, these assets do not result in a net cash inflow to the council, hence, further grants from the State or Federal government are made in order to maintain that asset. Carnegie (2005) then uses the example of a local public cricket ground in the small township of Breamlea (Victoria, Australia; Population of 444) as a community asset. This cricket ground is described as a community assembly zone and is used for social gatherings and for the annual cricket match that brings other small local communities together. In other words, this asset contributes to the bring social -and quality

¹ An example of this situation occurred in the State of Victoria (Australia) where after a 10 year drought and record low water storages reaching 26% (June 2009) of capacity, there was enormous pressure on government to "do something" to guarantee water security. The government decided to build a desalination plant to meet the State's water needs. The project was completed in December 2012 at a cost of \$4 billion. The plant has sat idle not producing any water for 3 years because of substantial rainfall in catchment areas between 2012 and 2015.

of life benefits ~~of~~ the residents; and interestingly, the residents saw no use in valuing this ground, as its sale or alternative use would never be supported. A parallel could be made with the proposed ALC with proponents for its construction arguing that many health benefits accrue to the community that are not captured by the *financials*, such as the reduction of drowning's by offering swimming lessons in a safe environment, assisting with Australia's obesity crisis by presenting an opportunity for various forms of exercise and as an avenue for stress relief and relaxation (Howat et al. 2012).

Liguori et al. (2012) in their study of Italian municipalities also concur that accounting tools are used to make managers more accountable. They argue that NPM shifts the emphasis away from what politicians desire to what the council management present and recommend. The findings indicate that both politicians and council managers consider non-financial information more important than financial figures, however, council managers attached more importance to accrual information (in particular *cost of activities*) than politicians. These findings appear at odds with previous research that indicated that politicians focus on constituent demands and financial imperatives, whereas managers focussed on issues surrounding 'value-for-money'. In general, studies have found that politicians strive to meet the public's satisfaction and perceptions, hence the need for information that support general missions and strategies, whereas managers follow the notions of economy and efficiency (Aberbach et al. 1981; Schedler 2007). This current study follows the recommendation from Liguori et al. (2012) to investigate the decision-making processes in different contexts and situations.

Due to the government sector moving from a reliance on cash-based accounting to accrual based information, studies tend to examine the usefulness or otherwise of this move (Kober et al. 2010). Other uses of accounting information in the local government sector such as the use of *long term plans* (LTP) in New Zealand suggests that the progress against LTP are but another tool for governmental accountability (Bradbury and Scott 2015). Moreover, Bradbury and Scott (2015) argues that in cases of high political competition, information intermediaries (local media, consultant reports, newsletters) will be extensively used and hence, the use of accounting information will be stronger extended.

Transparency can be viewed as necessary to meet accountability obligations. However, this is not necessarily the case. Transparency refers to:

...the conduct of business in a fashion that makes decisions, rules and other information visible from outside (Hood 2010, p.989).

However, on its own, transparency is limited in its effectiveness for public sector governance because there needs to be a mechanism which triggers consequences for the information that has been disclosed. O'Neill (2006) alludes to the mistaken belief that greater levels of transparency somehow equates to improved accountability citing a plethora of 'box-ticking' requirements, most common at the local government level. Greater levels of transparency may be provided in a form that is not easily understood by users, or the volume may be such that important details are shrouded.

Therefore, this study extends the work of Bovens (2007) by examining the elements of accountability as a mechanism through which a grass-roots decision by the local community on whether or not to build and operate an ALC. Particular attention is paid to the use of accounting (cost) information by residents in formulating their support or otherwise. That is, we focus on how *context* - namely, a relatively small coastal township with only approximately 50% of households living permanently in that [area-area](#) can support improved accountability. This activity can serve to ensure public actors and managers have a sense of responsibility to their stakeholders and improve the governance of the local council.

3. Research method

Content analysis was the chief tool used to analyse the data. The data came in the form of various documents including:

- SCS Aquatic Leisure Centre Feasibility Study
- Various consultant reports prepared on behalf of the Surf Coast Shire,
- Minutes of the SCS meetings,
- Aquatic and health centre 'Summary of Comments'
- Popular press such as the 'Surf Coast Times'
- Brochures and flyers produced by the SCS

By using Bovens (2007) three phases of accountability we can provide findings that are context specific as described below.

Phase 1: that the agent (in this case the SCS) must explain and justify its conduct to the principal (the community).

The SCS undertook extensive research into the advantages and disadvantages of building and operating an ALC. This process culminated in the production of a number of consultant reports. These reports provided financial data in terms of the possible costs and income of this proposal, but other reports were tendered by the SCS to gauge feedback from the residents.

Phase 2: that the community has a forum within which to question the actions of the local council.

The community had several opportunities to question the actions of the SCS. For example, a phone survey was conducted on behalf of the SCS to a random cross-section of the community (sample n=600), face-to-face community forums were held in each ward of the shire, a specific 'testing the water' e-mail account was established for community feedback on this proposal and a separate on-line submission facility was developed. Traditional postage mail was also available for input.

Phase 3: that the community is able to pass judgement on the council proposal.

There was some overlap between Phase 2 and 3, in that the written comments from the community and attendance at the community forums provided an opportunity to both question the council on any aspect of this proposal and also pass judgement. The final

decision for this proposal was formally communicated at the December 2015 council meeting in Torquay.

Thematic analysis was used to analyse the data which began with a thorough reading of the on-line submissions and e-mails. This activity was undertaken initially to gain an understanding of the 'big picture' issues that were beginning to be drawn from community feedback (Braun and Clarke 2006). A broad set of headings was developed including issues surrounding: Geographical location and alternatives, demographics, health and lifestyle, significant contextual issues (example, permanent versus holiday residents). This activity was undertaken to gain a broad-brush understanding and community support regarding this proposal. The themes identified in Section 4: Findings, were drawn from this content analysis and therefore, is consistent with a grounded theory approach.

4. Findings

As a measure of the passion displayed regarding the proposed ALC, the SCS received over 1000 written submissions (820 e-mails from the 'testing the waters' feedback process and 320 submissions via the on-line submission form).

Overall, the findings from the written submissions are presented as shown in Table 1.

Table 1: Community feedback categorised

Support for/against the ALC	%
Support for the ALC <i>but not</i> the funding proposal	10
Support for the ALC <i>and the</i> funding proposal	9
Does <i>not</i> support the facility in any form	47
Does <i>not</i> support the <i>funding</i> proposal and has no stated position on the ALC	28
Other questions and replies	6
Total	100

It can be seen from Table 1 that 75% (47 + 28) of residents did not support this proposal or its funding approach and there was some passionate language used as to why the SCS would even consider such a facility.

4.1 Themes emanating from the community feedback

Divisions between Torquay and other surf coast townships

Given that the funding model proposed by the SCS detailed a user-pays scheme based on the distance between the location of the proposed ALC (Torquay) and the property owners, this resulted in some animosity *between* the townships located in the shire. In addition, two townships, Lorne and Winchelsea already had a swimming pool, (although they are outdoor pools). At the community forums organised by the SCS to discuss the ALC proposal, both Lorne and Winchelsea had the highest attendances, being 102 and 105 attendees respectively. In Lorne 97% of attendees did not support the proposal and at Winchelsea, 88% did not support the proposal.

"If it means money taken away (or not even been used) for basic infrastructure, safe foot paths, safe roads, in our area, it's a Big no from me. It would just strengthen my view that the Surf Coast Shire only think of Torquay and not its smaller communities."

"As an Anglesea rate payer I am fed up with subsidising Torquay development. This proposal for an aquatic centre is just another example. Many people in the smaller coastal towns outside Torquay feel the same as I do. If Torquay people want a pool then, as they will be the primary users, then they alone can pay a rate levy to support it."

"Ratepayers in the smaller towns now feel that Torquay is dominating the shire in fund allocation and is imposing rules and regulations that are unnecessary outside Torquay. The shire offices, (or palace as most call it), being located almost as far as possible away from the rest of the shire does not help, this along with the state of the sports fields that none of us get any value from."

["Given this proposed aquatic centre would not benefit Lorne ratepayers even remotely – we request you provide feedback to this effect and suggest a "special levy" on ratepayers for Torquay if they want such a centre established."](#)

These sentiments appear to reflect not a lack of transparency, but a sense of the smaller townships being marginalised and neglected. It suggests that a level of animosity against the larger past expenditures in Torquay was already in place prior to the development of the ALC proposal and consultation forums. It could also suggest that the smaller communities feel a lack of power or voice regarding council decisions. Traditionally, public sector budgeting has been viewed as a mechanism for accountability, however, the proposed ALC, was just that, a proposal, that had not been budgeted for by SCS (Osborne 2006). A possible explanation for the extensive consultation could include legitimisation of the decision making process in addition to fulfilling accountability and transparency obligations.

[Importantly, Bovens \(2007 p.453\) distinguishes between accountability and consultation and participation. He argues that the latter does not constitute accountability because they lack the element of justification, judgment and consequences. Therefore, accountability refers specifically to *ex-post* decision making. However, this case is peculiar because the SCS went out of its way to publicly enforce the message that the councillors and management had *not* formed an opinion whether to proceed with the proposed ALC. The question therefore, is why did the SCS feel compelled to undertake such an extensive consultative process. Possible explanations include to deflect citizen hostility to the proposal by retorting that the SCS had no current *position* and were simply listening to constituents. Alternatively, enhancement of *political legitimacy* may have been a motive. That is, to justify to proponents of the ALC that the case for such a facility is not feasible in the face of such antipathy. Therefore, the SCS could in a sense 'wash their hands' with respect to decision making in the face of this sensitive proposal. This is accomplished by satisfying those against the proposal and intimating to the proponents that 'we set in place a transparent, consultative process', but it was not to be on this occasion. This notion also supports Bovens \(2010\) in that accountability can be practical \(a mechanism\) where a forum is provided to discuss ideas, but also it can be normative \(a virtue\). That is, in this case we find elements of both, namely, the consultative forums and the view of SCS that it was from their perspective, a sound idea to undertake this course of action.](#)

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Majority should rule

The theme filtering through under this category suggests that the respondents do not want their council decision making to be based on how active a special interest group is, rather those decisions ought to be based on majority consensus. Whilst this view on the surface may appear democratic, it suggests that minority groups and their aspirations would be severely limited.

“We have just received our latest rates notice along with the article about investigations into an Aquatic Centre. How can any reasonable set of Councillors allow such a review to go any further? Please kill this centre off as quickly as possible and don’t allow yourselves to become subservient to special interest groups who represent only a miniscule percentage of the total shire. Focus should be on cost efficiency and the needs of the majority; not catering to noisy minorities located in Torquay”.

“.....has seen an explosion of demands put on local government to provide these expensive and massive burdens on ratepayers, usually driven by a vocal group of persons looking out for themselves and not taking into account the ongoing costs to authorities and the majority of ratepayers who will receive no benefit whatsoever from the facility.”

“We implore the Surf Coast Shire councillors to be influenced by sound economic management principals and cost V benefit pertaining to all ratepayers rather than a narrow interest group.”

Much has been written and explored with respect to local government and public sector management (Osborne 2010). The trend in analysing accountability and transparency is that more structures that are put in place to enhance both mechanisms should be encouraged as it leads to stronger governance. Further, expanding stakeholder or community engagement is also viewed as a positive. However, less is known about how to manage stakeholder claims (in this case we focus on the citizens of SCS) when vocal opposition and proponents for a proposed project present their case to council. It suggests that the mantra advocating that council managers should ‘balance’ the interests of stakeholders, can appear reasonable challenging to put into practice. In other words, the claims of community engagement may need to be tempered with the reality faced by public sector managers to make a ‘captain’s’ call (Orts and Strudler 2009). Crane et al. (2015) suggests that accounting can play a vital role as a tool for shaping stakeholder claims. This point certainly resonates with this case study, given the volume of ‘financials’ provided to the community by the SCS on the funding implications of the ALC. Interestingly, O’Neill (2006) suggests that in the UK, greater transparency and volume of information has actually resulted in a decline in trust from the public. An explanation for this odd finding was that transparency was not the same as effectively communicating that information. Effective communication would result if the audience felt empowered to make a judgment call on a government proposal. It appears that the SCS had fulfilled both criteria by making available an abundance of information and extensive communication with ratepayers to explain that material. If questions of a lack of trust with the SCS were apparent, then it would be difficult to ascertain whether that was the result of this particular proposal or something that has evolved over time. Funding issues issues, either directly or were indirectly, were also related to other themes discussed below, either directly or indirectly.

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User pays and subsidisation

The feedback regarding the proposed funding model appears to have been readily understood. Some respondents believed that the proposal was a 'true' user-pays system because it was highly unlikely that property owners would drive between 40 and 70 minutes to use the facility. It was also questioned as to whether this evaluation process, that is, adopting a quasi-user-pays system would apply to all future capital works projects. The other significant contextual issue was that nearly 50% of property owners were *not* permanent residents, rather for these owners (the majority of whom reside in Melbourne) their property was a holiday home used predominantly during week-end escapes and school holidays. These non-residents would appear to be even more unlikely to use the proposed ACL and hence, it would be expected that a more vehement opposition to such a facility would ensue.

"The model outlined in the local newspaper recently is patently unfair. It purports to be a user pays system but in actual fact it appears to be a scheme in which users will be subsidised by the bulk of residents who will probably never use the facility. If this noisy minority of people want a swimming pool let them pay for it themselves or build it and charge a user pays fee which is commensurate with what it actually costs. This true user pays costs would be so high that the pool would not be a viable concern. How many of these noisy people will move out of the shire in future years while those who remain are burdened with another impost, a levy which is just another name for a tax."

"Are you intending that all future infrastructure projects be funded by a Special Charge Scheme?"

"As a long term resident of the Surf coast Shire I would like to voice the need for an aquatic centre within the region. It would bring great health benefits for people of all ages. However I am opposed to rate hikes to the Shire's residents an alternative method of funding needs to be reached."

"I congratulate the shire for the way in which you have presented the true cost of this project as an annual cost to ratepayers. Historically local government would not have done this."

["Like a lot of expensive projects of this type what happens in the future when the pool needs extensive and costly repair and, will the ongoing cost deplete funding from other critical community needs."](#)

"While I appreciate the council is carrying significant borrowings and is close to its prudential lending limits due primarily to the construction of new council chambers, it is incumbent on council to develop alternate funding models which accommodate these limitations." (S. Henderson MP)

It is clear from these transcriptions that the community has a strong grasp of the issues pertaining to this proposal. In fact, ad hoc communication with some council managers suggests that the SCS community are generally well-educated, engaged and politically astute. It provides some credence to the recent UK government policy that greater transparency would make public sector managers more accountable for the actions and decisions (Ahrens and Ferry 2015). However, the policy proposed for the UK relies on what we would adjudge to be 'sophisticated armchair auditors'. [This proposed capital project was significant in terms of cost and impact on property owners \(and the council itself\), over a long period \(20 years\). Therefore, the property owners 'mobilised', becoming informed and educated about the financial impact and whether there was, in fact, a demand for such a facility in the proposed locality. This 'arm-chair audit' activity required an intensive effort from the ratepayers which may not be the case with respect to the more routine functions of local government such as compliance with procurement policy. Nonetheless, it is a 'bottom-up' approach to accountability which has implications for rate payers of local government. They would need to be continually vigilant of new proposals and educated in determining their costs and](#)

[benefits. \(Ferry et al. 2015\)](#). Bracci et al. (2015) raise concerns for delegating the responsibility for all manner of public services on to citizens and tends to suggest that citizens would need to become more cognizant of the apparatus of accounting as used by government.

The final quote under this theme from the Federal Government MP Sarah Henderson, indicates that the SCS had to manage not only downward accountability to their community, but also politically delicate upward accountability to the Federal member for Corangamite of which the SCS is situated. Although the majority of local government funding is sourced from ratepayers (as residents), significant funding sources can also be derived from the Victorian State and Australian Federal Government through special purpose grants.

Alternative facilities and different priorities (choices)

The other contextual issue regarding this case study is that historically, Torquay was viewed as a holiday destination – a haven close enough to the city of Melbourne, but distant enough (approximately 100 km) not to have attracted some of the negative features of a large city such as excessive pollution, traffic and crime. Hence, the feedback suggests that there are residents and non-residents in Torquay that do not want the infrastructure that large cities have access to and all that it entails. The reason they chose to reside in Torquay was predominantly for lifestyle reasons. However, Torquay has been recognised as a growth corridor by the Victorian State Government, and a large influx of residents (the majority being young families with children) have moved into this area over the past decade. It appears that these newer residents do wish for a level of infrastructure that is at least commensurate with other townships in this region. For example, both Ocean Grove and Warn Ponds (located 25 and 19 kilometres from Torquay respectively) have large recreations centres with heated pools.

“I moved to Torquay for the ocean and the sea and feel that we have a giant pool that is free of charge. OK it is a bit cool in some months but modern wet suits can mean almost all year round swimming if desired.”

“Lastly, I cannot help but note that it is manifestly redundant and absurd to have a swimming centre right next to the ocean.”

“Torquay has many suitable beaches for all levels of aquatic activities and they should be promoted as a sustainable alternative to another municipal pool.”

“My fear is that in the future the Shire will put essential projects on the back burner or worst (*sic*) still, hit the rate payers up for these costs as well, where does it stop?”

“Why don’t you find an independent provider to build, staff and maintain the facility, if there is a need and the demand for this type of facility.”

“I have never heard of such an absurd suggestion as the one as outlined in the newsletter received yesterday. “Surf coast Aquatic and health centre”. I am still shocked and raving mad over the recent rate increases that have been inflicted on the residents. We were asked to pay over three times the CPI with the latest increase. Obviously the council is out of control when it comes to expenditure. Spend, spend and spend seem to be the policy of council. It’s madness. How can the people on fixed incomes pay up to the ever increasing demands of an incompetent council. The proposal will benefit those in the immediate proximity but others forget it. It’s a ridiculous proposal. I can only assume that the council loves to spend money and increase debt so that the councillors can put their name on a plaque.

The proposal stinks and should never have got this far. How much rate payer dollars have already been spent on this project?"

"There is a lovely pool at the RACV – become members and use it. Surfcoast does not need an aquatic centre when there is wonderful facility already built and operating at Warn Ponds. Our Shire should start living within its means and stop wasting money on projects that are non-urgent."

"In any event, many of those in the so-called 10km radius north or northwest of Torquay, including many in Torquay itself (including many of the current 670 Surf Coast members), would be more likely to head to the superior facility in Grovedale, or the new facility at Armstrong Creek, than to the proposed facility in Torquay."

A number of issues are raised within the theme of *Alternative facilities and different priorities (choices)*. There is a contextual dimension working here in that there are residents that have a strong association with the natural environment and are concerned about the effects of human activity on the environment. Hence, the views that leisure activities are better enjoyed in a natural environment (the ocean) rather than a purpose built facility. The community appear to be keenly aware of the choices they have, and that undertaking this ALC proposal may mean that other current services or future funding proposals are compromised because of the financial commitment made to the ALC.

Other benefits of an ALC

In contrast to the respondent comments that were opposed to the construction of an ALC, those in favour tended to emphasize the benefits of such a facility without referring to its specific financial cost. Benefits such as improving the health and fitness of the community, reduced risk of drowning and as a conduit for recruiting future surf lifesaving guards were some of the reasons put forward as to why such a facility according to proponents, was imperative.

"I feel there are many ways that the shire could proceed with this project if they actually wanted it to be achieved. I understand the premise that the shire is 'neutral', but to be honest, when the community is only presented with one model of funding which includes expensive and unprecedented 20 year special charges and rate rises, the reaction from the community is going to be one of negativity. I feel really sad that the shire have not been able to really promote the massive benefits of such a centre. Torquay is a growing, vibrant town and a fantastic tourist mecca which has its roots firmly based in water and aquatic pursuits. A Surf Coast Aquatic Centre could be a huge asset and draw card to our town. A facility which would be most definitely be-used daily by hundreds of community members and visitors alike. It could be a jewel in our crown, a facility which brings events and economic benefit to our region, a centre which invests in the health of our residents and encourages the pursuit of excellence in sport and fitness."

"The benefits of an Aquatic and Health Centre are enormous to the local and wider community: Summary: 'Economic and Health Benefits Project – Community Aquatic and Recreation Centres' Full Report: <http://www.aquaticsandrecreation.org.au/research>

This landmark industry research project investigated a range of health, economic and community benefits delivered by local aquatic and recreation centres across Victoria and interstate."

"As competition manager of a local lifesaving club I am well aware of the number of families who commute into Geelong each week to ensure their kids have the swimming skills they require not only to compete but more importantly to patrol and keep our beaches safe over summer. These families are all volunteers and with the population growth we are experiencing on our coast it is time we

supported these volunteers who will be the next generation of lifesavers providing valuable services to our community.”

It appears that proponents of the ALC view the facility as a social as well as a physical asset. Providing such an amenity it is argued, would enhance the general well-being of the community. The SCS made it very clear in their publications and forums that they did not hold a view as to the need for an ALC and therefore, acted as an intermediary. For this proposal the SCS shifted significant decision making regarding whether the community wanted to build and operate the ALC away from council to the citizens. However, this power shift towards the community only occurred *after* a funding model was established by council.

Bradbury and Scott (2015) investigated whether constituents respond to local government data – specifically long term plans (LTPs). As noted earlier, the SCS consultation process was undertaken a few months before the call for a Federal election. The sitting Federal member Sarah Henderson MP, took out several full page advertisements in the local community newspaper stating:

I am calling on the Surf Coast Shire to withdraw its unfair pool funding model. The proposal.....amounts to a pool tax. This is divisive and inequitable. For a long time, I’ve advocated that an aquatic centre for the Surf Coast must become a priority project. This was steadfastly opposed by Labor’s Corangamite candidate. The community must be heard which is why funding should be allocated to progress the design and planning of an aquatic centre (Henderson 2015, p.10).

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Accounting information can be used to hold elected officials to account (Bradbury and Scott 2015). However, that is easier to ascertain when comparisons are made between *budgeted* with *actual* expenditures. In a highly politicized environment such as in this case, representing constituents for the ACL meant that accounting consequences was less of a priority than getting the proposal approved. In effect, approval was ~~sought~~ swiftly, with funding issues to be deferred and negotiated later between the SCS and the Federal Government.

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5. Conclusion

Stakeholder and more pointedly, community engagement, is seen as a vital component of a fair democracy. Within the public sector, demonstrating that the views of citizens are taken into account is a basic but critical right. Citizen inputs also facilitate accountability, as public officials needs to address concerns and defend what actions or inactions they have made. The engagement practices used in this case by the SCS demonstrates accountability in action. Traditionally, local government has had a very strong connection with its community and grass-roots activism lends itself to the discharge of accountability obligations. However, not all citizens will be happy with the outcome, but the *mechanism* used to facilitate discourse as suggested by Bovens (2007), appears to have been effective in this case study. The content analysis drawn from submissions made to the ‘testing the waters’ email account, on-line submissions, political advertising and reports in the popular press indicate very clearly, that the process of investigating the possibility of the SCS to build an ALC has been an extremely sensitive issue.

There are some findings from this investigation that would be relevant across other jurisdictions whether locally, in Australia or across other countries. That is, the SCS provided

an open and transparent process and indicated very clearly to the community the consultation process it was embarking upon. This included the many opportunities afforded to the community for their feedback on the ALC proposal. In addition, the SCS management and Councillors made open declarations from the commencement of the consultative process that they had not formed a view as to whether the council should or should not proceed with the construction and operation of the facility. This position suggested that decision making power was being diverted away from council and on to the local community. However, this 'sitting on the fence' approach by the SCS, could also be interpreted as not wanting to [become](#) involved in a 'slug-fest' between those residents who actively lobbied for the construction of the ALC and those vehemently opposed. To put this infrastructure project into perspective, the SCS 2015-16 budget papers [indicated that the SCS](#) allocated ~~ds~~ \$18.33 million to its *total* capital works program for the entire shire (SCS 2015). The proposed ALC proposal had been budgeted at \$29 million. Thus, this project was a significant undertaking including the fact that the SCS would have had to borrow \$21 million and relied on state and the federal government to contribute 25% of the cost as well. Despite these financial projections, the local [Federal Government](#) member, Sarah Henderson MP, was a strong advocate that the facility should proceed.

In contrast to the view of Ferry et al. (2015), in this particular case, the feedback from the community suggested that they had the necessary skills to interpret the financial consequences of the proposal. Although, detailed costings based on a range of scenarios was provided via a separate consultant report (SCS 2014), it appears that the majority of responders based their opinions and judgements on the one page colour flyer that was distributed by the SCS. This flyer clearly demonstrated that property owners would incur a 'special charge' for the next 20 years, the level being determined on the distance their property was situated compared with the location of the proposed ALC. In this particular case, the concern alluded to earlier that 'arm-chair auditors' would not have the capacity to understand financial information, this case suggests that complex costings and consequences can be transformed into [an](#) easily read and understood format for consumption by the general public.

The second finding was that those that advocated *for* the ALC tended to justify their opinion on qualitative enhancements to life such as health and safety benefits of having access to a swimming and leisure precinct. Those against the ALC proposal focussed their comments specifically on the financial cost that they would have to endure over 20 years [and pointed out that there were other facilities already operational within or outside the SCS that potential users could access](#).

The findings support the contention advanced by Bradbury and Scott (2015) that there is more active use of accounting information in a highly charged political environment. In this case, the forthcoming Federal election coupled with the SCS being located in one of the most marginal seats in Australia served to ensure substantial use of accounting information. That is, the 'user pays' principle which is a basic tenet of NPM was understood and rejected by 38% of the community. A specific comment:

"I congratulate the shire for the way in which you have presented the true cost of this project as an annual cost to ratepayers. Historically local government would not have done this."

resonated for two reasons. The first, given the political costs associated with the approach taken by the SCS, it would seem problematic that other councils would be as courageous to 'test' the support for a specific project, disclose the cost of that project and further, to directly attribute those costs to ratepayers within a geographical region. We could also surmise that the SCS new at the outset that the financial risks associated with such an expensive infrastructure proposal would be too great, and thus, took the proposal to the community to provide legitimacy as to the decision not to proceed.

In addition, we cannot ignore the finding that 47% (the largest response from Table 1) of respondents did not support the facility in any form. It is apparent that there are other possible explanations for this feedback. For example, a broader dissatisfaction with the operations and past decisions of SCS appear to have been precipitating for some time. Some of the respondents referred to there being too much of a focus on Torquay at the expense of other 'smaller' townships in the shire. In addition, existing facilities in the greater Geelong area and the future plans for such a facility at Armstrong Creek, which is a ten minute drive from Torquay, would meet increasing population growth. There was also the view that if the project were to proceed, undertaking such large borrowings would mean that the risk profile of the SCS would be extreme, and such borrowings would curtail council's ability to borrow funds for other projects. Finally, as discussed earlier in Section 2.1, the majority of property owners do not live in Torquay permanently, as the properties are used normally during school holidays and week-ends as a holiday beach-home. Hence, for these ratepayers, regardless of the proposed funding model, they were highly likely to oppose the proposal citing a lack of direct benefit.

Those respondents that were in favour of the ALC argued that it would deliver health and well-being benefits to the community, would reduce the risk of drownings and that other towns of a similar size have access to a local aquatic centre.

Although the purpose of this investigation was not to make generalisations across the local government sector, the findings from this case study are limited because of its unique context. That being, an agenda where the SCS decided to let its ratepayers decide whether a project should proceed, rather than the typical scenario whereby council members have already formed views as to whether a project should proceed.

A limitation of this paper is that only one council and one particular infrastructure proposal was examined, albeit, in depth. However, the peculiarities of the SCS was an opportunity to examine how important *context* was in shaping local government accountabilities. With the advent of 'rate-capping' by the Victorian State Government, and budget cuts and other austerity measures imposed on local governments elsewhere, it is important to continue research on the role of local communities in supporting accountability.

Acknowledgement

A special thank you to the two anonymous reviewers who provided helpful and constructive feedback on an earlier draft of this paper.

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