

The Management, Reporting and Assurance of the Sustainable Development Goals in Local Government

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An Australian Case Study

Authors:

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24 August 2023 / CSEAR UK conference / St Andrews



WHO I AM

- Prof. Nathalie Crutzen, HEC Liege (Belgium)
- Multidisciplinary research profile
- Academic Lead of a research group dedicated to the sustainability management of innovative ecosystems
- Academic and applied research projects
- 3 main streams of research
 - Public management
 - Innovation, policy and economics
 - Sustainability accounting and control

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INTRODUCTION

- The United Nations Sustainable Development Goals (SDGs) represent 17 global goals and 169 targets to address sustainability challenges facing the world (UN, 2015).

INTRODUCTION



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



INTRODUCTION

- The United Nations Sustainable Development Goals (SDGs) represent 17 global goals and 169 targets to address sustainability challenges facing the world (UN, 2015).
- It is of both academic and practitioner interest to explore the progress organisations have made in addressing the Sustainable Development Goals (SDGs) and how these goals are incorporated into organisational practices.
- Organisations can address the SDGs by embedding them into their operations through changes to their existing management, reporting and auditing systems (Bebbington and Unerman, 2018, 2020)
- The transformation of (sustainability) accounting, reporting and assurance systems to address the SDGs is therefore an issue that needs to be investigated.

INTRODUCTION

- Local governments provide an original and useful context (Ball, 2004; Williams, 2011) as
 - The “local level” is seen as a key part of achieving Sustainable Development Goals (SDGs)
 - They are organisations that do not have the profitability motive associated with large corporations (mission = public interest) and have concerns about improving sustainability of their local areas
 - They need to be accountable for their sustainability performance
- Our recent publication (Clement, Ruysschaert and Crutzen, Ecological Economics, 2023) shows that local governments all over the world are addressing SDGs in their (smart city) strategies

RESEARCH OBJECTIVE

How do the practice of SDGs accounting and reporting develop in local governments ?

LITERATURE REVIEW (TBC)

- Within accounting, prior literature has explored
 - How organisations report on the SDGs in their corporate reports (Elalfy *et al.*, 2021; Lodhia *et al.*, 2022 in press)
 - How governments can use the SDGs to create value (Abhayawansa *et al.*, 2021)
 - Which factors affect SDG disclosure (Pizzi *et al.*, 2022; Zampone *et al.*, 2022)
- Previous literature on both SDGs and local governments can be divided into four different themes
 - How local governments can advance the SDGs or are assisted by advancing the SDGs (Masuda *et al.*, 2021; Fox and Macleod, 2023)
 - Barriers and challenges to implementing the SDGs at the local level (Reddy, 2016; Bardal *et al.*, 2021; Fox and Macleod, 2023; Mortimer *et al.*, 2023)
 - Factors influencing SDGs implementation (Mutiarani and Siswantoro, 2020; Masuda *et al.*, 2021)
 - SDG usage in local government plans and disclosure (Meschede, 2019; Guarini *et al.*, 2022)

LITERATURE REVIEW

- ➔ There is scope for expanding the existing accounting literature on the SDGs :
 - Previous studies have explored several aspects of SDGs accounting and reporting with focus being on their management, and their reporting, SDGs implementation and their challenges.
 - However, there is a need to focus on the **entire process of management, reporting and assurance of SDGs**.
 - In addition, **very few publications focus on local governments**.

- ➔ Our aim is to study **the entire SDGs practice (conceptualised through practice theory)**, from its management to its reporting and assurance.
- ➔ In order to understand **how this practice develops** and to gain an understanding of the drivers of, and the barriers to, this practice.

PRACTICE THEORY (SCHATZI, 2002)

- Practice theory describes how practices are developed through the interaction between organisational structures and human agency, leading to organised human activity in specific contexts
- **“Organised bundle of human activities lead to the emergence of a practice”** (Schatzki, 2002) :
 - **Practical understandings** involve knowledge of how things get done
 - **Rules** prescribe or instruct how certain things get done
 - **Teleoaffective structures and activities** have been defined as the array of ends, projects, uses (of things) and emotions that are acceptable to participants
- Theory used in previous accounting research (eg. Ahrens and Chapman, 2007, Lodhia, 2015, 2017)

RESEARCH METHODOLOGY

- How SDGs management, reporting and assurance is established as a practice in the City of **Melbourne**
- Qualitative Case Study Research (Yin, 2018)
 - Semi-structured interviews with key actors (such as SDG manager)
 - Preliminary document analysis
 - The City of Melbourne's Council Plan 2021-25
 - The City of Melbourne's Voluntary Local Review 2022
 - The minutes of the 2022 Future Melbourne Committee meeting in which the Committee endorse the Voluntary Local Review
 - Opportunities and recommendations report 2017)
- Melbourne was an early adopter of the SDG framework
 - « *We have taken the lead and conducted a Voluntary Local Review on the City of Melbourne's progress towards the UN SDGs* »
 - « *In an Australian-first, City of Melbourne has used the SDG framework to assess how it is tackling global challenges with local action – to end poverty, protect the planet and support peace and prosperity by 2030* »

CONTEXT

- The City of Melbourne has six strategic objectives (Council Plan). These goals have been aligned with the SDGs as highlighted below:
 1. Economy of the future (SDG 8, 9, 11, 16, 17)
 2. Melbourne's unique identify and place (SDG 6,8, 9, 10, 11, 13, 15, 17)
 3. Aboriginal Melbourne (SDG 10, 11, 16, 17)
 4. Climate ad biodiversity emergency (SDG 7,8,9,11,12,13,15,17)
 5. Access and affordability (SDG 1, 2,3,4,5, 9,10,11,16,17)
 6. Safety and wellbeing (SDG 1,3,5,9,10,11,12,13,16,17)
- After a first voluntary review published in 2022, the Council plans to produce a second review.
- Melbourne is in the process of developing its SDGs practice.
- ➔ How this practice develops in terms of management, reporting and assurance is the focus of this study.

PRELIMINARY FINDINGS

- Practical Understandings

- Their **(strong) previous expertise and know-how** in sustainability and climate action **enabled them to adopt to SDGs easily with unanimous support**

“SDGs were a comfortable space for our organisation ... committing to the SDGs is a natural evolution of our sustainability actions”

- The **Melbourne Centre for Cities (University of Melbourne)** and the **Monash Sustainable Development Institute** provided useful foundations of their SDGs practice.
- SDGs enable them to transition beyond environmental sustainability and consider social and economic dimensions of sustainability → they helped in enhancing existing areas + identifying gaps to be addressed

PRELIMINARY FINDINGS

- Rules

- The UN SDGs were the **overarching framework** used for action towards sustainable development in the City of Melbourne.
- The council has adopted the **Melbourne SDGs principles**, developed by the Melbourne Centre for Cities. These principles state:
 - *Goals are consistent with the global framework*, to provide a common language amongst local, regional, and global stakeholders and partners.
 - *Targets are 'localised' or 'translated' to suit the local context (only where the global target is not suitable).*
 - *Indicators* are selected with priority given to globally and regionally standardised measures, to facilitate city-to-city benchmarking and learning → existing indicators of City of Melbourne coupled with external indicators from Australian Bureau of Statistics, AURIN, World Council on City Data, Carbon Disclosure Project and the Organisation for Economic Cooperation and Development (OECD)).

PRELIMINARY FINDINGS

- Teleoffective structures and activities (TBC)

The SDGs practice of City of Melbourne involved **embedding SDGs into their everyday activities**, rather than having this practice develop in isolation.

- The **Council's (former) CEO** - who had a strong sustainability background was the advocate for SDGs - ensured that the organisation transitioned to SDGs in 2020.
- Assistance was sought from **two research centres** in universities.
- **Four of the councillors** of the City of Melbourne have SDGs as part of their portfolios while the entire council has to report SDGs information
- A **steering committee** provided high level governance for the SDGs in the council
- A **SDG lead position** has been created to overcome all SDG practice

PRELIMINARY FINDINGS

- Teleoffective activities (TBC)
 - SDGs goals and targets are embedded across the organisation with **metrics** developed to capture critical issues.
 - **Champions across the organisations** were encouraged to embed SDGs into daily operations (ongoing process - next stage.= involve the community and other stakeholders-.
 - Reporting on SDGs is comprehensive via the voluntary local review with an annual metrics scorecard to be produced each year. The **review includes a narrative supported by detailed data.**
 - **However assurance processes are in infancy**

SUCCESS FACTORS & CHALLENGES

Success Factor: Initiative from the (former) CEO + councillors' support and responsibilities → entire organisation, not in isolation & lead by a particular department

+ university rigor as an “external” caution

Challenges : Some of the SDGs targets may not be applicable to the Council as these were based on global challenges and there was a need for further localisation of SDGs targets

Indeed, some of the SDGs targets require a multi-government effort and cannot be simply done by a council alone.

The lack of councils within Australia involved in SDGs adoption also made it difficult to work collaboratively with others, and to provide leadership on these matters

NEXT STEPS

Multi-case study research ?

Further interviews with

- Sydney
- Brisbane
- Newcastle
- Cairns

THANK YOU FOR YOUR ATTENTION!



APPENDIX – INTERVIEW GUIDE

1. Please outline your position and your role in the organisation's SDGs practice?
2. Could you discuss how your organisation manages, reports and assures its SDGs practice? What systems are in place and what role do various staff play in it?
3. Do you have specific rules or guidance for your SDGs practice? Are there any specific frameworks that you use?
4. What impact does the prior experience of ESG management reporting and assurance have on your SDGs practice?
5. What are the key success factors for your SDGs practice?
6. What are some challenges to your SDGs practice?
7. What are the motivations for undertaking your SDGs practice?
8. What lessons can other organisations learn from your SDGs practice?
9. What do you think is the future of both your SDGs practice and that of other organisations, especially in the post COVID era?
10. Are there any other issues in relation to your SDGs practice that you would like to raise?

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