A critical longitudinal study of the annual reports of an Australian Commonwealth Government Department

by

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CERTIFICATE OF AUTHORSHIP

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the award of any other degree or diploma at Charles Sturt University or any other educational institution, except where due acknowledgment is made in the thesis. Any contribution made to the research by colleagues with whom I have worked at Charles Sturt University or elsewhere during my candidature is fully acknowledged.

I agree that this thesis be accessible for the purposes of study and research in accordance with the normal conditions established by the Executive Director Library Services or nominee, for the care, loan and reproduction of theses.

Signed:
Nicholas Davis
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<td>Australian Accounting Standards</td>
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<td>AARF</td>
<td>Australian Accounting Research Foundation</td>
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<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<td>ACCC</td>
<td>Australian Competition and Consumer Commission</td>
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<td>ACT</td>
<td>Australian Capital Territory</td>
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<td>ACTU</td>
<td>Australian Council of Trade Unions</td>
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<td>ADI</td>
<td>Accountability disclosure index</td>
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<td>ADP</td>
<td>Automated data processing</td>
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<td>AIS</td>
<td>Accounting information systems</td>
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<td>ANAO</td>
<td>Australian National Audit Office</td>
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<td>APS</td>
<td>Australian public service</td>
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<td>APSA</td>
<td>Australian Public Service Association</td>
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<td>CDA</td>
<td>Critical discourse analysis</td>
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<td>CES</td>
<td>Commonwealth Employment Service</td>
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<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
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<td>CSU</td>
<td>Charles Sturt University</td>
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<tr>
<td>DPMC</td>
<td>Department of Prime Minister and Cabinet</td>
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<td>DPP</td>
<td>Director of Public Prosecutions</td>
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<td>DSP</td>
<td>Disability Support Pension</td>
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<td>DSS</td>
<td>Department of Social Services (1941-1972)/Department of Social Security (1972-1998)</td>
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<td>FMIP</td>
<td>Financial Management Improvement Program</td>
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<td>GBEs</td>
<td>Government business enterprises</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>JCPA</td>
<td>Joint Committee of Public Accounts</td>
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<td>JET</td>
<td>Jobs Education and Training scheme</td>
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<td>MAB</td>
<td>Management Advisory Board</td>
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<td>Acronym</td>
<td>Description</td>
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<td>MPs</td>
<td>Members of Parliament</td>
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<td>New public management</td>
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<td>NSW</td>
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<td>PBMS</td>
<td>Portfolio Budget Measures Statements</td>
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<td>PSASB</td>
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<td>PSB</td>
<td>Public Service Board</td>
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<td>RAIPA</td>
<td>Royal Australian Institute of Public Administration</td>
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<td>RCAGA</td>
<td>Royal Commission on Australian Government Administration</td>
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<td>SACs</td>
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<td>SES</td>
<td>Senior Executive Service</td>
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<td>SSCFPA</td>
<td>Senate Standing Committee on Finance and Public Administration</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UNSW</td>
<td>University of New South Wales</td>
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ABSTRACT

The period from the Second World War through to the present has seen wide ranging reforms to the Australian public service and public services in other nations. These changes have had significant flow on effects for the annual reporting practices of Australian government departments. In spite of this, the literature concerning annual reporting practices has provided few accounts of the evolution of annual reporting in the public sector. In order to address this, the first research question answered by this thesis is: How has the form and content of the annual reports of the Australian Commonwealth Department of Social Services (1941-1972) and the Commonwealth Department of Social Security (1972-1998) changed over the period 1941-1998? The literature also has a lack of compelling explanations for change that are situated within societal, political and economic contexts. Given this, the second research question is: Why has the form and content of the reports changed in the manner evidenced?

Annual reports are viewed as tools of management used to suppress and mystify conflict. The Marxist notion of reification (Lukacs, 1971) is utilized as the interpretive lens and the methodology adopted is derived from ‘philosophic Marxism’ (Vaillanourt, 1986). This necessitated the adoption of qualitative methods in the form of critical discourse analysis (CDA). The purpose of this public sector history is to question the prevailing methods and practices.

A historical narrative was constructed that addressed both research questions. The key findings are that the reports remained largely unchanged until the mid-1980s. After this time, articulations of missions, strategies and objectives rose to prominence. Unqualified assertions were replaced with new and varied performance measures of all elements of departmental operations. The reports grew substantially in volume and complexity and the visual content changed from portraying welfare recipients to portraying people principally internal to the running of the department.

These changes were interpreted (using the notion of reification) as being evidence of a shift in ontology away from the reporting of multiple subjectivities towards the attempted construction of a single, unchallenged, (false) objective reality. Conflict ceased to be a permissible topic for disclosure after the mid-1980s. In spite of the efforts at masking conflict,
the analysis was able uncover underlying tensions. The reports thus came to be a tool through which attempts were made at pacifying conflicting stakeholders. The essential answer to the second question then is that the annual reports changed in order to assist the DSS and the executive Government at large counter the disruptions to societal cohesion caused by the economic instabilities of the 1970s, 1980s and 1990s and thus legitimise the prevailing social order.

These findings are used to argue for more concise reporting methods that meet a broader array of accountabilities. Users of departmental reports are encouraged to think critically about the harmonious image conveyed through the reports. This research also provides a base for further studies that could utilise alternative theories, examine whether reporting behaviours have improved since 1998 or look to see whether these findings are isolated to this particular case organisation.
1. Introduction

1.1 Background to the research
In the later part of the 20th century, public sectors across the western world went through a period of substantial change. The origins of these changes in Australia can be traced as far back as the 1970s with the Royal Commission on Australian Government Administration (RCAGA). Australian public sector reform was also part of a broader global phenomenon referred to as ‘New public management’ (NPM) and encompassed a shift away from rigid centralised control towards devolved management structures and greater influence of market forces (Hughes, 1998). As part of this broad reform agenda, the means through which accountability was exercised by Australian Commonwealth Government departments also went through substantial review and reform (Funnell & Cooper, 1998). The subject of the research presented in this thesis, is one of the means through which accountability by public entities is discharged – the annual report.

Annual reports are widely acknowledged as a key mechanism through which public sector entities discharge their accountability. They comprise narratives concerning operations, quantitative information, photographs and graphs (Stanton & Stanton, 2002). The discharge of accountability by annual reports is said to be aimed at parliament and other external stakeholders while also being an acknowledged reference document for internal management (Department of Prime Minister and Cabinet (DPMC), 2013).

The subject organisation of this thesis is the Department of Social Services (1941-1972)/Social Security (1973-1998) (DSS). The DSS was responsible for the delivery of welfare benefits and services across Australia between 1941 and 1998. While welfare payments were initially introduced in Australia in the early part of the 20th century, the DSS took charge of this responsibility in 1941, publishing its first annual report in 1942. The provision of welfare payments and services in Australia began modestly before going through periods of expansion in the immediate post World War II era, and again in the 1970s (Carney & Hanks, 1994). The DSS, in its final reporting year (1998), was the single largest Commonwealth Department in terms expenditure and was
responsible for the distribution of over a third of total Commonwealth Government outlays (Costello & Fahey, 1998). The DSS published annual reports in every year of its responsibility for delivering welfare benefits and services, which was not the case for other Commonwealth Government departments, whose reporting habits were less predictable (Wettenhall, 1999).

In spite of the importance of annual reporting as a means of discharging accountability, and of the DSS in terms of its socio-economic impact on Australia, very little is known about the annual reporting practices of public sector entities in Australia. There have been few studies examining the entire content annual reports in the public sector for extended periods and public sector entities have received relatively little attention within the broader accounting history literature.

The purpose of this chapter is to introduce this research, which is a historical study of the changes to the annual reporting practices of the DSS between 1941 and 1998. This chapter sets the scene for the thesis by outlining the basis of the research questions being addressed; the methodology and methods; the significance of the research; the contributions of the research to policy, practice and theory; and the structure of thesis. The goal of this chapter is therefore to focus attention on the substance of the proceeding chapters.

1.2 Research questions
A key finding of the literature review in Chapter 3 is that there are relatively few longitudinal studies of public sector annual reports that cover periods of time greater than ten years. This leaves significant unanswered questions in terms of what a public sector annual report is actually comprised of. Given the importance of annual reporting as a means of discharging accountability in the public sector and the relative lack of understanding of how public sector annual reporting practices have changed both before and during the NPM reform period, the first research question is:

*How has the form and content of the annual reports of this Australian Commonwealth Department of Social Services (1941-1972) and the*
Commonwealth Department of Social Security (1972-1998) changed/developed over the period 1941-1998?

Flowing from the lack of understanding of the development of annual reporting is the lack of suitable explanations for the changes to annual reporting. Also detailed in Chapter 3 is the possible explanation that annual reports in the public sector have changed due to changes in reporting requirements, which themselves were the product of calls for enhanced accountability. Chapter 3 however concludes by arguing that this explanation is unsatisfactory. This is because the literature provides evidence of a perceived lack of relevance of modern reporting frameworks by users and preparers (Mack & Ryan, 1998; Lee 2008) as well as instances of non-compliance with reporting requirements (Coates, 1989; Senate Standing Committee on Finance and Public Administration, 1989) and the presence of voluntary disclosures (Herawaty & Hoque, 2007). These existing findings are used to argue that it is impossible to base an explanation for changes to annual reporting practices of public sector entities solely on changes to reporting requirements. The second research question aims to address this ambiguity by asking:

Why has the form and content of the reports changed in the manner exhibited?

This research adopts a key tenet of Humphrey and Miller (2012) – that historical research in public sector entities should question the appropriateness of existing practices. In questioning these practices, the research presented in this thesis adopts a critical perspective. The reasons for the adoption of a critical perspective are outlined briefly in this chapter and further explained in Chapters 4 and 5. The theoretical lens adopted as part of the adoption of a critical perspective is Lukacs’ (1971) “reification” which is discussed in Chapter 4. In brief, reification is comprised of four dimensions: a shift from a subjective ontology to a false objective ontology; the false objectivity hides differing subjectivities; the removal of differing subjectivities conceals conflict; and that the false objectivity ultimately benefits and legitimises the already dominant groups.
1.3 Methodology and methods

As per the adoption of a critical perspective, the methodology utilised as part of this study is referred to as ‘philosophic Marxism’ (Vaillancourt, 1986). Philosophic Marxists reject positivist approaches to social science as it is believed that knowledge is a construct of the mind. As part of the rejection of positivism, philosophic Marxism also rejects general empiricist approaches to research, quantitative methods and the assumption that social science can be conducted in the same way as natural science. This study can be classified as a critical interpretive history (Carnegie & Napier, 1996).

Given the rejection of notions of ‘objectivity’ and positivism, this thesis utilises qualitative methods as the means of examining the content of the annual reports. The source authentication element of the history was hence performed using critical discourse analysis (CDA). CDA is said to be more of a perspective of research rather than a specific set of methods (van Dijk, 2001) and it is used to explore how interpretations of text can hide power relations, inequality and injustice (Corson, 2000; van Dijk, 2005).

Initially the reports were approached in a non-critical manner (McGregor, 2003) and were dissected according to layout, prevailing themes and visual content. This process allowed for three clusters of reports to be created: 1942-1972; 1973-86 and 1987-98. Later the reports were revisited in a critical manner. This involved examining the layouts, headings and keywords for points of emphasis; noting matters omitted from reports between years; examining methods of reader manipulation; the prevailing permissible uses of text; depictions of those in positions of power/subordination and use of connotations. The visual elements of content were examined in relation to potential metaphorical meanings; how they reinforced or contradicted themes in the reports and how their use changed over the course of the period under examination.

The findings of the non-critical reading of the reports were used to construct a narrative that answered the question of how the annual reports had changed. This narrative can be found in Chapter 7. In answering the second research question, Chapter 8 was constructed around the key findings of the CDA (including the analysis
of visual elements of content), which were organised and interpreted under the four constitutive elements of reification (Lukacs, 1971).

1.4 Significance of the research

The research presented in this thesis is significant for three reasons. Firstly, this study addresses the calls for more historical research on public entities. While the accounting literature concerning the public sector has addressed an array of issues1 a number of authors (Carnegie & Napier, 1996; Parker, 1993; Carnegie & Potter, 2000) have reached the conclusion that there is a general lack of historical research concerning public sector entities (with notable exceptions2). This point was raised by Saragiacomo and Gomes (2011, p. 253) who said:

“Vast archives of the surviving records of public organisations exist around the globe and yet, historically, accounting history research has favoured investigations that are set within the private sector.”

This situation has led to and supports previous calls for more historical studies of public sector entities by various authors (Bisman, 2012; Previts, Parker & Coffman; 1990; Walker, 2005). Furthermore, Humphrey and Miller (2012, p. 317) argue that it is important to understand the changes that have occurred to “economic and social life over the last two decades and more” and that there is a need to understand not just the present, but also the history of the “processes and institutions” that constitute the public sector. They also argue that:

“The relevance of historical studies of such changes is that they can help us understand how and where the “solutions” currently being proffered emerged,

---

1 Broadbent and Guthrie (2008) refer to management accounting, accountability, auditing, public private partnerships, public finance initiatives, social and environmental issues, external reporting (for example, accrual accounting), concerns for public infrastructure, governance, risk and performance management and measurement being the main topics covered in the public sector accounting literature.

2 It should be emphasised that the calls for further historical studies of accounting in the public sector does not mean that the field is void. See Hamburger (1989); Humphrey, Miller and Scapens (1993); Guthrie and Parker (1999) or Scott, McKinnon and Harrison (2003) for historical studies performed in public sector contexts.
and in the process can dispel much of their apparent self-evidence and diminish their taken-for-grantedness.”

(Humphrey & Miller, 2012, p. 317)

The second point of significance is that this study is longitudinal and it explores the entire content of the annual reports. Within the literature concerning public sector annual reporting, very little is known about long term reporting behaviours. Many studies concerning public sector annual reporting are focused on perceptions of preparers and users, not content. Where there are examples of studies that address content, the majority of relevant studies examine only short timeframes (less than 10 years). There is hence limited understanding of how public sector annual reports have changed in the post-World War II era.

Reinforcing this point is a related issue - much of the literature has only examined specific sections of public sector annual reports. Areas examined in isolation have included performance reporting, accrual accounting and environmental disclosures. There is therefore a twofold lack of literature that is longitudinal in nature and which examines the totality of public sector annual report content. These issues are explored in detail in Chapter 3.

The longitudinal analysis and interpretation of public sector reporting also engages with calls for historical accounting research to consider issues connected with accounting change (Gomes, 2008; Maltby, 1999; Napier, 2001). The role of such accounting histories should be to "examine how and why accounting has changed", with a "core mission ... to unravel and chronicle the nature and process of change itself – either how a single incident brought about accounting change or how a multiplicity of factors contributed to change" (Bisman, 2012, p. 16). In assessing this change, and the reasons underlying it, there are implications for current and future accounting thought, policy and practice, and for the ways in which annual report preparers and stakeholders apprehend the functions and usefulness of reports.

The third point of significance is the adoption of an explicit theoretical framework. There have been calls for greater methodological plurality within accounting history
(Walker, 2008) and the adoption of a hitherto unutilized theoretical framework – Lukacs’ (1971) notion of reification - meets these calls. Furthermore, this thesis is grounded in a ‘political economy’ perspective on annual reporting (Stanton & Stanton, 2002). This perspective:

“...emphasizes the infrastructure or institutional environment that supports the existing system of corporate reporting, as well as the fundamental relations between class in society.”

(Stanton & Stanton, 2002, p.490)

The political economy perspective recognises that there is conflict in society represented by differences in wealth, income and power and that accounting reports represent particular interests. Annual reports are seen as allowing preparers to shape what they deem to be important and to ‘mediate, suppress, mystify and transform social conflict’ (Tinker & Neimark, 1987, p. 72). The political economy perspective has also been little used in relation to corporate annual reporting literature (exceptions include Graves, Flesher & Jordan, 1996 and Adams & Harte, 1998). Further examinations of the literature reveal that this situation is also little changed since the publication of Stanton and Stanton’s (2002) work, thus adding to the significance of this study.

1.5 Contributions of the research
1.5.1 Contributions to policy and practice
Firstly, the annual reports were observed to have grown substantially both in volume and complexity over the years of the study (1941-1998). The growth in volume was gradual until the late 1980s, when it accelerated into the early 1990s. Similarly, the reports became more complex, with new forms of strategic language, accounting and performance measurement replacing simple descriptions of functions. These findings support the Royal Australian Institute of Public Administration (RAIPA, 1991, p. 7) in that the reports were found to be of “excessive size, repetitive, voluminous and more suitable as reference works... rather than a succinct and clear report of departmental operations”. Concise reporting, it is argued, is important in facilitating a more effective
discharge of accountability. These findings can be used by policy makers to ensure that annual reporting requirements place parameters on volume. The same recommendation can be made to annual report preparers, in that they should attempt to limit repetition and over burdening users with too much information. Both preparers and policy makers are also advised that a preponderance of measurement is not a proxy for reporting quality.

A second finding was that the annual reports changed to no longer contain any evidence of conflict. The most notable absence of conflict related to resourcing matters such as staffing and accommodation. Where once the annual report was used by the author to highlight resourcing short-falls and call for additional funds, the reports instead came to portray a DSS where the various stakeholders were all in harmony, in spite of efficiency and frugality coming to increase in importance in the late 1980s and 1990s. Policy makers, when drafting reporting requirements, are advised to provide rules that allow for and encourage multiple voices to be heard within the annual reports. The silencing of dissent within the annual reports does not mean that such dissent ceases to exist. This finding can also be used to advise users to read reports with an attitude of scepticism and to not necessarily accept the disclosures in the annual reports as representations of truth.

A third finding relates to whom the annual report is targeted in terms of the discharge of accountability. While it is acknowledged that some elements of content were aimed at broader sets of stakeholders, such as welfare recipients, employees and the community at large, it was found that the reports were restrictive in terms of what and to whom the DSS considered themselves to be accountable. The principal accountability appeared to be for the distribution of funds, with accountability being directed chiefly to an internal audience – Government. While ‘NPM’ and authors of normative models of accountability advocate a wide range of accountabilities to a broad range of stakeholders, the reports from the 1990s referred to accountability as “maintaining the integrity of the social security system and being fully accountable for the funds we distribute” (DSS, 1992, p. 3). This finding matches a number of earlier studies and indicates the importance of accountability to internal stakeholders for
financial obligations over more expansive ideas of accountabilities to a range of interested parties. Policy makers may like to examine this finding with the view to ensuring that departmental annual reports are not so fixated on financial accountabilities to internal stakeholders, but instead look to discharge accountability to external stakeholders with equal importance. While quality of service related matters were evidenced within the annual reports, they were subordinate to matters of finance and resourcing.

1.5.2 Contributions to theory
This thesis draws on Lukacs’ (1971) notion of reification to advance the literature on the understanding of the use of annual reports by an Australian Commonwealth Government department. This constituted the re-contextualisation of a theory that has hitherto not been used either in accounting history or in the field of public sector annual reporting. The thesis demonstrated that Marxist theory in general and reification specifically can feasibly be applied to annual reporting practices in the public sector to provide a series of interpretations that may not otherwise have been derived. This thesis provides corroborating evidence for the supposition of Lukacs (1971) that changes to ontology and pretences of objectivity within annual reports are methods of suppressing conflict and legitimising the prevailing order. The thesis paves the way for further use of reification in future studies concerning annual reporting and public sector change. Finally, in terms of the relationship between theory and methods, the thesis demonstrates that reification can effectively be intertwined with CDA.

1.6 Outline of thesis
This thesis is organised into seven chapters. Chapter 1 introduces the research. Chapter 2 provides the broad context of public sector administrative reform over the timeframe of the study. Chapter 3 turns specifically to the public sector annual reporting literature to identify the gaps within the literature that this thesis aims to address through the answering of the research questions. Chapter 4 provides an outline and dissection of the theoretical framework. Chapter 5 describes the methodology and research methods used to analyse the annual reports. Chapter 6
provides background information on the case organisation. Chapter 7 provides the narrative that answers the first research question, while Chapter 8 provides the interpretations and analysis that answers the second research question. Lastly, Chapter 9 provides the conclusions and implications of the study.

Below are outlines of each chapter:

Chapter 2: Provides the broad context of administrative change in which this study is located. It begins by providing a history of changes to the administrative ethos and processes of the Australian public service (APS) between 1941 (and earlier) and 1998. The chapter then examines the philosophic debate underlying these reforms, the nature of NPM and its criticisms.

Chapter 3: Specifically examines the literature on annual reporting practices within the public sector for the purpose of highlighting gaps and unaddressed issues. The importance of annual reporting as a means of discharging accountability is addressed, as is the history of departmental reporting requirements. The literatures concerning specific areas of content - accrual accounting and performance reporting - are examined, as is the literature concerning the perceptions of users and preparers. The literature that has examined the content of public sector annual reports is then explored. The chapter concludes with the elucidation of the research questions that are answered in Chapters 7 and 8.

Chapter 4: Defines and dissects the theoretical lens adopted – Lukacs’ (1971) notion of reification. Prior use of this theory and justifications for its adoption are also discussed.

Chapter 5: Outlines and discusses the major research issues that are central to the way that the research questions are answered. The major traditions in accounting history are described, as is the issue of ‘objectivity’ in accounting history. The ‘philosophic Marxist’ tradition and its impacts on the adopted methodology are addressed. This is followed by a discussion of the specific methods that are used in the study, including the source discovery, source authentication, CDA, the analysis of visual
elements of content, the metamorphosis of data, the role of theory, the
construction of the narrative presented in Chapter 7 and the
interpretations presented in Chapter 8.

Chapter 6: This chapter provides the essential background and context of the case
organisation over the time frame of the study.

Chapter 7: Descriptions of the reporting practices and an analysis of how the
reporting practices changed over the course of the 56 annual reports
are provided, thus answering the first research question.

Chapter 8: The explanation as to why the reports changed is articulated drawing
upon the findings of the CDA and analysis of visual elements of content
interpreted through the lens of reification.

Chapter 9: Draws together the conclusions of the research and summarises the
answers to the research questions. Recommendations for policy makers
are provided, as are implications for future research. The chapter
outlines the contributions of the study to annual reporting practice and
theory, while also outlining the limitations of the findings.

1.7 Summary
This chapter has provided a broad framing of the context and background of the study,
an outline of the research questions and a rundown of both the research methodology
and specific methods used to analyse the annual reports. The chapter has also
provided an outline of the key areas of significance of this research including the lack
of historical studies on public sector entities and the lack of longitudinal studies of
public sector annual reporting. A synopsis of the contributions of this study to policy,
practice and theory were also presented, along with an outline of the structure and
content of the thesis.

The next chapter is the first of two literature review chapters. Chapter 2 explores the
broad context of public sector administration and administrative reform that occurred
in the background of the annual reporting practices that are the subject of this thesis.

2.1 Introduction

While Chapter 1 of this thesis provided an outline, Chapter 2 focuses on the literature that addresses the context of public sector administrative reform, including an examination of changes to the broad ethos, organisational structures and the nature of accountability of the APS between 1941 and 1998. Following this, in Chapter 3, is a review of the regulatory changes to annual reporting practices in the APS as well as the scholarly research concerning public sector annual reporting.

2.2 The ethos of the Australian public service 1941:1998

The ethos of the APS during the years 1941-1998 can be summed up firstly, by a rigid adherence to the then status quo, followed by a similarly rigid adherence to change. Essentially, up until the 1980s, the APS was governed according to a philosophy of traditional bureaucracy of centralised control, clearly articulated chains of command and accountability for due process. This bureaucratic structure was considered to be orthodox, correct and ‘the best’ and it went unquestioned from Federation in 1901 up until the 1970s. Ultimately though, the APS was seen as being an impediment to the reform agenda of the Whitlam administration (1972-1975), which instigated the RCAGA. This Royal Commission then set the agenda for the broader administrative reforms that began in 1980s and continued through to 1998, and beyond.

Table 2.1 Summary of key public sector reforms 1922-1998

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1922</td>
<td>Introduction of Public Service Act 1922, replacing Commonwealth Public Service Act 1902. This act dealt with matters such as terms of appointments, salaries, entitlements and the hierarchy of the Commonwealth public service. Numerous reforms and changes are made to this act during its 77 year life.</td>
</tr>
<tr>
<td>1976</td>
<td>Royal Commission on Australian Government Administration hands down report recommending reforms including increased devolution and enhanced accountability for lower levels of management.</td>
</tr>
<tr>
<td>1976-1983</td>
<td>Fraser Government instigates three committees (Reid, Lynch &amp; Bland), implements staff freezes and clarifies rules for annual reporting.</td>
</tr>
<tr>
<td>1984</td>
<td>Public Service Reform Act introduces Senior Executive Service (SES).</td>
</tr>
<tr>
<td>1985</td>
<td>Introduction of Financial Management Improvement Program (FMIP). This program was based on findings of two white papers.</td>
</tr>
</tbody>
</table>
Reforms included introduction of cash limits for managers, the running costs system and efficiency dividends. Departments were also required to develop performance measures.


Considine (2001) provides a framework for classifying the various incarnations of public service administrations over time and this schema is used to frame the illustration of the changes to the ethos of the APS between 1941 and 1998. Considine’s (2001) classifications, as referred to in this review, are the:

- procedural governance model;
- corporate governance model; and
- market governance model.

These classifications have also been used by Guthrie, Parker and English (2003) and are useful in guiding a germane discussion of change within the broader context of public sector reform.

2.2.1 1941-1972 – Procedural governance

Procedural governance came to exist in Australia in the late 1800s and early 1900s as a response to the politicisation and cronynism apparent within earlier, colonial government administrations (Guthrie et al., 2003). The procedural governance model was based on the heavy use of “rules and ranks” (Guthrie et al., 2003, p. 4). Further characteristics of traditional administrations include centralisation of authority, an assumption that the procedures made use of ‘best management techniques’ and that because of this bureaucracies were able to operate with a high level of technical efficiency (Hughes, 1998). This form of governance, according to Hughes (1998), was
based on Max Weber’s theory of bureaucracy, with other influences including Frederick Taylor’s ‘scientific management’ (Taylor, 1911) and Elton Mayo’s ‘human relations’ (Mayo, 1959).

The rules governing the terms of appointments, salaries, entitlements and hierarchy of the APS at a Commonwealth level were contained in the *Public Service Act 1922*, while the allocation of resources (such as staffing) was decided by the central authority, the Public Service Board (PSB). There was also an assumption that the bureaucracy was merely a tool for the implementation and delivery of policy. The APS therefore, theoretically, had no impact on the determination of policy and was separate from political intrusion (Hughes, 1998). It was this model of public administration that existed up until the 1980s, even if the ‘problems’ (see section 2.2.2) with this form of administration had been evident since the 1970s. Commensurate with this model, the accountability framework under ‘procedural governance’ was formed around internal accountability to the hierarchy and management. The accountability of public servants was achieved indirectly through a chain of command ultimately reaching the relevant minister and the parliament (Guthrie, 1993a).

### 2.2.2 1972-1983 – Procedural governance under question

Guthrie et al., (2003) note that the move away from procedural governance can be traced to the 1970s with the RCAGA in 1976, which was instigated at the request of the Whitlam Government (1972-75) (Funnell & Cooper, 1998). The Whitlam Government had been elected on a broad platform of widening public services such as health and education, but had been frustrated by the nature of the APS, which was seen as being rigid, cumbersome and not adaptable. The RCAGA brought down its findings in 1976 and recommended wide ranging reforms including:

- politicians becoming more involved in the running of their departments;
- the devolution of decision making responsibility to lower levels of management within the administration;
- enhancing the accountability of lower levels of management for performance; and
- reduction of the power held by central coordinating departments (Funnell & Cooper, 1998).
The economic context within which the early period of reviews into public sector administration occurred was one in which the national economy was performing relatively poorly when compared with previous decades. Stagflation was a particular issue in the 1970s, with rising unemployment, below trend growth\(^3\) and 17.5% inflation (Stevens, 2003). Inflationary pressures “were compounded by loose fiscal and monetary policies” including a massive budget deficit in 1974 caused by the Whitlam Government’s “ambitious spending program”. The economic turbulence was “fatal” for the Whitlam Government (1972-1975)\(^4\) (Fenna, 2013, p. 94).

While the Fraser Government (1975-83) sought to combat inflation by tightening monetary and fiscal policy, reform of the public service was limited to the instigation of three reviews of Government administration (Reid, Lynch & Bland Committees), staff freezes and clarification of the guidelines for the creation of governmental financial statements and annual reporting. The Fraser Government also fared poorly in terms of economic circumstances as it was faced with a resources boom which caused unsustainable wage growth, an economic crash and subsequent recession in 1982. This crash was of such severity that it necessitated a “u-turn” on economic policy and brought the Labor Party back into office in 1983 under Bob Hawke (Fenna, 2013, p. 94). This economic turbulence also contrasted with the post-war economic boom during the 1960s in Australia which was “characterised by increasing productivity, high levels of growth, full employment, low inflation and regular budget surpluses” (Fenna, 2013, p. 93).

Aside from the need to reduce the size of the public service in response to economic problems, there was also need to reform the service delivery capacity of the public service. By the 1980s the public service was perceived as being too insulated and too focused on compliance with rules rather than on the delivery of outcomes for which there was a perceived lack of accountability (Funnell & Cooper, 1998). Wensing (1997) has also included increased globalisation as a reason for reform. The Hawke

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\(^3\) Chua and Sinclair (1994) note that economic growth averaged 2.2% between 1974 and 1983 while in the previous decade growth averaged 5%.

\(^4\) According to Fenna (2013) the rise in both unemployment and inflation combined with issues with public finances contributed heavily towards the demise of the Whitlam Government.
Government was elected in 1983 on a platform comprising intentions to reform a government administration that was beset with these issues (Guthrie, 1998).

2.2.3 1983-1996 - Corporate governance
The more substantive reform process really began in 1983 with the shift towards corporate forms of governance. Specifically, this involved the adoption of corporate forms of management, accounting, auditing and accountability and away from statutory accountability (Burritt & Welch, 1997).

The practical move towards a corporate governance model began with the authoring of two white papers, "Reforming the Australian Public Service" (Commonwealth of Australia, 1983) and "Budget Reform" (Commonwealth of Australia, 1984) and these provided the basis of the subsequent Financial Management Improvement Plan (FMIP). The "Budget Reform" white paper concerned changes to the way spending priorities were to be determined, how the information regarding budget decisions was to be derived, improved and verified, and how to manage finances once delivered, including closer scrutiny by the Parliament. Meanwhile, "Reforming the Australian Public Service" argued in favour of ministers being more accountable for the outcomes of government departments and hence more involved in decision making. Previously ministers had devolved responsibility to their heads of department or departmental secretaries. Furthermore, external consultants were to be used and top level positions would be offered on a competitive basis. The staff freezes of the Fraser era were also to be removed (Funnell & Cooper, 1998).

The implementation of the FMIP which began in 1985 (Guthrie et al., 2003) was the formal response to these white papers and was the responsibility of the Department of Finance and the PSB. The intention of this plan was not just to promote financial efficiency, but also to ensure effective delivery of public services and, in particular, to ensure that those responsible for performance were given adequate authority to reach the desired ends and were also held accountable for performance. This was something that was perceived to have been lacking in the APS up to that point in its history (Funnell & Cooper, 1998).
The FMIP included a significant array of reforms to financial management within the Commonwealth public service. These reforms included cash limits within which managers had to operate, and the running costs system which gave managers greater freedom to spend money as required as opposed to having spending commitments dictated to them\(^5\). Managers were also allowed to carry some surplus funds into future periods. Another area of note was that departments were now charged for the privilege of using the services of other departments. This was done with the intention of reducing excess demand from purchasers, as well as ensuring that providers kept costs to a minimum. Efficiency dividends involving the reduction of administrative funding by 1% per annum, resource agreements involving increased funding in exchange for enhanced performance, and forward estimates including three year budget horizons were also key elements of this program. The specifics of this program can be found within the *Financial Management and Accountability Act, 1997*, *the Auditor General Act, 1997*, *the Public Service Act, 1997* and the *Commonwealth Authorities and Companies Act, 1997*. The FMIP required government departments and agencies to develop performance measurements of both efficiency and effectiveness and to report to parliament on these, either through corporate plans, annual reports or explanatory notes. This reporting framework was established to increase accountability for outcomes.

Meanwhile, the *Public Service Reform Act (1984)* introduced the Senior Executive Service (SES) for senior public servants and was to eschew many of the traditional insular elements of traditional public service administration. This included the use of performance based contracts and external recruitment based on management skills rather than years of tenure. Funnell and Cooper (1998) cite an excess of parochialism and a lack of compliance on behalf of the senior officers within the APS as the reasons behind the introduction of the SES.

In the 1987 budget the Government cut the number of departments from 27 to 16 with the intention of streamlining administrative expenses (Meek, 2001). Greater

\(^5\) Prior to the introduction of the running cost system public service departments were accused of wasting any surplus allocated funds due to the forced surrender of unspent monies. The running cost system allowed a percentage of unspent funds to be carried over to future periods thus minimising the incentive to spend funds needlessly towards period end (Funnell & Cooper, 1998, p. 95-96).
competition between the departments was also encouraged, as was the use of management styles that involved performance assessment (including customer satisfaction) and accountability to external sources – namely the Parliament and the public. This enhancement of accountability included the more widespread production of departmental annual reports by the late 1980s (Wettenhall, 1999).

A major step in the devolution of power in the APS occurred in 1987 with the removal of the PSB. The PSB had been very powerful in determining the staff levels and budgets of government departments and its abolition was intended to allow managers to fully take advantage of the running costs system (Funnell & Cooper, 1998).

To illustrate the broader impact of the reforms to the APS, between 1987 and 1997 the number of public sector employees fell from 30% of the national workforce to 22% (Meek, 2001). The reasons for this decline were cited as being more efficient management and work practices, the effects of rationalisation, outsourcing, competition with the private sector for delivery of government services, and the privatisation of government enterprises. Reductions to personnel were a common element of all Australian government agendas since the Fraser Government. Other reforms pursued by the Hawke Government included corporatisation and privatisation of various Government business enterprises (GBEs), including QANTAS and the Commonwealth Bank (Guthrie, 1993a). Guthrie et al. (2003) also suggest that by the 1990s the nature of discourse within the APS had become focused on financial measures or other market based best practices adopted from the private sector.

Another major structural reform that took place during this period (and the subsequent period) was the introduction of National Competition Policy (NCP). Competition policy was predominantly the focus of the Commonwealth Government in Australia and was aimed at ending public monopolies, putting government involvement in the market place on an even footing with the private sector, introducing competition between the states, and removing legislative restrictions on market competition (Hoque & Moll, 2001).
Specific manifestations of NCP included adjustments to the *Trade Practices Act 1974* that required the public sector to abide by its requirements. This was agreed between the Commonwealth and the States in July 1996. The NCP also allowed third parties access to government infrastructure, mandated price oversight of government activities in markets, allowed new entrants into monopoly markets, and the separation of monopolies into smaller businesses. Full cost pricing (including accrual accounting) was also used to ‘properly’ price goods and services and these full costs were then passed onto consumers. Commercialisation followed by corporatisation (which is then potentially followed by privatisation) was also pursued under NCP. This broadly involved the creation of market-like environments for government operations. The Australian Competition and Consumer Commission (ACCC) was founded in 1995 to enforce sections IV and V of the *Trade Practices Act 1974* and the National Competition Council (NCC) was also created in 1995 to advise government on pricing, neutrality of competition, issues with transitions to competitive markets and access to government owned infrastructure (Hoque & Moll, 2001).

### 2.2.4 1996-1998 – Market model

Guthrie et al. (2003) argue that the ‘market model’ has essentially dominated APS reforms since the 1990s. This model is typified by the introduction of competition, contestability, contracting and privatisation as a replacement for government agencies as the deliverers of public services. Cost and quality of services became main foci under this banner and hence the need for accurate information about performance became increasingly important.

The Howard Government (1996-2007) moved in the direction of the market model with the implementation of further reforms to the APS. These reforms were introduced due to a belief that the APS was still, even after the reforms of the 1980s, too centralised, too focused on process rather than results, and that there was too much regulation and prescription. The Howard Government introduced the *Public Service Act, 1997* to deal with these perceived issues (Funnell & Cooper, 1998). These reforms focused on a greater use of private sector models for APS management,
including further devolution of responsibility to agency heads for the day to day management and strategic planning of departments, especially in relation to the management of human resources. Managers themselves were also made directly accountable to the minister for performance in relation to ensuring their departments were responsive, results driven, accountable, committed to high standards of probity, integrity and conduct, and focused on continuous improvement (Funnell & Cooper, 1998). The *Public Service Act 1997* also contained a code of conduct and transparency clauses in relation to the disclosure of the salaries of departmental heads (Curtin, 2000). The Charter of Government Performance was another mechanism introduced by the Howard Government for the purpose of ensuring that ministers published performance plans of their relevant departments and that they were held accountable for performance.

According to Curtin (2000), the Howard Government cut 14,000 public sector jobs between 1996 and 1998, citing reduction in the role of the public sector and the increased role of information technology as the key reasons, while close to another 8,000 jobs were shed during 1999. Privatisation and outsourcing were also of high importance to the Howard Government, including the sale of Telstra and the Australian Wheat Board, while information technology services were outsourced. Meanwhile, the Commonwealth Employment Service (CES) was disbanded and replaced with the ‘Job Network’ which provided employment services to the public and was co-ordinated via contracts between a combination of for-profit, not–for-profit and government owned providers and the Department of Education, Employment and Workplace Relations. Contract extensions were based on performance outcomes (putting people into work). All other functions of the CES were given to Centrelink, a new statutory agency for the provision of government services that was created to perform the roles of the old DSS and the CES, but which was co-ordinated by a purchaser-provider relationship, whereby the organisation had to tender for government contracts in competition (theoretically at least) with private sector providers.
2.2.5 Summary

The purpose of this section of the literature review was to assess the nature of the public sector administrative reforms in Australia during the timeline for the research presented in this thesis. 1941-1998 encompassed a period of significant reform to public sector administration that began philosophically in the 1970s, with the substantive reforms occurring the 1980s and 1990s. From these findings, it can be proposed that the annual reporting practices within the APS would have also undergone changes. The next section of this chapter will delve into the theoretical and philosophic underpinnings of the reforms for the purposes of shedding further light on the ideologies that led to the changes to public sector administration and may therefore have also impacted on reforms to public sector annual reporting.

2.3 The nature of the reforms

2.3.1 The philosophic debate

The reforms to the public sector in Australia (and other ‘western nations’) were not an ad hoc set of unrelated programs, but were the product of a significant debate about the extent of public sector involvement in economic affairs and also how the public sector goes about this involvement. In terms of the extent of involvement, some argued for a much broader role for the public sector, while others were of the view that the public sector should only intervene where there is a severe market failure (Aulich, Halligan & Nutley, 2000).

In terms of the actual management of the public sector’s operations, the debate has centred on criticisms of the ‘traditional’ rules based approach to public management. These traditional approaches focused on input, hierarchies and essentially assume that public servants work for the ‘public interest’ (Aulich et al., 2000). This ‘public interest’ assumption was challenged, however, by public choice theorists such as Milton Freidman who operated from a central belief that government should be as small as possible in order to maximise individual liberty and the operation of efficient markets. Further to this, all participants in the public service were assumed to act with a level of self-interest, including voters, elected officials and bureaucrats (Aulich et al., 2000; Hughes, 1998). An oft cited example of bureaucratic self-interest is seen with
departmental heads striving to expend all of their budgets in order to gain as many staff and resources and as much power as possible, rather than operating with optimal efficiency, economy, innovation or public interest. The formal rules of bureaucratic organisational structures are believed to be contrary to individual choice and efficient organisational practices (for example, some practices such as outsourcing may be more effective than in-house production), while the existence of government owned monopolies can stifle consumer choice and competition. In essence, public choice theorists believe that governments should step aside and let the market operate as freely as possible (Hughes, 1998).

Public choice theory has also been influenced by Buchanan and Wagner (1977), Brenan and Buchanan, (1985) and Buchanan (1986). These works are similarly of the view that new technologies are required to repair the inefficiencies and ineffectiveness of traditional public administrative arrangements and represent an extension of neoclassical economic principles into the public sector (Corbett, 1996). The key themes prevalent within Buchanan’s (1986) ideas are the primacy of consumer power over public institutions and the assumption of self-interest as the key motivator of public servants. For effective management to occur, therefore, self-interest has to be tailored to align with the public interest, with transparent public sector accounting and accountability mechanisms being the means through which this alignment takes place. Humphrey, Miller and Scapens (1993) highlight efficiency scrutinies, value for money audits, performance indicators, resource management initiatives, cash limits, computerised financial information systems, delegated budgets and internal markets as all being practical manifestations of the public choice theory derived approach to public sector management and accounting.

The use of market based mechanisms such as outsourcing and purchaser/provider frameworks, where government pays for services that are actually provided by an external party (Sturgess, 1996; Brignall & Modell, 2000), were encouraged in instances where government was to remain involved. The common underlying ethos connecting these sorts of public management reforms was the use of management techniques and styles adopted from the private sector. By the 1980s the term New public management had come to be used (Hood 1991). The adoption of NPM was essentially
a bipartisan one in Australia, with both sides of the political divide essentially approving of, and pursuing different aspects of NPM, as illustrated in the previous section of this review.

2.3.2 New public management

New public management is quite a nebulous concept. It is essentially a reform program that includes structural reform of markets in which governments have participated by removing monopolies and introducing competition, reform of the labour markets that operate within the public sector, and changes to accounting and other information systems (Hood, 1990; 1995).

Aulich, et al. (2000) provides a summary of reforms that can be classified as being a part of the NPM agenda. These include:

- devolution of authority from centralised authorities to lower levels of management, including the use of smaller, disaggregated bureaucracies;
- allowing managers to manage according to their own discretion, rather than merely applying administrative policies;
- commercialised management practices, primarily involving the use of incentives to increase performance, such as performance contracts;
- greater efficiency via the introduction of competition between departments and the threat of outsourcing to the private sector;
- outsourcing;
- greater focus and accountability for outputs;
- increase in performance measurement; and
- frugality with inputs.

Hughes (1998) similarly identifies six areas central to the NPM, these being greater focus on results, a move towards flexible management structures, clearer outlining of performance goals and measurement through performance indicators, a greater commitment to the government of the day as opposed to non-partisanship, competition with the market through competitive tendering and contracting out and, finally, a general reduction in the size of government through privatisation and outsourcing.

Hoque and Moll (2001) summarise the ideas of NPM as being the following:
• That the public and private sectors should be managed according to the same principles;
• A move from accountability for process to accountability for results;
• Separation of commercial and non-commercial operations;
• Improved financial reporting, monitoring and accountability;
• An increase in the use of contracts for business activities using specific contracts for short term work;
• Mimicking private sector management techniques such as corporate planning, mission statements and strategic plans;
• A preference for monetary incentives over non-monetary incentives; and
• An increased emphasis in cost cutting and efficiency.

Hoque and Moll (2001) also note that the two prime objectives of NPM were to promote a culture of performance and to make the public sector more responsible to the needs of government. van Thiel and Leeuw (2002) meanwhile hold that the motivation for the NPM reforms was twofold: cut budgets and improve the efficiency and effectiveness of the bureaucracy. Osborne and Gaebler (1992) say that the role of government is to “steer, not row” and that they should only be involved in their ‘core business’ which is to develop policy. The implementation of policy should therefore either be contracted out or performed by semi-autonomous units that operate in quasi-markets. Performance should also be governed by contractual mechanisms that provide reward upon the achievement of previously set goals (van Thiel & Leeuw, 2002).

Lapsley (2009, p.3) summarised NPM as including:

“unbundling the public sector into corporatised units organised by product; more contract-based competitive provision, with internal markets and term contracts; stress on private sector management styles; more stress on discipline and frugality in resource use; visible hands-on top management; explicit formal measurable standards and measurement of performance and success and greater emphasis on output controls.”

Another set of manifestations of NPM in an Australian context was provided by Lee (2008) who highlighted accrual accounting and budgeting, reporting on outputs and outcomes, outsourcing, commercial in confidence contracting, public private
partnerships and a greater awareness of governance related matters (Lee, 2008, p. 121).

Hughes (1998) says that a common synonym for the NPM is that of managerialism and this in itself is indicative of the nature of the NPM reforms and the devolution of authority into the hands of managers. The implication of this is that contracts created according to managerial discretion now perform many of the roles once performed by administrative rules, regulations and policies.

Guthrie and Parker (1999) highlight the proliferation of accounting technologies within the broader use of objectives, results, performance and corporate business methods as key tenets of NPM. These were seen as the result of the new (at the time) discourse associated with economic rationalism and faith in markets (Guthrie & Johnson, 1993; Parker & Guthrie, 1993; Laughlin, Broadbent & Willig-Atherton, 1994). Cynicism and loss of trust in traditional forms of public administration also provided justification for the reforms (Organisation for Economic Co-operation and Development, 1995).

While NPM/managerialism can be a fairly difficult concept to define in a concise manner (as illustrated by the above discussion), the underlying theme seems to be connected to the implementation within the public sector of management approaches traditionally associated with private sector contexts. This is particularly evident with the removal of regulations and policies and their replacement with managerial discretion, which is then manifested in the use of contracts for resource procurement and employment. Managers under NPM are more likely to be required to account for their increased authority by setting clear objectives and by having their performance measured and reported in accordance with these goals. A number of reasons for these reforms have been noted earlier, but as Hughes (1998) has identified, NPM reforms that have occurred throughout the western world have generally been a reaction to problems with the traditional structure of government administration such as the inability for traditional administrations to work in the manner that was needed, or within the resource constraints that had developed, due to both declining economic circumstances and the increasing complexity in relation to the delivery of government services.
What is also evident is that the reforms that have taken place within the APS starting in 1983 have applied all of these themes. While the initial devolution of authority and unwinding of bureaucratic control occurred under consecutive Labor Governments (1983-1996), the further use of private sector mechanisms, such as the greater use of incentive based employment contracts, purchaser provider structures, and outsourcing, was pursued by the Howard Government (1996-2007). Meek (2001) did, however, identify that one important difference between these two regimes was that at an ideological level the Howard Government was more committed to approaches based on public choice/agency theory than the previous Labor Governments.

2.3.3 Criticisms of NPM/managerialism

A number of criticisms of NPM have been identified within the literature. Hughes (1998) provides a list of common criticisms of NPM ranging from the underlying theoretical perspectives to the outcomes of public service delivery.

As previously stated, the key theoretical underpinning used to both criticise traditional forms of public administration and support NPM reforms can be found within neoclassical economics, including agency theory and public choice theory. Hughes (1998), however, points out that these theoretical bases have themselves found criticism, for example, in relation to the broad and perhaps overly cynical assumption that self-interest is the dominant motivation of all public servants. Also, rival theories, such as those relating to public goods, argue for government involvement when markets fail, something that public choice and agency theories ignore. It is also argued that users of government services are not merely consumers, as assumed by rational economics, but are also citizens, and hence outcomes must include a greater array of considerations than merely economic consequences (Alford, 2002).

Managerialist approaches implemented within the public sector have also been targeted by critics. The approach to management inherent within NPM programs is based largely on the cycle of determining strategies, setting objectives, devising programs, structuring and funding programs, and then measuring performance and evaluating results (Hughes, 1998). However, as noted above, measuring performance in the public sector requires consideration of issues other than economic performance.
and can therefore be more complex than the measurement of performance in the private sector. The managerialist model can be criticised when applied to the public sector because, without clear measurement of outcomes, the setting of objectives may prove to be pointless since if one link in the cycle fails, the whole cycle will fail. The literature regarding annual reporting, performance reporting and accrual accounting contains examples of the difficulties in measuring public sector performance and is discussed in Chapter 3 of this thesis (examples include Guthrie, 1998; Lee, 2008; Mack & Ryan, 2003).

Lapsley (2009) focused on four specific elements of NPM in the United Kingdom (UK): the use of management consultants; technological change; the use of audits, and the heavy focus on compliance and the increased emphasis on risk management. He found that there were significant issues with each, including the costliness of consultancies, a lack of awareness of the limitations of technology, a box ticking mentality fostered by audits and more concern with compliance activities than service delivery, and the stultifying effect of risk management techniques.

The NPM agenda has also been labelled Neo-Taylorism, with a new set of best practices merely having replaced another set (Hughes, 1998). Issues identified include the use of performance related pay, the use of groups such as the SES which are seen as being the ‘best’ managers, and the underlying belief that markets are inherently good while governments are inherently bad. Similarly, Aulich et al. (2000) argued that NPM was really just a loose set of practices and ideas, while Hood (1991) contended that NPM was a marriage of opposites. Hood and Peters (2004) have gone on to argue that NPM was (in 2004) in the middle age and a vehicle for an array of “consultants, conventional scholars, staff of international agencies, senior public servants, politicians and spin doctors” (p. 267). Hood and Peters (2004) also suggest that NPM is “…even more rules based and process driven than the traditional forms of bureaucracy that NPM was meant to supplant” (p. 271).

Politicisation of the public sector has been identified as an unfavourable outcome of NPM reforms. Hughes (1998) posited that NPM requires greater compliance with government departments and that departmental heads were often hand-picked
because they were sympathetic to the government of the day. This was a common criticism of the Howard Government, which removed more than half of the departmental heads upon winning office in 1996 and replaced them with what was seen by many to be a group of people who were sympathetic to the Government’s cause (Carr, 2003).

Funnell and Cooper (1998) also noted a number of these criticisms, including the economic rationalist obsession with financial costs and outcomes, the focus on technical measures of performance over qualitative measures, and that social/service delivery outcomes have not necessarily improved, with growing hospital waiting lists being cited as one example of this apparent failure. Considine (2001) added further weight to this argument by illustrating that the disbandment of the CES and its replacement with the Job Network resulted in the creation of profit focused agencies that paid very little attention to members of the public who required special training and who were not likely to deliver profitable outcomes. Other criticisms include a decrease in formal accountability, as managers were given an open state in relation to achieving their goals, as well as problems with implementation and the proper training of staff. It is also quite difficult to define exactly what NPM is (Hughes, 1998).

Hughes (1998) has countered some of these arguments by critiquing the basis of traditional Taylorist approaches to management that every aspect of public service could be honed and fine tuned into a superior approach. Hughes (1998) argued that this is an unrealistic assumption. NPM on the other hand, according to Hughes (1998), is more realistic because it assumes that not every element of service can be micro-managed thus creating the need for managers to make decisions. Nevertheless, the NPM literature is laden with lists of best practices and the homogenous nature of these reforms throughout a number of jurisdictions does suggest that a newly accepted orthodoxy prevails.

Hughes (1998) concluded his analysis of these criticisms by arguing that while they have some relevance, the only way to properly address the merits of NPM is to compare it with the previous approach to public administration and that when this is done it is clear that approaches utilizing NPM methods are superior in relation to
effectiveness, efficiency and economy. A number of sources (Funnell & Cooper, 1998; Meek, 2001) have also made the point that the broader reform agenda applied to the APS has enjoyed bipartisan support, even if specific policy matters have been debated at different points.

The purpose of this section of the literature review was to review the theoretic and philosophic underpinnings (and criticisms) of the reforms to the APS. The relevance of this literature to the research presented in this thesis is that it creates an expectation that public sector annual reporting practices will have changed to reflect the new, broader array of accountabilities that the NPM agenda heralded. The next major section of this chapter delves deeper into this issue by providing a review of the literature concerning accountability in the public sector, before moving onto a consideration (in Chapter 3) of a specific, key accountability mechanism – the annual report.

2.4 Accountability in the public sector

The literature concerning accountability in the public sector is relevant to this study because annual reports are one mechanism through which accountability is discharged. The aim of this section therefore is to shed light on what accountability is understood to encompass. Accountability and its linkage to the administration of the public sector is a complex issue that has drawn much comment within the literature. Parker and Gould (2000, p. 116) cite Roberts and Scapens (1985) and Sinclair (1995) in defining accountability as “giving and demanding reasons for conduct in which people are required to explain and take responsibility for their actions”.

Stewart (1984) highlights the relationship between the ‘accountor’ (who provides the account) and the ‘accountee’. The accountee is said to receive the account, have rights and is in a position of power relative to the accountor. There must also be a clear bond between the accountee and the accountor. Patton (1992) on the other hand is of the view that accountability simply involves a reporting function. Roberts (1991), Williams (1987) and Lehman (1996) believe there are moral and strategic elements to accountability. Hoskin and Macve (1988) make the distinction between responsibility and accountability as being based on the additional requirement of accountability
whereby those accountable have to evaluate their own performance. This is supported by Core (1993), who suggests that goal setting is also necessary for accountability. Funnell and Cooper (1998, p. 30) suggest that:

“...to be accountable means that there is an obligation to answer for one’s actions and decisions which arises when authority to act on behalf of an individual or body (the principal) is transferred to another (the agent).”

These definitions are, however, but few of many and the somewhat slippery nature of the concept has been the subject of much discussion. Bovens (2007b, p.447) describes accountability as “appealing but elusive” and Koppell (2005, p. 94) effectively argues that while there is solid agreement in terms of the importance and desirability of accountability in respect to public sector organisations, there remains substantial disagreement in terms of what accountability actually means. Sinclair (1995), meanwhile, has metaphorically described accountability as a chameleon that changes to suit the specific context, and is almost perverse in that the harder people try to define the concept, the vaguer it becomes. However, confusion as to what actually constitutes accountability does not undermine its importance. Fuller and Roffey (1993) say that accountability is fundamental to our system of government.

In order to deal with the difficulty in defining accountability, a number of frameworks have been developed to “resolve the ambiguity surrounding the accountability concept” (Crofts & Bisman, 2010, p. 182). These frameworks include those provided by Bovens (2007a); Broadbent, Dietrich and Laughlin, (1996); Funnell and Cooper (1998) and Corbett (1996). However, as argued by Crofts and Bisman (2010), these frameworks lack an empirical basis, are theoretic and prescriptive. For example, the chain of accountability described in Funnell and Cooper (1998) begins with the electorate and ends with government departments, business enterprises and statutory authorities. The intermediaries in this chain are parliament, ministers, the SES, and managers in agencies. Similarly, Fuller and Roffey (1993) highlight the accountability relationships between public servants and ministers, ministers and the parliament, and parliament and the electorate, however they also discuss some of the inherent complexities that these ‘chains of command’ do not properly reflect, such as the direct
accountability of senior public servants to the parliament, ombudsmen, courts, their own professions and perhaps even the general public, without the need of a minister acting as an intermediary. In support of this, Core (1993) found that public sector managers feel accountable to a broad array of stakeholders, including clients, ministers, departmental secretaries, the parliament and supervisors. Parker and Gould (1999) provide some further detail on the inherent complexity of accountability relationships by pointing out that they are governed by a mixture of legal, professional, statutory and constitutional requirements.

Funnell and Cooper (1998) put financial accountability in a place of fundamental importance relative to higher level constitutional, social, moral and political accountabilities, and argue the need for financial accountability to exist before any of the others can. Funnell and Cooper (1998) and Degeling, Anderson and Guthrie (1996) also identify effectiveness; efficiency; economy; and regulatory and legality as being key dimensions of accountability.

One reason for the difficulty in precisely defining accountability may be the discord between theory and practice. For example, the classic Westminster model of accountability has ministers developing policy with public servants providing the implementation aspect of the policies. The public servants are supposed to be non-partisan and accountable to the relevant minister, who is then accountable to the parliament and the people (Hughes, 1998). Sinclair (1995), however, contradicts this theoretical chain of accountability by highlighting that in reality public servants do have input into the development of policy and that ministers are heavily reliant on the public servants when discharging their own accountabilities, with this reality upsetting the flow of the chain of accountability.

Parker and Gould (1999) support this interpretation by suggesting that changes to public sector administration have led a movement away from the hierarchical nature of accountability to the parliament, towards a more market based accountability to the customer/consumer of public services. This has not been without criticism, with Plowden (1994), for example, suggesting that this change has denigrated the notion of a ‘citizen’ (and their parliamentary representatives) in favour of a ‘customer’ and that
the pursuit of customer interests does not necessarily work in the public interest. This shift from internal accountability to external accountability has been drawn largely from the pursuit of NPM style management structures which draw upon private sector/managerialist ideals of devolved management structures. Glynn and Perkins (1997) further criticise the devolved approach to management of the public sector because it has effectively distanced the control of public sector departments away from the minister and hence the public. Along similar lines, Jubb and Kelso (1998) asserted that the more public sector management becomes preoccupied with financial measures and customers, the more eroded more traditional accountabilities to process, policy and equity would become.

The difficulty in pinning down what accountability means can be seen again in the differing ideas of what constitutes an accountability relationship in the public sector (Bowerman 1998). For example, Glynn and Perkins (1997) point out six kinds of accountability relationships: professional, managerial, inter-departmental, purchaser, financial, and public, while Sinclair (1995) worked with five: political, public, managerial, professional, and personal. Bowerman (1998) then says that differing interpretations in terms of accountability can lead to tension, especially when the accountabilities conflict. An example of this might be accountability for quality service delivery to the public on one hand, and fiscal accountability to the taxpayer on the other.

In the final analysis there is close to universal acknowledgement that accountability is an important concept and similar agreement that the concept is close to impossible define in any straight forward manner. The concept has also undergone a high degree of change (Gray & Jenkins, 1993; Goddard & Powell, 1994; Collier, 2005) and much of the literature has been focused on the extent to which new forms of accountability information either enhance or inhibit accountability in different circumstances (Humphrey et al., 1993; Hodges & Wright, 1995; Levaggi, 1995; Burritt & Welch, 1997; Coy, Fischer & Gordon, 2001; Gendron, Cooper & Townley, 2001; English, 2003; Carnegie & West, 2005; Barton, 2006). The purpose of the study reported in this thesis is not to attempt to resolve these matters, but rather to examine and analyse the changes to one mechanism (the annual report) through which a body at the bottom of
Funnell and Cooper’s (1998) “chain of accountability” (p. 29) (an Australian Commonwealth Government department) exercises this accountability, however nebulous the concept.

2.5 Summary

The purpose of this chapter was to explore the broad context of the APS up to 1998, including the changing notions of accountability. The chapter began by exploring the administrative reforms that took place, with these reforms being categorised under the titles of procedural governance, corporate governance and market model as per Considine (2001). The shift in the administration of the APS was essentially consistent with a global reform movement referred to as NPM, which is based around notions of decentralisation, devolution and a broad shift away from accountability for compliance with rules towards accountability for the delivery of outcomes. In spite of the pervasiveness of NPM, this reform agenda has been criticised for a wide range of reasons including that NPM is really little more than the imposition of one orthodoxy over another. The final section of this chapter explored the notion of accountability and found that while there was close to universal acknowledgment of the importance of accountability, there was also wide acknowledgment that the concept was very difficult to define and that it too has gone through substantial change over time.

The literature reviewed in this chapter is relevant to the research presented in this thesis because it tells us that the APS has gone through substantial reform both on an administrative and philosophic level. This creates, therefore, an expectation that public sector annual reporting practices will have gone through changes reflecting the underlying changes to the APS. Examples of this could include the setting of objectives and the publication of results. Chapter 3 aims to further illuminate what the changes to public sector annual reporting may have encompassed by providing an examination of the regulatory changes to departmental annual reporting practices in the APS as well as a review of the scholarly literature concerning public sector annual reporting.
3. Annual reporting in the public sector

3.1 Introduction

Having reviewed the literature concerning the broader context of public sector reform in Chapter 2, the purpose of Chapter 3 is to review the literature that specifically addresses annual reporting practices within the public sector. This chapter aims to highlight gaps and unaddressed issues existing within the literature and then draw on these issues to frame the research questions, which are outlined at the end of the chapter. The chapter begins by highlighting the apparent importance of annual reporting in the public sector and then provides a summary of regulatory changes to departmental annual reporting. The literature addressing two key reporting components: accrual accounting and performance reporting is then reviewed. This is followed by a review of the literature that addresses the perceptions of users of public sector annual reports, and, more importantly, the holistic content of public sector annual reports. The final section of this chapter is the elucidation and discussion of the research questions which form the basis of this thesis.

3.2 The importance of annual reports

There is close to universal acknowledgement that one of the main tools used for discharging external accountability in both the private and public sectors is the annual report (Boyne & Law, 1991; Winfield, 1978; Chang & Most, 1985), and even though it may be only one means of doing so (Cameron, 2004) it is considered an influential source because of the breadth of its content and widespread availability (Parker, 1982).

Stanton and Stanton (2002, p. 479) provide a summary of the content of annual reports:

“As formal communication documents, annual reports commonly comprise quantitative information, narratives, photographs and graphs.”

From perspective of the APS, the DPMC (2013, p.3) articulates the purpose of annual reports, and the primacy of annual reports in an accountability context:
“The primary purpose of annual reports of departments is accountability, in particular to the Parliament. Annual reports serve to inform the Parliament (through the responsible Minister), other stakeholders, educational and research institutions, the media and the general public about the performance of departments in relation to services provided. Annual reports are a key reference document and a document for internal management. They form part of the historical record.”

The annual report is considered to be particularly important for discharging the financial aspect of accountability (Stewart, 1984; Tooley & Guthrie, 2007). English (2003) says that annual reporting completes the cycle of accountability that begins with the budget, while Milazzo (1992) says that the public sector annual report is a cornerstone of public and parliamentary accountability. Marston and Shrives (1991) claim the annual report is the main disclosure vehicle and Rutherford (2000) suggests that annual reports are an important source of performance information regarding efficiency and effectiveness of operations. Coy, et al. (2001) identify the annual report as being the only single document that can be used by all stakeholders in ascertaining and understanding the goals and performance of an organisation on a routine basis. Herawaty and Hoque (2007) say that the annual report, along with portfolio budget measures statements (PBMS), are the public’s major source of performance information about a government department’s operations. Similarly Banks, Fisher and Nelson (1997) hold that public sector annual reports are the primary vehicle through which public institutions communicate accountability to stakeholders, while Hyndman and Anderson (1995, p.2) say that “it is generally recognised that a key document in the discharge of accountability to external users is the annual report”.

The role of annual reports as a “prominent corporate communication tool” is emphasised by Low, Davey and Davey (2012, p. 15) who say that organisations use annual reports to demonstrate that they have met their responsibilities and accountabilities to internal and external stakeholders.

What can be seen from this literature is that the public sector annual report is clearly considered an important communication and accountability tool and hence the
manner in which these reports are constructed is an important issue. This point adds to the motivation for this study.

3.2.1 Reported issues with annual reporting practice

Despite the apparent importance of public sector annual reports, Herawaty and Hoque (2007) comment that a problem with annual reports is the lack of public interest, and they cite Walker (1995, p. 26) in this regard:

“... the current format of public sector annual reporting places excessive emphasis on financial matters. Interest may increase if government agencies were to start providing concise and user friendly reports on the objectives of their programs, and most importantly of all, the outcomes secured by these programs.”

Rutherford (2000) says that the main users of public sector annual reports are actually intermediate users – users who stand between government/management and voters/taxpayers/consumers. These intermediate users include groups such as backbench members of parliament (MPs), the media and lobby groups, while voters only have a cursory interest in general purpose financial reports. Jones (1992) agreed with this, saying that the public had no interest in public sector financial statements.

What we have then is a situation where the prevailing content of public sector annual reports (financial content) is seen by some to alienate broad sections of potentially interested groups, and that the main audience for annual reports is intermediate users. These findings point to a potential deficiency in the annual reporting practices within the public sector that this research will aim to further elucidate. Despite these purported deficiencies in specific reporting practices, the public sector annual report is nevertheless considered to be a crucial accountability mechanism (Boyne & Law, 1991; Winfield, 1978; Chang & Most, 1985).

The next section of this chapter outlines the specific regulatory changes that have occurred in relation to annual reporting by Commonwealth Government departments.
3.3 Departmental annual reporting - 1941 and onwards

The history of annual reporting by Commonwealth Government departments can be seen to follow a similar pattern to the development of the APS as a whole. A long period of little to no change was followed by period of near continual reform. During the period up until the RCAGA in 1976, annual reporting practices were not thoroughly examined, nor were annual reports (as published by government departments) a widespread phenomenon. Since this time, however, numerous sets of guidelines have been released mandating annual report publication and specifying content.

Corbett (1996) cites the Public Service Act (1922)6 as obliging Australian government departments to present annual reports. Wettenhall (1999) however, cited the Boyer Committee on public service recruitment in 1958 as saying that, at this time, only three out of 25 Commonwealth departments were producing annual reports (Boyer, 1958). Wettenhall (1999) also cited Reid (1962) noting that four years later, annual reporting practices had changed little. At this time, there were no actual mandated practices in terms of the content of annual reports. Wettenhall (1999) commented on the prevailing attitude regarding the accountability of departments, which was that Parliamentary questions to ministers were an adequate process to discharge accountability obligations. This process was later criticised by commentators such as Weller (2001) and Barrett (1997, 2004) who argued that Parliamentary questions were no antidote to the black box of public sector administration.

The RCAGA (1976) made reference to departmental reports by commenting on the “developing practice for departments to prepare annual reports” (p. 75). The RCAGA also recommended this practice continue and it provided a set of suggested guidelines that included information on policy management, forward estimates, staffing, and consulting arrangements. The Joint Committee of Public Accounts (JCPA) (1979) went further by saying that every department should produce annual reports (JCPA, 1979) and this was followed in 1982 by the first “Guidelines for Departmental Annual

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6 While the Public Service Act 1922 obliged Commonwealth departments to table annual reports in Parliament there were no specific reporting requirements dictating content. Given the scant reporting practices of other departments as reported by Wettenhall (1999) it is apparent that this requirement was not enforced. The Department of Social Services was also required to lodge an annual report by section 148 of the Social Services Act (1947). This act was silent on specific reporting rules, aside from reference to ‘statistics’. The first formal requirements for annual reporting were introduced in 1982.
Reports”, which were tabled in the Senate by John Carrick (Carrick, 1982, p. 2262). The guidelines asked for information on the relevant department’s main activities, managerial and operational aspects of the department, tabling of the report by the relevant minister in Parliament, and adherence to “modest printing standards” (Carrick, 1982, p. 2262). These guidelines also reaffirmed that the publication of annual reports was a formal requirement, even though this was also supposedly the case as per the Public Service Act 1922. Moore-Wilton (1999 p. 17) commented on this situation as follows:

“While there was, I understand, an occasional annual report from the public sector as far back as the 1950s, it was not until the early 1980s, following the Coombs Royal Commission of Australian Government Administration, that annual reports become a regular feature of departmental communication, and not until 1985 that they became obligatory.”

The main source of content within public sector annual reports, according to Moore-Wilton (1999), was words concerning what the department was doing, as opposed to what it had achieved, although it is said by Moore-Wilton (1999) that this had changed in recent times with much more reporting being focused on performance outcomes. Moore-Wilton (1999) also said that while annual reports had contained audited financial statements, they were not considered to be an important part of the report and that accrual financial reports were little utilised because the portfolio budget statements presented to parliament were still done on a cash basis.

The publication of new guidelines was commonplace throughout the 1980s and 1990s. Further guidelines for annual reports were published in 1986 by the JCPA (1986) and these were tabled in Parliament in 1987 by the Prime Minister, Bob Hawke. These particular guidelines required, amongst many other things:

- reference to the legislation under which the report was produced;
- a list of the department’s goals;
- descriptions of the department’s structure;
- an account of the department’s significant activities including objectives, results, resources used and reasons for not achieving goals;
- a listing of external consultants employed, cost and reason for employment;
- mandatory compliance with guidelines;
• compliance with freedom of information laws; and
• some accrual accounting information, such as asset listings and liabilities.

In 1989 the JCPA produced a report entitled “Guidelines for Departmental Annual Reports” (JCPA, 1989). The stated motivation for this particular report was the apparent lack of compliance with the then existing guidelines and a further need to ensure that departments were reporting on outcomes, rather than merely on compliance with bureaucratic rules. This report highlighted the importance of departmental annual reports as a means of providing accountability between departments and the Parliament and the importance of achieving outcomes for previously stated objectives. It also criticised both the DPMC and the Parliament for being reluctant to take formal responsibility for the creation and enforcement of reporting guidelines.

The JCPA (1989) provided 53 recommendations for departmental annual reports. Key aspects of these recommendations included:

• disclosure of performance that was anticipated;
• disclosure of performance achieved;
• disclosure of summary resource information;
• disclosure of performance anticipated for subsequent year;
• a change of name from ‘guidelines’ to ‘requirements’;
• disclosure of environmental impact information; and
• presentation of audited financial information with some accrual information.

In 1989 a review was performed by the Senate Standing Committee on Finance and Public Administration (SSCFPA) called the “Timeliness and Quality of Annual Reports” (SSCFPA, 1989). The SSCFPA (1989) was also equally critical of the DPMC and the Parliament in relation to the enforcement of annual reporting guidelines. This report concurred with the JCPA (1989) in arguing for greater use of performance measurement relative to stated objectives as a means of providing discipline to public sector managers. According to Millazo (1992), the role of annual reports in relation to reporting on achievement of previously stated goals was something first recommended in the RCAGA (1976). The RCAGA (1976) recommended the devolution of authority to managers and away from the central authority of the PSB but said that
for this to work, managers needed to be held accountable via stated objectives and annual reports.

The SSCFPA (1989) commented on the difficulty in finding a specific audience for annual reports because annual reports are seen as a basic source document for users, but that parliamentarians often find much of the information contained within to be of minimal use and hence prefer more condensed forms of information such as portfolio program performance statements. The SSCFPA (1989) also made note of the significant lack of compliance with the requirements and claimed that this may be because the requirements themselves were only made mandatory in 1985.

Shedding some light on the reality of annual reporting practice as compared to the guidelines is Coates (1989), who said that none of the then 18 Commonwealth departments (in 1989) fulfilled all of the guidelines – despite the fact that the guidelines were mandatory. Coates (1989) conceded that parliamentarians did not give their full attention to every report every year, and that often they could be used as a source of criticism from oppositions. In spite of this, Coates (1989) argued that the quality of annual reports had improved in the recent years to 1989. Parker and Guthrie (1993) added to these findings, revealing that, as of 1993, many departments failed to present performance information, progress towards stated goals, or responses to criticisms from auditors general or parliamentary committees in their annual reports. Parker and Guthrie (1993, p. 69) also held that “annual reports are not adequately scrutinized by parliamentary members”. They further argued that cash accounting rules often did not provide for adequate consistency, that this could ultimately damage accountability and that the new accrual model opened up additional issues, such as the relevance of accrual accounting principles to public sector organisations (Parker & Guthrie, 1993).

Perhaps to address some of these issues, more guidelines were approved by the JCPA and published by the DPMC in 1994. These guidelines required:

- a letter of transmission signed by the departmental secretary stating that the report complies with all relevant statutes;
- certain aids to access, such as a table of contents, index and a glossary;
- a portfolio and corporate overview addressing major issues faced by the department and the basic corporate structure/hierarchy;
- program performance reporting focusing on achievement towards stated goals rather than description of operations;
- staffing overview; and
- audited financial statements prepared either according to modified cash rules or according to accrual rules and based on the ‘Guidelines for Financial Statements of Public Authorities and Commercial Activities’.

Further requirements were again approved by the JCPA and published by the DPMC in 1999 (DPMC, 1999) which required:

- a review by departmental secretary;
- a departmental overview;
- a report on performance;
- information on management and accountability;
- financial statements; and
- other mandatory information.

According to Herawaty and Hoque (2007), there are four legislative frameworks relevant to the publication of annual reports. These are the Public Service Act 1999, the Auditor General Act 1997, the Commonwealth Authorities and Companies Act 1997, and the Financial Management and Accountability Act 1997. In relation to the Public Service Act 1999, section 63 requires the secretary of a government department to provide the minister with an annual report addressing the year’s activities and which can be tabled in parliament. The report must also comply with the guidelines as published by the DPMC and approved by the JCPA. This compares with the original singular source of guidance on departmental annual reporting in 1941, which was the Public Service Act 1922.

Since the 1970s there has been a considerable growth in the number of reporting requirements. Analysis of these requirements provides a set of expectations as to what will be contained within the annual reports that are the subject of this thesis. This would include, starting in the 1980’s, the publication of goals, performance against goals, financial statements, audits and statements from directors general/secretaries.

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7 In 1984 the title of Director General was changed to Secretary.
Having said this, there also remains the potential, as revealed by the literature, that the reports may not have adhered to the reporting requirements and that the reports may contain voluntary disclosures. This means therefore that changes to reporting requirements do not, in and of themselves, provide an adequate explanation for changes to reporting practices. This situation provides additional motivation for the research questions articulated at the end of this chapter.

3.4 Financial content of annual reports - accrual accounting

An area of content within APS annual reports that has received frequent attention within the literature is the change of method from cash to accrual accounting (Broadbent & Guthrie, 2008). The accrual accounting literature is of relevance to this thesis because, as per the regulatory changes of the 1980s, the publication of some accrual financial statements became a mandatory component of departmental annual reports in the 1986 (JCPA, 1986) and it is therefore important to understand the background issues surrounding its implementation and use. Key contributors to this discussion focusing on Australian contexts include Pallot (1997), Potter (1999, 2002), Ryan (1998), Christensen (2002) and Guthrie (1998), while Brorstrom (1998), Robinson (1998), Christiaens (2004), Monsen (2006) and Carlin (2003) are examples of the literature dealing with accrual accounting issues internationally.

3.4.1 What accrual accounting is and why it was introduced

The essential technical difference between the cash and accrual methods exists in the timing of the recording of an event. However, this technical focus belies the observation that accrual accounting reforms are much broader in context and import than a mere change in the timing of recognition of transactions. As argued by Conn (1996), accrual accounting can be seen as being code for a wider ranging set of reforms. Guthrie (1998) linked public sector accrual accounting with Hines’ (1988) notion that accounting can go beyond passively reflecting reality, to constructing reality. As alluded to by Conn (1996), accounting reform was the impetus for broader changes to the public sector that included the use of a corporatised model influenced heavily by private sector practices. In other words, accrual accounting can be viewed as a means through which corporate approaches to administration were transferred to
the public sector. It is, however, essential to acknowledge that the history of public sector accounting in Australia is not, in reality, a simple case of one exclusive method (cash) being replaced with another (accrual) at various levels of government as in many cases (such as in departmental annual reports) cash and accrual accounting continued to be used side by side.

Guthrie (1993a) and Parker and Guthrie (1993) observe that public sector accounting has been through much reform that has occurred in tandem with the broader NPM agenda. More specifically, Mack and Ryan (2006) argued that the reason for the adoption of accrual accounting was to satisfy the changes to the nature of accountability faced by public sector managers. Funnell and Cooper (1998) suggested that while cash accounting, with its reporting of cash payments and cash receipts, was well suited to meeting the traditional public sector accountabilities for compliance, probity, regularity and measurement of inputs, public sector administrative reform resulted in a broadening of these accountability areas, where financial performance, position and the meeting of objectives were also seen as important. Funnell and Cooper (1998) then went on to argue that accrual accounting was better suited to meeting the new accountabilities as it is able to measure performance over a given period, as well as report on financial viability and the full costs of services. Enhanced comparability between the performance of private and public sector entities has also been mentioned as a reason for the introduction of accrual accounting, as it allows for better integration of private sector organisations in service delivery and an assessment of relative performance where private sector entities compete with public sector entities (Chua & Preston, 1994; Guthrie, 1998).

3.4.2 Key events leading to the introduction of accrual accounting in the public sector

As initially discussed in section 2.2.2 the RCAGA was instigated to address the numerous issues with public sector administration. While public sector accounting practices were not immediately addressed by the RCAGA, various committees were organised in the wake of the findings of the RCAGA to investigate the apparent lack of scrutiny, enforcement and accountability associated with public sector accounting
practices (Ryan, 1998). The JCPA (1982), for example, recommended the use of accrual financial reporting practices.

According to Ryan (1998) and Christensen (2002), the push for the use of accrual accounting as a solution to the accountability ‘problem’ was also supported by the Commonwealth Auditor General. The Commonwealth Auditor General pursued the implementation of accrual accounting methods as used in the private sector by organising a working party to formulate an exposure draft that would identify to the organised accounting professional bodies the weaknesses of accounting standards for use in the public sector. The JCPA meanwhile conducted seminars with government accountants, a survey of government financial reporting to gather a more complete understanding of government accounting practices, and authored another discussion paper on accrual accounting and the public sector (Ryan, 1998).

The effect of these activities, which took place between 1980 and 1983, was to stimulate the accounting profession to take an interest in public sector accounting – an interest which the profession had not previously exhibited. This ultimately resulted in the formation of the Public Sector Accounting Standards Board (PSASB) in 1983, which was to be located within the Australian Accounting Research Foundation (AARF).8

It was within the reformist environment of the Hawke Government (see section 2.2.3) that accrual accounting continued to be promoted by the JCPA and Auditor General as a means of asset management and performance measurement in the newly devolved public sector management structures (Ryan, 1998). By 1986 the reporting requirements for Commonwealth departments contained in JCPA (1986) made reference to the presentation of accrual information in the form of a list of assets and liabilities. As mentioned in section 3.3, the requirements after 1989 required accrual accounts and for the financial report to be audited (JCPA, 1989).

By 1988, with further fiscal constraints coming to the fore, an accounting policy division was created within the Department of Treasury. Prior to this, Treasury was

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8 Pressure had also been placed on the AARF by Government Accountants Co-ordinating Committee to undertake research into public sector accounting but the AARF showed little interest (Chua & Sinclair, 1994, p.689). The Government Accountants Co-ordinating Committee was comprised of senior accountants working in Government.
mainly a realm for economists. The links between these accountants in the Department of Treasury and the PSASB gave the PSASB a certain amount of influence in formal policy development whereas up until this point their actions had been more of a lobbying nature (Ryan, 1998).

Despite this level of support for accrual accounting there were still no specific accounting standards that the public sector could implement\(^9\), as the PSASB had focused mainly on the development of a conceptual framework – with the output of the PSASB being described as somewhat disappointing by commentators such as Walker (1989). This lack of standards may have been the reason why various departments of treasury across Australia felt compelled to fund the PSASB as a means of expediting the standards development process, with this funding also formally linking the PSASB to executive government. This period in 1990's also represented a time when the various governments in Australia were co-operating with each other, via working parties, for the harmonisation of public sector accounting standards. It was in this environment that the funding of the PSASB, and hence the development of accounting standards for the public sector, was pursued with more haste than had been the case previously (Ryan, 1998).

Once this formal linkage was made between the PSASB and executive government, the development of standards moved forward. This resulted in the release of discussion and exposure drafts, and the subsequent development of AAS 29 - *Financial Reporting by Government Departments* and AAS 31 - *Financial Reporting by Governments*. According to Ryan (1998), there was a mutual dependency on those accountants within the various departments of treasury and the PSASB, with frequent discussions, formal channels for communication, and a common belief in the superiority of accrual accounting over cash accounting. It was argued by Micallef (1997) that the publication of AAS 31 filled the last gap in public sector accounting standards.

The legislative and regulatory elements of these changes to accounting practices in the public sector are contained in the *Public Finance and Audit Act (Statutory Bodies) Act, 1983* and the *Financial Management and Accountability Act, 1997*. The latter act

\(^9\) Commonwealth Departments could refer to ‘Guidelines for financial statements of public authorities and commercial activities’. These had been published by the Department of Finance since 1983.
mandated the publishing of accrual information while the earlier act specifically required disclosure of an operating statement, statement of financial position, and cash flow statement as per Australian Accounting Standards (AAS) 29 and 31. The Commonwealth Department of Finance proposed that the professional accounting standards be applied to Commonwealth departments and justified their stance by saying that there was a need for information to improve accountability, to assist in decision making and to assess financial performance and financial position (Guthrie, 1998). The guidelines provided by the Department of Finance also contained a number of ratios that could be used as measures of performance. Micallef (1997, p.50) noted that as of 1997, most Commonwealth departments and their agencies were implementing accrual reporting. At the Commonwealth level this was completed in the 1999-2000 financial year.

3.4.3 Issues with accrual accounting

The literature concerning the introduction of accrual accounting in Australia is dominated by a number of official-style publications. These have largely endorsed the use of accrual accounting and recommended its implementation. Such laudatory and condoning promulgations include the New South Wales (NSW) Commission of Audit (1988), Barrett (1991), Carpenter (1991), Scullion (1992), the Victorian Commission of Audit (1993) and the JCPA’s (1995) report no. 338 *Accrual Accounting, A cultural change*. Each of these publications was produced by bodies or members of bodies that can be deemed to have a vested interest in the implementation of accrual accounting, given their obvious links to governments that have championed such implementation, such as the NSW Greiner Government and the Victorian Kennett Government.

This literature has been critiqued in studies that have sought to examine the overall worthiness of the reforms, issues related to some of the technical elements of the implementation, and the veracity of the claims made by advocates of accrual accounting. The worthiness of accrual accounting reforms have been assessed by Shand (1990), Aiken (1994), Jones and Puglishi, (1997) and Robinson (1998) and the issue as to whether accrual accounting can cope with the more specific requirements of the public sector has been addressed by Carnegie and Wolnizer (1996, 1999) and Ng
and Shead (1999), among others. The literature has also focused on the apparent lack of congruence between accounting methods originally designed for the private sector being used in the public sector (Aiken & McCrae, 1992, 1996; McCrae & Aiken, 1994; Pallott, 1992, 2003; Conn, 1996; Rutherford, 1992; Walker, Clarke & Dean, 2000). Technical issues, such as the treatment of infrastructure assets have also been addressed (Coombes & Edwards, 1992; Carlin, 2003; Christiaens, 2004), as have the relative merits of applying a mechanism for capital charges and depreciation (Barton, 2000; Christiaens, 2004). Guthrie (1998) identified that particular areas of concern with accrual accounting in the public sector included the lack of a profit motive for many public sector departments and the irrelevance of gearing structures, solvency or capacity to adapt concepts for public sector organisations. Guthrie (1998) also noted that, as of 1998, accrual accounting had been finding its way into annual reporting and that many concepts such as deficit, debt, liabilities and assets were going to change in meaning.

Another set of studies have attempted to apply some sort of theoretical lens to the implementation of accrual accounting. Ryan (1998) explicated accrual accounting changes in terms of an agenda setting explanation – which is to say that political and economic factors, beginning in the 1970s, created an environment in Australia that favoured the reporting of accrual financial performance information in the APS.

Potter (1999) discussed the use of rhetorical devices to align the needs of the public sector with the key traits of accrual accounting and later (Potter, 2002) discussed how the conceptual framework’s Statements of Accounting Concepts (SACs)\(^\text{10}\) were used as a means of connecting the properties of accrual accounting practices with the reporting and accounting needs of the public sector. This process was described as institutional thinking in that any thinking that was outside the conceptual framework was deemed irrelevant and not considered by those involved in the standard setting process.

Another study of note is Christensen (2002) who used Luder's (1994) “contingency model” to present five hypotheses concerning the interactions between the users of

\(^{10}\) Potter (2002) highlighted SAC 2 (AARF, 1990) and its capturing of organisations in both the public and private sector.
accounting information, the producers of information, and the promoters of accounting change.

The relevance of public sector reporting frameworks has been debated within the literature. Mack and Ryan (2006) discussed the use of a decision usefulness framework for financial reporting as being synonymous with accrual accounting in the public sector. They described how this framework appeared to conflict with their findings concerning the users of government departmental annual reports who used the reports primarily for accountability and stewardship reasons. These users also wanted more information on performance.

Potter (2002) addressed one of the key ‘debates’ regarding the relevance of accrual accounting for cultural, heritage and scientific collections. Specifically, Potter (2002) commented on an exchange between Carnegie and Wolnizer (1996, 1999) and Micallef and Peirson (1997), as well as others (Carmen, Carnegie and Wolnizer, 1996; Hone, 1997; Newberry, 2001), and observed that Carnegie and Wolnizer and Micallef and Peirson were at loggerheads. Carnegie and Wolnizer (1996) had posed four questions to Micallef and Peirson whose response, presented in Micallef and Peirson (1997) was to fill the body of their reply with a retelling of the linkages between the accountability concerns of the public sector as outlined in SAC 2 and accrual accounting. Potter (2002) identified the uncritical acceptance of accrual accounting principles by Micallef and Peirson (1997) as being particularly exceptional given the lack of “rigorous research, both empirical and otherwise in support and despite a range of compelling arguments put forward by Carnegie and Wolnizer” (Potter, 2002, p. 83).

Barton (2005) similarly discussed a number of issues, in particular the nature of the SACs and their lack of relevance to the unique nature of accounting in the public sector. Surveys of accrual accounting practices evident within annual reports have also been performed, with West and Carnegie (2010) finding that there was a significant amount of diversity in accounting treatments, with quite sudden changes in values. The reasons for the adoption of accrual accounting have also been discussed, with

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11 Micallef and Peirson were both involved with development of accounting regulations, with the former involved with AARF and the later with the PSASB (Potter, 2002).
Ryan (1998) arguing that the introduction of accrual accounting was the result of the political and economic context of the 1970s and 1980s that created a climate for change in accounting technologies. Policy entrepreneurs, aligned with the accounting profession, were then able to fill a vacuum that existed within the public sector regarding the use of accounting methods (Ryan 1998).

The literature promoting accrual accounting is, in many ways, very similar to the broader NPM literature in the sense that accounting reform was seen as a necessary component of the NPM movement and hence the accrual accounting literature contains many contributions which are in favour of the reform program. Another similarity between the broader NPM literature and the accrual accounting literature is the degree of conjecture as to the success of the reforms. In terms of accrual accounting, the disagreements revolve around the need for and appropriateness of accrual accounting in the public sector and many of the unforeseen complications that have resulted from its introduction. To a large extent these issues appear to remain unresolved. There are also arguments that the implementation was part of a broader importation of practices from the private sector and that this suited the political agenda of the era. While this thesis does not deal with accrual accounting issues in exclusivity, the inclusion of accrual accounting in the annual reports of the Commonwealth department being investigated will be documented and analysed as a part of the broader analysis of the content of the reports, hence the importance of highlighting the context of the development and implementation of accrual reporting in the Australian public sector.

3.5 Performance reporting
Another key component of more recent annual reports is the publication of performance information. Performance reporting aims to “facilitate the achievement of objectives of an organisation and the communication of relevant information to stakeholders” (Lee, 2008 p. 117) and is referred to by the Australian National Audit Office (ANAO) (2002, p.3) in these terms:
“Evidence about performance that is collected and used systematically to measure progress related to government outcomes and provide enhanced accountability for agency performance.”

Performance reporting requires managers to set objectives and to then allocate resources to meet these objectives (Bartos, 1995) for the purpose of ensuring that “organisations operate in ways that are not corrupt and that serve the needs of those they should benefit” (Broadbent & Guthrie, 2008, p. 151). According to the Management Advisory Board (MAB)\textsuperscript{12} (1993a, 1993b), performance reporting is a key aspect of public sector governance and the accountability process, as quality information is required for the public sector to properly meet their reporting and accountability requirements, which include both internal accountability (e.g. from senior management to the minister) and external accountability (to the parliament and broader community). These views were also shared by the National Commission of Audit (1996) and the ANAO (2002, 2003).

In an Australian context, performance reporting has been seen as being a further result of the broader public sector reform program that has embraced value for money, efficient best practice (often adopted from the private sector), and the shift from accountability based on inputs (e.g. budget appropriations) to accountability for results, with both financial and non-financial indicators having been used to this effect (Lee, 2008). A number of authors have highlighted that for a more responsive and accountable public sector to exist, there also needs to be proper performance information available (Stewart, 1984; Guthrie & Parker, 1998; Pollitt & Bouckaert, 2000).

As noted earlier, Stewart (1984) referred to performance accountability, which relates to whether achieved performance meets a particular standard. Performance accountability is especially important in the public sector because there is a lack of a profit motive (Lee, 2008) and so performance indicators are required to fill this void

\textsuperscript{12} The Management Advisory Board was established in 1987 to advise the Government on management issues. It was replaced by the Management Advisory Committee in 1999 (Verspaandonk, Holland & Horne, 2010).
There is, however, much debate over what measures are relevant and how the information should be communicated to interested parties (Lee, 2008). Performance reporting has also become increasingly important in the public sector due to the devolution of authority and accountability to lower levels of management. According to the public sector governance framework (ANAO, 2003), performance is assessed and monitored through the performance indicators which are then published in portfolio budget statements and annual reports. Examples of these performance measures include cost per output or the measures contained within the Balanced Scorecard such as customer satisfaction, achievement of cost effectiveness, delivery of high quality services or responses to change (Kaplan & Norton, 1992).

3.5.1 Issues with performance reporting

The use of private sector style performance measures has nevertheless met with some criticisms (Barton, 2003; Guthrie, 1998). One particular issue is the use of information derived from the private sector in measuring the performance of organisations in the public sector (Hopwood, 1984; Guthrie, 1993b; Barton, 2003; Modell, 2004). Hopwood (1984), for example, said that the use of private sector style measures in the public sector might be interpreted as an organisation’s interest in efficiency and legitimacy as opposed to accountability. Guthrie (1993b) and Barton (2003) argued that the financial reforms have made assessing efficiency difficult as the resulting information was often misleading. Of even more concern is Modell’s (2004) view that financial performance measurement had failed to improve public services.

In terms of non-financial performance measurement, there has been discussion of the use of non-financial measures of effectiveness that rely on quantitative measures; that the costs and benefits of policies and programs might be on different time frames; the issues with separating out environmental factors that impact on performance and obtaining all the quality information that is required to assess outcomes (Mayston, 1985; Humphrey, Miller & Smith, 1998; Pollitt & Bouckaert, 2000).

Lee (2008) summarised the problems with performance information in Australia as comprising four main issues. Firstly, with the devolution of authority, outsourcing and commercialisation of the public sector there has been a loss of accountability given
that commercial confidentiality has now become a consideration (Parker & Gould, 1999; Simms & Keating, 1999; Barton, 2003, 2006). Secondly, there is a fundamental difficulty in developing performance measures in the public sector. This can be due to problems in specifying outcomes that are relevant and that actually measure quality (Guthrie, 1994). Thirdly, there is a high propensity for governments to change the measures they use, which then affects the comparability of older performance measures (Carlin & Guthrie, 2001; Walker, 2001, 2002). Finally, the low quality of reporting, which was suggested by Lee (2008) as being due to the motivation to merely adhere with the minimum requirements of legislation or to provide good news that was easily developed (Taylor & Rossair, 2000; Christensen & Yoshimi, 2001). Further criticisms of performance reporting include the findings of the Audit Office of NSW (2000a) that much reporting is based on description of activities, as opposed to reporting of achievement against previously set objectives; and those of the ANAO (2001) which led to further recommendations in 2002 and 2004 that all performance information published in annual reports be linked to reports used for internal decision making by management.

Further issues with performance reporting were highlighted by van Thiel and Leeuw (2002). They referred to the audit explosion and associated cost that has been incurred due to the creation of performance information that now requires evaluation. These authors also highlight an array of unintended consequences of performance reporting, such as quality assurance procedures, where quality has been poorly defined, and an over commitment to narrow performance objectives.

Apparently, these criticisms have not been considered important as most governments at both state and Commonwealth levels have encouraged the use of performance information based on outcomes and outputs (Department of Finance and Administration, 2000; DPMC, 2001; ANAO, 2002; Victoria Department of Treasury and Finance, 1997; Audit Office of NSW, 2000b). The prevailing view held by governments in Australia appears to be that in the absence of free market discipline, public sector organisations require performance measures that focus on cost efficiency, effectiveness, and quality of service (O’Faircheallaigh, Wanna & Weller, 2000).
The review of the performance reporting literature has identified an array of issues that contribute to the motivation for this study. The literature suggests that there has been a shift towards greater use and publication of performance information within annual reports, but that while performance reporting is seen as being particularly important for public sector accountability and performance, there are number of issues, including difficulty creating performance measures, a high degree of change leading to compromised comparability, and the low quality of performance measures. The literature does not, however, address how performance reporting has changed over time in the broader context of annual reports nor does it provide any coherent explanation for the changes to performance reporting. These issues are addressed by the research contained in this thesis.

3.6 Perceptions of users and preparers about the usefulness of public sector annual reports

This sub section focuses on the literature specific to users and preparers of public sector annual reporting. While this particular branch of the literature does not address the content of annual reports, it does identify various user groups and stakeholders that are of interest and importance in the analysis and explanations of the changes to annual reporting behaviours in the DSS which are presented in Chapter 8.

Mack and Ryan (2007) found that literature concerning users of public sector annual reports has attempted to meet a number of objectives. Firstly, the literature has tried to classify groups of stakeholders. Anthony (1978) is identified as a seminal study of this type with others including Davidson (1977), Hay (1994) and Daniels and Daniels (1991). Daniels and Daniels (1991), for example, referred to citizen subjects; municipal investor/creditor subjects; and legislative/oversight subjects when classifying the users of municipal financial reports.

Taylor and Rosair (2000) compiled a table of users of public sector annual reports based on the then extant literature, classifying them as:

- Investors and trade creditors;
- Resource providers;
- Recipients or consumers of public goods and services;
Researchers have also used these classifications as a starting point for gathering empirical data about users of public sector annual reports (see for example Atamian & Ganguli, 1991). Van Daniker and Kwiakowski (1986) and Alijarde (1997) used this approach to identify internal management as another stakeholder group. This literature has also tried to access actual users of reports to determine whether they found public sector annual reports useful (see for example Butterworth, 1989). This approach to research has also enquired as to the type of information desired by users, with government departments being the main focus. Robbins (1984); Jones, Scott, Kimbro and Ingraham (1985); Collins, Keenan and Lapsley (1991) and Priest, Ng and Dolley (1999) are examples of these types of studies, finding a common thread in that users appeared to prefer cost of services information over general-purpose financial information.

In terms of why users do or do not make use of annual reports, Jones et al. (1985) surveyed users and found that accountability and decision making were the main reasons. Jones and Puglishi, (1997) and Mignot and Dolley (2000) added some depth to the understanding of the uses of annual reports of government departments. Jones and Puglishi (1997) found that preparers themselves did not support the introduction of accrual accounting or the decision useful framework for the preparation of reports, but Mignot and Dolley (2000) contradicted this to some extent, noting that two user groups previously identified (legislators and interest groups) found the reports useful for decision making.

In terms of studies that have actually empirically identified users of public sector annual reports, Coy, Dixon, Buchanan and Tower (1997) found that users of a university’s annual report were predominantly internal (60%) to the organisation, while other users included journalists, MPs, and managers of similar educational institutions. This study also found that decision usefulness was the preferred use for the reports as opposed to accountability, conflicting with the findings of Mack and Ryan (2006) who found that users were not supportive of the decision usefulness
framework. Clark (2001) investigated users of Victorian Government department reports and found a number of additional user groups, including other government agencies and libraries.

A study of Italian local government annual reports by Steccolini (2004) attempted to investigate the users and usefulness of annual reports. The findings were that the reports were used for accountability purposes for internal users, but played no significant role for external users, thus matching the results of Mack and Ryan (2006) and conflicting with Coy et al. (1997).

Another study as to the perceptions of users of annual reports found that user needs differ depending on the type of public sector organisation making the report, be it a local government authority, government owned corporation, or government department (Mack & Ryan, 2007). This study also found that although the reports were an important source of information, they were not the only or most important source of information. Mack and Ryan (2007, p. 135) also provided a broad assertion of content when they stated that:

“... the format and content of the public sector annual report has been adopted from the private sector with little regard for the differences in operating structure and objectives of the organisations in the two sectors.”

A study concerning users’ impressions of New Zealand secondary schools’ annual reports noted that while the users found the information contained within the annual report to be useful, the annual report was perhaps over emphasised as an important source of accountability information. This study also found that of all the sources of information contained within the annual report, the financial information was considered to be the most important (Tooley & Hooks, 2010).

The perceptions of preparers have also been the target of analysis within the literature, although not to the same extent as those of users of annual reports. Institutional theory was used by Ryan, Dunstan and Brown (2002) to investigate the perceptions of annual report preparers in terms of the importance of annual reports and annual report competitions. They found that annual reports and annual report
competitions were used as legitimising tools by public sector organisations. Lee (2008) meanwhile found that preparers perceived performance information as published in annual reports to be highly important in terms of achieving the objectives of the organisation, but they believed the financial information to be underdeveloped, often unpublished, and were not positive about the overall quality of the information, despite its perceived importance.

It is quite difficult to discern any clear patterns from the literature concerning the perceptions of users and preparers. In terms of the information desired by users there appears to be much conjecture on a number of issues, such as whether users prefer decision usefulness information over accountability/stewardship information.

Meanwhile, the literature has suggested that while preparers acknowledge the importance of annual reports (thus supporting the position that annual reporting in the public sector is a key accountability mechanism)\(^{13}\) there are also misgivings as to the perceived development of many of the performance measures. This suggests some potential for the existence of deficient performance information within the annual reports that are the subject of this study. Of most use to this thesis however, is the literature that identifies and categorises users of public sector annual reports. The identification of these groups may assist the formation of an explanation as to why the reports have changed, for example, in relation to the need for preparers to mediate or conceal conflict between user groups.

### 3.7 Studies concerning the content of public sector reports

The literature that addresses the actual disclosures contained with annual reports (as opposed to the perceptions of users and preparers) has the most in common with the research being presented in this thesis. This literature has addressed a number of areas and provided some key, albeit inconsistent and sporadic, findings. These findings are related to the quality of disclosures, the target audiences (be they internal or

\(^{13}\) It should be emphasised that while there are some perceived misgivings about certain reporting practices, there is wide acceptance that the public sector annual report in an important accountability mechanism (see Boyne & Law, 1991; Winfield, 1978; Chang & Most, 1985).
3.7.1 New Zealand and Australian studies

There are several studies concerning public sector annual reporting emanating from New Zealand and Australia. Dixon, Coy and Tower (1991) analysed the reporting practices of seven publically funded universities between 1985 and 1989 and found that only two out of the seven adhered to best practices as contained within professional pronouncements and legislation within New Zealand, demonstrating that public entities do not always adhere to legislative and other reporting requirements.

Theoretical perspectives have been used to analyse New Zealand public sector annual reports. Legitimacy theory was used by Samkin and Schneider (2010) to examine the narrative disclosures found within the New Zealand Department of Conservation annual reports. It was determined that the reports were used as a means of gaining, maintaining and repairing legitimacy in the wake of negative publicity that was evident within media reports. Similarly, Samkin, Allen and Wallace (2010) found that the New Zealand Police also used annual reports as a means of repairing legitimacy. Another study originating from New Zealand is Tooley and Guthrie (2007), which examined the annual reports of New Zealand secondary schools and found that the performance information presented was limited and that the financial disclosures presented were more complete than the non-financial disclosures.

The university sector in Australia has also been targeted for research. Cameron and Guthrie (1993) analysed the annual reporting behaviours of the University of New South Wales (UNSW) between 1950 and 1988 and found that changes to the reports were mainly due to internal factors as opposed to external factors.

In a number of studies, the quality of disclosures has been assessed via the use of indexes. Ryan, Stanley and Nelson (2002) investigated the quality of the disclosures of 14 There are also numerous studies from international contexts concerning content of annual reports. These include Gray and Haslam (1990), Skæebaek (2005) and Wall and Martin (2003). Skæebaek (2005) for example argued that public sector reports, rather than being passive representations of organisations, are constructions that can be used as a tool for image management.
Queensland local governments and the factors that contributed towards the quality of those disclosures. Using an index based on best reporting practices, they found that the quality of the reports had improved over the years 1997-99, but that there were problems with disclosures related to remuneration, occupational health and safety, and performance information. They also found that timeliness was a problem, although it had no impact on the quality of the reports. As with Dixon et al. (1991), this study provides evidence that deficiencies may exist within public sector annual reporting.

Another study that made use of an index to assess the nature of disclosures was performed by Taylor and Rossair (2000). This study examined the content of state government departmental annual reports using an accountability disclosure index (ADI). In doing this, the authors dichotomised the disclosures into fiduciary disclosures and managerial disclosures, with the former relating to the use of government monies for their intended purpose and the latter dealing with issues of efficiency. The findings of this research were that disclosures were aimed primarily at those with direct involvement in the running of the Department, as opposed to external stakeholders (such as individual taxpayers). Specifically, in the case of fiduciary disclosures, it was found that concerns of the Chief Executive Officer were the main focus of the disclosures, while the concerns of Treasury were the main focus of management disclosures. This study broadly supports the assertion that public sector annual reports are targeted at powerful internal stakeholders rather than the broader public.

The finding that annual reports are primarily targeted at influential, internal stakeholders, including standard setters, was also arrived at by Christensen and Skaebaek (2007). This study actually straddles both the international and Australian contexts as it provides a comparison of annual reporting practices of a Danish public sector organisation and a NSW public sector entity by examining accountability reports. This study also supports the finding that public sector accountability reporting does not speak to a wide audience as it is primarily targeted at those who create the reporting standards (which is usually central planning departments of government). Christensen and Skaebaek (2007) also argued that if the reporting agency does not understand its target audience, then the reports will be of little meaning to that
audience, and that the broader the rhetoric used by the reporting agency, the less likely the agency will be able to meet the expectations of accountability reforms.

More support for the assertion that annual reports are designed to satisfy regulators and regulations was provided by Lee and Fisher (2004). They analysed practices concerning infrastructure asset disclosure in Australian public sector annual reports. The findings were that where disclosure was voluntary, there was a diverse, low level of reporting and that disclosure was mainly motivated by what was required by regulations. Lee and Fisher (2004) also suggested there was a gap between the information demanded by users and that which is disclosed in annual reports. This study also supports the notion that reporting requirements are a determinant of content.

Hoque (2008) adds further support to the claim that reporting requirements are influential in determining the content of annual reports. This research investigated the performance reporting practices of four government departments in Australia, with the key findings being that government reporting requirements were key in shaping the reporting practices of departments, that performance management is affected by the organisation’s specific strategy (be it cost management or customer service) and that organisations may change their performance management systems to meet the demands of external perceptions about what designs are legitimate.

A cross sectional analysis of the annual reporting behaviours of 47 government departments for the reporting period 2005-06 by Herawaty and Hoque (2007) found that disclosure in certain areas of performance reporting, such as asset management, human resources, purchasing, contracting and external scrutiny, was lacking. More interestingly though, Herawaty and Hoque (2007) found that the average level of voluntary disclosure was higher than the average level of mandatory disclosure in the sample of reports. This finding detracts from the idea that public sector annual reporting practices are merely a reflection of the changes to the mandatory reporting requirements. Herawaty and Hoque (2007) went on to argue that the results supported stakeholder theory and the idea that government departments were providing information to satisfy a diverse group of interested parties.
Finally, a comparison of annual report disclosures between private sector reports and local government reports by Clarke, Hrasky and Tran (2009) found that the local government reports were easier to read and had less obfuscation than the private sector reports. In spite of this, the local government annual reports were still rated as relatively difficult to read. Local government reports were also shorter and contained a higher level of passive constructions, leading to the suggestion that the quality of the communications in local government reports was not being maximised.

3.7.2 Summary
The literature concerning the content of annual reports reveals several significant issues. Indexes have been used to assess quality and there are findings concerning the improving trend in the quality of reports over time, however there is also evidence that some public sector reporting falls short of best practice. There is evidence of a trend towards more financial reporting as well as findings that suggest public sector reports are relatively more readable than private sector reports. The most commonly cited reason for changes to report content has been changes to reporting frameworks, however it was also found that voluntary reporting is also common. There are instances where reports were claimed to be targeted at internal stakeholders rather than the general public and there has also been the suggestion that public sector annual reports can be used as a tool of legitimation and impression management.

As can be seen, it is difficult to make any broad conclusions in relation to these findings as each study tends to address separate specific issues, a co-ordinated research agenda is in absence, the vast majority of studies only concern relatively short time periods (less than 10 years) and the international and institutional settings for these studies are diverse.

3.8 Research issues and questions
As discussed in Chapter 1, this research addresses the lack of historical research in the public sector and the lack of longitudinal studies addressing the entire content of the annual reports.
Chapters 2 and 3 presented a review of the literatures concerning public sector administrative reform in Australia (Chapter 2) and annual reporting practices in the public sector (Chapter 3). Administration and management of the public service in Australia has been through substantial change from 1941 to 1998, with the most significant change occurring during the 1980s and 1990s. The calls for these changes stemmed from various problems with excessive cost and poor service delivery as reported by the 1976 RCAGA. Annual reporting practices have also changed during this reform period, with the introduction of guidelines for annual reporting which later evolved into reporting requirements. These requirements were (and still are) developed by the DPMC and expanded from being relatively modest in 1982, to having 53 separate requirements by 1989, with these requirements including corporate overviews, glossaries, performance reporting, accrual accounting with audited financial statements, and staffing overviews.

In addressing the literature concerning accrual accounting and performance reporting, this review reveals a significant number of issues with both methods, many of which stem from their common private sector origins. The literature concerning users and preparers of annual reports was then examined, and was found to show no clear pattern in terms of who the users of public sector annual reports are, what the annual reports are actually used for (be it accountability or for decision making); whether annual reports are even seen as being a particularly important document; or whether the information provided is well developed.

An array of studies concerning the content of annual reports was examined and revealed that the quality of disclosures (as per a disclosure index) has improved over recent years, but is still lacking in some areas; that the readability of public sector annual reports is better relative to private sector reports; that a common explanation for changes to content has been changes to reporting requirements (although this finding was also contradicted); that there has been a general trend towards more financial reporting; that annual reports are used as a tool of image management and legitimation and that the primary target audience is often internal management and those who set the reporting requirements. There are also relatively few longitudinal studies that cover periods of time greater than five years, which is a common feature
of virtually all of the annual reporting literature, not merely the literature concerning annual reporting by public sector organisations.

The state of the literature concerning public sector annual reporting is, therefore, somewhat fragmented and this leaves a number of important historical and contemporary issues unresolved. Firstly, much of the literature has focused on the perceptions of users and preparers as opposed to the content of reports. This literature does not address changes to the form and content of annual reports. Where there is literature that has looked at the content of annual reports, the issue as to what has changed (and why) still remains unresolved because the bulk of such relevant studies have only focused on relatively short timeframes (less than 10 years) or in isolated case locations. Therefore, there is currently only very limited understanding of specifically how public sector annual reports have changed in the post-World War II era.

Following from this is another related issue, which is that a large body of the literature has only examined specific sections of the content of annual reports. Areas such as performance reporting, accrual accounting, or environmental disclosures (such as Frost & Seamer, 2002) have largely been studied in isolation. There is a clear lack of research which is not only longitudinal in nature, but which examines the totality of public sector annual report content. As noted by Humphrey and Miller (2012), there is a need to better understand processes and institutions in the public sector. This leaves open the opportunity to conduct a study that examines public sector annual reports holistically.

Therefore, the first notable gap in the literature being addressed by this study is that no studies have analysed the form and content of an Australian Commonwealth Government department’s annual reports in their entirety over a significant period of time. Hence the first research question to be addressed in the study is:

*How has the form and content of the annual reports of the Australian Commonwealth Department of Social Services (1941-1972) and the Commonwealth Department of Social Security (1972-1998) changed/developed over the period 1941-1998?*
The second issue flowing from the literature that this thesis aims to address is a need
to add to understandings of the reasons for changes in annual reporting behaviour
that go beyond the ‘official view’ and take account of political, social and economic
influences, such as the existence of conflicting stakeholder groups.

The ‘official view,’ drawn from the literature is that the changes to the annual
reporting of organisations in the public sector have been due to changes in reporting
requirements. These changes themselves apparently stem from the need for increased
accountability (as nebulous as this is) and include the mandated publication of
performance information consistent with internal performance measures, the
achievement of previously stated goals (Lee, 2008) and the inclusion of accrual
accounting information that provides a more complete picture of an entity’s financial
position and performance (Guthrie, 1998).

There are however many contradictions and problems as far as this explanation is
concerned. Firstly, there is a relevance issue with the reporting requirements. As Mack
and Ryan (2006) have said, the decision usefulness framework adopted by reporting
frameworks is often perceived as being irrelevant for users of public sector annual
reports who utilise the reports for stewardship and accountability purposes. Others,
such as Barton (2005) and Guthrie (1998), have also cited problems with the new
accounting rules, such as a lack of relevance for the public sector, while Lee (2008) has
found evidence of problems with the nature of published performance information as
perceived by public sector managers. These perspectives indicate that there appears to
be some degree of contradiction between the stated purpose of the reforms and their
outcomes. More importantly though, Herawaty and Hoque (2007), Coates (1989) and
SSCFPA (1989) all found instances where reporting either did not adhere to the
requirements or was deficient in certain areas. Herawaty and Hoque (2007) also found
voluntary disclosure levels were higher than mandatory disclosure levels. This indicates
the potential for annual reports to contain information that goes beyond reporting
requirements. The literature provides little explanation for this voluntary disclosure.
Conversely, there is also potential for the reports to not contain mandated content as
per the findings of the SSCPA (1989).
There are numerous other problems with the ‘reporting requirements’ explanation of changes to APS public sector reporting. It fails to look for any deeper underlying reasons for the changes, it fails to explain reporting practices before the existence of reporting requirements (which would appear to be the period up to 1982), it does not explain why the requirements themselves have changed, it ignores a myriad of alternative explanations for the changes that make a fuller account of broader socio economic changes and underlying structural conflicts and it fails to provide any sort of comprehensive, theoretically informed account of the changes to annual reporting practices. Compounding these issues is that none of these explanations have been derived from a comprehensive longitudinal study. Collectively, these points lead to the framing of the second research question to be addressed in this study:

*Why has the form and content of the reports changed in the manner exhibited?*

The point of historical research in the public sector, according to Humphrey and Miller (2012), is to question the appropriateness of existing public sector practices and this study aims to contribute to this tradition. In doing so, the assumed role of annual reports in this study will be consistent with the relatively underutilised political economic perspective as identified by Stanton and Stanton (2002), in that it is assumed that annual reports are a tool used by management in suppressing and mystifying conflict. Given the inherently critical and questioning nature of Marxist theory, its focus on underlying societal and structural conflicts and given the lack of research drawing on Marxist theory in accounting as outlined in Chapter 1, in answering the second question the analysis contained within this study will draw on the Marxist notion of “reification” (Lukacs, 1971). The details of reification are explicated in Chapter 4. This perspective will be used to provide a critical explanation of the changes to annual reporting; thereby addressing several notable gaps in the literature identified above. The reasons for the choice of reification are discussed in detail in Chapter 4. While the second research question is quite broad, the theoretical parameters around which this question will be answered are explored in Chapter 4. Following this, the methodological specifics of how the research questions will be answered are addressed in Chapter 5.

4.1 Introduction

Given this thesis addresses a period of nearly 60 years of annual reporting, it is by its nature historical. In accounting history the literature has often dichotomised approaches to history as being either traditional or interpretive/analytic (Fleischman, Mills & Tyson, 1996). Interpretive/analytic histories question the ability of historians to conduct research with any degree of objectivity. Commensurate with this is the common use of critical theory as a means of interpreting, rather than merely reporting on historical events. While both the specifics and the broader nature of accounting historiography as well as the historical methods adopted for this study will be discussed in more detail in Chapter 5, this chapter focuses on the theoretical perspective that is adopted. The chapter explains why critical theory ties in well with one of the purposes of this research, which is to challenge the prevailing view of the changes to annual reporting found in many of the official pronouncements, as per Humphrey and Miller (2012).

4.2 Reification

Reification is a notion proposed by Georg Lukacs (1971) and is based on Marx’s concepts of alienation and commodity fetishism (Bourguingon, 2005). According to Bottomore (1991, p. 463), reification can be defined as:

“The act (or result of the act) of transforming human properties, relations and actions into properties, relations and actions of man-produced things which become independent (and which are imagined as originally independent) of man and govern his life. Also transformation of human beings into thing-like beings which do not behave in a human way but according to the laws of the thing-like world.”

The notion of reification assists in explaining why the capitalist class is able to maintain its dominant position indefinitely, despite the inherent contradictions of capitalism. Reification does this by outlining how the dominant classes are able to impose false consciousness onto the working class which leads to a situation where oppressed
people are unable to see the possibility of alternative societal arrangements (Lukacs, 1971).

Given the Marxist basis of this theory, reification can be seen to be operating from a materialist conception of history (also referred to as ‘historical materialism’) (Tosh, 2006). According to the materialist conception of history, the key issue at the centre of history is the development of human productive power (Tosh, 2006). Furthermore this concept suggests the only suitable approach to history is to focus on the material conditions of life (as opposed to symbolic issues such as religion or nationalism). Society is said to have three levels: the forces of production (tools, raw materials and technology); relations of production (division of labour and forms of cooperation/subordination) which collectively comprise the economic base; and the third component, the superstructure, which is the legal and political institutions (including the mainstream media) that support the ideology. According to Tosh (2006), the key issue of history from a Marxist perspective is the conflict within the relations of production. This conflict exists because a minority group is able to appropriate a disproportionate amount of wealth and power at the expense of the majority group. Conflict is seen to have existed in ancient societies with master and slave, feudal societies with lord and serf, and continues today in capitalism between the holders of capital and those who sell their labour power. As the subject of this research is an Australian Commonwealth Government department, this thesis is focused on the already mentioned superstructure which is assumed by Marx, in simple terms, to exist so as to support the capitalist mode of production (Tosh, 2006). According to Bottomore (1991), reification is dealt with by Marx in Grundrisse (Marx, 1858) and Capital. In Capital Volume I (Marx, 1867) for example, Marx discusses the idea of commodity fetishism, and how a person’s labour is objectified, separated from the person him or herself and therefore takes on the properties of a commodity whose only function is to be sold in the marketplace. The idea of treating labour as a commodity however is illusionary, but once labour is treated as a commodity it comes to be treated like every other commodity and relations between people take on the nature of relations between things. Marx goes on to say in Capital Volume III (Marx, 1894) that reification exists in all relations that involve commodity production but it is
particularly entrenched in capitalism given that it is the first social structure upon which capital accumulation is the primary goal.

Lukacs (1971) specifically saw commodity fetishism as the central issue facing modern capitalism and he referred to it as the “central structural problem of capitalist society” (p. 84). Lukacs (1971), like Marx, said that the basis of commodity fetishism was where the relationship between people takes on the relationship between things and thus a “phantom objectivity”. It is this appearance of objectivity that conceals the real nature of things, which is the relationship between people (p. 83).

Lukacs (1971) discussed the extent to which this reification affected the life of society. On one hand he argued that objectively the world of commodity exchange comes into being, but that subjectively a person’s labour becomes separated (alienated) from the person and operates according to the natural laws of the market and is exchanged like everything else. Lukacs (1971, p. 93) argued that this process of rationalisation extends to everywhere, including the soul or consciousness of the worker:

“Just as the capitalist system continuously produces and reproduces itself economically on higher levels, the structure of reification progressively sinks more deeply, more fatefully and more definitively into the consciousness of man.”

The crucial question then addressed by Lukacs (1971) through his discussion of reification was how radical change was ever to be achieved given the paradox whereby capitalism simultaneously creates and pacifies forces for change. Lukacs (1971) examined some of the specifics of the capitalist mode of production. Lukacs (1971) argued that bourgeois ideology affected the consciousness of the working class by sedating revolutionary potentialities. At the same time though, radical change could only ever originate from the working class. This meant that any force for change originating from the working class would be mitigated by conservative ideology (for example, the media) which perpetuates the idea that the capitalist economy and social structures are immovable, constitute an objective reality, and cannot be changed. Lukacs (1971) was critical of the deterministic notion that radical change would merely spring up without anyone really needing to do anything or without any need for
leadership, simply because capitalism created such a miserable existence for the majority. Lukacs (1971) was further critical of the view that bourgeois institutions were able to permanently nullify any resistance to capitalism, because as history has shown, there have been numerous instances where people (such as labour unions) have participated in strike actions and resisted capitalist institutions.

Lukacs (1971) dealt with this paradox by examining some of the specifics of the capitalist mode of production and this was where reification became important. Capitalism, according to Lukacs (1971) is a unique social structure, because unlike previous social structures (e.g. Feudalism), capitalism created a “unified structure of consciousness” (p. 100). Under this unified structure of consciousness, everything is transformed into a commodity and treated as a good with the aim of ultimately being sold at a profit. Therefore, under capitalism, human relationships are reified into relationships between commodities. Labour is hence commodified and through the division of labour, increasingly rationalised into measurable, controllable components. Furthermore, this process removes all qualitative, individual and human characteristics and reduces them down to the time required to perform a certain mundane task. However, this is an illusionary objectivity (Lukacs, 1971). The illusion of objective relations between commodities hides the reality that those who sell their labour power (working classes) are effectively being exploited for their surplus value, which is then appropriated by the capitalists for their own gain.

It is possible for the working classes to periodically rebel against this reified world because labour is a unique commodity that has a consciousness of its own. In other words, creating a reified existence for employees and exploiting them ultimately becomes a problem because employees are aware this exploitation is taking place. According to Lukacs (1971) this awareness places a limit on the process of capitalist accumulation because while there is an incentive for capitalists to lengthen the working day or cut wages, employees will eventually unify, strike or engage in other forms of industrial action, essentially coming to the view that being passive has its limits when compared to resisting and fighting back.
Lukacs (1971) however highlights the limitations of this process. The first is that while various forms of resistance will take place, it will always be uneven, with some groups of workers benefiting more than others. This makes it difficult to create a widespread movement for radical change. There is also the issue that bourgeois ways of thinking and capitalist institutions remain, even in the event of widespread resistance to the process of reification. For example, it is common during industrial action to see the media criticise such action. The fact that the capitalist classes dictate ways of thinking and control what is the objective reality, to some extent nullifies the ability of resistant forces to create any kind of meaningful change. This is why, in spite of the fundamental contradictions of capitalism creating an unequal and alienated experience for most people, the status quo is able to remain in place.

4.2.1 Dissection of reification

This discussion of reification so far applies to society quite broadly. In order to operationalise the notion of reification to apply it to the historical evidence (annual reports) that were gathered, this thesis will follow Bourguignon (2005) in dissecting the process of reification into four dimensions.

The first dimension of reification involves moving from a subjective or constructivist ontology to an objective or positivist ontology. This means moving from a situation where there are many competing subjective perceptions to a situation where there is one external objective reality. Bourguignon (2005) refers to this aspect of reification as being about the replacement of a world of human beings with a world of things.

The second element of reification is that this objectification is done to mask the true reality, which is that of many conflicting subjectivities. It is assumed there is no objective reality outside the holistic consciousness of the working class. Given the existence of multiple subjectivities, it is also assumed that there will always be inherent conflict.

The third element of reification suggests that it is easier to mask conflict and therefore prevent dispute when there is one dominant reality, albeit a false one. This is because the façade of objectivity makes it difficult (albeit not impossible) to challenge the
dominant ideology. In other words, the false objectivity is in fact merely the subjectivity of the dominant (capitalist) class.

The final element of reification is that the false objectivity benefits and legitimises the dominant group at the expense of others. The objectivity is really just the façade of domination (Bourguignon, 2005). This order is also imposed in order to maintain the status quo that serves a minority over the majority. This can be seen to link into the Marxist, materialist conception of history, which is that human history has, and continues to be, a process of a minority subordinating a majority. These aspects of reification will be the key building blocks of the analysis and explanation of the reasons for the changes to the annual reporting behaviours of the Department of Social Services/Security between 1942-1992.

Table 4.1 – Differences between the real and reified worlds

<table>
<thead>
<tr>
<th>The real world</th>
<th>The reified world</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subjectivity</td>
<td>Objectivity</td>
</tr>
<tr>
<td>Conflict of Interests</td>
<td>Convergence of interests</td>
</tr>
<tr>
<td>High level of potential dispute</td>
<td>Absence of disputes</td>
</tr>
</tbody>
</table>

(Bourguignon, 2005)

4.2.2 Reification and the public sector

At this point in the discussion it is essential to make clear the linkage between Marxist theory, reification and the public sector. The need to clarify this linkage is because the predominant focus of Marxist theory is on profit making entities. While reification, as dissected into the four stages in this study, has not been specifically applied in a public sector context (this point is further made in section 4.3), it is possible to demonstrate the relevance of reification to the public sector.

To illustrate this point broadly, Marx and Engels wrote in the Communist Manifesto (Marx and Engles, 1848, p. 56) that the process of commodification, or the conversion
of human beings into ‘things’ was not limited to those involved specifically with profit making. Specifically, it was said that:

“The bourgeoisie has stripped of its halo every occupation hitherto honoured and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage laborers.”

This treatment of public services links with the first stage of reification, where everything is measured according to its exchange value.

Rodriquez and Stupak (1992, p.5) also discuss a linkage between the first stage of reification and the public sector. The assumption of bureaucratic organisational structures is that each individual can fit into some kind of ideal type. The outcome of this is that public servants are deprived of their uniqueness both in terms of their relationships to other public servants and the public in general. The public sector therefore is inherently linked to the process of reification because:

“The public sector contributes to the mass acceptance of the notion that a person’s identity is defined as the pre-determined, modularized job which the person is required to perform in order to make ends meet.”

And that:

“Most bureaucrats, whether in a market economy or planned economy are not individuals in any operative sense; don’t know themselves as having the potential to exercise personal freedom of choice; and remain immobilized at this stage of the social struggle. The same observations are necessarily true to those so-called clients of the public sector, which is to say everyone in the society, whether they are bureaucrats or not, and in every aspect of their lives.”
Another area of linkage between reification and the public sector exists with the fourth stage of reification and the preservation of the prevailing social order. Rodriguez and Stupak (1992, p.5) make this point by saying that the bureaucracy is a tool of capitalism used by the capitalist class in its struggle against the working class and that bureaucrats exercise the power of the state to ensure that the interests of the propertied class are preserved. This point is also made within the accounting literature by Tinker (1984) who noted that the State plays a role in the preservation of the existing social order by influencing activities such as work, family, education, tax rates and welfare policies.

Further linkage between reification and the public sector is provided by Adcroft and Wills (2005) with specific reference to the importation of private sector management methods into public services. While reification (and its four stages) is not directly dealt referred to, the performance measurement practices in the UK’s National Health Service (NHS) and tertiary education sectors were interpreted as a form of commodofication – which itself is closely linked to the first element of reification. Adcroft and Will (2005, p. 396) stated:

“Our argument is that increased use of performance measurement and importation of private-sector management principles and practices will have the dual effect of commodifying services and deprofessionalising public sector workers.”

The essential point is that reification and commodification does not discriminate between sectors, be they public or private. Public servants are not immune to the effects of capitalism or reification and the bureaucratic ideals of public services are a key example of how people can be dehumanised. Likewise, the recipients of public services are also subjected to forces that exist to maintain the prevailing social order.

4.3 Prior use of reification

As discussed in the previous section, the notion of reification (Lukacs, 1971) is derived from the works of Marx. The operationalisation of the notion of reification as it is used
in this thesis comes from Bourguignon (2005). Bourguignon (2005) applied the notion of reification to the concept of value creation, with the key perspectives being that the idea of value creation led to the “setting of objectives, performance measures and the systematic denial of conflict between stakeholders” (Bourguignon 2005, p.378). It was also argued that management practices make the ultimately subjective nature of value creation disappear with the outcome being the primacy of some stakeholders (customers and shareholders) over others (workers, society and suppliers). Bourguignon (2007) used the same framework, although in 2007 it was applied to management systems such as human resource management, management control and logistics. The conclusion of this research was to say that these techniques contribute to the greater reification of the social world and are therefore harmful to dominated groups.

Aside from Bourguignon (2005; 2007), it appears there has not been any other use of reification in the manner as it will be used in this thesis. This is not to say that Marxist theory has not been applied to accounting history. Bryer’s (1991; 1993; 1994; 1998; 2000a; 2000b; 2004; 2005; 2012; 2013a; 2013b) works, based on Marx, have been applied to 19th Century accounting in the UK, medieval Italy, the transition from feudalism to capitalism, the development of the railways and America’s transition to capitalism. Napier (2006), however, pointed out that aside from Bryer (1991; 1993; 1994; 1998; 2000a; 2000b; 2004; 2005; 2012; 2013a; 2013b)15 the application of the works of Marx or related Marxian theory has not been extensive in accounting history. Walker (2008) also found that class had not been used as an “explicit analytical category” (p. 307) within the empirical accounting literature16.

In relation to reification, there are a number of studies that have utilised the term; however the common pattern is that it is not properly defined, nor is it used in a manner that traces its process through the four stages outlined in this study.

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15 Additional histories utilizing Marx and notions of class in accounting history include Toms (2005), Tilling (2002) and Jacobs (2003).
16 It should never the less be noted that numerous other theoretical frameworks have been employed in accounting history, such as economics, institutional theory, the works of Foucault (including discourse analysis), contingency theory, Hegelian philosophy, stakeholder theory and the works of Habermas (Bisman, 2012).
Reification was referred to by Berger and Luckman (1966) who, amongst other things, introduced the concept of social construction in their book *The Social Construction of Reality*. They discussed the importance of the concept of reification because it is the reason people do not realise that they have constructed their own world. Studying reification therefore allows us to be aware of the true nature of things. In particular, Bergman and Luckman (1967, p. 91) say:

“The analysis of reification is important because it serves as standing corrective to the reifying propensities of theoretical thought in general and sociological thought in particular. It is particularly important for the sociology of knowledge, because it prevents it from falling into an undialectical conception of the relationship between what men do and what they think.”

In other words, Berger and Luckman (1966) argue that being aware of reification is important because it informs us that the man-made world is simply that and that it can be changed.

Outside of the discipline of accounting there has also been frequent use of the concept of reification, however the term is often not defined and not discussed in terms of a comprehensive framework with clear origins. For example, Baxter and Hirschhauser (2004) from the management discipline make frequent reference to the terms ‘reify’ and ‘reification’ in relation to total quality management being an attempt at reifying organisational processes, not to create any real change but to create the impression of change for the purpose of enhancing management and organisational reputations. While Baxter and Hirschhauser (2004) support the idea of the creation of a false consciousness or reality and the legitimisation of those in control (stages one and four), they do not comprehensively apply the notion of reification in the same manner as this thesis. Similarly, McKinlay, Zhao and Rust (2000) (also from the management discipline) frequently refer to reification in their discussion of downsizing, but they also do not properly define the term or examine the concept in terms of the four stages as outlined by Bourguignon (2005).

A lack of definition and therefore piecemeal use of reification is also the case in relation to papers from the accounting discipline. Hines (1989) for example used the
terms ‘reifies’ and ‘reified’ in discussing the false assumption that financial accounting information is able to somehow communicate a reality that is independent of financial accounting practice. The false reality described by Hines (1989) is similar to the first step of reification, which is the move from multiple subjectivities to a single objectivity. Hines (1989) also refers to the protection of financial accounting that this provides, which is similar to the idea of legitimacy of the status quo as addressed by stage 4, but this process is not clearly defined along these lines as such. Similarly, Ansari and Euske (1987) make use of the term ‘reification’ in relation to the ability of accounting in the public sector to objectify matters like efficiency, productivity and accountability and legitimise the functions of the public sector. Ansari and Euske (1987) also found that management accounting was used more for legitimising reasons as opposed to technical rational reasons. They discuss stages one and four but do not really deal with stages two and three as described above.

Craig and Amernic (2004) refer to reification in relation to Enron’s descriptions of its own corporate approach in the early 2000s as disclosed in its annual reports, letters to shareholders and disclosures to Congress. ‘Reification’ is used to describe the approach where the corporation was described as an entity that was independent of the people who ran it. While this paper maintains the common theme of reification in terms of it being about the creation of false constructs, it, as with the other papers thus far mentioned, does not clearly define reification or apply the concept in any comprehensive framework.

Tinker (1998) refers to technological advancements in accounting information systems (AIS) as being part of the broader process of reification that has occurred as a part of capitalism since the 19th century. The purpose of Tinker’s (1998) paper was to criticise researchers of AIS for not acknowledging that AIS technology is a part of the process of reification. Also, Sy and Tinker (2006) make use of the reification in the title of their paper. The use of the term in the title is apparently for the purpose of criticising the widely held view that accounting’s origins are tied to the origins of double entry bookkeeping and that this view is essentially a reified view of accounting. Sy and Tinker (2006) view this widely held assumption as a gross simplification and that many of accounting’s origins actually come from Africa. Neither Tinker (1998) nor Sy and Tinker
(2006) define reification or apply it through the four stages, similar to the other studies thus far discussed.

In terms of other uses of reification within the accounting literature, Bourguignon (2005) also discussed the conceptual similarity between reification and the notion of ‘governmentality’ as addressed by authors such as Miller and Rose (1990) in that the calculable processes created through the process of reification are similar to technologies of government. Bourguignon (2005) however stated that while these similarities exist, especially in relation to the first and fourth elements of reification, they differ in terms of the second and third aspects which focus on the existence and masking of conflict (Bourguignon, 2005).

This list of studies illustrates the point that reference to reification is not uncommon in the accounting literature and in literature of other disciplines such as management. What is important about these studies however is that reification is commonly not defined, nor is it employed in a manner that comprehensively outlines the origins of reification (i.e., the treatment of everything as a commodity under capitalism) and traces its effects through a four step process of moving from a subjective ontology to mask reality, prevent dispute and legitimise the status quo where a relative few are able to dominate the majority.

4.4 Justification for the use of reification
The choice of Lukacs’ (1971) theory is based on a number of reasons. Firstly, broadly speaking, the use of theory of this type answers the calls for greater pluralism, inclusivity and interdisciplinarity in accounting history research from authors such as Miller, Hopper and Laughlin (1991) and Walker (2008). Similarly, the theoretical analysis provided by this thesis can be seen to be answering the call from Parker and Guthrie (2009) for a move away from a strict technical interpretation of accounting practices and towards an appreciation of the socio-political role of accounting. Carnegie and Napier (1996) and Parker (1999) also discuss how accounting reforms can have both technical and political roles in facilitating and restricting societal and organisational change and that there is an “intertwined nature of the technicist and socio-political dimensions” of accounting history (Carnegie & Napier, 1996, p.25). The
use of the notion of reification in this study meets these calls for interpretations of the socio-political impacts of accounting because it forces the analysis beyond the mere technical aspects of accounting practice and towards the role of accounting in advancing the interests of some groups over others via the creation of a false veil of objectivity. The use of this theory also adds to theoretical plurality that the aforementioned authors have called for because, as outlined earlier, the notion of reification has not been applied to accounting history in a properly defined framework that examines the origins of the process (capitalism and commodity exchange) through to its effects (the domination of the many by the few). Its use therefore will add to the diversity of theoretical lenses that have been applied in accounting history.

The second reason for the use of reification in this study is because, being an idea grounded in the works of Marx, it is a concept that focuses on societal change making it of relevance to this study covering a period of 56 years during which significant reform has occurred within society generally and within the APS both administratively and in terms of accountability mechanisms. Specifically, the notion of reification deals with the effects of capitalism\textsuperscript{17} penetrating ever more deeply into people’s consciousness over time. Reification can help to interpret changes to reporting practices that, as can be inferred from the changes to the reporting guidelines, have evolved from essentially allowing the content to be determined by the author (between 1942 and 1982) to requiring departments to provide ever increasing volumes of information concerning previously stated objectives, performance reporting and financial statements (1982-1998). The interpretations reification can provide include the explicit questioning of any claims to objectivity that may be presented within the reports; searching for latent conflicts that may exist; identifying reporting mechanisms that have been used to conceal conflict; and the identification of groups who benefit from having their subjectivities presented as the false objectivity. In other words, the notion of reification can be used to explain how capitalist economies and the treatment of everything as a commodity can filter through to the behaviours and consciousness of governments and society. Because reification provides an account of

\textsuperscript{17} As discussed in section 4.2.2, while reification is seen as a force created by capitalism, this does not mean that recipients of public services or public servants are immune to its effects.
the false consciousness created by capitalism, its application to the annual reports of a
government department mean that instead of accepting the content of annual reports
as an objective set of technical facts serving clearly stated objectives, we are able to
treat the reports as merely the subjectivities of dominant groups and hence derive a
far different set of interpretations.

A further justification for the use of Lukas (1971) in this study concerns the
inadequacies of the explanations currently provided by the literature. The literature
reviewed for this study has identified the official view for the changes to annual
reports is that the changes in reporting behaviours have essentially flowed from
concerns for increased accountability in the newly devolved public sector. The
literature review also showed however, that there were sufficient questions in terms
of the validity of this explanation for it to be questioned. The use of reification
provides an alternative framework for explaining the changes to reporting practices
that encompasses the interactions between the capitalist economy (the base), the
state (part of the superstructure) and society. This suits the purpose of this study,
which is to question the conventional explanation for the changes to annual reporting
practices and to present an alternative explanation derived from the assumption that
annual reports are not merely technical documents, but are actually socio-political
documents which are the product of management for the purpose of suppressing and
mystifying underlying conflict.

Finally, the adoption of reification as an interpretive lens is for the purpose of critically
analysing the reporting practices. This follows Laughlin (1995), who notes if theory is to
be implicated in a study then it must be acknowledged from the beginning. Laughlin
(1995) further argues that theory will always be implicated in research to some degree,
whether through the author’s prejudices or biases or in some other manner, and to
not acknowledge this is to presume an ability to detach from the researched
phenomena, which according to Laughlin (1995) is impossible. This study plans to be as
transparent as possible when theory is implicated.
4.5 Summary

The purpose of this chapter was to provide an outline of the theoretical perspective adopted as the analytical lens within this study. The notion of reification was defined, dissected, its prior use outlined and its relevance to this study explained and justified. Chapter 5 – Historiography will now address the key methodological positions and the specific methods that are used to answer the research questions as outlined in Chapter 3.
5. Historiography

5.1 Introduction
This chapter provides the opportunity to outline and discuss the major research issues that are central to the way in which the research questions, outlined in the literature review chapter, were answered. The chapter begins with a discussion of the traditions within accounting history and it also provides further justification for the choice of research topic and questions that are addressed in this thesis. This chapter then addresses the issue of objectivity in historical research. This is followed by a discussion of the philosophic Marxist foundation of this study and what it means for the research methodology that has been adopted. Once these foundational issues have been addressed this chapter then discusses the practical issues involved with performing the historical research. These issues include the matters of source discovery and authentication through critical discourse analysis (CDA), analysis of the visual elements of content, metamorphosis of data through the application of theory and finally, the creation of the narrative that is presented in Chapter 7. The section of this chapter addressing the authentication and metamorphosis of data is dealt with in some detail as it explains how the narrative was derived from the data. This detail is provided to help address the criticism made by Gaffikin (2011), which is that often accounting histories are unclear in terms of the methodologies and methods that have been used. In brief, the methodology used for this thesis is based on philosophic Marxism and therefore makes use of qualitative methods. The methods used initially involved a content analysis of one report from each decade. This allowed for the reports to be categorised into groups on the basis of similarity in form and content. This process was followed by a CDA and analysis of the visual elements of content, with this constituting the source authentication and metamorphosis of data phases of the historical research. A narrative (discussed in Chapter 7) was constructed which answered the first research question by describing the changes to the content. The second research question was then answered in Chapter 8, this time by drawing on the findings of the CDA and Lukacs’ (1971) notion of reification. Crucial to the analysis was looking beyond the manifest content evident to explain why the reports, over time, had been constructed in the manner evidenced.
5.2 Accounting historiography

The field of accounting history has undergone a period of substantial growth since the 1980s and 1990s and actually contains various differing approaches to history (Parker, 1999; Fleischman & Radcliffe, 2003; Carnegie, 2006). This multi-faceted nature has led to various discussions and arguments about the appropriateness of numerous historical approaches (Funnell, 1996). Concurrent with these debates there is also a group of authors who suggest that alternative voices should be tolerated, heard and welcomed and that accounting history should not reduce itself to a single mandated approach (Carnegie & Napier, 1996; Parker, 1997; Parker, 1999).

Accounting history, in the broadest sense, deals with accounting practices, institutions, theory and cultures of the past. Past debates relating to accounting history have attempted to categorise studies into two groups using terms such as ‘traditional’, ‘conservative’ and ‘old’ to describe one approach; and terms such, ‘interpretive’, ‘critical’ and ‘new’ being used to describe the other. According to authors such as Carnegie and Napier (1996), Fleischman, Mills and Tyson (1996) and Loft (1986) traditional accounting histories have tended to focus on technical issues such as the development of accounting methods and their role in meeting the needs of societies at a given point in time. Issues that have been addressed by ‘traditional’ literature have included the development of double entry bookkeeping and the origins of management accounting.

New or interpretive histories on the other hand are said to be less focused on technical issues and are more inclined to place their research within broader social and economic circumstances. In providing these explanations of why particular accounting techniques have been adopted, interpretive histories are somewhat inclined to adopt theoretical perspectives. Examples of the use of theoretical frameworks include the works of Marx by Tinker and Neimark, (1987) and Bryer (1998) or Foucault by Miller and O’Learly (1987). It should be noted however that this ‘old/new’ dichotomy is something of a blunt characterisation (Carnegie & Napier, 2012) and that by the late 1990s calls were made for acceptance of different approaches to history. Fleischman and Radcliffe (2003, p. 12) for example argued that both approaches “… contribute additively and synergistically to enhance our knowledge of important events in
accounting history” and called for the debate to end. Other authors such as Funnell (1998a) and Parker (1999) have said that both approaches can be used within the same study. Napier (2006) supported this when he said that new histories could gain from greater use of primary sources and that the methodology should be dictated by the aims of the study. This study follows from Funnell (1998a) and Parker (1999) by adopting methods that are suitable to the issues being investigated and utilising archival source material and narratives alongside interpretation and analysis.

5.3 Common themes in accounting history

There are some key themes that have pervaded accounting history. Walker (2008) and Miller, et al. (1991) have said that ‘crisis in accounting’ has constituted a common thread amongst much of the accounting literature and has been considered a worthwhile area of study because there is an abundance of source material when such crises appear (as produced by the accounting profession and governments) and because crisis imply that there is some kind of external force imposing itself on accounting. Another key theme pervading accounting history is that of ‘progress’. Interpretive/analytic historians have tended to reject the notion of progress in accounting history, however Napier (2001) noted there is no reason to either preference or criticise the notion of progress relative to other explanations of accounting. This is because there is no single truth in relation to history and therefore histories that use progress as a key theme in their narratives are just as valid as histories that do not.

In terms of more specific areas of research in accounting history, Carnegie and Napier (1996) refer to the adoption of commercial accounting practices for the public sector in Australia in New Zealand as being an area of particular note. Given this, a history of public sector annual reporting at a Commonwealth level in Australia is an area that is worthy of historical research. Annual reporting for Commonwealth departments has for example, (as was discussed in the literature review) moved from a situation where mandatory content was not prescribed, to one where the format required is one that largely reflects the content of a private sector annual report, including mandatory audits, presentation of accrual financial statements, declarations by the director
general and an array of financial and non-financial performance measures within the report.

The history presented in this thesis could adhere to the tenets of traditional/narrative and present, to as great an extent as possible, a factual, technical account of the changes to the annual reporting behaviours of a Commonwealth department. Such a history however would neglect to take account of the gap identified in Chapter 3 concerning the mismatch between the stated goals of the reporting requirements and the perceptions (discussed in the literature review chapter) of preparers and users of annual reports. Such a history would also fail to take account of broader social and economic circumstances, it would fail to add to the breadth of theoretical perspectives used within accounting history and it would therefore provide a limited contribution to the accounting history literature. Thus, this study potentially provides a greater contribution to the accounting literature as it provides both an account of the technical challenges and an explanation for the changes, focusing on the broader social and economic context while adopting critical theory as an interpretive lens.

Having outlined the broad nature of the historical approach that has been adopted, this chapter will now focus on issues of objectivity and truth in history and how these issues will be dealt with in this thesis.

5.4 Objectivity and history

While historical narratives are different from fictional narratives due to their empirical nature, according to Jenkins (1991), it is impossible for historians to make truth statements in the strictest interpretation of the term. This is not a criticism of history because, as emphasised by the theoretical perspective adopted for this study, and further mentioned by Jenkins (1991), claims to truth or objectivity can privilege particular perspectives over others and force everything to be interpreted from a perspective where the object is seen as being separate and not affected by the historian performing the research. Numerous other historians including Tosh (2006), Miller et al. (1991) and Merino (1998) have similarly dismissed the idea that historians can ever produce something close to an objective truth. Further to this, Sy and Tinker (2005) argue that the nature of the archive further impedes any possibility of
objectivity in history because it is inherently incomplete and is kept by those who have the resources to create such an archive.

Although the underlying premise of this research is that historical subjectivity is unavoidable there are some measures that will be adopted to ensure that this research is conducted with the utmost transparency. The perspective adopted in this study is that it is important for the researcher to be clear about what philosophical approach to history was adopted (Fleischman et al., 1996). In the case of this study the choice has been made to utilise critical discourse analysis to construct an explanation informed by reification. Essentially the assumption of this study is that historical facts cannot simply speak for themselves and even historians who try to be objective will still have some impact on the manner in which the history is written. Another key assumption of this study is that claims to objectivity inherently benefit some groups over others and no single objective truth can possibly exist. Given that this is the approach that was adopted when analysing the data it would be hypocritical not to be clear about these positions.

According to Merino (1998) it is also important in the context of accounting history for the historian to be clear about the theoretical perspective being adopted. Merino (1998) says that by doing this the researcher helps to reduce any pretence of objectivity. It is also important - according to Merino (1998) - for the researcher to concede any theoretical perspective being adopted will only ever provide a partial explanation of any phenomena. In the case of this study, these points are fully acknowledged. Again, given the theoretical perspective adopted by this study is inherently critical of any pretence of objectivity due to a belief that any such pretence will be false and will only benefit the relative few over the many, it is openly conceded that the insights provided by the theory are partial and in no way represent any claims to objective truth.

Funnell (1998a) notes it is important for historians to welcome any counter narratives. The power of one historian in ordering events of the past can only be countered by other historians providing alternative perspectives. In relation to accounting this is particularly important because accountants themselves can have an impact of social
relations, so it is important for those affected by accounting to have their perspectives brought to light. In relation to this point, alternative perspectives of the same data and time period are openly welcomed.

Finally, and more broadly, Parker (1997) has argued that it is important for historians to maintain a commitment to truth, to attempt as far as possible to represent events in the manner they really were and to uphold a capacity for critical thinking and critical analysis. While a commitment to these matters is difficult to substantiate, it was none the less the intention of this history to uphold these values to the greatest extent possible.

Clarity about such issues as underlying philosophies, theoretical frameworks and being welcome to alternative historical narratives is important but will not remove subjectivity from this thesis. A focus on these matters will, however, ensure that this history provides as valid a contribution to the historical record as any other history that addresses the same source material. The clear articulation of these matters will also help to address the criticism levelled by Gaffikin (2011) and Gomes, Carnegie, Napier, Parker and West (2011, p. 395) that the:

“...historiography underpinning accounting history research as presented in many published accounting papers tends to be under-articulated.”

The result of this under articulation has been that readers of accounting history in the past have not been fully aware of the historical craft or the credibility of the research that has been published. Further, if historians want to address these deficiencies then clear articulation of methodologies and methods is necessary and this may mean looking beyond the accounting literature. According to Gomes et al. (2011, p. 395) the specific issues that should be articulated include:

“...time period selected, data sources employed, data collection and evaluation methods, contextualization approaches, thematic development and interpretation, causal attributions and critical approach.”
The next part of this chapter, while not specifically structured around these topics, does attempt to address each, and in doing so it is hoped that that the readers of this history will be fully aware as to how the conclusions were drawn from the data.

5.5 Philosophic Marxist approaches to research

Given the adoption of Lukacs’ (1971) reification, as defined and dissected in section 4.2, the methodology being utilised in this research is consistent with what has been described by Vaillancourt (1986) as the philosophic branch of Marxist research. Philosophic Marxist research takes a position on a number of research issues. Firstly, in terms of views about knowledge, philosophic Marxist research takes the position that knowledge is constructed by the mind. This means the philosophic Marxist approach is closely related to idealism, being of the view that society is shaped by the human mind and reality does not exist independently. The commonality with idealism also means philosophic Marxists reject positivism and are opposed to any pretences of objectivity. Claims to objective truth are seen as either being impossible, or at best, linked to the views of the working class. This perspective is therefore clearly in alignment with that of the analytic history approach that has been adopted. Philosophic Marxists also reject determinism and fatalism and accept voluntarism (which means they are of the view that particular circumstances can be changed and people have free will). The philosophic Marxist perspective also believes that the totality is more important than individual elements because individual elements are in constant interaction with the whole and it is not possible to separate them and maintain any kind of understanding of phenomena. For philosophic Marxists, the whole is often seen as being capitalist society, with the parts being elements such as culture and politics. The parts, it is argued, cannot be understood without an understanding of the influence of capitalism. This can be seen in the theoretical perspectives chapter, which discussed how the process of reification implicates capitalism with its objectification and separation of phenomena where no such separation actually exists (Vaillancourt, 1986).

Flowing from this, philosophic Marxist research is hostile towards general empiricist approaches to research. According to Vaillancourt (1986), philosophic Marxists claim that empiricism has been responsible for defences of the status quo, support for
capitalism, for ignoring history, for treating facts as ends in themselves, for giving only a secondary role to theory and for a refusal to accept values, desires, opinions and wants as a part of research. Similarly, in relation to positivism, philosophic Marxists believe that positivist research protects elites, obstructs change, has an inherent conservative political bias and is not interested in egalitarianism, humanism, dialectics or creativity (Vaillancourt, 1986). Philosophic Marxists also reject the notion that social science and natural science should be performed in the same way because the impact of capitalism on the behaviour of people makes any parallels irrelevant and because of the impersonal, statistical, quantitative methods used in analysing human behaviour. Philosophic Marxists are also critical of positivists for being caught up with minor details, for assuming that facts can speak for themselves and that research can be value free.

The impossibility of objectivity in terms of historical research as discussed earlier is a position shared by philosophic Marxists. According to Vaillancourt (1986), philosophic Marxists believe that facts by their nature are based on interpretations, are relative and that each human experience is unique. Knowledge is not believed to exist outside of the human mind and capitalism has distorted human perceptions. Furthermore, objectivity requires the researcher be totally separate from the phenomena being researched, but according to philosophic Marxists this separation is not possible and the mind of the researcher will inevitably be imprinted upon the research that is performed. Where objectivity is countenanced by philosophic Marxists such as Lukacs (1971), it exists only with the perceptions of the dominated class. It is only the perceptions of those who are most oppressed and disadvantaged who are able to see the reality of society and make the case for change. Also, as the dominated class is assumed to be the class that will ultimately assume power and ultimately create a fairer and more equitable society, they are in a privileged position in terms of access to truth.

In terms of the practical aspects of this research, the adoption of the philosophic Marxist approach means that the research is qualitative, interpretive and dialectical as opposed to conforming to the standards of contemporary social science. This also means that there was no induction performed prior to the adoption of the theory.
Observation is not enough for philosophic Marxist studies because observable phenomena are seen as being tainted by capitalism, reification and fetishism. This study therefore involved looking “beneath the surface” (Vaillancourt, 1986, p.61) via interpretation of empirical data in the form of annual reports. In terms of interpretation, it is said by Vaillancourt (1986, p. 64) that:

“Many Marxists suggest that interpretation is a subjective, almost arbitrary process without any empirical referent in reality, such that the possibility of theory construction itself is called into question.”

Interpretation is also said to be unrestrained, subjective and personal. Theory is not tested in the usual sense, but is used via introspection and intuition to provide an analytical lens that serves to change the status quo as opposed to merely describing it. Data, according to this approach is considered to be “subjective raw materials that need to be chiselled into shape” (Vaillancourt, 1986, p.66) and is evidence of exploitation, class bias and alienation.

These philosophical issues have much bearing on the tools used to perform the research. As is consistent with the choice of theory, the perspectives about history and the philosophic Marxist position of this study, the research strategy adopted is subjective and qualitative with many of the norms of social science being rejected including quantitative methods and qualitative methods that involve any kind of statistics or mathematics (for example, some forms of content analysis). This is because quantitative techniques are viewed as being dehumanising and exaggerating the predictability of human behaviour while underestimating the potential for intervention and change. The pretence of objectivity that quantitative methodologies rely upon is also criticised by philosophic Marxists for attributing numbers to human characteristics and for putting complex human characteristics on simplistic numerical scales. Research models using cause and effect are also rejected because of their propensity to view phenomena as isolated parts as opposed to looking at the whole or totality. Philosophic Marxist researchers have also been critical of interviews as a means of data gathering because of the isolation of the interviewee and the artificial context in which such interviews are performed.
Thus far this discussion has been more concerned about what research techniques and methodologies philosophic Marxists do not use or agree with. Now the discussion will concern the research strategies that are compatible with the philosophic Marxist approach. As has been mentioned, philosophic Marxists adopt methods that are qualitative and subjective and may not necessarily be of Marxist origin but are often adapted to suit the Marxist nature of the study. In terms of specific tools, qualitative content analysis is referred to as being an acceptable method and the specific use of this will be discussed later (Vaillancourt, 1986). Qualitative and subjective methods are broadly consistent with the philosophic Marxist approach’s views on epistemology and the interpretive methodology which, according to Vaillancourt (1986, p. 128):

“Aims to provide truth directly from the senses, without the intermediary processes of empirically constrained observation, concepts, data... and so on.”

Data is perceived as being an attempt at human creation of reality (Vaillancourt, 1986 p. 132) and any methods adopted need to be flexible enough to suit the political aims of philosophic research which is to ultimately lead to change. Essentially, philosophic Marxists view the political aims of their research to be more important than adherence to any kind of pretense of scientific orthodoxy.

There are however some implications for the knowledge claims made by philosophic Marxists. Because of its anti-positivist approach, knowledge claims are not made by philosophic Marxist research in the same manner as that of traditional social science research. More important to philosophic Marxist are the moral and political aims of the research and the individual experiences of those involved with the research. This is because truth according to the philosophic Marxist is a personal matter that differs from individual to individual.

5.6 The practical elements of this accounting history

Thus far this chapter has discussed the broader philosophical aspects of this accounting history, where this particular study fits into the broader accounting history literature and what the Marxist basis of this study means for this research. This section of the chapter will now address a number of the more practical issues which relate to
the specific methods that will be used to arrive at the narrative, interpretations and analysis. The history presented in this thesis essentially adheres to the broad school of histories referred to as interpretive histories. Adherence to any kind of school of history does create some methodological issues because, according to Parker (2004), accounting historians should avoid setting any kind of universal standard for performing or evaluating history. In spite of this however, there are some common features to all histories. For example, Funnell (1998a) has said that all histories, be they traditional or interpretive have relied on the narrative as the primary means of conveying their historical findings and he makes the call for this to continue. For this reason, this thesis utilises a narrative a means through which the history is presented. Before this narrative is presented in Chapter 7 however, the remainder of this chapter will discuss the tools used to construct the narrative, interpretations and analysis. This process involves the source materials and how they were obtained, the authentication of the source materials, the analysis and transformation of the source material and finally, the writing of the narrative, interpretations and analysis.

5.6.1 Source authentication & metamorphosis

This history relies on the annual reports of an Australian Commonwealth Government department as the source material. Thus, it is based on an archival source of data. The use of archival data has been widely accepted within accounting history, with Carnegie and Napier (1996) for example saying that the archive is often the starting point for a historical enquiry. There are however some voices within the accounting literature that are critical of the use of archival data. These criticisms stem from the inherently incomplete nature of archives (Tosh, 2006), perhaps caused by the lack of resources at the time the archive was developed, the fact that any archive will only reflect the views of the relative few and also because, whether historians like it or not, there is always a subjective decision that is made when choosing one source of archival data over another (Sy & Tinker, 2005). In spite of these criticisms, most accounting historians are of the view that the archive plays a key role in the development of accounting history and for this reason, while the inadequacies of the archive are acknowledged and conceded, they are not seen as being enough an impediment to
this research for the archive to be rejected as a source of data. The inadequacies of the archive do however further reaffirm the point that objectivity in history is not possible.

This study was performed on the annual reports of the Department of Social Services (1941-1972) and its successor, the Department of Social Security (1972-1998). A detailed discussion of the background of the DSS is provided in Chapter 6. The annual reports needed to be sourced from various separate archives in order to complete the collection. The Truskett Library at Charles Sturt University (CSU), Bathurst had a scattered collection of reports ranging throughout the target years. As the Truskett Library’s collection of reports was incomplete, further investigation of other possible sources for obtaining the missing reports was necessary. There were comprehensive lists of archives containing the reports on [www.publications.gov.au](http://www.publications.gov.au) and the library at CSU, Wagga Wagga was the source of most of the reports from 1992-1998. The remaining reports that were not held at either Bathurst or Wagga Wagga were sourced from the State Library of New South Wales or through inter-library loans from external institutions, including Flinders University and Southern Cross University, at regular intervals between 2008 and 2013.

For historical research it is also important to determine whether the sources are credible. In the case of this history, given that the reports were published by the Australian Commonwealth Government, the likelihood of them being falsified documents is minimal. More important for the purposes of this study was identifying whether the source material was biased, as opposed to being a fair representation of the events that took place. As Fleischman et al. (1996) commented, critical accounting historical research needs to look beyond whether the source material is genuine to also look at how the source material has reconstructed the events reported, what has been omitted, what rhetoric has been used and how the words have been assembled. From the perspective of this study, Fleischman et al.’s (1996) ‘source authentication’ was of critical importance to the study and was performed using CDA, the specifics of which are addressed in section 5.6.3. Intertwined with this authentication process was an ordering of the data that is referred to by Fleischman et al. (1996, p. 62) as being a “metamorphosis of evidence”, and involved the role of Lukacs’ (1971) notion of reification as the interpretive lens.
Metamorphosis of evidence involves not just ordering the data in a manner so it can be used as a narrative, but also looking at contextual factors and can involve theory as an interpretive lens (Previts, et al., 1990). In relation to metamorphosis of evidence, a number of authors (Jenkins, 1991; Parker, 2004; Tosh, 2006) have also discussed the impact of present day perspectives on evidence and how this constitutes a challenge to the historian in terms of the imperative of not allowing present day judgements to impact on the presentation of the history. Fleischman and Tyson (1997) comment that it is essentially beyond any historian to fully exclude imposing their own understandings of the present onto past events. The views of Fleischman and Tyson (1997) also concur with the philosophic Marxist basis of this study that truth is subjective and personal. Be this as it may, it was acknowledged that it was important for the historian to strike a balance between allowing the source material to dictate the presentation of the history while at the same time also providing analysis based on theory.

5.6.2 Sample examination of reports

In terms of this study, the source authentication began with an examination of a sample of the annual reports. For the sake of simplicity, six of the 56 annual reports were selected arbitrarily beginning with the first report from 1942 followed by each report published ten years thereafter (1952, 1962... 1992).

There were a number of reasons for examining a selection of reports in advance of the complete collection. The first reason was to determine the actual content of the annual reports. As has already been mentioned in the literature review, the existing literature is somewhat lacking in providing a great deal of detail on what was to be expected from the content of the annual reports of a Commonwealth Government department. While there have been reporting requirements since 1982 which provided some level of expectation of content, these requirements did not govern all aspects of disclosure, there was reference in the literature to non-compliance (SSCFPA, 1989), and a large proportion of each report, even in the years after the introduction of reporting requirements, was determined by the authors of each report. The second reason for the examination of a sample of reports was to gain some understanding of
how the reports have changed in terms of content, as well as when these changes occurred. The third reason for examining a sample of reports was to gain an idea of what methods of analysis would be appropriate and to perform something of a trial run of these methods to see what findings could be discerned from the data. The fourth reason was to see what themes and ideas emerged from the narratives contained within the reports. Having prior understanding of the types of topics and issues that are discussed in the annual reports was necessary before beginning an analysis of the entire body of 56 annual reports. The final reason was to assist in the choice of a relevant theoretical framework that could be used to explain the changes to the annual reports. Without some prior knowledge or understanding of the content of the annual reports it would be very difficult to select a theory that is both illuminating and workable.

Once the six reports were selected, each report was read in an uncritical manner with key themes identified through a process of qualitative content analysis. Themes were selected not just on the basis of preponderance, but also on the basis of intensity and significance (Sarantakos, 2005). For example, while some themes may have appeared regularly throughout a given report (or even comprised potentially a majority of the report) it was not taken for granted that this theme was necessarily the most important matter addressed in the report or the only matter worthy of consideration. Manifest and latent content were also examined for the presence of themes (Sarantakos, 2005). Manifest content refers to the visible surface of the text, while latent content refers to the underlying meanings (Sarantakos, 2005). Once an array of themes was established, the themes were further examined to ensure that they were not included more than once and similar themes were grouped together. This process was repeated for each report and once completed some understanding was derived in terms of changes to content over the 56 years. In terms of the visual content of the reports concerned, no specific methods of analysis were performed on the sample, although counts of the numbers of pictures, charts and graphs were kept as an indicator of the importance of these over the period of time under analysis. Basic generalised descriptions of the visual elements of content were also kept.
After this sample of reports was assessed the choice of theory (already discussed) was finalised, and the specific methods to be used on the remainder of the annual reports were selected. These are now discussed.

5.6.3 Critical discourse analysis

CDA, according to van Dijk (2001, p. 352), is a type of discursive research approach that focuses on the way that “social power abuse, inequality and dominance are enacted, reproduced and resisted by text and talk in the social and political context”. Discourse is defined as “modes, means and events of human communication and interaction” (de Beaugrande, 2004, p. 114). The purpose of CDA in this study is therefore to explain how the discourse in the annual reports, through the meanings and interpretations that are derived from the text, enhances the social standing of some stakeholders at the expense of others.

Consistent with the previous positions outlined regarding this historical study, CDA takes explicit positions on a number of methodological matters. For one, in common with both analytic/interpretive histories and philosophic Marxist research, CDA takes the position that any kind of value free science is impossible, that the research process is inherently affected by social structures and social interaction and, rather than being ignored or hidden, social structures (such as class structures) should be analysed and accounted for as a part of the research process. CDA also takes the position that the purpose of research is to understand, expose and resist social inequality and to explore the “hidden power relations between discourse and wider social and cultural formations with a view to uncovering inequality, power relationships and injustices” (Corson, 2000, p. 95). Considerations of social structures (in the case of this study, class) are key to reification (Lukacs, 1971). The ‘critical’ in CDA therefore refers to an explicit rejection of positivist assumptions about rationalism and determinism (Chua, 1986; Dillard, 1991). CDA is said to have been derived from the Frankfurt school of critical theory before the Second World War (van Dijk, 2001) so it is consistent with this study’s use of reification (Lukacs, 1971). CDA, according to van Dijk (2001) is more of a “perspective” (p. 342) in research rather than a specific specialisation. However, for it to achieve its aims of unveiling hidden power relations, it must focus on the way
that discourse structures “enact, confirm, legitimate, reproduce or challenge relations of power and dominance in society” (van Dijk, 2001, p. 353).

In terms of a theoretical foundation, CDA attempts to bridge the gap between the micro and the macro. The micro refers to “language use, discourse, verbal interaction and communication” (van Dijk, 2005, p. 354), while the macro refers to social inequity, power and dominance in society. In between these are meso levels which are referred to as ‘discursive practices’ and include the interpretations that are derived from the text. Bridging this gap can be done by looking at several things. For example, CDA can examine the use of language by members of particular groups, the actions of members of particular groups or how discursive interaction can be a part of broader social structures.

Similarly, Fairclough (1993, p.136) explained that a “discursive event” has three components: a spoken or written text, the production and interpretation (discourse practice/meso level referred to above) and the broader social practice. McGregor (2003, p. 3) also supports this by saying that CDA tries to unite and determine the relationship between i) the actual text, ii) the discursive practices (“the process involved in creating, writing, speaking, reading and hearing”) and iii) the broader social context that bears down upon the text and the discursive practice. McGregor (2003, p. 3) goes on to describe the actual text as a record of an event where something was communicated, how the facts and beliefs were presented and the “strategies used to frame the content of the message”. Discursive practice refers to the “rules, norms and mental models of socially acceptable behaviour in specific roles or relationships used to produce, receive and interpret the message”. The social context is referred to by McGregor (2003) as the setting in which the discourse occurs. CDA focuses on particular discourses in order to deconstruct them, determine their sources, the interpretations attached to them and how these interpretations have social effects (Fairclough, 2003, p. 11).

A key focus of CDA is how power is exercised by particular groups in society. Power is considered as being in close relation to the amount of control a group is able to exercise. Power also requires access to some kind of scarce resource, such as money,
status, fame or information (van Dijk, 2001). The type of power exercised will be
determined by the resource that a group has at hand, for example, the wealthy can
exercise power because of their money. In spite of this however, power is not absolute
and may only concern certain aspects. Dominated groups can also resist, condone or
legitimise certain uses of power. The power of particular groups may also come to be
exercised through the creation of laws or the creation of norms. The dominance of the
capitalist class in western society is an example of this given the entrenchment of the
capitalist economy with laws concerning private property, corporations, and many
habitual assumptions concerning commercial relations between groups. It is also
possible that some members of particular dominated groups may in turn have some
power over members of dominant groups. According to van Dijk (2001), access to
specific kinds of discourse (in the case of this study, annual reports), is a power
resource. Also, influence over people’s minds can influence their actions and opinions,
so those who control discourse may be also able to control minds and actions.

CDA can also examine how discourse can effectively be a form of mind control. Mind
control is seen to occur through discourse because the opinions of authoritative and
knowledgeable sources are more likely to be believed (van Dijk, 2001). There may also
be only one source of information or one dominant opinion available on a given topic
or there may be an obligation placed upon the recipient of the discourse to accept the
information without question. Similarly, as there may not be an alternative source of
information, the recipients may not have the resources to find an alternative source of
information or the choice of topics may influence what people see as being important
information. The style of argument may, in addition, conceal a variety of presumptions
that may then be taken on board implicitly without challenge.

CDA can provide answers to questions such as: How do more powerful groups control
public discourse; how does the discourse control the minds and actions of the less
powerful and; what are the consequences of such control, such as social inequity (van
Dijk, 2001). In relation to the first question, ordinary people are assumed have no
control over public discourse, while powerful people such as law makers and
bureaucrats may have extensive control over discourse. One of the key tasks of CDA is
therefore to spell out the forms of power. According to van Dijk (2001, p.356) these
forms of power are either “context” or “structures of talk and text themselves”. Context refers to the ability to set the situation, time, place and the role of participants of discursive interaction. Control over structures of talk and text refers to power to control the sorts of genres and speech acts that are permissible. It can also include control over the topics and how it can change the topic, for example, news editors and university professors determine what matters are to be addressed in a news bulletin or in a subject of study. In some cases, tone of voice, types of words or volume of voice are all controlled by those who exercise power. The means through which the discourse, in particular “the structures of talk and text themselves”, contained within the annual reports were used by those in positions of power was a subject of particular attention in this study.

5.6.4 Application of CDA to the annual reports

By drawing on the discussion in the previous section, this section addresses how the CDA was performed on the annual reports. McGregor (2003) notes the text should be approached firstly in a non-critical manner, like any other reader, with the researcher submitting to the text. Later however, the text should be approached in a critical manner. In relation to this study, the critical reading was important because the reports and their representation were being challenged as a part of this research. During this more critical reading the text was looked at both holistically and at sentence level, questions were raised about the text and alternative methods of constructing the text were imagined.

The text was firstly examined on the basis of its genre (in this case, annual reports) as the genre has the essential building blocks and rules that enable those who control it to exercise their power. In terms of the genre/building blocks for the annual reports, this refers to the basic areas of which the annual reports were comprised. Drawing on the definition of annual reports by Stanton and Stanton (2002, p. 479), the reports were examined in terms of their layout (including the use of quantitative information), narratives, and visual content (photographs and graphs). Themes were again drawn out of the narratives, with the themes from the sample study of reports providing initial guidance. Patterns and trends in layout, themes and visual components across
the years were then looked for. The examination of themes and broad categories of content provided a means of grouping the annual reports into sets of years where the reporting style contained common elements. This resulted in a categorisation of the reports into the groups of 1942-1972; 1973-1986 and 1987-1998. This process also involved examining the “angle, slant or point of view” of the reports (McGregor, 2003, p.10), which is also referred to as how the report was framed.

The periods encompassing substantial change to annual reporting practices were then examined more closely. Significant developments in the reporting methods were analysed using reification (Lukcas, 1971) and its four constitutive elements (replacement of subjective representations with objective representations, masking conflicts, preventing dispute and maintaining/legitimising the status quo). Effectively the source authentication and metamorphosis of evidence were closely enmeshed.

The source material was examined using CDA, by looking beyond whether it is genuine to also look at how the source material reconstructed the events reported, what has been omitted, what permissible uses of language emerged and how the words have been assembled. Once these reporting methods of note had been identified using CDA, they were then subjected to further interpretation using reification (Lukacs, 1971).

Examining the reports via CDA involved looking at the genre, as well as the “sentences, phrases and words” (McGregor, 2003, p. 5.) via a number of techniques. Specific methods of analysis included examinations of the following:

- How the layout, chapters, headings and keywords were emphasised. In relation to reification, this was linked to the uncovering of the construction of a false objective reality through the emphasis on certain elements of content (for example, increased articulation of strategies and use of quantitative data);

- Matters that were omitted from the reports, for example, matters addressed in earlier annual reports that were excluded from later reports. This related closely to the ‘masking of conflict’ and ‘prevention of dispute’ aspects of reification;

- How the reader may be been manipulated by use of text and the creation of slants to affect perceptions and to convey the perspective that particular points of view were “correct, legitimate, reliable, and significant while leaving out other voices” (McGregor, 2003, p. 5). This area was linked to the creation of a false objectivity, the impression of harmonious relationships between stakeholders and thus the legitimation of those in positions of authority;
Who was depicted as being in positions of power and who was depicted as being subjected to the power as well as why the power was being exercised. These depictions were important in terms of determining who was creating the objective reality, who was benefitting from the suppression of conflict and whose subjectivities were being suppressed;

Examining any connotations that were used in the annual reports. For example, the styles of language used to conceal conflicting themes, describe stakeholders of the DSS and how this changed over the years; and

How photographs, charts, diagrams, financial statements and other visual information were positioned to draw the reader’s attention (the specific analysis of visual content will be discussed in section 5.6.5)

CDA was of particular relevance to this study because of its congruence with the aims and underlying methodology. From a methodological point of view, CDA denies the existence of objective knowledge, which is the same position as the philosophic Marxist perspective from which Lukacs’ (1971) notion of reification is derived. CDA also provides the practical tools that allow the form and content of the annual reports to be examined to illuminate the changes to the ways that those in power utilised the annual reports on the micro level in order to maintain social inequity and the legitimacy of certain groups at the macro level. Uncovering the means through which the authors of the reports exercised their power involved looking at the changes to layout and areas of emphasis, what was and was not reported, the style of information (for example a shift in focus from qualitative to quantitative information), the uses of text that were permissible, the use of connotations and other means of reader manipulation. In relation to the notion of reification, CDA allowed for the illumination of how text was used to create a false objectivity, mask conflict and legitimatise those in positions of power and authority.

5.6.5 Analysis of visual data

According to Gong, Lodh and Rudkin (2012), until recently the accounting literature concerning visual images in annual reports has not been well developed, aside from a few notable exceptions including Preston, Wright and Young (1996), Graves, Flesher and Jordan (1996), Preston and Young (2000) and a special issue of Accounting, Auditing & Accountability Journal (2009, vol. 22, no. 6). Even in this volume however, Davison and Warren (2009) made the comment that the research into visual images
and accounting was still in its early phase and that the focus of accounting research remained principally on accounting numbers, even though the reality of accounting is that it is actually communicated via three mediums, numbers, words and visual content. Visual content according to Davison and Warren (2009) includes “pictures, photographs, cartoons, charts, maps and diagrams in addition to financial graphs” (p.846), but is an area of research that is met with “suspicion or derision”, is beyond theory, resistant to quantitative measurement and has been dismissed as being “enigmatic, ambiguous and subjective” (p.847). In spite of this, according to Davison and Warren (2009), other fields, such as sociology have allowed for the study of “the visual”, which is an indication that society, as said by Baudrillard (1981) has come to be increasingly dominated by the visual. In relation to accounting however, it remains a “cinderella medium of communication” (Davison & Warren, 2009, p. 847). This situation belies the fact that annual reports as a means of communication are increasingly reliant on visual content and that corporations themselves are increasingly deriving value from the aesthetic, almost to the extent where aesthetic matters are of more importance than a lot of functional activities. This is true even of the accounting profession itself, which has relied on visual tools such as logos and in some cases “three dimensional spaces” such as architecture and buildings in order to communicate a favourable image (Davison & Warren, 2009, p. 847).

Gong et al. (2012) summarise the findings of the literature concerning visual images in annual reports by saying that there has been:

- A set of quantitative studies focusing on manifest content that have used coding, content analysis and some experiments;
- A set of qualitative studies that have applied art theories (including Davison, 2002, 2008, 2010, 2011) and sociology of knowledge (Preston & Young, 2000, Davison, 2004)
- Only a handful of studies have related visual discourse to issues of power, politics and history (Tinker & Neimark, 1987; McKinstry, 1996; Hui & Rudkin, 2010).

Davison and Warren (2009) similarly identify the areas of visual theory, media richness theory, philosophy and sociology as being areas where interdisciplinary accounting research on visual aspects of content have borrowed.
According to Hui and Rudkin (2010) images can communicate messages about an organisation that can not necessarily be communicated via the usual methods of text or numerical information. One of the benefits of images in annual reports is that they make visible what cannot be said or measured by conventional means. Davison (2010), for example, highlights the increasing presence in annual reports of images of successful businessmen and corporate boards for the purpose of cultivating a feeling of responsible leadership. Images allow the organisation to construct an impression of themselves to legitimise and position themselves to their advantage and are therefore socially constructing (Davison, 2010; Hines, 1988). Images are ambiguous (Dimnik & Felton, 2006), reflective of both the corporation and the society in which the corporation operates (Davison & Warren, 2009), can both reflect and create social perceptions, operate in a different space to text and numbers (Young, 2003) and are able to provide an insight into the present, while financial statements are better at communicating performance over time (Steiner, 1985). Images are also able to be used in strategies of legitimation in the context of annual reporting (Deegan, 2009).

In terms of the methods of analysis, borrowing from Barthes (1974, 1977), the images were looked at for both their ‘denotation’ and their ‘connotation’. During the denotation phase of the analysis the literal representation of key images was examined, with the images being described without any consideration of the context of the images within the annual report, or how the images may have been interpreted within the broader socio-cultural context by users of the annual reports.

By contrast, the connotation phase of the interpretation of the visual elements of content drew on the context of the visual aspects of content within the report as well as other potential social-cultural interpretations. In keeping with the imperative of delving beyond the mere surface of the image this process borrowed aspects from Gong et al. (2012) and Hui and Rudkin (2010) by examining the following:

- Potential metaphorical meaning in the visual content of the annual reports;
- How the images reinforced the themes of the annual reports;
- How the use of images changed over the periods being investigated and what the presence and absence of particular elements of visual content could mean; and
• How the images may have contradicted or juxtaposed other elements of content.

Reification (Lukacs, 1971) was again implicated in the interpretations of the visual data. During the denotation phase of the analysis, the annual reports were interpreted in terms of their role in creating the impression of a single objectivity; masking the various conflicting subjectivities, acting as a means of preventing dispute and maintaining the status quo by legitimising the position and power of those responsible for running the Department.

5.6.6 Narrative, interpretations and analysis

Once the source material was found, authenticated, interpreted via CDA and ordered, the next phase of the historical research was the presentation of the narrative which is contained in Chapter 7. Funnell (1998a) has said that without narratives, histories are basically chronologies of events and potentially guilty of antiquarianism. It was therefore important that the narrative remained focused on the first key question being asked, which is both how the annual reporting behaviours of the DSS have changed. In the writing of the narrative, it was important to acknowledge alternative perspectives (Funnell, 1998a). There was a need to strike a balance between representing the past as faithfully as possible, whilst always being aware that a perfect representation of past events will not just be out of reach, but according to the philosophic Marxist approach adopted, impossible.

In answering the first research question regarding how the reports have changed, the narrative was constructed around the groupings of reports that were created during the initial phase of the CDA (1942-1972; 1973-1988 and 1989-1998). For each of these periods the key changes to themes - including selective uses of text, headings, layout, aspects of visual content and what had been omitted between years were initially noted and described. Answering of the first research question did not implicate the use of theory or the underlying philosophic Marxist perspective. It therefore can be said that in many ways that the narrative addressing the first research question adhered, to some extent, to the tenets of the traditional school of accounting history.
In addressing the question as to why the reports have changed however, the analysis did implicate the full use of the philosophic Marxist perspective, the notion of reification, CDA and analysis of visual content and is therefore very much an example of analytic/interpretive history. The analysis addressing why the reports changed therefore differed from the narrative concerning how the reports changed. As a consequence of this, rather than focusing on the year groups used in answering the first research question, the construction of the analysis concerning why the reports changed was structured around the four elements of reification.

The interpretations derived from the methods used in the CDA (identification of slants, depictions of power, omissions, presumptions, permissible uses of text) and the analysis of visual components of the annual reports (metaphorical meanings, reinforcement/contradiction of other components of the annual reports, changes to images between years) were used to demonstrate how each of the four aspects of reification could be seen in evidence within the annual reports. With the four constitutive elements of reification as the foundation, the analysis was constructed as an explanation as to why the discourses within the annual reports have changed. The essential argument to be examined is that the text, through the interpretations derived from it, ultimately evolved in order to maintain the positions of the already powerful and to solidify the position of the Department, and this was done through the construction of a false impression of objectivity where none existed, therefore masking reality and suppressing conflict.

5.7 Conclusion
Parker (1997) has said that while historians cannot ever relive the past, they can, using the evidence available, at least aim to reconstruct the past in the best way possible. In spite of these good intentions, the pursuit of history is limited by the incomplete nature of the archive and the inherent bias of both the source material and the historian. All history is reliant on a series of judgements. In the case of this study the judgements revolve around a number of key issues. The first key judgement involves the purpose of the research which is not to focus merely on describing the changes to annual reporting behaviours, but to also attempt to explain why the changes have
taken place in the manner exhibited. The second judgement relates to the position taken by this history, which is that it is impossible to be objective because truth is unobtainable, subjective and personal but data, nevertheless, is crucial to the pursuit of history, as is the role of theory. Given this, the third key judgement is the choice of theory, the notion of reification as addressed by Lukacs (1971) which itself is a part of the philosophic Marxist approach to research (Vaillancourt, 1986). Commensurate with this choice of theory is the choice of CDA as the means of interpreting the text for the purposes of delving beneath the surface to examine the underlying ways that the annual reports have changed over time in order to create the illusion of an objective reality where none exists, suppress conflict and construct and reinforce the legitimacy of those in positions of power and authority. The analysis performed as part of this history can be explained by Miller and Napier (1993, p. 633), as the emphasis was on “the language and vocabulary in which a particular practice is articulated, the ideals attached to certain calculative technologies and the rationales that set out the aims and aspirations of various authorities”. The final judgment made as part of this history is the choice of means used to communicate the findings. A historical narrative which addresses the first research question concerning how the reports have changed is presented. Interpretation and analysis is then used to explain why the reports have changed, with the analysis being constructed around the four elements of reification and being fleshed out via the interpretations derived from the CDA. The open and clear communication of these positions means that, while there is no pretence of objectivity being made, the research is transparent and the ways through which the conclusions have been drawn are in no way hidden.

Chapter 6 provides an account of the DSS during over the timeframe of this study. This is followed by the narrative in Chapter 7 that was the result of the application of the historical methods discussed in this section.
6. The Department of Social Services/Social Security, 1941-1998

6.1 Introduction

Within studies of accounting history, the role of context is crucial in properly illuminating the specific topic under consideration (see for example Stewart, 1992; Hopwood, 1985 or Loft, 1986). The purpose of this chapter is, therefore, to provide an overview of social welfare in Australia and, more particularly, the essential background story of the Department of Social Security and its predecessor, the Department of Social Services (DSS), relevant to the timeframe with which this research is concerned. In 1941, the DSS started delivering services to the Australian public, with 1942 the first year in which the Department published a formal annual report. By 1998 the DSS ceased to deliver welfare services, instead assuming a policy development role. The role of delivering welfare benefits and services was assumed by a new statutory agency – Centrelink - in 1997.

Table 6.1 Key developments in Australian welfare delivery

<table>
<thead>
<tr>
<th>Year</th>
<th>Change to Australian Welfare System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre 1941</td>
<td>Various disparate Commonwealth Laws, for example, Invalid and Old Age Pensions Act 1909; Welfare payments made by Department of Treasury via commissioner of pensions.</td>
</tr>
<tr>
<td>1941</td>
<td>DSS assumed welfare delivery role; Joint Committee on Social Services created to address ways to improve living standards and recommends Child Endowment which is legislated in the Child Endowment Act 1941.</td>
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<tr>
<td>1942</td>
<td>Widows Pension Act 1942 introduced.</td>
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<tr>
<td>1943</td>
<td>Funeral and maternity allowances introduced; Reciprocal arrangements with New Zealand adopted.</td>
</tr>
<tr>
<td>1947</td>
<td>Consolidated Social Services Act 1947 placed all welfare benefits under the one legislative framework.</td>
</tr>
<tr>
<td>1948</td>
<td>First regional office opened in Newcastle, NSW; Social Services Journal first published.</td>
</tr>
<tr>
<td>1951</td>
<td>Commonwealth Scholarships for Tertiary Education introduced.</td>
</tr>
<tr>
<td>1952</td>
<td>Reciprocal arrangements with United Kingdom adopted.</td>
</tr>
<tr>
<td>1953</td>
<td>Introduction of first automated processing with electric accounting machines.</td>
</tr>
<tr>
<td>1960</td>
<td>Expansion of regional offices; granting of eligibility for all benefits to Aboriginal people; first moves towards computerisation.</td>
</tr>
<tr>
<td>1962</td>
<td>Devolution of responsibility for some benefits moved to regional offices;</td>
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<tr>
<td>1964</td>
<td>Movement of central office from Melbourne to Canberra.</td>
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<tr>
<td>1967</td>
<td>Sheltered Employment Allowance introduced; agreement with states to share responsibility for helping mothers of families without income under States</td>
</tr>
<tr>
<td>Year</td>
<td>Event Description</td>
</tr>
<tr>
<td>------</td>
<td>-------------------</td>
</tr>
<tr>
<td>1969</td>
<td>End of payments made through post offices.</td>
</tr>
<tr>
<td>1972</td>
<td>Department changed name to Department of Social Security; Wife Pension introduced. Election of Whitlam Government which had intentions to expand welfare.</td>
</tr>
<tr>
<td>1973</td>
<td>Expansion of welfare system began with introduction of Supporting Mothers Benefit and Handicapped Child Allowance; internal advisory council introduced.</td>
</tr>
<tr>
<td>1974</td>
<td>Removal of requirement that benefits only be made to people of good character.</td>
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<tr>
<td>1979</td>
<td>Continued decentralisation during the 1970s resulted in the existence of 140 regional offices by 1979; mass computerisation commenced. Ethnic liaison officers introduced following the introduction of Aboriginal liaison officers in 1978.</td>
</tr>
<tr>
<td>1981</td>
<td>STRATPLAN automation program began.</td>
</tr>
<tr>
<td>1983</td>
<td>Election of Hawke Government. Adoption of ‘needs based welfare’ ethos; introduction of Spouse Carer Pension; administrative reform became a key issue for the DSS with increased focus on efficiency, performance measurement and reduction of fraud.</td>
</tr>
<tr>
<td>1984</td>
<td>Introduction of Department of Community Services results in shift of 1700 staff to new department; stated commitment to equal opportunities for women following removal of last discriminatory practices in the 1970s.</td>
</tr>
<tr>
<td>1985</td>
<td>Reintroduction of assets tests for pensions; FMIP requires DSS to implement corporate plans and abide by budgets; removal of staff ceilings.</td>
</tr>
<tr>
<td>1987</td>
<td>Review of role of area offices results in eventual abolition of state offices.</td>
</tr>
<tr>
<td>1988</td>
<td>Cass review of social security in Australia handed down. This review aimed to link welfare system with tax, labour market and economic policies of Government; four aspects of social justice (equity, equality, access &amp; participation) said to be considered when programs were implemented or changed; program budgeting reforms meant human resource decisions were devolved to line managers.</td>
</tr>
<tr>
<td>1989</td>
<td>Introduction of new portfolio program structure.</td>
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<tr>
<td>1991</td>
<td>First Departmental strategic plan introduced; comprehensive review of 1947 Social Services Act to update language; increased policy focus on moving unemployed into work; creation of universal family payment.</td>
</tr>
<tr>
<td>1993</td>
<td>Department employed 23,000 people in 300 offices; reorganisation of national administration to provide better liaison between central, area and regional offices; liberalisations of some assets tests for pensions; simplification of other payments; attempted improvements to service delivery; publication of performance information.</td>
</tr>
<tr>
<td>1994</td>
<td>Further attempts to move people from welfare to work through the publication of the Working Nation white paper on employment and growth; introduction of Mature Age Allowance and Mature Age Partner Allowance.</td>
</tr>
<tr>
<td>1995</td>
<td>New 10 year strategic plan compiled by DSS.</td>
</tr>
<tr>
<td>1997</td>
<td>End of DSS’s role in delivering welfare services following reforms made by election of Howard Government in 1996.</td>
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</tbody>
</table>
6.2. Welfare in Australia up to 1949

According to Carney and Hanks (1994), the development of welfare in Australia has been interpreted in a few different ways. One such perspective, suggested by Kewely (1980), is to view changes to welfare as being part of broader social development. However, other commentators, such as Tulloch (1983), propose that the social welfare system is a means through which class conflict is reconciled, albeit not necessarily with the aim of serving the interests of the working class. Carney and Hanks (1994) point to the origins of the welfare system in Australia deriving from the ‘poor laws’ of the UK, which meant there was a *de facto* distinction between the deserving poor (people whose situation was out of their control, such as widows) and the non-deserving poor who were effectively required to look after themselves. Such vestiges of this distinction were not effectively removed from the Australian welfare system until the 1970s.

The welfare state, in the modern sense, only really began in Australia in the 1940s and was initially conceived as a means for softening the harsh effects of the war economy. Given the difficult economic circumstances of this era, the source of funding for state welfare arrangements fell upon the lower and middle income groups, even though most welfare payouts were subsequently redistributed to these same groups. The aim of welfare was to smooth out the functioning of the private economy, thus supporting the view of Tulloch (1983) that the real beneficiaries of welfare were, in fact, the ruling classes.

Prior to Australian Commonwealth Government involvement in the provision of social welfare services, the Australian state of New South Wales was only the third jurisdiction in the world, following Denmark and New Zealand, to introduce a non-contributory aged pension scheme in September 1900. Governments in other states of Australia considered the introduction of such arrangements but in 1909 a Federal scheme under the *Invalid and Old-Age Pension Act 1908* was introduced which superseded all existing state-based schemes. This scheme was funded from consolidated revenue, not from contributions of recipients. In 1912, a maternity payment to new mothers was also added (DSS, 1991). After this however, little was done to reform welfare in Australia until the 1940s.
Prior to 1941, welfare payments were made by the Department of Treasury through the Commissioner of Pensions. The Department of Social Services was created in 1939 as a policy advisory group, but was given power to assume welfare delivery functions in 1941 (DSS, 1997). The Joint Committee on Social Security (1941, 1942a, 1942b, 1942c, 1942d, 1943, 1944, 1945, 1946) was also created the same year (1941) for the purpose of investigating ways to improve living standards and to redress any anomalies that existed with the prevailing legislative arrangements. The Committee recommended the inclusion of a widow’s pension and benefits for the unemployed. An endowment scheme for children (after the first child) was subsequently introduced under the Child Endowment Act 1941 and not subject to any form of means testing (Department of Family and Community Services, 2001). These initiatives were some of the final actions of the first Menzies Government, which had a tenuous hold on power which it ultimately lost in 1942 (Carney & Hanks, 1994).

The Curtin Government began welfare reform when it took office in 1942. This included the actual introduction of a widow’s pension (superseding the NSW pension) under the Widows’ Pensions Act 1942. This had been Australian Labor Party policy since 1915 (Department of Family and Community Services, 2001). This pension was a flat rate means tested benefit and was payable to widows, deserted or divorced women, or those whose husbands were incarcerated. The Government also developed a series of other welfare entitlements in 1943, including funeral benefits and maternity allowances. Reciprocal arrangements with New Zealand were also introduced in 1943 (DSS, 1991).

The welfare system was expanded in 1945, with unemployment and sickness benefits being formally introduced under the Unemployment and Sickness Benefits Act 1944. These were also flat rate means tested arrangements, and were paid out of consolidated revenue. The expansion of federal welfare was facilitated by the Commonwealth takeover of income tax responsibilities in 1942. While this consolidation was done primarily to fund the war effort, it also enabled the Commonwealth Government to expand its role in social security. In 1945, the Commonwealth Government also established a National Welfare fund to finance welfare payments through income tax receipts, although this fund was abolished in
1950 because it provided no meaningful advantages over merely drawing the funds from consolidated revenue (DSS, 1991).

By 1946, doubts were raised over the constitutional ability of the Commonwealth to make cash payments. As a result, a referendum was held for the purpose of specifically granting the appropriate powers to the Commonwealth. The referendum was successful and in 1947 all of the separate acts that addressed various welfare entitlements were consolidated into a single Social Services Act 1947. The consolidated act removed disqualification criteria aimed at “Aliens and overseas born Asiatics” (DSS, 1991, p. 203), renamed the Old-Age pension the Age pension (Department of Family and Community Services, 2001) but did nothing for Aboriginal Australians who only became entitled to welfare in 1960. According to Carney and Hanks (1994), this consolidated act was one of the main legacies of the Curtin/Chifley Labor Governments which lost office in 1949.

In terms of the administration of the DSS, at the time of taking over welfare delivery functions in 1941 there were less than 300 staff distributed throughout the nation, with the Director General and Commissioner of Pensions based in Canberra. There were also offices in each state capital, headed by a Deputy Director General, and a regional office in Newcastle, NSW. Administrative methods at the time of the establishment of the Department remained as they had in the 1920s. The assessment, payment and review of claims were carried out by the state offices located in each capital city, files were stored in large registries, and all procedures were performed manually. Payments themselves were received by beneficiaries in cash at post offices upon the presentation of a pensioner card, with payments forwarded from state general post offices to regional post offices (DSS, 1991).

The workloads for staff processing applications in the 1940s were large, with the child endowment scheme being the primary reason for long working hours. Also contributing to the excessive workloads were air raid drills and the loss of experienced staff to military service. The consolidation of legislation in 1947 and the use of manual methods also caused considerable workload pressures. A coalminers strike in 1949 led to a vast increase in the number of unemployment benefit applications requiring
processing and necessitated significant overtime hours for staff. Prior to this occurrence, unemployment benefits were seldom processed given the low unemployment rate. Attempts at dealing with workload difficulties included the Department’s move to a system of payment by cheque and direct deposits into bank accounts in the early 1940s. These reforms were viewed as efficiency measures (DSS, 1991).

The first regional offices (aside from Newcastle) of the DSS were established in 1948, with 17 set up in all states except for Western Australia. These offices were very small, run by only a handful of staff, were accommodated in modest premises and constituted outposts of the relevant state offices. Working conditions in the 1940s were described as formal and disciplined, with mandated dress requirements, heavy supervision, and fixed working hours. Relationships between staff and management were also formal and the parliamentary process was viewed as being remote from everyday staff. Accommodation arrangements for staff were described as being inadequate, with office space being interspersed with private shops, basements and whatever other space could be sought and utilised. Climate in the work spaces was uncomfortable, desks were often made out of improvised materials such as packing boxes, and stationary was heavily rationed. These measures were all part of the war time ethos of austerity (DSS, 1991).

In 1944, a social research bureau was established. It had two roles: introducing modern and efficient work practices; and performing social research aimed at examining and evaluating the welfare practices of the Commonwealth. The Social Services Journal was first published in 1948 and published articles, often anonymously authored, which dealt with various aspects of social welfare, including social problems and issues concerned with various benefits offered by the Department (DSS, 1991).

6.3 The 1950s and 1960s
Policy developments settled down after the Social Services Consolidation Act 1947, with no further substantive legislative developments aside from the introduction of the Commonwealth Scholarships for Tertiary Education in 1951 (later changed to the Tertiary Education Assistance Scheme in 1973 and AUSTUDY in 1986), the Sheltered
Employment Allowance in 1967 (this benefit was later subsumed into the Disability Support Pension in 1991) and the agreement between the Commonwealth and states to share responsibly for helping mothers of families without a breadwinner under the *States Grants (Deserted Wives) Act, 1967* (Department of Family and Community Services, 2001). Aside from these schemes, change was limited to adjustments to rates and conditions. The Menzies Government preferred a quieter, technical approach to welfare changes, characterised by gradual liberalisation of many entitlement criteria. Research activity also died down in the 1950s, with most of the research arm’s activities devoted to looking at overseas trends in welfare. Developments that did occur in this era included the creation of a reciprocal arrangement with the United Kingdom in 1953 and the granting of eligibility for all benefits provided by the DSS to Aboriginal people in 1960 (Carney & Hanks, 1994).

In relation to technological developments, punch card machines were introduced during the 1950s. Prior to the introduction of these machines, stencil machines had been used in the late 1940s, but applications and other procedures still required considerable manual processing. The cards were first used for the child endowment scheme, but were soon expanded to aid in other functions. Electric accounting machines were introduced in 1952, and cheque enveloping machines were introduced in 1954. The latter were able to fold, envelope and seal 6,000 cheques per hour. By way of contrast, the best a human could achieve was around 2,000 per day. By 1960, moves away from punch card machines and toward computerisation were underway, and throughout the decade computerised cheque machines were introduced into each state office (aside from the Tasmanian office). By 1969, traditional payment via post offices ceased completely (DSS, 1991; 1997).

Regional offices were expanded in the 1960s with the devolution of responsibility for child endowment and maternity allowances to the regional offices beginning in 1962. Regional staff were required to travel to places where there was no Departmental office, with interviews often performed in court houses. There was also widespread use of agents of the Department including people such as council clerks. At this time, people living in capital cities were required to travel to their relevant state office if they needed to visit the Department. Conditions for employees and clients of the
Department at regional offices were considered rudimentary during the 1950s and 1960s. The first office (aside from the NSW state office) set up in Sydney was housed in an exhibition pavilion at the Sydney Showground. The headquarters of other state offices were also less than ideal, with the original Tasmanian state office being originally constructed in 1820 and was only moved to new premises in 1970. By the end of the 1960s there were fifty offices nationwide and standards of accommodation were said to be improving, with air-conditioning being commonplace (DSS, 1991).

An area of great focus for the DSS during the 1950s and 1960s was efficiency of operations. The production of statistical reports produced by the DSS covering control, staffing, organisational methods and internal audit was aided by the introduction of punch card facilities from 1954. Reports were not intended for distribution outside the DSS, with the sensitivity of the information being seen as the reason for the reluctance to release the information. Further, no attempt at analysis of the Department’s broader role was made using the information contained in these reports (DSS, 1991).

Staff training was also occurring during the 1950s and 1960s and initially concerned etiquette and manners in 1952, but later moved onto technical elements related to benefits and pensions, as revealed in the reports of the 1960s (DSS, 1991). Finally, the central office of the DSS was moved from Melbourne to the national capital of Canberra in 1964, although high staff turnover in the new central office was a complaint at the time (DSS, 1991).

6.4 The 1970s

Welfare entitlements were expanded during the 1970s with a number of additional benefits introduced. This broader base of welfare support was the result of the election of the Whitlam Government in 1972, as well as the policies of the Labor party prior to their election to Government and the pressure these placed on the conservative parties, even though John Gorton (of the Liberal Party) was said to have had a genuine interest in welfare reform, especially in relation to issues of social mobility and post war migration (Carney & Hanks, 1994). Central office in Canberra moved premises in 1971, alleviating the accommodation difficulties there (DSS, 1991). The DSS also changed its name following a restructure in 1972 and amalgamation with
the Health Insurance and Benefits Division of the Department of Health. The new name was the Department of Social Security (DSS, 1997).

Expansions to welfare instigated by the Whitlam Government included the Supporting Mothers Benefit (later subsumed into the Sole Parents Pension in 1989 and then the Parenting Payment in 1998) and the Handicapped Child Allowance in 1973. Certain eligibility criteria were also relaxed for the Age Pension. The requirement that payments only be made to people of good character was formally removed from the legislation in 1974, although it had not been enforced for some time. To illustrate the expansion of welfare, at the start of the 1970s outlays on welfare came to $972 million. By 1980 outlays amounted to $7 billion. Also, the number of individual beneficiaries increased some 60% with more than four million Australians receiving benefits (DSS, 1991). Even though there was a major expansion of welfare during the 1970s, Carney and Hanks (1994) argued that the goals of the Whitlam Government were far more expansive when compared to what was ultimately achieved and included plans for a universal income scheme and a universal accident and sickness scheme. The introduction of the Wife Pension also occurred in 1972. (Department of Family and Community Services, 2001).

The expansion of welfare, combined with increasing unemployment and subsequent increases in unemployment benefits, was claimed as contributing to workload difficulties and administrative challenges for the DSS. Manual cheques were still used to pay unemployment benefits, and when the unemployment rate began to rise, long queues and demonstrations by clients resulted. In some cases, caravans were stationed outside offices to deal with the increased work load (DSS, 1991).

Decentralisation was a major aspect of reform to the DSS in the 1970s, with 1973-74 being the year when the most new offices were opened nationwide since the 1940s. By 1979, 140 regional offices were in operation. The PSB and DSS outlined management structures for the regional offices and all routine processing was devolved to them. The DSS also set up an internal advisory council in 1973 as a means for providing the Minister with a range of views from interested groups about welfare related issues. Parties involved in these consultations ranged from welfare groups to
ministerial level committees and clerical officers associations (DSS, 1991). There were also a number of broader developments in social welfare during the 1970s including the Henderson Commission of Inquiry into Poverty (1972-1976), which was not formally adopted by the Government but which was said by Hercovich and Stanton (2008) to influence policy development thereafter.

Reform of welfare then slowed considerably with the election of the Fraser Government in 1975, to what has been described as a state of “modest incrementalism” (Carney & Hanks, 1994, p. 43). Reforms of welfare were limited to completion of the previous government’s reforms, liberalisation of some means tests, automatic increases to pension rates in 1976 and expansion of the Handicapped Child Allowance. Other reforms included extending the Supporting Mothers Benefit to supporting fathers, increasing the burden for qualification of entitlement to unemployment benefits and paying Aboriginal communities sums equivalent to their combined entitlement to income support (Department of Family and Community Services, 2001). Essentially, the Fraser era represented a minimalist extension of the Whitlam government’s policies, with the priorities being the handicapped, children and sole parents (Carney & Hanks, 1994).

By the end of 1979 mass computerisation of the DSS’s activities was taking place, with 95% of offices being fitted with computerised communication links with magnetic tape used to record and store client information. Word processing was also implemented in 1979. Computerisation reduced the processing time for clients, especially if they moved to a different location. Computerisation also made it much easier for the DSS to change eligibility criteria and benefit rates (DSS, 1991).

While the DSS in 1970 was conducting reviews of methods and organisation, by the end of the decade the efficiency of systems, with a particular focus on planning, became the main concern. A branch in central office was set up to deal specifically with processing problems that were said to be hampering efficiency. Further entitlement reviews were organised in 1978 for the purpose of examining systems and procedures within the DSS. Resources were then made available to change procedures, such as those concerning pensions and unemployment benefits. Identification of fraud
and incorrect benefits was also an area of concern during this time, and cheque fraud was a particular problem. The DSS was apparently concerned about maintaining a balance between the control of public expenditure and the rights of individual citizens. Recovery of overpayments was a further issue which began to come to the fore in the late 1970s (DSS, 1991).

There were numerous other developments during the 1970s. These included the integration of social and welfare workers into the DSS for the purpose of assisting with public contact and for building links with other welfare agencies and the broader community. An Aboriginal Unit was also established in 1978, as was an Ethnic Liaison Officer in 1979. Multilingual staff were identified and used to enhance contact with clients. The Social Security Appeals Tribunal was introduced in 1975. Prior to this there had not been an appeals mechanism for those who had been unsuccessful in making claims for benefits, aside from direct appeals to the DSS Director General. The DSS also made contributions to Government policy development in areas such as poverty, superannuation, rehabilitation, unemployment and income security, and made submissions to and gave evidence at the Senate Standing Committee on Social Welfare (1979). Much of the evidence provided to this Senate committee concerned how the DSS evaluated its services via statistical and other monitoring activities. Finally, interest in social welfare debate was renewed with the publication of Social Security Quarterly and Social Security Journal. These publications were aimed not just at people within the DSS but also the wider community. The journals encouraged debate and provided information on welfare related topics (DSS, 1991).

6.5 The 1980s

Administrative reform was a major feature of the DSS, and of other Australian public sector organisations during the 1980s. Reforms included the implementation of the FMIP, devolution of power away from state offices and the PSB to area and regional offices, and the implementation an automated data processing system called STRATPLAN. The key reforms during the 1980s were largely due to the election of the Hawke Government in 1983 (and again in 1984, 1987, and 1990), which was of the view that welfare ought to be needs-based. At this time, the Labor Party was dominant
nationwide (with most state governments also formed by the Labor Party), there was a prices and incomes accord with the union movement, and there was a need for increased fiscal prudence given the budgetary situation throughout the 80s. In consequence, the Government took the opportunity to “transform the Australian welfare state” (Carney & Hanks, 1994, p. 44) by aligning income, welfare and labour market programs, as well as social and economic policy.

The Hawke Government reintroduced a number of assets tests as part of its needs-based focus and its wish to rein-in the budget deficit which was, in part, the result of the expansion of programs that had occurred during the Whitlam era (for example, assets tests were returned to pensions in March 1985). Meanwhile, the real value of pensions were increased, as well as benefits to people such as those in poverty, children of pensioners, sole parents, renters, long term unemployed, and recipients of sickness benefits (Carney & Hanks, 1994). The Hawke Government also introduced the Spouse Carer Pension in 1983, which later evolved to the Carer Payment in 1997 (Department of Family and Community Services, 2001).

Prior to the election of the Hawke Government, the DSS received new responsibilities in 1981 with the introduction of Health Care Cards. The DSS was responsible for both the enforcement of eligibility criteria and the issue of these cards. The DSS also took charge of unemployment benefit forms which had been the responsibility of the CES.

Other major changes to DSS policy in the 1980s included:

- Achieving the goal of aligning the pension to 25% of average weekly earnings;
- Tightening some income and assets tests, and liberalising others based on need;
- Moving towards the eventual removal of age pensioners from the tax system;
- Promotion of superannuation and other methods of self-funded retirement for the aged;
- Increases to rent assistance to low income families and the unemployed;
- Increases to family assistance payments;
- Greater assistance to the unemployed in moving to work; and,
- Increased support for children.

There was a more intense focus on the use of statistical information in the 1980s, including internally generated information as well as that produced by the Australian
Bureau of Statistics (ABS). This move contributed towards many of the changes listed immediately above (DSS, 1991).

STRATPLAN was an automated data processing program for all of the DSS’s activities and included Department-wide implementation of word processing, email, and networking of all locations. The DSS set up its own computer system for STRATPLAN, whereas previously it had been using the Commonwealth Scientific and Industrial Research Organisation’s (CSIRO) facilities. Mainframes and minicomputers were set up in the state offices with the regional offices receiving microcomputers. There were four main functions of the shift to computerisation: enabling staff to look up client details; giving staff access to online instructions; word processing; and online updating of customer details. The computerised connection of all offices was completed in 1989-90. The changes were claimed to positively affect staff accommodation, training and occupational health and safety. The changes were also said to improve client service, privacy, accuracy and efficiency of service. Computers were also being used for managerial decision making, which was increasingly coming into focus given the devolution of responsibility (for example, in relation to human resources and financial management) that was part of the broader APS administrative reform process (DSS, 1991, 1997). Also, rehabilitation and welfare subsidies were removed from the DSS’s responsibilities in 1984, meaning that the DSS able to focus more on income maintenance services (DSS, 1991).

Throughout the 1980s there were other changes to portfolio responsibilities. Much of this change was due to the Cass (1988) review of social security in Australia, which was established in 1986 (Herscovitch & Stanton, 2008). The review examined income support and security for families with children, the labour force, the aged and the disabled. Issues of equity, simplicity, and transition to work were also addressed. Six issues papers were produced that provided options for reform and were the subject of community consultation. The Cass (1988) review was alleged to result in better linking of the social security system with the tax, labour market and economic policies of the Government. The major changes to policy and procedures that came out of the Cass (1988) review flowed into the 1986-87 National Budget and the 1987 May Economic Statement, and reform remained a major theme for the remainder of the 1980s.
In 1988, the Government took the view that the four aspects of social justice (equity, equality, access, and participation) should be factored in when welfare programs were either implemented or changed. The Department also took on an increased role in ensuring welfare recipients participated both socially and economically, while also improving access for indigenous Australians and non-English speakers. Managers of the DSS also contributed to wider community debates about social welfare and kept in close contact with other social research centres, such as those at Australian universities and overseas. The Government also took advice from a number of consultative bodies (such as the Social Services Advisory Council) concerning changing welfare needs based on economic and social changes. (DSS, 1991).

As part of public relations activities, during the 1980s the DSS introduced a newspaper for age pensioners, as well as various other methods of disseminating information including television advertisements, mail outs, letterbox drops and seminars. Market research was performed in order to identify the most effective ways to distribute information, and forms were evaluated to ensure they were written in plain English. The House of Representatives Standing Committee on Community Affairs (1989) presented its report entitled *Fairness, Courtesy and Efficiency*. This report provided a number of recommendations about public relations, including the introduction of a telephone hotline, improvements to waiting areas, and increased outreach from regional offices (DSS, 1991).

The key issue of administrative reform of the 1980s began in 1983 when central office established a performance monitoring branch for the purpose of identifying and solving problems and hence providing directives for the DSS on a national basis. Internal audits also contributed to improved administration. There was a focus on improved efficiency, in particular decreasing the incidence of incorrect payments. There was also a move towards direct deposit as the main method of delivering payments to nearly all clients and increased compliance activities were required of recipients of unemployment benefits. More rigorous proof of identity procedures was also introduced. In relation to the reduction of fraud, the DSS submitted a fraud reduction plan to the Government’s Fraud Control Committee in 1988. This plan
included a comprehensive review of entitlements by regional office and area office\textsuperscript{18} staff. Reviews included enquiries by mail, interviews and home visits, while computers were increasingly used to target high risk clients. The DSS aimed to follow-up debts quickly, with area offices having prime responsibility. Tax file numbers became a precondition for payment for the purpose of increased monitoring of payments and reducing fraud (DSS, 1991; Carney & Hanks, 1994).

The Government's FMIP had a major impact on the DSS. It required all Commonwealth departments to manage for results, to implement corporate plans, and to abide by program budgets. During the 1985-86 period, corporate planning methodology was introduced to all levels of management, along with requirements to develop corporate goals and establish an interim charter. Portfolio program statements were also implemented in 1986-87, which included program objectives, with program budgeting introduced in 1987-88. The budgetary changes involved alterations to legislation, systems, data collection, training, and procedures, and this process was co-ordinated by a steering group that operated out of Canberra. Prior to the changes, suggestions were also requested from staff. An administrative reform seminar was held in 1987 for the purpose of setting the objectives and directions of the DSS to 1990 (DSS, 1991).

The new program structure was introduced in 1989 and was based around the differing needs of each of the Department's clients groups in areas such as pensions, benefits, and allowances. Detailed information on the performance of each program was made available for the scrutiny of the Senate's Estimates Committee. Program plans were organised in 1990 and these outlined various issues facing each program and strategies to deal with them. A DSS strategic plan was also created and this focused on the longer term vision of the DSS as far forward as 2000. The corporate direction of the DSS was documented in a publication called Corporate Direction, Into the 90s (DSS, 1989) which contained the purpose, aims and priorities of the DSS. These aims were developed by staff at all levels of management within the DSS and dealt with matters such as customer and staff support, innovation, and accountability.

\textsuperscript{18} After a reorganisation in 1987, the DSS in 1988 was comprised of a central (renamed 'National') office in Canberra, a series of area offices and a network of regional offices. State offices ceased to exist in 1988 with their functions devolved to area offices. New South Wales, for example, had 7 area offices and 40 regional offices in 1988.
Program management groups were set up to deal with the management of each of the DSS's current five programs. The Government required each portfolio to provide evaluation plans outlining all of the reviews and evaluations that were to be undertaken. The first of these, in 1988, addressed the major changes to Government welfare policy. Also, in response to this Government requirement, the DSS established an evaluation branch and an evaluation planning committee in November 1988 (DSS, 1991).

Another reform included the introduction of the Performance Related Information System for Managers to help managers assess regional offices. Regional offices were evaluated in relation to correctness of procedure through a quality assurance program, as well as via the Performance and Accountability Improvement Report which was implanted to provide enhanced support to regional offices through area offices. In 1986, the Government created the Government Efficiency Scrutiny Unit which resulted in various changes to the functions of the DSS, including devolution of training functions and management of records. An automated data processing audit section was created in the early 1980s, charged with creating and implementing internal controls. By the end of the 1980s, all DSS programs were being reviewed on a three year rolling basis (DSS, 1991).

Other developments included the introduction of the Freedom of Information Act 1982. Most often, requests for information were made by clients wanting to view their own information. The DSS also had to abide by the Privacy Act 1989, although many provisions of this act were already covered by the Social Service Act 1947. Changes were also made to the appeals process during the 1980s, with the Administrative Appeals Tribunal made an option for appeal. International agreements in relation to shared responsibility for people who spent their time between countries were set up during the 1980s, with examples of countries where arrangements were established including Canada, Spain, Malta, and Ireland. A comprehensive review of the Social Services Act of 1947 was made in 1991 to convert the old act into a clearer form of English expression. There was also a restructure of DSS management committees in 1987, with a corporate management committee being set up to look after high level strategic planning for the DSS. In 1987, a review of the role of area offices was
performed. The outcome of this review represented the final stage of devolution of authority away from state offices to area offices and ended the occupation of large office spaces in state capital central business districts. A new model for staffing regional offices was settled upon in 1985 after a period of industrial disputation (DSS, 1991).

Also in relation to staffing, the Government created the Department of Community Services in 1984 and this resulted in the movement of 1700 staff members to the new Department. At the same time, the Head of the DSS’s title was changed from Director General to Secretary, and central office became known as national office (with a new national office headquarters at Tuggeranong, Australian Capital Territory (ACT) developed in the early 1990s). In 1984-85, staff ceilings were removed and were instead replaced with a policy of human resource budgeting. This new development was thought to provide a better matching between staffing decisions and financial decisions. The program budgeting reforms of 1987-88 also meant that much financial responsibility for human resources was devolved to line managers. The greater level of financial flexibility came from the introduction of the running costs system (and other reforms) during 1989-90. Many responsibilities of the now disbanded Public Service Board were devolved to the DSS in 1987-88. The Public Service Act required an industrial democracy plan which resulted in the formation of an internal committee, including members of management and the relevant union, to deal with matters of equal employment opportunities, occupational health and safety, technological change and regional staffing (DSS, 1991).

Finally, an internal consultative committee on equal opportunity for women was established in 1983-84 and the promotion of equal opportunity was stated as one of the DSS’s corporate goals. This followed earlier developments in relation to equal opportunities for women, such as the removal of promotional barriers in 1947, the removal of the marriage restriction in 1966 (which required married women to resign), and the granting of equal pay in 1972. Prior to this, women working within the Department were paid 75% of that of a male counterpart (DSS, 1991).
**6.6 The 1990s**

The 1990s continued the process of reforms introduced in the 1980s, culminating in the eventual creation of a new service delivery agency and the end of direct service delivery by the DSS.

By 1991, the DSS was providing benefits to over 5 million Australians. This equated to about $24 billion in social welfare costs, accounting for around 25% of total Commonwealth Government expenditure. In 1993, the Department employed 23,000 staff at 300 offices throughout the nation. A key theme of the changes to the operations of the DSS during the 1990s was a stated aim to maintain a balance between care for clients and accountability to the taxpayer for expenditure (DSS, 1993).

Reforms during the early part of the 1990s were aimed at moving the unemployed into the workforce by providing bonuses for securing jobs or through training subsidies. These programs were somewhat undermined, however, by the high unemployment rate at the time, which peaked at 11% in 1992 (Herscovitch & Stanton, 2008). This rate of unemployment increased the number of people on unemployment benefits from 257,000 in 1990 to 676,000 in 1991 (DSS, 1991, p. 107). Unemployment Benefit itself was replaced at this time by the Job Search Allowance for the first 12 months and then by Newstart Allowance afterwards (ultimately in 1996 Job Search Allowance and Newstart Allowance were merged). Gender equity and rationalisation was another key focus in 1993, with the creation of a universal family allowance payment which went to the mother (Carney & Hanks, 1994).

During 1993, there was a reorganisation of DSS national administration to provide for a greater focus on the DSS’s programs, enhance its control activities, allow for the formation of a new corporate services division, and provide for better liaison between national office and the DSS's area offices. Other changes during 1993 included the liberalisation of benefits for pensioners via the removal of particular assets and income tests, additional assistance to sole parents, simplification of income support arrangements for the unemployed, and rationalisation of family payments. There were improvements to client service through the creation of teleservice centres, the
introduction of performance standards for client service, and co-operative service agreements with other Commonwealth Government departments were signed. Changes to staff training and international agreements also occurred in 1993. By 1994, teleservice centres were taking 14 million phone calls (DSS, 1993).

Publication of performance information against previously set standards was continued in 1993-94 and a survey of both client and staff satisfaction was performed in the same period. 95% of staff members were satisfied with service levels, while 76% of staff were said to be satisfied with their jobs. Customer surveys were commonplace throughout the rest of the 1990s (DSS, 1994).

In May 1994, the Government released the *Working Nation: White Paper on Employment and Growth* (Commonwealth of Australia, 1994a) which was aimed at reforming the welfare system in relation to the unemployed. Issues dealt with in the paper included the growth of part-time work and overall workforce participation by women. One practical outcome of this paper was a lifting of the pension age for women from 60 to 65 as this reflected the change of women from being largely dependent within families to being key contributors to household income (DSS, 1994). Also during 1994 was the introduction of the Mature Age Allowance and the Mature Age Partner Allowance. This payment was made to people who were over 60 years of age and who had been unemployed for 12 months or more (Department of Family and Community Services, 2001).

In 1995, a 10 year strategic plan was compiled by the DSS, replacing the earlier 1990-2000 plan. The new plan included a DSS charter which focused on issues of equity; integrity; support and pride; consultation and cooperation and efficiency and effectiveness. The plan also outlined the methods through which performance of the Department was to be measured. A continuous improvement program was implemented the same year and improvements to computer infrastructure also took place (DSS, 1995).

By 1996, the Department employed 20,149 staff and its structure comprised a national office in Canberra, 19 area offices and a network of regional offices.
The story of the DSS’s service delivery role ended in 1997 after the election of the Howard Government in 1996. The incoming Government’s approach to welfare reform involved the decision to create a new service delivery agency and, therefore, to take this responsibility away from the DSS. This meant the effective splitting of the Department, with 20,000 staff going to the new agency (Centrelink), and resulted in a move away from a program-based structure towards a cross-program arrangement. By 1998, the DSS had ceased to directly deliver services to the public and had become solely focused on the development of policy. This change was considered the greatest reform to welfare delivery in Australia since the DSS was created in 1941 (DSS, 1998).

6.7 Summary
The Department of Social Services/Security began in 1939 in a policy advisory role and returned to this role in 1998. In the years 1941-1997 however, the DSS provided direct services to the welfare recipients of Australia. Welfare measures as provided by the Commonwealth Government essentially began as a means of softening the harsh realities of wartime. While there was some growth to the number of available welfare benefits and services in the immediate post-war years, relatively little changed during the 1950s and 1960s. It was only during the 1970s with the election of the Whitlam Government that welfare in Australia was once again the subject of substantial reforms and expansion, which reflected the changing nature of Australian society at the time. The subsequent Fraser Government (1975-1983), while not unwinding any of the major reforms, did not pursue any major changes either. The Hawke and Keating Labor Governments (1983-1996) did pursue major reforms, with a strong focus on needs-based welfare and alignment of welfare policies with broader economic and social policies, including a focus on the need to bring down government spending while maintaining the real value of benefits delivered to those most in need. Administrative reform was also a hallmark of the Hawke-Keating years with financial management, strategy, budgeting and efficiency all being key matters of focus. While administrative reform had occurred previously, it had not been anywhere near the same extent. By 1997, following the election of the Howard Government in 1996, the perceived need to continue the reform process led to the decision to take direct service delivery away
from the DSS and to give it to a new statutory agency (Centrelink), which operated under a purchaser-provider framework.

Chapter 7 answers the first research question by presenting a narrative of how the annual reports have changed.
7. How the form and content of the annual reports of this Australian Commonwealth Department of Social Services (1941-1972) and the Commonwealth Department of Social Security (1972-1998) changed over the period 1941-1998.

7.1 Introduction

The thesis will now present a narrative describing how the reports of the DSS changed between 1942 and 1998. This chapter is divided into three year groups: 1942-72; 1973-1986 and 1987-1998. For each group of reports, the narrative describes the layout (the key building blocks of the reports), the visual elements of content and the important themes. At the end of each section a analysis is provided of how each group of reports compares with the groups that preceded it.

7.2 1942-1972

This group of thirty reports has been divided into three subgroups. This distinction was made broadly along the basis of layout, length, themes and use of visual content as given in table 7.1. Table 7.1 (along with tables 7.2 and 7.3) provides a basic outline of the essential building blocks of the annual reports

Table 7.1 – Key reporting developments 1942-1972

<table>
<thead>
<tr>
<th>Year</th>
<th>Length (pages)</th>
<th>Financial and allied quantitative information (pages)</th>
<th>Photos</th>
<th>Graphs and charts</th>
<th>Maps</th>
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</tr>
</tbody>
</table>
Within this first group of thirty reports, the first six could be categorised into a subgroup. This is because the key elements outlined above essentially remained the consistent throughout, as did the length of each report, which ranged in length between 13 A4 pages (in 1945) and 19 A4 pages (in 1943).

7.2.1 1942-1947

In relation to layout, each of the first six reports contained sections on each of the benefits provided by the DSS. This was then followed by a sections titled ‘General’ and ‘Staff’. Statistical tables addressing each of the benefits provided by the DSS were then provided at the end of each report. These tables provided cash accounting information concerning historical expenditures for each benefit as well as state and demographic breakdowns. There are also ‘Statements of Claims Paid and Rejected’ for each benefit.
7.2.1.2 Themes

Eligibility Criteria

In terms of themes prevalent within the reports for the first six years, the sections addressing each benefit merely provided descriptions of changes to eligibility criteria (under a heading titled ‘Amending Legislation’ or simply ‘Legislation’) and commentary on the statistical information (under a heading called ‘Statistics’). For example in the first annual report the Amending Legislation section for the maternity allowance said:

“During the year the Maternity Allowance Act was amended to include aboriginal natives of Australia and to exclude from consideration as income moneys earned by a married or widowed claimant from personal exertion prior to her marriage.”

(DSS, 1942, p. 2)

This eligibility criteria theme was the most preponderant in this first group (1942-1972). The 1942 report was unique in that it contained information on the establishment of the DSS, as well as a short description of the hierarchical structure of the DSS.

Committees, international relations and World War II

The early reports also dealt with a varied set of themes under a section titled ‘General’. The 1942 report referred to “valuable inquiries” made by the Joint Committee on Social Security (p. 8). The 1943, 1946 and 1947 reports each addressed international relations with New Zealand and Canada, including reciprocal arrangements and visits by officials to and from each nation. In 1944 reference was made to the assistance the DSS was making to those suffering from the effects of war (under a sub-section referred to as the ‘Civil Constructional Corps Compensation’).

Resourcing and workloads

Financial matters were addressed in the early reports. The 1946 report, for example noted the sum of payments made by the DSS. Other resourcing matters were dealt with in a section headed ‘Staff’ and were often critical of the resourcing provided to the Department. In 1942 reference was made to the “man power” (p. 8) problem
created by World War II, however the “loyal co-operation and efficient work of staff” (p.8) was mentioned in 1942 and again in 1943 and 1944. By 1945 workload related issues were said to have eased with the conclusion of World War II, but they were then noted to remain difficult due to the increasing array of benefits being provided by the DSS. There was no mention of resourcing issues in 1946, but workload and resourcing difficulties were again raised in 1947.

7.2.2 1948-1966

The decision to make a sub-category of the following 18 reports was done principally on the basis of increasing length and the inclusion of images.

7.2.2.1 Layout

The reports between 1948 and 1966 retained essentially the same format, with the body of the report being comprised of sections addressing each of the benefits provided by the DSS. The length of the reports varied little over this time, with the shortest report being from 1948 with 25 pages, and the longest being from 1951, 1964 and 1966 (both with 35 pages) and with all other reports falling within this range. The sections on each benefit continued be the major component of content and addressed the amendments to legislation as well as commentary on the statistical information which was contained at the end of each report. The statistical information presented in these reports was also little changed with a typical report (for example, 1966, pp. 26-35) providing tables on summaries of overall Departmental expenditure, state by state disaggregation of expenditure and specific details on expenditures for each benefit. The 1960 report was the first to provide an introduction (p.3). This introduction actually states that the report “outlines the changes in legislative provisions and indicates the trends revealed in the year’s statistics” (1960, p. 3). This quote essentially sums up the content of the reports between 1942 and 1972 (and even as late as 1986).

7.2.2.2 Themes

Thematically, the reports from 1948-1966 contained very little by way of significant variation from their earlier counterparts. The predominant component of the reports continued to be descriptions of changes to eligibility criteria as well as commentaries
on the statistical information provided at the ends of each report. Thematically, liberalisation and efficiency tended to be most prominent, although other themes also emerged and there were numerous instances where the Director General lamented particular matters such as resource constraints concerning the standards of accommodation and staffing. There were also some nuances to specific reports.

Ethos of welfare
A key theme at the beginning of the 1948 report was a discussion of the underlying ethos of welfare in Australia. The author of the report (the Director General: F.H. Rowe) made the point that:

“All enlightened communities accept the responsibility of providing collective security against the major hazards of life. The fact that a specific social services contribution is now payable has helped to remove from people’s minds any association of benefits with charity.”

(DSS, 1948, p. 3)

This theme pertained to the increasing perception of welfare in Australia as being something people were entitled to, as opposed to a form of state sponsored charity. The 1951 report also contained several important themes relating to the ethos of the Department (as a result of the 10 year anniversary). Once again, the distinction between entitlement and charity was stressed.

Entitlement criteria and liberalisation
Descriptions of eligibility criteria, legislative changes and gradual liberalisation continued to form the bulk of the annual reports in this group. In relation to liberalisations, in 1951 legislative changes were described in the following terms:

“The provisions of the Act fall into two classifications – those which increase pension rates and those which liberalize the means test or give benefits over a wider field than formerly.”

(DSS, 1951, p. 4)
The 1953 report continued the theme of liberalisation of benefits through the discussion of legislative amendments (pp. 4-6).

The expansion of services, including the importance of the role of trained social workers in dealing with clients in difficult and sensitive circumstances, was also a prevalent theme in 1948 (p. 13) and onwards (for example, each report from 1949-1966 contained descriptions of the functions of welfare workers). Another prevalent theme was rehabilitation, principally for returned serviceman (1948, p. 14). Rehabilitation functions were also described at length in each report from 1949-66. These discussions were essentially technical descriptions of the functions performed by the Department.

Efficient Administration

Efficient administration was a key theme throughout the second subset of reports and it was dealt with principally by way of descriptive narrative. The introduction of the Social Services Consolidation Act 1947 was a key theme from 1948 report. The discussion of the implementation of this act demonstrated a theme of streamlined services, simplified reciprocal arrangements with other nations and decentralisation to regional offices. These matters were all discussed in further detail in subsequent reports. For example, the 1950 report contained a discussion of simplification of child endowment and maternity allowance forms (1950, p. 8). The 1950 report also provided descriptions of the organisational structure of the DSS including the roles performed by central, state and regional offices (p. 20).

The report from 1954 continued the simplification/efficiency theme, this time in relation to reciprocal agreements with other countries (p. 21), as did the 1955 report, with reference to the fall in the number of people employed by the DSS, in contrast with the rising number of benefits and clients (1955, p. 22). Statements such as: “Departmental methods and procedures are being examined continuously and improvements were made during the year” with “constant efforts being made to improve efficiency” (1955, p. 21) are indicative rhetorical methods employed to convey this theme. Punch card systems were referred to in 1955 (p. 21) and again in
1956 (p. 17) (and beyond), indicating the role of technology in the theme of efficiency and continual improvement.

Efficiency continued to be highlighted, with reference to automated methods, staff training (p. 21) and reviews of various other methods in the 1958 report which said that “Side by side with the mechanization programme, clerical methods and procedures are being reviewed and many important improvements have been effected” (1958, p. 23).

A theme unique to the 1964 and 1965 reports was the introduction of decimal currency which required “planning for conversion, the effects of which can be grouped under four main headings – office machine, forms and stationery, financial records and procedural instructions” (1964, p. 24). In 1966 this implementation was quoted as being “effected smoothly and with the least inconvenience to the public” (p. 24), once again demonstrating the theme of efficient administration.

Resourcing & Expenditure

While efficient administration was a key theme, the difficulties facing the Department, essentially in terms of increasing workloads and finding capable staff were also addressed, for example in 1948 (p. 10). These difficulties included the pressures brought on by the war in preventing any kind of thorough review of Departmental processes, as well as convincing people to work in the central office, which at that time was in Melbourne. Costs of administration also presented a significant theme, with the 2% increase in administrative costs receiving substantial justification, such as the administrative costs of benefits being higher during the initial years (p. 11). Justifications for increased costs of salaries, and general expenses were also present in the 1950 report (p. 21).

The 1951 report also provided a typical discussion of administrative expenses with justifications for increases. The idiosyncrasies of the cash accounting methods that were used at the time were implicated in this:

“...expenditure may be incurred in one year on items that will be used over a number of years and, if figures are to be presented as costs, then they should
be distributed over a number of years and, if figures are to be presented as costs, then they should be distributed over a period and not presented as being applicable to the particular year in which the expenditure occurred.”

(DSS, 1951, p.20)

The 1957 report was the first in a series of reports to 1966 to provide a specific section on expenditure at the beginning of the report (in the case of 1957 and 1958 on p. 3) with expenditure on administrative costs given specific mention in this section on page 4 (1.51%). The report from 1961 said that “the establishment remained at the minimum level consistent with efficient and humane administration and the need to provide adequate protection for public funds” (1961, p. 19).

In spite of the resource constraints, the Director General did manage to thank staff for their “loyal and efficient service” (1949, p.22; 1950, p.22) with similar remarks made in 1951 (p.23) and again in 1952, despite the imposition of staff ceiling (p. 23). “Loyal and efficient staff” were again mentioned in 1964 (p. 26), while loyalty and efficiency were complimented with “enthusiasm” in 1964 (p. 26).

**Accommodation**

Related to the matter of resourcing, a key theme to emerge in 1949 and continuing in subsequent reports was the state of the accommodation of the DSS. The Director General had no issue with saying that “Lack of sufficient and suitable accommodation has embarrassed the Administration in every state” (1949, p.19). The 1950 report said that “Overcrowding tends to reduce efficiency and increase absences”, that “elderly people, sick people and mothers often accompanied by young children find it difficult to transact business in cheerless, uncomfortable surroundings lacking privacy” (p. 21). In 1951 accommodation was “a matter of concern” (p. 21), in 1952 it was “unsatisfactory” (p. 22), in 1953 it was described as a “difficult problem” (p. 25) and in 1954 it was said to “fall short of reasonable standards” (p. 24). The 1955 report identified improvements to accommodation in Peth, Brisbane, Hobart, Melbourne (p. 23) and Newcastle (p. 24), although in 1956 the term “unsatisfactory” was again used to describe arrangements in “some locations” (p. 17).
The lack of adequate accommodation and the theme of decentralization were intertwined with improvements to regional offices spaces that were said to alleviate congestion in state offices (p. 21) in both 1957 and 1958. Inadequacies were again discussed in 1962 (p. 18), when the office space in Melbourne was said to be “inadequate for the Department’s needs”, and again in 1963, when it was said that “available space is rapidly becoming inadequate” (p 19).

**Surveillance**

The 1959 report provided the first discussion of prosecutions of clients “who resort to deliberate misrepresentation in order to obtain benefits to which they have no entitlement” (p. 17). This theme would grow in importance thereafter, and it added another dimension to the exercise of accountability by the DSS, which to this point had been limited to the presentation of cash tables and descriptions of activities.

**7.2.2.3 Visual content**

The key addition to the reports beginning in 1948 and continuing to 1966 is the inclusion of visual elements of content: charts beginning in 1948, and photographs and maps beginning in 1950. The charts contained in the 1948 report demonstrate the increasing numbers of certain beneficiaries (for example, age pensions) relative to the total population. Similar charts are prevalent throughout the next 17 years (and beyond) and include all manner of linear, pie and bar charts. Linear charts were used to demonstrate growth in expenditures on benefits, pie charts were used to show annual breakdown of Departmental expenditure (for example, 1952, p 19) or composition of welfare recipients by state (for example, 1954, p.23) and bar charts were used (for example, 1948, p.17) to demonstrate the breakdown of total expenditure by the DSS per benefit. Starting in 1965, and more evident in 1966, was a substantial improvement in the visual quality of the charts provided. The maps contained in the 1950 report (and again in 1952, p. 22 & 1964, p. 13) showed the locations of the Department’s various state and regional offices, as well as areas within Australia that were not at that time serviced by a regional office.
There was an array of photographs presented in the annual reports between 1948 and 1966 and these were complementary to the service delivery theme. Rehabilitation (principally of war veterans) had become a major function of the DSS and the images reflected this. These images are principally of recipients of welfare services ranging from retraining to physiotherapy (for example, 1952, p. 15; 1953, p. 19; 1962, p. 12 & 1963, p. 11). The negative comments about accommodation were often juxtaposed with photographs of renovated office space, for example Melbourne office in 1951 (p. 8); Brisbane office in 1952 (p. 22); Sydney office in 1957 (p. 16); unspecified office spaces in 1959 (p. 19) and 1961 (pp. 17-18) and an unspecified regional office, 1957, p. 19). Reflecting the theme of efficiency of administration, images of automated data processing facilities (for example, 1954, pp. 13-14) as well as automated cheques and payment orders (1956, p. 9) were also present in the reports.

Another key subject of photography was Prime Ministers and politicians: Australian Prime Minister Robert Menzies and British Prime Minister Winston Churchill, were photographed signing reciprocal arrangements (1953, p. 18). A similar photograph of Harold MacMillan and Menzies is present in the 1958 report (p. 15) and again in 1963 (p. 12), although this last photograph is only of the relevant welfare ministers, not of the Prime Ministers. Again, these images complemented the references to the reciprocal agreements between the United Kingdom and Australia.

7.2.3 1967-1972
The last sub-group was not selected based on any radical change to reporting, but because the reports adopted a slight change to style, primarily in relation to size and volume (as shown in Table 7.1)

7.2.3.1 Layout
Starting in 1967, the annual reports of the DSS adopted an A5 size form factor, reduced from the earlier A4 style. The length of the reports also began to increase during this time with the 1967 report being 47 pages long, growing to 72 pages in 1969 and 97 pages in 1972, representing an approximate doubling of length over five years.
Two of the six reports in this sub-group also contained images on the front cover. This practice would subsequently become established in later reports.

The layout of this group of six reports was essentially the same throughout. Each report began with an introduction, although in 1970 this section was referred to as the “Director General’s Comment” (p. 1), in 1971 it was referred to as “General” (p. 1) and in 1972 it was called “Retrospect” (p. 1). In each case it provided a concise summary of key issues addressed in the reports. This introductory section was then followed by a section on expenditure in the reports from 1967-69, however this was dropped from the reports of 1970-72. Each report then contained a section on legislative changes, which was essentially typical of the reports since the 1940s. The reports from 1967-70 contained a consolidated section addressing ‘benefits and services’. The reports from 1971 and 1972 separated these sections so as to provide separate sections for the various benefits offered (eg. pensions) and the various services (eg. rehabilitation).

Each report also contained a section concerning ‘Administration’ which dealt with matters of staffing, training, methods, automated data processing, accommodation and finance. The ‘general’ section also remained and was used principally to discuss important staff changes or international conferences attended by the Director General. Each report provided statistical information at the end, which was typically comprised of cash accounting tables reporting on overall expenditure for the year versus previous years, state breakdowns of overall expenditure and each benefit’s expenditure compared with previous years with state and demographic breakdowns. The reports from 1971 and 1972 also provided survey data concerning the “characteristics of pensioners” (DSS, 1972, p. 59).

7.2.3.2 Themes

Thematically, the reports in this sub-group were little changed from the previous sub-groups, or the entire series of reports between 1942 and 1972 as a whole. The key themes included the descriptions of entitlement criteria and services (including the liberalisation of criteria), explanations of expenditure patterns, efficiency in the administration, resourcing and accommodation, with the surveillance of beneficiaries also being addressed.
Entitlement criteria and liberalisation

The theme of entitlement criteria and descriptions of services continued to provide the bulk of the reports. A typical example from the 1967 report was:

“A married couple, both pensioners, whose property, other than their home, etc., is less than $840 in value may have a combined income of $17 per week and receive full pensions, each remains eligible for some pension until their combined income reaches $40.50 per week...”

(DSS, 1967, p. 6)

Also, in relation to rehabilitation services, typical reporting provided descriptions of the services provided, explanations of changes to expenditures, numbers of recipients as well as references to the productivity of those working in sheltered workshops and the like. A typical example of this from the 1971 report was:

“A total of 1,317 rehabilitees was placed in employment including 786 who were former recipients of sickness and unemployment benefit, and 355 whom at the time of acceptance, were receiving invalid pensions.”

(DSS, 1971, p. 28)

Aside from the mere description of criteria and changes the key theme of liberalisation continued for this subset of reports. For example, “Means test Liberalisations” appeared as a heading in the 1967 report (p. 5) and was evidenced with: “Over 100,000 pensioners qualified for increased rates of payments as result of the means test liberalisations...” (1967, p. 26). Much of the descriptions of criteria focused on descriptions of the loosening of entitlement criteria and increases to benefits.

Efficiency and Administration

Once again, a theme concerning the efficient administration of the DSS was evident. There were many claims to efficient practice, including:
“Major reviews of the Unemployment and Sickness Benefits Branches in South Australia and Western Australia were undertaken and improved procedures introduced to provide better work flow.”

(DSS, 1968, p. 28)

Also tying into the theme of more efficient administration were issues of staff training. For example the 1971 report contained the following:

“Courses were aimed at ensuring that clerical staff at different levels could handle the complexities and application of social security and social welfare legislation, at improving management and supervisory techniques throughout the Department, and at training staff to react effectively, intelligently and sensitively in personal and telephone contact with those members of the public needing social security insurance.”

(DSS, 1971, p. 47)

Other improvements outlined included refinement of staff classifications, computerisation of internal audits and reviews performed by the PSB.

Computerisation and technological advancements were intertwined with the theme of efficiency. In each of the reports between 1968 and 1971 some reference was made to the increased use of automated data processing (for example, 1968, pp. 25-56 or 1971, p. 40). This included the introduction of IBM machines for data processing, as well as automated cheque machines. The following was typical of the methods used to discuss these issues:

“Procedures were devised, based on punch card records, to use the simplest method of identifying those pensioners entitled to the increase and to make the increased payments available on the due date.”

(DSS, 1968, p. 28)

Finally, the decentralisation of the Department was an ever-present theme throughout each of the reports. Evidence of this theme was provided by updates on the
construction and opening of new regional offices throughout the country. For example:

“A comprehensive review of the Department’s decentralisation activities was undertaken during the year and this has resulted in the formulation of a plan for the establishment of some 40 additional offices over the next five years.”

(DSS, 1970, p. 57)

**Resourcing and Expenditure**

Departmental expenditure continued to be discussed at the start of each report in this group with commentary on overall spending. For example, in 1968 it was said that:

“Expenditure under the Social Services Act was $25,457,560 more than in 1966-67 when there were five 12-weekly bank credits for child endowment instead of the usual four.”

(DSS, 1968, p. 2)

Staff workloads were also canvassed, for example, in 1967 (p. 25) and 1968 (p. 24), where increasing volumes of work were identified as the reason for increased numbers of staff. Shortages of specialist social workers were also mentioned in 1968 (p. 24).

**Accommodation**

While the condition of accommodation was a continual source of criticism between the 1940s and 1960s, the 1967-71 subgroup provides more of a discussion of the improved conditions, including discussions of new buildings. This is not to say that there was no criticism of the accommodation arrangements. For example, in 1972 it was said that: “South Australia State Headquarters also has problems caused by the spread of staff over several buildings” (DSS 1972, p. 51).

**Surveillance**

Prosecutions were again mentioned in each report as had been the case since the 1950s. These sections provided an outline of sums recovered as well as outlining the reasons for the misallocated payments.
7.2.3.3 Visual content

Visual elements of content continued to be published in ever increasing amounts in the reports from 1967-72. While the nature of the images remained similar, the production quality was substantially improved over the period, following the pattern set initially in the 1966 report.

The first image of note in this set of reports is the cover of the 1967 report. Prior to this report, no report had any kind of visual image on the front cover. The image presented on the cover is of an IBM 360/40 computer and its numerous magnetic tape reels, which appears to occupy a large amount of floor space. The technological theme of the images is continued throughout the 1967 report with images of another IBM 360/40 and a 360/20 (pp. 22-23). These images complemented the theme of efficient administration achieved through use of technology. This theme was again present in the 1969 report, which contained an image of the Minister for Social Services inspecting an automated cheque machine (p. iv).

In relation to graphs and charts, the 1967 report provided a column chart (p. 3) representing increases in aged and widows pensions and child endowments over the previous decade, a line chart representing the increase in weekly rates of the age pension since 1910 (p. 10) and another line chart representing the annual rate of increase to the child endowment (p. 13). Charts and graphs returned in 1969, after an absence in 1968, with examples of pie charts for total Department expenditure (p. 4), bar charts for demographic breakdowns of aged pension recipients (p. 8); column charts for grants of individual pensions by age (p. 10) and a line chart concerning the growth of family allowances (p. 15).

The state of the Department’s accommodation continued to be visualised within the annual reports. This complemented the discussions on the improvements that had been made, but contrasted with the criticisms that had been in evidence. In the 1967 report an aerial photograph of a rehabilitation centre and the waiting areas offices in Bunbury, Western Australia and Bankstown, NSW were present. In 1968 the images included the exterior of a retirement village and a rehabilitation centre, the interiors of two enquiry areas, the interior of another retirement home and a machine room in
Adelaide showing staff operating unspecified equipment (which resembles photocopiers). In the 1969 report the images included the waiting room of the NSW state office (p. 9), an aboriginal mural from a rehabilitation centre (p. 22), a proposed rehabilitation centre (pp. 24-25) and two images contrasting entrances to an “old” and a “new” regional office (p. 47). Other photos included people engaged in vocational training (p. 26), interiors and exteriors of aged care homes (p. 29 & p. 30); interiors and exteriors of sheltered workshops for the disabled (p. 34 & p. 36); a car attachment for a disabled person (p. 40) and staff engaged in training activities (p. 46). The visual content from this group of reports complimented both the themes concerning service delivery and the improved accommodation.

The cover of the 1970 report provided four close-up images of typical welfare recipients. These included children, an elderly gentleman and what appears to be a rehabilitation patient. The use of close up images of people was common practice in each of the reports from 1970-72. In the 1970 and 1971 reports for example, there were close up images of elderly people (1970, p. 4; 1971, p. 1); beneficiaries receiving training (1970, p. 14; 1971, p. 10), children (1970, p. 18; 1971, p. 14), disabled people receiving assistance (1970, p. 38; 1971, p. 34) and an employee operating a computer (1970, p. 54; 1971, p. 42). There were also images similar to those appearing in the 1969 report, including sheltered workshops (1970 p. 23; 1971, p. 18 & p. 30), rehabilitation recipients (1970, p. 35; 1971, p. 24 & p. 26), exteriors (1970, p. 40) and interiors (1970, p. 44) of aged care homes and a regional office at Lismore, NSW (1970, p. 58). An image of an employee providing information services featured in the 1971 report (p. 48), as did an image of meals on wheels being delivered (p. 66). The 1970 and 1971 reports and the report from 1968 did not contain any graphs or charts. The shift from technical information in the form of graphs and charts towards softer images of welfare recipients suggest that, at this time, the DSS was attempting to convey the impression of a softer more client focused image of itself. There were no images on the covers of the reports from 1971 or 1972

The report from 1972 provided a similar set of images, including two female aged pensioners (p. 6) a male aged pensioner (p. 10), sheltered workshops (p. 24), rehabilitation facilities (p. 33), disabled children (p. 37) and staff training via video (p.
52). The 1972 report also saw the return of various graphs and charts, including a column chart showing age pensioners by age and gender (p. 8), another column chart showing growth of age pensioners with demographic break downs (p. 8) and a line chart showing growth in maternity allowances (p. 19). The presentation style of these charts was similar to that used in 1968 and earlier.

7.2.4 1942-1972 – Summary
This section has provided an overview of the layout, themes and visual content of the first 30 years of reporting by the DSS. Aside from changes such as increasing amounts of visual content, the reports experienced only gradual evolution over the period. The layout of the reports went through minor alterations such as the shift from A4 to A5 size, but in the main remained essentially consistent. This apparent lack of change is also true of the thematic content of the reports. The main themes throughout the period were focused on descriptions/changes to entitlement criteria (including liberalisations), expenditure patterns and resourcing, efficient administration including technological developments, accommodation arrangements and client surveillance. It was in relation to visual content that the reports changed the most. In the first six years of reporting there was no visual content. Beginning in 1948 however, and continuing (with some exceptions) until 1972, was the inclusion of graphical information such as charts as well as photographs. Charts were generally used to illustrate expenditure patterns, while photographs were used to show a range of matters, including services provided (such as rehabilitation), Departmental accommodation and starting in 1970, close-up images welfare recipients.

7.3 1973-1986
Consistent with the approach adopted so far, this group of reports was chosen as a cluster because of essential similarities in the key areas of layout, length and themes. As with the first 30 years of reporting, the general tendency was for little more than evolutionary change. The more substantial change to reporting occurred immediately after this period, beginning with the 1987 report. The key differences between the reports starting in 1973 with those that preceded them was the change of name from Department of Social Services to Department of Social Security (and functions), as well
as the length of the reports. While the A5 size continued in 1973, the report grew to 149 pages (from 97 pages in 1972). The length of the reports, as shown in Table 7.2 was then 155 pages in 1974, 148 pages in 1975 and 136 pages in 1976 before dropping to 111 pages in 1977 and 100 pages in 1978. The length of the reports grew again after this with the longest report being in 1984 at 178 pages, but will all others being between 137 and 172 pages in length. This growth in length could be attributed to the growth in the number of benefits provided by the DSS.

Table 7.2 – Key reporting developments 1973-1986

<table>
<thead>
<tr>
<th>Year</th>
<th>Length (pages)</th>
<th>Financial and allied quantitative information (pages)</th>
<th>Photos</th>
<th>Graphs and charts</th>
<th>Maps</th>
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<td>149</td>
<td>59</td>
<td>12</td>
<td>1</td>
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<td>1</td>
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<td>28</td>
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</table>

7.3.1 Layout

The reporting year 1972-73 was unique in at it was the first year of the Department of Social Security, which was the result of a merger “between the Department of Social Services and the Health Insurance Benefits division of the Department of Health” (DSS, 1972, p. 1). In terms of the impact on annual reporting, this meant that a range of new topics (principally health related) were addressed.

The reports from this group of years continued to have an introduction section which provided a summary of the contents of the report. In the years between 1973 and
1981 this was followed by sections dealing with changes to legislation and the range of benefits and welfare services delivered by the Department. In 1974, for example, the section discussing legislative changes was simply called ‘Legislation’, while the section addressing various benefits and services was headed ‘Benefits, Policy and Review’.

There were also sections addressing the rehabilitation, social welfare and health services functions of the DSS. After each of the benefits and services were addressed there tended to be a section addressing the management of the DSS. Following this, starting in the 1974 report (but not in 1973) was a section on each of the state head offices. There were also some subtle changes to headings between 1973 and 1980. For example, in 1979 the section dealing with benefits was referred to as ‘Income Maintenance – Cash Benefits’ while the section addressing rehabilitation and other services was called ‘Assistance through Organisations’. All the reports between 1973 and 1980 continued to contain a series of statistical tables dealing with the usual expenditure related matters, with the notable exception of the 1973-74 report, where the statistical information concerning expenditure was scattered throughout the body of the report, while the information dealing with the demographics (eg. gender, marital status, means) of welfare recipients remained in an appendix. As per table 7.2, the statistical tables (referred to as quantitative information in the table) usually comprised somewhere between 30% and 40% of the total report length, with some years in excess of this (for example, in 1978 the quantitative information comprised over 50% of the report). The apparent growth in the number of individual statements provided in the statistical section was essentially indicative of the growth in the number of benefits provided by the DSS.

Starting with the annual report of 1980-81, there was a shift in the layout. The sections that had been dealt with under the headings of ‘Administration’ before 1973 and ‘Management’ up to 1980 were moved to the front of the reports. Also, in 1980, the first section after the introduction was titled ‘Workforce’ (dealing with staffing matters) although in the reports from 1981-1986 this section was once again consolidated under the ‘Administration’ section. Following the ‘Administration’ section was the section dealing with cash benefits. Starting in 1982, a new section titled ‘Reviews and Appeals’ appeared. This was followed by sections on the services arms of
the DSS (Direct Services, Housing, Assistance through organisations and Consultative Activities and Public Contact) and the usual statistical tables. The 1983 report was exactly the same as the 1982 report in terms of layout, while the report from 1984 was essentially the same also, aside from the inclusion of dedicated chapters titled ‘Pensions and Income Assets Test’ immediately after the introduction and ‘Training and Staff Development’ immediately following the ‘Administration’ section (in other words, at the beginning of the report).

The evolutionary change to the broad layout of the reports continued into 1985 and 1986. In 1985, the ‘Administration’ chapter was now referred to as ‘Organisation’ and was followed by a section called ‘Staffing and Personnel Administration’ while the ‘Training and Staff Development’ section was shifted from page 22 in 1984 to page 55 in 1985. A number of new chapters also appeared in 1985, including ‘Systems’, ‘Communication’ and notably ‘Measuring Performance’. As had been usual practice, the statistical tables, lists of public information, locations of offices and organisational hierarchy were all contained in appendices. In 1986, the report contained a ‘Review of the Social Security System’ chapter immediately following the introduction along with dedicated ‘Fraud and Overpayments’ and ‘Overseas and Reciprocal Agreements’ sections.

7.3.2 Themes

As with layout and visual imagery, from a thematic perspective the period from 1972-1986 was one of evolutionary change, although the pace of change was greater than that of the preceding period between 1942 and 1972.

Entitlement criteria and expanded role

The themes from this period once again included changes to the entitlement criteria and legislation. The change theme included a general expansion of the DSS’s functions. This included migrants in 1975 (p.1), the introduction of health responsibility in 1973 (and subsequent removal in 1976), as well as a continuation of the liberalisation theme (for example, 1973, p.1, 1974, p.2 and 1976, p.2). This changed however, to one of
tightening eligibility criteria (such as income and assets tests for the aged pension) in 1985.

Related to this, amendments to legislation, as well description of entitlements and other services continued to provide a substantial proportion of each report. A typical example from 1985 was: "The most significant of those amendments modified the income test for a married unemployment or sickness beneficiary whose spouse is in the receipt of an income security payment" (DSS, 1985, p.12)

Descriptions of benefits, entitlement criteria changes and numbers of recipients continued to comprise a sizable proportion of each report, for example, occupying pages 6-23 in the 1978 report and pages 22-52 in the 1983 report.

There was also, once again, discussion of the reasons for changes to numbers of recipients of each benefit (such as deaths, liberalisations of means tests or ageing demographics). For example, in 1976: "Largely as a consequence of the liberalisations of the means test, the proportion of persons of age pension age in receipt of age pensions had increased 79% at 30 June 1976" (p.8). There was similar discussion of health and rehabilitation issues during the 1970s and into the 1980s prior to these responsibilities being taken away from the DSS.

Communication strategies were also addressed, as were research activities, matters specific to aboriginal people, those of non-English speaking backgrounds and reciprocal agreements (for example, DSS, 1985, p.38).

Mission, goals and objectives
A theme to emerge in this period was the articulation of the DSS’s broad mission, which seemed to be the provision of welfare in an efficient yet compassionate manner. The articulation of the DSS’s mission or overarching goals was not as prevalent in the preceding era. In 1974, however, the report made reference to goals, while addressing criticisms for a perceived lack of direction:

"There has been criticism in the past of what has been described as a patchwork development of social welfare in Australia and of the absence of
information on which to formulate and debate policy. The development of a satisfactory and comprehensive welfare system requires the effective co-ordination of policy towards established goals. This is possible only if based on expert knowledge derived from thorough social research and analysis.”

(DSS, 1974, p.25)

There was also a sense that the articulation of the DSS’s mission arose from media reports of fraud (in 1978, p.2 there was reference to newspaper reports of “suspected frauds” still receiving benefits) and thus necessitated a clarification of the compassionate aspect of the DSS’s mission. The 1977 report dealt with the balance that needed to be struck by the DSS:

“The administrators of any social security system invariably have a delicate task in maintaining a reasonable balance between the measures that must be taken to protect the public against false or excessive claims for social security benefits and the proper concern to ensure that claimants will be treated sympathetically and their claims will be granted promptly and with a minimum inconvenience to them.”

(DSS, 1977, p.1)

More details regarding plans, strategies and objectives for the DSS also emerged towards the mid-1980s. Prior to the 1980s this was deliberately imprecise, such as with the following:

“There is less scope for the precise formulation of objectives in relation to the Department’s social welfare activities or its subsidy programs in the field of aged pensions’ housing and welfare and in the provision of children’s services and facilities for the handicapped and homeless. These programs are governed to a substantial extent by the statutory requirements of the enabling legislation and by the political priorities and judgements which determine what resources the community can afford to such ends.”

(DSS, 1979, p.1)
Departmental objectives were, however, clarified towards the mid-1980s. In 1986 (p. 8) the word “corporate” was used to describe the goals of the DSS, thus demonstrating the changing nature of the way the DSS viewed itself:

“The corporate goals of the Department are:

- Advise the minister on income security needs, policies and practices;
- Access to Departmental services, with special attention to disadvantaged groups;
- Wide community knowledge of services and the rights and obligations attached to entitlements... National strategies aimed at the achievement of these goals have been identified, for subsequent translation into operation strategies that relate directly to the activities at each level of management in the Department.”

(DSS, 1986, p. 8)

All the reports after 1986 placed an ever increasing focus on the importance of both strategic planning, objectives, and by the 1990s, performance measurement.

Efficient Administration

While the theme of efficiency had always been addressed since the beginning of the DSS, the means through which this was done did begin to undergo change with the mention of more complex measures. Descriptive narratives were however still central to the communication of improvements to efficiency between 1973 and 1986. Examples of the use of descriptions included:

“The 1978-79 financial year was a period of consolidation for the Department of Social Security, with the emphasis on improving the efficiency of the Department’s systems with the aid of additional staff and recommendation of an inter-departmental review team which reviewed the Department’s systems and procedures in the preceding year.”

(DSS, 1979, p.1)
Also,

“...the Department responded to a growing demand for more comprehensive research and evaluation, designed to ensure that the community obtains the best achievable return from the resource it allocates to welfare.”

(DSS, 1978, p.3)

And in 1982:

“...policy papers... are prepared throughout the year and examine possible gaps, overlaps and inefficiencies in the existing range of programs.”

(DSS, 1982, p.38)

The use of more technical language, including measures and other specific articulations of Departmental outputs increased at this time:

“Processing in all areas is expected to become far more efficient in terms of both resource input per unit and speed. This will have a particular benefit on the administration of pensions, benefits and allowances.”

(DSS, 1982, p. 4)

And: “The number of social security pensioners and beneficiaries increased by 104,853 or 4.5% during 1981-81... 15 claims (are processed) every minute, payments made at a rate of 13 per second” (1982, p. 1-2).

The rise of unemployment (and resourcing implications) in 1977 and in the early 1980s were also present, although there was little mention of the broader economic circumstances: “Since 1974 the big ‘growth’ area in the Department’s activities has been the payment of unemployment benefits” (1977, p.1).

Staffing levels were also intertwined with matters of efficiency, although this lacked reference to specific outputs or measures. For example, in 1977:
“During the year the Department has been involved in the examination of new ways to maximise the use of its resources, it began a program of staff utilisation reviews which will cover most functional areas.”

(DSS, 1977, p.49)

Efficiency was also referred to in relation to staff training in 1978 (p.1):

“Significant resources were devoted to all forms of internal staff training in recognition of the obvious need for all staff members to reach their highest levels of efficiency.”

Efficiency continued to be referred to between 1973 and 1986, and although some measures were mentioned, the principle means through which this theme was broached was through descriptions of activities, as was consistent with the reporting behaviours previous to this time.

Technology & Automation
Although references to automation had existed in earlier reports, it emerged as a key thematic component in the early 1980s. A key element of this was the Department’s pursuit of STRATPLAN, which was a DSS wide automation process that was referred to in each report between 1981 and 1987.

Consistent with approaches to reporting more generally, typical references to STRATPLAN were primarily descriptive of the activities that took place, for example: “Installation of the new equipment will begin in the New South Wales and Australian Capital Territory in 1983-84 and conclude in Western Australia in 1986-87” (1983, p.6). Technological developments were also mentioned during the 1970s, for instance, in 1974 (p.114), where they were said to reduce man power pressures. Increased use of technologies included microfilm (1975, p.70), a data network (1978, p.40-41) and streamlining the processing of various benefits such as family allowances in 1980 (p.66).
The theme of automation was also intertwined with many of the references to staff training: “Stratplan associated developments resulted in a growth in demand for ADP\textsuperscript{19} training during the year” (1985, p.58).

Resourcing and expenditure

As before, references to workload pressures, staffing levels and resourcing were seen throughout this era, with this spilling over into discussion of industrial action in the 1980s. In 1974 (p.3) workloads were said to be increasing due to the changing nature of the work and temporary issues such as increased unemployment. In 1976 (p.3) the point was made that the work used to be more stable but that this had changed; and in 1977 it was said that:

“The number of staff employed by the Department has been considerably increased to handle the larger volume of claims... the pressures associated with the administration of unemployment benefits caused some problems during the year... supervisory and middle management workloads have grown... But the Department’s management is working at a high level of activity with the Public Service Board to progress the maximum efficiency and level of service that can be achieved within the resources available.”

(DSS, 1977, p. 1)

This was followed up in 1979:

“In recent years the Department faced serious administrative problems as a result of unprecedented increases in workload which were not at first offset by corresponding increases in staff. For a time this led to a general reduction in the Department’s capacity to carry out its statutory functions with full efficiency and the problems were compounded by the need to use large numbers of inexperienced and relatively untrained staff on sensitive and complex tasks... the problems have been progressively eliminated.”

(DSS, 1979, p. 1)

\textsuperscript{19} Automated data processing.
Workload matters also often spilled over into discussion of industrial action: “During the year staff concerned about the staff ceilings and its effects on the level of service to clients imposed work bans in three States” (DSS, 1977, p. 50). This continued in the 1980s, where “The industrial action was over a dispute on the staffing levels in regional offices and took the form of bans on certain work together with withdrawal of labour from some offices” (DSS, 1982, p.8). Also, in 1986 “APSA\textsuperscript{20} maintained work bans until February 1986, when they were lifted following agreement to recruit some additional staff in Victoria” (DSS, 1986, p.11).

In spite of this, in 1985 employees were praised:

“Above all the major efforts made by Department staff during 1984-85 should be acknowledged. Whether in the direct provision of services to clients, systems development or policy analysis and advice, the efforts of the staff were unstinting.”

(DSS, 1985, p.2)

The criticism of the resourcing afforded to the DSS for staffing continued to be the subject of criticism in this set of reports. Even in 1977 when staffing levels were increased, the Departmental Secretary continued with a negative tone in relation to the need to train inexperienced staff.

*Accommodation*

Along with resourcing matters was that of accommodation, which continued to be mentioned as a problem for the DSS during this period:

“Overcrowding, particularly in some Regional Offices, and the fragmented nature of offices like Adelaide Headquarters, which is in four locations, affects the level of service which can be provided to clients.”

(DSS, 1977, p.50)

\textsuperscript{20} Australian Public Service Association.
Also, “Overcrowding in the public contract and general work areas occurred in many of the Department’s regional offices” (1983, p. 12). In 1986 discussion was focused on the improvements that were being made to accommodation: “Work continued on various tasks to improve the physical working environment for staff in both Central Office, State headquarters and regional offices” (1986, p.58). Criticisms of Departmental accommodation ceased to be reported after this time.

Restructuring

There were numerous narratives concerning reviews, restructures, reorganisations and revisions throughout this period, along with the theme of decentralisation being carried through into the 1980s. Commissions of enquiry were referred to in 1973 (p.2), 1974, (p.2-3) and 1975, (p. 1-2). In 1981 the report said that the year “commenced with a setting up by the Government of an inter-departmental review team to review the systems and procedures of the Department and with the Auditor-General reporting on a number of matters of concern” (1981, p.1).

In relation to reviews of operations, the 1977 report disclosed that: “The organisation and structure of the Department has been under continual reassessment to improve efficiency and the level of service provided to the public” (1977, p.46). In 1984 reference was made to a restructure which took place, “Following the Government’s decision, in December 1984, to create the Department of Community Services, about 1700 staff were transferred to the new Department” (1984, p.4).

Decentralisation continued to be the subject of disclosures within the reports into the 1980s:

“The decentralisation program has proceeded apace, with 13 new regional offices being opened during the year. The new offices... give the Department an opportunity to provide a more sensitive and personal response to the special needs of each area.”

(DSS, 1979, p.1)
The use of private sector consultants Coopers and Lybrand was also referred to in relation to decentralisation in 1983 (p. 10).

The various divisions within the DSS continued to be the subject of descriptions in the annual reports for this period. The 1976 report, for example, said that the benefits policy and review division “is responsible for the formulation and development of policy proposals on income maintenance as well as the evaluation and supervision of existing programs” (1976, p.5).

Audit and Surveillance
The disclosures in relation to the role of audit intensified during this period, and articulated a shift away from compliance towards measures of efficiency:

“A move by the internal audit unit away from an ad hoc compliance approach to auditing toward a national strategy designed to analyse thoroughly the effectiveness and efficiency of the Department’s operations and systems.”

(DSS, 1985, p. 70)

Prior to this, the language used in relation to internal audit was focused more on descriptions of activities:

“Extensive use was made of internal audit computer programs designed to cross-match and cross-check specific data on benefit master files, with a view to highlighting duplicate and possible fraudulent claims.”

(DSS, 1976, p.73)

Efforts towards the reduction of fraud and the repayment of monies obtained under false pretences also received greater emphasis, with a particular focus on performance measurement. For example, in 1986 the following was reported:

“Significant measures taken by the Performance Monitoring Division included:

- Development of a Performance related Information System for Managers which provides key performance data on the benefit delivery process for regional and area managers and State overpayment co-ordinators on a regular basis.”
Measurement and quantification of performance in this area was becoming more prevalent by the end of this series of reports, for example: “During the year there were 1903 prosecutions undertaken under the Social Security Act in relation to serious breaches of the Act” (1986, p. 81). This contrasts with what was reported in earlier reports, where descriptions of surveillance activities, as opposed to quantifications, was the preferred mode of reporting.

7.3.3 Visual content
The visual elements of content in this series initially continued in the same style as the previous sets of reports but as can be seen from Table 7.2, starting in 1976 the number of photographs declined substantially from 28 in 1974 and 1975 to 12 in 1976 and 0 in 1977. There was a brief period in 1979 and 1980 when photographs were once again used, but for the remainder of the reports starting in 1981, there were no photographs published. At the same time the number of graphs and charts increased from 1 in 1974 to 12 in 1975 and 28 in 1976. There was also scant use of maps, which were present only in 1974, 1975 and 1981.

In terms of the photographs, in 1973 these images were comprised of welfare recipients, office accommodation, proposed buildings, staff being trained and a sheltered workshop. In 1974 the images presented were principally focused on handicapped people who were the recipients of benefits or grants. The style of images continued from the previous period in that close-up images of beneficiaries were often used. For example, the report from 1974 contained images of a child receiving an immunisation, doctors performing surgery and meals on wheels services. Images of Departmental accommodation were also present, with the 1974 report containing an image of preparations for the construction of an aged care home.

In 1975 the images showed (once again in close up) the faces of young people, principally the recipients of rehabilitation services. There were also three images of handicapped children. The report from 1975 also showed images of a call centre operating in response to Cyclone Tracey (the response to Cyclone Tracey had been
discussed in the body of the reports as well) and surgeons. The report from 1976 showed a woman working in a sheltered workshop as well as refuges and a storm damaged house in Toowoomba. There were also photos of staff filing, working on computers, a client looking at a foreign language leaflet and a mobile office.

The 1979 report provided two close-up photographs of Aboriginal liaison staff, but focused primarily on the presentation of charts. The 1980 report followed a similar pattern, but it did contain an image of the Director General, Deputy Prime Minister and the Regional Manager of the Murwillumbah office. The last photograph to appear in this set of reports was one of a conference of Aboriginal staff in 1980. A map of Australia with the location of regional offices was present in 1981.

In relation to charts, the reports from 1973 and 1974 continued with the practice of showing the pattern of numbers receiving unemployment benefits. In 1975 there was a line chart showing the rise in unemployment benefits as well another line chart for child endowments. There was also a pie chart showing the numbers of children eligible for the endowment. In 1976 there was a preponderance of charts showing patterns of welfare growth, proportions of welfare recipients in comparison to the entire population and demographic and age breakdowns of benefits, which again showed patterns of recipients (all up), and various demographic breakdowns. Between 1982 and 1986 the visual content was limited to various charts and graphs. Examples of these included pie charts of Departmental expenditure and income levels of beneficiaries and histograms showing the amount time people spent on unemployment benefits.

7.3.4 1973-1986 – Summary and comparison with 1942-1972
This period began largely as the previous period ended with the reports being principally focused on descriptions of service delivery, entitlement criteria and changes to the number of people receiving benefits and services. The key changes began towards the mid-1970s, when the use of photographic images within the reports tapered off and then stopped altogether. In 1981, the information concerning administrative matters was moved to the front of the reports, while previously this had been dealt with at the end of each report. Probably the most important change to the
reports however was the increased discussion of strategic aims and objectives of the Department towards the mid-1980s. While the Department’s mission was something that had been articulated in the 1970s, initially this was quite broad (and justified as such) whereas by the end of this series of reports the authors were attempting to be quite specific in setting out the Department’s overarching objectives, as well as objectives for each of the Department’s sub-units.

7.4 1987-1998

The decision to create a sub-group comprising the reports from 1987-1998 was made because this final collection of reports went through large shifts in reporting style and content. Previously the changes that had occurred had been piecemeal and gradual, but from the period between 1987 and 1991 the reporting changed markedly. The most substantial of these changes was the shift away from mere description of Departmental functions towards the articulation of objectives, strategies and the measurement of performance. There was also a substantial growth in volume, from 151 pages in 1986, to 493 pages in 1992 and 519 pages in 1996. The major changes occurred up to 1991, with the reporting style remaining relatively consistent, albeit it with some minor changes, through to 1998.

Table 7.3 – Key reporting developments 1987-1998

<table>
<thead>
<tr>
<th>Year</th>
<th>Length (pages)</th>
<th>Financial and allied quantitative information (pages)</th>
<th>Photos</th>
<th>Graphs and charts</th>
<th>Maps</th>
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<tbody>
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<tr>
<td>1990</td>
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<td>1991</td>
<td>478</td>
<td>157</td>
<td>49</td>
<td>19</td>
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</tbody>
</table>

21 Reports between 1989 and 1993 contained audited accrual statements (for example, statements of assets and liabilities), statements concerning expenditure from Consolidated Revenue Fund (CRF), Loan Fund (LF) & Trust Fund (TF) and cash tables for each benefit. The requirement to publish accrual information (statements of assets and liabilities) was first made in JCPA (1986) and again in JCPA (1989). Further discussion of the development of accrual accounting in the public sector is in section 3.4.

22 The 1991 report included 25 images contained in a special 50 year history of the DSS section.
The reports from 1987-1998 experienced a degree of change in layout far in excess of any of the reports thus far discussed. This was particularly the case between 1987 and 1991.

The report from 1987 was comprised of 12 chapters which were separated into four parts ('The Department'; 'Delivery of Services'; 'Entitlements' and 'Corporate Services'). The first seven of these chapters dealt with matters of reviews and improvements to the DSS, and it was not until Chapters 8 and 9 that the types of matters traditionally dealt with in the annual reports (such as changes to entitlement criteria) were addressed. The final section of the report from 1987 was also the first to have a section titled ‘Corporate Services’, which was present in all the annual reports thereafter. In 1987, this ‘corporate services’ section dealt with administrative matters such as finances, and human resource issues such as industrial relations and recruitment. The reports from 1988 and 1989 were both largely consistent with that from 1987 in terms of format, in that they maintained the same four parts, although there was a certain amount of variation within the specific chapters (and a growth from 12 chapters in 1987 chapters to 16 chapters in 1989). For example, section 2 (Delivery of Services) in 1987 dealt with ‘Improving Responses to Implementing New Policy’; ‘Improving Administration of Payments’ and ‘Improving Technology’, while in 1988 this section dealt with ‘Corporate Management Process’; ‘Approach’; ‘Organisation’ and ‘Administrative Systems’. Also, the ‘Corporate Management’ section in 1989 had broadened to include the matters concerning computing infrastructure.

<table>
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<tr>
<th>Year</th>
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<th>GR</th>
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</table>

23 Reports between 1994 and 1997 contained audited accrual statements and statements concerning expenditure from CRF, LF & TF, but without cash tables.

24 The 1998 report contained audited financial statements only.
The 1988 report saw the introduction of a ‘Highlights’ section, which addressed matters such as simplification and tightening of eligibility criteria.

While the broad structure of the reports remained essentially similar throughout 1987-89, the 1989 report saw the introduction of new kinds of financial statements, a certification by the Departmental Secretary and Chief Accounting Officer and an audit report by the Australian National Audit Office. The inclusion of these items made the report, and each thereafter, somewhat similar to a private sector annual report. The new financial statements included a statement of assets and liabilities as well as statements addressing the DSS’s transactions with the consolidated revenue, trust and loan funds. The number of appendices also grew from six in 1988 to thirteen in 1989. The additional appendices included the financial statements as well as other information concerning consultants engaged, ministerial news releases and a summary of reporting requirements. A number of chapters (such as the one concerning computing infrastructure) opened with a list of objectives.

The report from 1990 was still principally divided into parts however there were now six and they had changed somewhat in their content. The six parts from the 1990 report were ‘The Portfolio’; ‘Corporate Direction’; ‘Income Security’; ‘Special Provisions’; ‘Monitoring and Control’ and ‘Corporate Services’. The appendices also remained largely the same, although they now numbered thirteen. The reports from 1987-1990 also steadily grew in overall size from 198 pages in 1987 to 314 pages in 1990.

The report from 1991 represented a significant change to reporting layout, and the beginning of a broad layout that largely remained unchanged through to 1998. At this time the DSS, on an administrative basis, was divided into programs and these now dictated the layout of the annual reports. The report from 1991 was again ostensibly divided into four parts (preceded by a ‘Guide to the Report’). One of these parts was the appendices (which had now ballooned to twenty-four) and another was a special

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25 These accrual statements would appear to be the result of the reporting requirements contained in JCPA (1989), although the first requirements to include accrual information were actually contained in JCPA (1986). All requirements after 1989 published by the JCPA required the publication of audited accrual information. The development of reporting requirements is addressed in section 3.3 while the broader context of the adoption of accrual accounting in the public sector is explored in section 3.4.
chapter concerning the 50th anniversary of the DSS, which left part one - the portfolio (including sections on corporate overview and planning and management) and part two – Departmental Operations (which dealt with the six Departmental programs, which themselves are the main areas of welfare, such as benefits for the retired, disabilities and unemployed).

Each of these six programs was laid out in similar fashion, with each beginning with a program description, an ‘At a Glance’ section highlighting key results for the year, and a set of ‘Policy Objectives’. This was then followed by descriptions of changes to policy, trends, service delivery issues and administrative efficiencies. The description of eligibility criteria was removed from the body of the report and shifted to the appendices. The reports from 1992 and 1993 followed the same general layout, albeit without the historical section and were therefore reduced to three parts. Part 1 included the ‘Portfolio’ with the corporate overview, Departmental structure, aims and structure; ‘Planning and Management’ which contained the strategic plan; ‘The Legislation’ and ‘Program Overview’. This was followed by Part 2, which dealt with each program, laid out in the same way as the 1991 report. Part 3 contained the appendices, which were 26 in total in 1992.

The layout of the 1994 report did away with parts. Aside from this however, the chapter structure of the reports maintained the portfolio overview (containing the portfolio structure/changes, charter, corporate aims, developments and highlights), corporate overview (organisational structure, developments to management), and the outline of each program. Each program continued to contain its objectives and a description of structure and strategies. In addition, each program section contained a ‘Resource Summary’ which contained details of appropriations and outlays and comparisons with the previous year and budgeted figures. The introduction of these resource summaries replaced the older statistical tables for each benefit that had existed since 1941 and resulted in a sharp drop in the volume of quantitative information contained at the end of the report for 1994 in comparison with 1993. There was also a section titled ‘Sub-program Performance Outcomes’ which dealt with performance against pre-existing performance indicators. This essentially replaced the key results section from the 1991-93 reports. One of the appendices was also
dedicated to providing details on all of the key performance measures of the Department, including timeliness of processing, timeliness of clients being consulted and client satisfaction ratings. Also in relation to the appendices, the number in 1994 had shrunk to 7 (from 13 in 1993 and 26 in 1992). This reduction was achieved by, for example, returning descriptions of eligibility criteria back into the body of the report.

The reports from 1995 and 1996 were similar to that from 1994 in that the layout was based around the six Departmental programs, although there were some new chapters, including one on ‘Internal and External Security’ (which addressed audit issues, fraud and overpayments) and others concerning ‘Special Services’ (aimed at Aboriginal and Torres Strait Islander people and ‘migrants’) and housing (which had returned to DSS’s responsibility). The structure of each of the Department’s programs continued to be based on the articulation of objectives, outlines of structures, strategies, performance indicators and performance outcomes, but now also included discussions of the environment (such as the ageing population or the unemployment rate). Also, the financial information for each program now contained comparisons of the budgetary (cash) basis of appropriations versus outlays, as well an accrual basis for each program.

The final two reports reverted to parts in a manner similar to those from 1993 and previous. The 1997 report did however contain sections on this history of the DSS, which was included in light of the reforms resulting in the taking away of direct service delivery from the Department in 1997. The report from 1997 was comprised of ‘Part One: Overview’ (which contained the Secretary’s review, the above mentioned historical section, and the ‘Portfolio and Corporate Overview); ‘Part Two: Program reports’ (with each containing its own set of objectives, strategies and performance indicators). There were six appendices in 1997, which dealt with staffing, ‘Internal and External Security’ (audit and fraud matters), equal opportunity related matters, performance standards, use of consultants and advertising and marketing matters. The financial statements were contained in their own section (Part 4) and included a statement of revenues and expenses, assets and liabilities, cash flows, transactions by fund, schedule of commitments and contingencies, and a breakdown of assets and liabilities by each program. The 1998 report was broadly the same as the 1997 in terms
of layout, even though this was the first full year where the Department no longer directly delivered services to the public. The only substantial difference to layout was the increase in the number of appendices from six to ten. New sections included a compliance index (which addressed adherence to reporting requirements), status of women, discretionary grants program and alternative running cost attribution.

7.4.2 Themes
Thematicall the reports from 1987 to 1998 went through a major change, both in relation to the emergence of some new themes themselves, as well as the means in which the themes were communicated. Although this change could be seen to begin in the reports from 1985 and 1986 with the increased discussion of strategy and objectives, this shift was borne out to its full extent in the final series of reports. The move towards articulation of objectives, strategies and goals for each and every program and operation within the DSS took over as a key component of the reports. Likewise, the articulation of efficiency changed with the accompaniment and discussion of performance results beginning in 1991 and continuing thereafter. This shift towards the setting of goals and subsequent measurement and discussion of performance was the single largest change in reporting priorities evidenced within the entire period of annual reporting from 1941-1998.

Other key thematic developments included the increased focus on prosecution of fraud and the activities and results of internal and external audit functions, which although described in previous reports, also shifted towards a focus on measurement of results and outcomes. Linked to this was a theme of tightening eligibility criteria in certain instances, where previously, up to the mid-1980s, liberalisation had been the key theme. Accountability, while present in earlier reports, became more of an obvious theme in this series and this was tied into the issues of fraud and audit, as well as discussions of the need to remain within budgetary constraints and the overall economic outlook for the nation.

Also novel to this series of reports was the development of broad overarching themes of social justice, the role of welfare within the broader economy and client/customer (after 1995) service. Staffing and human resource matters continued to be an
important theme, but had shifted from criticism of a lack of resources, to being self-congratulatory for the effective running of the DSS while understaffed.

Themes from the reports previous to 1987 were also carried over. There was still an abundance of descriptions of Departmental structures (including decentralisation and devolution) and entitlement criteria and technological changes were also described, as were communication strategies and accommodation. The reports also contained numerous references to reviews and restructures, which was largely typical of earlier reports. A set of miscellaneous themes such as those related to occupational health and safety, equal opportunity, freedom of information and privacy were also prevalent throughout this period.

Mission, goals, strategy and objectives
While the introduction of corporate planning and aims could be seen in earlier reports (for example, 1986, p. 8), this was expanded greatly, beginning in 1987. For example the corporate planning section in the 1987 report (p. 11) now contained eight corporate goals, which included:

“High quality and timely advice to the Minister on income security needs, policies and practices; improved access to Departmental services, with special attention to needs of disadvantaged groups;... high quality service in a timely, fair and sensitive manner, including referral to other agencies for related support... minimum misuse of the income security system.”

In 1988 this articulation of the Department’s purpose included the “Departmental Charter”, which was “To deliver social security entitlements with fairness, courtesy and efficiency” (DSS, 1988, p. 11). The eight Departmental objectives from 1987 were carried over with some of them receiving their own chapter. For example, there was a chapter on fraud in 1988 (DSS, p. 103) and the further articulation of its related goal: “Pursuit of this goal requires effective processes for discouraging, preventing and detecting misuse and for recovering overpayments” (DSS, 1988, p. 103). The report from 1988 also said that “The Department has continued its efforts to strike an
acceptable balance between the twin objectives of “care” and “accountability…” (DSS, 1988, p. 4).

By 1990 however, the Departmental goals were gone and were instead replaced with a set of ‘corporate aims’ which were ‘client service’; ‘staff support’; ‘quality’; ‘innovation’ and ‘accountability’. Accountability was explained thus: “We recognise that we have to maintain the integrity of the social security system and be fully accountable for the funds we distribute” (DSS, 1990, p. 4).

As part of the articulation of the mission of the DSS, the report from 1989 claimed that the Department was operating according to a theme: “Our theme for 1988-89: Service to our clients. Five action plans were developed to identify priority areas and provide a focus for managers and staff throughout the Department” (DSS, 1989, p. 6).

Mission statements for divisions within the DSS were also presented. The mission of the Information Technology division in 1991 was to “…provide a better, significantly more efficient service to clients” (DSS, 1991, p. 182). This was followed by more specific goals, such as: “Providing IT services to enable DSS to fulfil existing legislative responsibilities; Implementing legislative change; Providing new and improved applications and facilities…” (DSS, 1991, p. 182).

In 1992 a notion of holistic welfare also came to be a part of the Department’s mission, whereby it was not considered enough for the Government to merely provide cash to beneficiaries, it was also necessary for the welfare system to be properly integrated with broader social and economic policy. The economic recession was also the focus of planning in 1992.

By 1995 (p. 3) the DSS had identified five “Corporate Aims”, which were “Leadership”; “Quality Programs and Services”; “The Workforce – a Common Vision”; “Technology” and “Effective Communication”. There was also a reference to each benefit being described as a “portfolio product” (1995, p. 17) and clients were now referred to as “customers”. The 1995 report also saw the introduction of a new strategic plan and a revision to the charter acknowledging the advisory role the Department played on social policy. In 1996 (p.3) the Departmental charter was “to achieve social security
policies that meet the needs of the Australian community and to deliver entitlements and services with fairness, courtesy and efficiency”, while the corporate aims in 1997 were “leadership, quality programs and services, the workforce – a common vision, technology and effective communication” (1997, p. 28)

Intertwined with the articulation of Departmental missions were the planning processes of the DSS. In 1991, the strategic plan of the DSS was said to be operating according to a theme of “commitment to quality service” and “generated a blueprint for action over the three year period 1990-92” (DSS, 1991, p. 27).

The planning processes of the DSS were further outlined in the 1993 report:

“Planning is carried out at all three organisational levels within the Department. The Department uses a tiered system to differentiate and provide guidance on issues for the long (Strategic Plan), medium (Program Plans) and short (Business Plans) terms.”

(DSS, 1993, p. 16)

In 1996 there was discussion of a “strategic planning division”, whose role was as follows:

“Undertake policy analysis and development, including modelling tasks of strategic or major significance to social security, and research into existing and emerging social and economic conditions.”

(DSS, 1996, p. 7)

The volume of planning done by the Department in 1992 is illustrated below:

“The national plans, which cover more than one program or are aimed at particular high priority areas, include the Access and Equity Plan, Equal Employment Opportunity Plan, Information Technology Plan, Environmental Action Plan, National Disaster Response and Recovery Plan, National Fraud Control Plan, Industrial Democracy Plan, Portfolio Evaluation Plan, Department Evaluation Plan, National Security Plan, National Training Plan and Client Service Delivery Statement.”
The annual reports also saw a move towards the setting of objectives for each of the Department’s programs. The objective of the Invalid Pension, for example was “To enable people with significant disabilities which preclude them from normal full time employment to have adequate levels of income for themselves and their dependants” (DSS, 1991, p.93). The objective for the “Corporate and Other Services” program was to maintain “A strong corporate identity, a healthy corporate culture and a climate of good administration are maintained” (DSS, 1991, p. 153).

Specific benefits also had objectives, for example: “The central purpose of the Job Search Allowance is to support and require active job search, combined with training or other job preparation activities” (DSS, 1993, p. 113).

And, again in 1997, in relation to the unemployment subprogram:

“The objectives of the subprogram: unemployment benefits is to ensure that people with particular labour market disadvantage who are at risk of long-term unemployment are identified and referred for appropriate labour market assistance, and those who are already long-term unemployed have an income support arrangement that complements labour market programs and other assistance provided under the Employment Services Act.”

(DSS, 1997, p.105)

This was followed by specific strategies:

“Strategies:

- Provide a system of targeted income support payments, which are regularly adjusted to maintain their real value;
- Maintain a broad range of incentives to enable and encourage customers to provide for themselves through their own resources, allied with control and review mechanisms to ensure that customers are actively seeking work and meeting other eligibility conditions of the program;
- Improve customer service through the simplification of provisions.”
The articulation of missions, objectives and strategies came to be one of the dominant components of content in the 1990s. This was then complemented by the creation and publication of various performance measures which were aimed at communicating the theme of efficient administration.

*Efficient administration and performance measurement*

The theme of efficient administration took on a new level of importance in this final group of reports, to the extent that it was one of the key themes within the reports, along with the already discussed articulation of missions, objectives and strategies. While this theme had been present since the beginning of the DSS annual reporting in some form, the means through which this theme was communicated changed from being done merely through descriptions of Departmental operations, to being done through measurement and evaluation of all aspects of performance. This theme also went from receiving relatively occasional reference, to being one of the key elements of the annual reports in the 1990s.

Initially discussions of efficiency included the earlier reliance on descriptions of activities, for example:

“Examples of activities in 1987-88 include:

- A review of the Department’s Central Benefits Offices to establish the most efficient means of operation. This review provided useful information on the devolution of functions under consideration in the Department.”

(DSS, 1988, p. 26)

The move towards measurement however, began in the late 1980s. In 1990, this shift was justified as follows:

“Standards provide a common benchmark against which the performance of all the Department’s regional offices can be measured and an indication of the level of performance expected of them.”

(DSS, 1990, p. 103)
And, again in 1993:

“A key issue in the Service Delivery Performance evaluation is the introduction of quantitative and qualitative performance standards in the portfolio Program Performance Statements and the requirement to evaluate these standards against selected criteria.”

(DSS, 1993, p. 56)

The reporting of outcomes of performance began initially with relatively unquantified claims, such as this in 1988: “Policy achievements in the Social Security portfolio have encompassed improvement in the level of payments and strengthening of workforce incentive measures” (DSS, 1988, p.4)

Or, in 1989:

“Achievements in meeting the action plans in last year’s corporate direction document include:

- The implementation of devolved Area Offices in five states;...”

(DSS, 1989, p. 17)

There were however stated intentions to improve on performance reporting:

“A start was made on refining and developing program performance indicators to support the interim program structure and as a preliminary to the consideration of a more suitable framework for next year.”

(DSS, 1988, p.11)

Also, one of the stated priorities for 1988 was the “Development of effective performance monitoring and evaluation procedures” (DSS, 1988, p. 135).

Performance indicators then became a mainstay in the annual reports during the 1990s. Performance indicators relating to pensions in 1996, for example, included:

“The key indicators in respect of this sub-program are:
• For Adequacy: the relativity of the pension rates and male total average weekly earnings; the real rates of payments received by pensioners and improvement in the total incomes for pensioners;

• For Targeting: the extent to which payments are directed toward those most in need, and the extent to which persons with the same means of support receive the same rate of payment …”

(DSS, 1996, p. 82)

Performance indicators related to staffing referred to in 1997 (p. 281) included:

• attendance – reduction in absenteeism;

• compensation claims – number and cost;

• employee relations – loss of productivity and days lost because of disputes; and

• staff satisfaction with working environment.

The 1991 annual report saw the beginning of the shift towards performance reporting as the primary method through which the theme of efficiency was demonstrated to readers of the reports. The same four Departmental aims carried over from 1990 (DSS, 1990, p. 3) were presented in a boxed section at the start of the report, but were followed with a highlighted set of achievements. For example: “Our running costs amounted to 3.1% of the Department’s outlays” (DSS, 1991, p.3), and “53 per cent of new claims were processed within the Departmental target processing times for Age Pension” (DSS, 1991, p.81).

This continued in 1993, where “Performance standards for service delivery were introduced and published” (DSS, 1993, p.10), with an example of the style of performance reporting including:

“The number of new Age Pension claims received increased by 2.6 per cent since 1991-92. Seventy-five per cent were processed within 28 days, the Departmental standard processing time for Age Pension.”

(DSS, 1993, p. 89)
While measures of percentages of Departmental expenditures spent on operating expenses had been measured in the past, in the 1990s this was extended to the level of sub-programs:

“In 1994-95, operating resources attributed to this sub-program represented 1.08 per cent of total outlays for the sub-program. In 1993-94 this was 1.07 per cent. This indicates little difference in administrative efficiency since 1993-94.”

(DSS, 1995, p. 114)

Other measures for sub-program performance included the following, for example in 1996 (p. 113):

“Sub program performance outcome for 1995-96: The timeliness standard for DSP (disability support pension) is to pay 70 per cent of claims within 49 days of lodgement. In the 1995-96 financial year 73 per cent of claims were paid inside the standard.”

In 1997 the performance measures included take-up (the number in receipt of pension relative to the estimated eligible population of age pension age; and the number of proportion provided with specialist services). Performance outcomes included:

“According to 1996 Census figures the Australian population was estimated to be 18,311,486 at 30 June 1996. A total of 2,488,528 or 13.6 per cent of those people were estimated to be women aged 61 and more or men aged 65 and more. Of those, 1,727,745 or 69.4 per cent received an Age Pension or a wife pension as the partner of an age pensioner, or a carer pension as the partner of an aged pensioner who required constant care and attention.”

(DSS, 1997, p. 51)

Another example of a performance measure from 1998 relating to disability support pension (DSP) was:

“As at June 1998, 7.3 per cent of DSP recipients reporting some earnings indicated that they had participated in employment. This compares with just
over 7 per cent in June 1997 and 3.8 per cent of the Invalid Pension population in June 1991.”

(DSS, 1998, p. 55)

The success of the performance indicators were themselves subjected to performance information. Measures included:

- “The accuracy of the estimates process;
- The quality of the financial management and reporting and in particular the strategies put in place to improve performance…”

(DSS, 1994, p. 278)

Related to performance information was the use of accrual accounting. While accrual style information had been present since 1989, its full adoption was said to have taken place in 1993-94:

“The Department has opted to report on an accrual basis for the first time in 1993-94, a year earlier than the mandatory accrual reporting date set by the Department of Finance for the whole of the Commonwealth.”

(DSS, 1994, p. 281)

This was followed up in 1995:

“DSS reported on an accrual basis for the first time in the 1994-94 (sic) year... In November 1994 the ANAO26 reported considerable improvement in the integrity of controls within DSS and in the information utilised for financial statement purposes.”

(DSS, 1995, p. 45)

The publication of performance measures of all aspects of Departmental performance was one of the key developments, along with the articulation of objectives and strategy, which occurred within the annual reports throughout the 1990s. While the efficiency theme had always been present, the means through which this theme was

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communicated and the proportion of the reports committed to this theme changed considerably. No longer were qualitative, descriptive narratives satisfactory; measurement of performance became the norm. The disaggregation of these measures to the level of sub-program and benefit could also be seen as a key reason for the growth in the length of the reports, as well as an increase to the level of complexity.

General economic conditions and Government imperatives

While references to the DSS’s social and economic environment had been made in earlier reports, the reports from 1987-1998 saw increased reference to these matters. The manner in which this was done included both the use of narrative statements and the use of illustrative statistics. For example, in 1990 it was said that:

“Major factors likely to affect the Department’s future include changes and developments in the social, political and economic environment in which the Department operates.”

(DSS, 1990, p. 4)

And,

“The economic environment has resulted in resource constraints and a need for increased accountability in public spending... and will require increased emphasis on priority setting and efficiency.”

(DSS, 1990, p. 4)

This was continued into 1991, when a recession was affecting the Australian economy: “The downturn in the economy had a major impact on many of the Department’s programs. Unemployment Benefit numbers increased substantially” (1991, p. 6).

In 1992 statistics were used to illustrate the issue of unemployment and the recession.
“In June 1992, the number of NSA\textsuperscript{27} recipients was 322,300, an increase of 164,300 (96 per cent) on July 1991 when NSA was introduced. This increase reflects the growth of long-term unemployed associated with the deterioration of the labour market.”

(DSS, 1992, p. 158)

By 1996 this situation had improved:

“In relative terms, the recovery in full-time employment since the end of the recession has been slow. Between July 1991 and June 1996 total employment grew by 763,500 and full time employment by 373,000. In comparison to the pre-recession employment peak in July 1989, total employment had grown by 423,100 but the net growth in full-time employment was only 13,000.”

(DSS, 1996, p. 152)

Mentioned earlier in this chapter was the Cass (1988) review regarding income support for the unemployed. This review was motivated by social and economic change:

“The need for the review arose from economic, social and demographic changes in Australia during the past decade... the final report is expected to be published in 1989-90.”

(DSS, 1989, p.95)

The impact of media and academic debate on the welfare system was also present in the 1996 report:

“Following publication of a number of media reports and academic studies suggesting increasing inequality and persistent poverty in Australia, the Department undertook a program of research in 1994 into issues in assessing the adequacy of income support payments. It was found that there is considerable scope to draw on current research techniques to better inform the Government as to the adequacy of income support payments.”

\textsuperscript{27} New Start Allowance.
Evident within this theme was a degree of sympathy for the Government in dealing with the resource constraints brought on by the recession of the early 1990s. This contrasted with the criticisms that had existed within the annual reports up to the mid-1980s concerning a lack of resources, even during earlier times of economic difficulty.

Restructuring

Restructuring the DSS carried over into this series of reports. This was closely tied to the theme of efficiency within the administration of the DSS. Typical discussion of restructuring in the late 1980s included the following in 1987:

“During the year the Department introduced changes to monitor, review, control and improve its administrative expenditure. These measures will provide foundations for the introduction of program budgeting in 1987-88 and contribute to improved financial management in the future. They included:

- The Government’s efficiency dividends, declared in the budget, were achieved through administrative improvements. A quality service to clients was maintained.”

(DSS, 1987, p.124)

And again, in 1988:

“In line with the objective of improved public sector financial management, the Department undertook the implementation of service wide reforms flowing from the Efficiency Scrutinies together with a refinement of internal management processes. This is aimed at more efficient and effective allocation and use of resources. Among projects undertaken during 1987-88 were:

- Continuing devolution of financial responsibility and decision making to line managers in accordance with the principles of the FMIP and program budgeting and management.”

(DSS, 1988, p.13)

Devolution, an issue which was discussed from the 1950s, was again referred to in this series of reports. For example, in 1993: “Almost all service delivery functions, including
the determination of social security entitlements, are decentralised to Areas and Regions” (1993, p. 13). Devolution was further referred to in 1993 in relation to prosecution of fraud. The use of measures also permeated into discussions of devolution:

“At the beginning of 1992-93 the Department completed devolution of prosecution functions to its 20 Area offices. During the year 3461 cases were referred to the DPP28 for prosecution, an increase of 43.5 per cent on 1991-92, while 2114 cases were heard in the courts, an increase of 25.5 per cent on the previous year.”

(DSS, 1993, p.85)

Devolution was also discussed in relation to financial management where some of the key strategies were to:

“Devolve responsibility and accountability for operating expenses to line managers (and) develop and maintain effective mechanisms for estimating and allocating resources to line areas to maximise resource efficiency and effectiveness.”

(DSS, 1994, p. 277)

For the final two reports, a theme related to the changing nature of the Department emerged which affected the structure, goals and performance measurement of the DSS. This new role was articulated as:

“The Department is the principal policy formulation and advising body in the portfolio and has general responsibility for ensuring that the Government’s social security policies are implemented as required by the Minister.”

(DSS, 1997, p. 23)

This meant substantial restructuring of the DSS:

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28 Director of Public Prosecutions.
“For the new DSS the task is to focus its policy advisory and design skills to meet the challenges of changes to the roles of Government and Departments. In response to this these the Department has moved away from a traditional program-based divisional structure. Instead, the new arrangements will place significant emphasis on flexibility and cross-program linkages.”

(DSS, 1997, p. 3)

This was also discussed in the final report in 1998:

“DSS decided to abolish divisions and devolve management responsibility to Branch Heads so that Band 2 SES officers could concentrate on high-level strategic issues relating to the Department’s key result areas.”

(DSS, 1998, p. 246)

The new relationship with Centrelink was also discussed:

“During the year, responsibility for delivery of DSS policy products was progressively transferred from DSS to Centrelink under a one-year Strategic Partnership Agreement between the two organisations. DSS refocused on its policy and purchasing responsibilities.”

(DSS, 1998, p. 246)

The Department’s new role also included changes to strategies and performance measurement. In relation to strategy this included:

“New commitments, business strategy:

• Maximising our advantages in terms of skill, key relationships with Centrelink and stakeholders, and access to knowledge and data.”

(DSS, 1997, p. 4)

Four key result areas were also identified:
“Influence the broader policy setting; to build an effective partnership with Centrelink; To maximise our people’s ability and opportunity to contribute; To achieve organisational cohesion and purpose.”

(DSS, 1998, p. 5)

A new “vision” was also mentioned in 1998 as part of the new strategic plan: “The strategic plan identifies the Department’s vision as ‘Social Policy Excellence- for a better Australia’” (DSS, 1998, p.16).

The impacts on the structure of the Department were also canvassed:

“As part of the restructuring of the portfolio, the Department revised its own structure to maximise its capacity to meet the objectives of helping the Government achieve its social security and housing objectives.”

(DSS, 1998, p. 245)

Audit and Surveillance

Discussion of surveillance and internal audit were not necessarily new themes for the period starting in 1987, but they did receive a certain broadening in terms of their importance. As discussed in the layout section, matters related to fraud, internal and external audit were often afforded their own chapters. Initially there was still use of broad descriptions as the means of disclosing audit related matters:

“The Department has Internal ADP and General Audit areas which systematically review all operations to give independent and impartial advice to management on the economy, financial regulatory and legal compliance of the Department’s systems and programs.”

(DSS, 1987, p. 43)

And,

“During the year, the Government and the Department added extra ‘checks and balances’ to conditions of eligibility for assistance. Additionally, there was an overall tightening of social security administration, an upgrading of
administrative efficiency and a reduction in the incidence of incorrect payment.”

(DSS, 1987, p.20)

Methods through which clients were identified were described in 1991:

“A risk management philosophy underpins the Department’s review strategies. Statistical analysis is used to identify characteristics of clients with a higher than average risk of incorrect payment.”

(DSS, 1991, p.48)

The goal orientation that permeated other dimensions of annual reporting came to prevail, as was evident in 1993:

“The Department strives to ensure that payments are made only to those who are genuinely entitled... Accordingly one of the five Departmental goals is to maintain the integrity of the social security system and be fully accountable for the expenditure.”

(DSS, 1993, p. 77)

The quantification of results related to the surveillance and audit functions was also evident, such as with the results of reviews of beneficiaries:

“There were 140,900 general reviews undertaken by regional office staff, most conducted in the field. Results included:

  o 13,593 (16.8%) unemployment beneficiaries had payments terminated.”

(DSS, 1987, p.25)

And: “During the year 284 prosecutions were also launched under the Crimes Act relating to social security matters” (DSS, 1987, p.28).

Another example from 1993 was:
“New debts raised for incorrect payments during 1992-93 were $202.9 million, an increase of 56.9 per cent over 1991-92. The number of new debts raised increased by 94.3 per cent from 114,610 to 222,602 in 1992-93. The main reasons for this increase were:

- An increase in overpayments identified as a result of data-matching and improved systems;
- Enhanced management attention to over payment raising; and
- Increase client numbers.”

(DSS, 1993, p.84)

And again in 1996:

“Total reviews increased to 2,408,402 up 11.1 per cent... There was a total of 237,176 cancellations or rate reductions compared to 187,525 in 1994-95, reflecting better targeting of review selections.”

(DSS, 1996, p. 33)

Matters of fraud were also intertwined with the notions of accountability and were given a strategic focus: “To attain accountability, the Department’s resources are deployed in the most efficient and effective manner to achieve three objectives: prevention; detection; deterrence” (DSS, 1993, p. 78).

This focus on prevention, detection and deterrence was continued throughout this series of reports. For example in 1996:

“To implement the accountability aspect of DSS values of ‘efficiency and effectiveness’, resources are deployed in the most cost-effective manner to attain three objectives:

- prevention
- detection
- deterrence

(DSS, 1996, p. 46)

Essentially, the means through which audit matters and surveillance of clients was communicated in this final series of reports went through the same change as many
other aspects of Departmental operations, a shift away from descriptive narrative towards the articulation of strategic aims and objectives and the publication of quantitative performance data. Audit and surveillance also came to be key themes within the annual reports and reflected an intensification of the DSS to demonstrate to stakeholders that they were appropriately distributing the funds entrusted to them.

*Client service*

Client service was a matter that took on greater importance in the 1990s and it became a major theme. As with all aspects of the DSS, strategic focus was important. In 1991 this was articulated as follows:

“In 1990-91 the Department commenced the development of a Quality Client Service Strategy. This was aimed at reinforcing the broad measures outlined in the Department’s long-term Strategic Plan, with its theme of ‘A commitment to Quality Service’…”

(DSS, 1991, p.28)

By the 1993 report client service was given its own chapter within the annual report. This included the setting of goals and the reporting back of performance information. An example of a goal included:

“Provide a complete service to clients; reduce waiting times in DSS offices through greater use of the telephone and scheduled appointments system.”

(DSS, 1993, p.25)

This strategic approach was again evident in 1996:

“Strategies in 1995-96 included:

- Devising and promoting customer service improvements;
- Improving the efficiency and effectiveness of DSS staff and improving job satisfaction through undertaking a program of job redesign and training…”

(DSS, 1996, p. 311)
An example of the reporting of performance information included:

“In 1992-93 84 per cent of calls to TeleService Centres were answered with 10 seconds. Fifty-eight per cent of cases were referred within one minute from initial response.”

(DSS, 1993, p.29)

And, “In 1992-93 88 per cent of clients were seen within five minutes of entering an office” (DSS, 1993, p. 29).

Client surveys came to be an important source of data for performance information:

“Preliminary analysis of the survey data indicated that clients generally have a positive view of the service provided by the Department. Clients provided favourable feedback about the service they received.”

(DSS, 1993, p.36)

Again in 1997 “67 per cent of DSS customers consider the overall quality of its people, services and information to either ‘very good’ or ‘good’” (DSS, 1997, p.259).

Complaints processing was also subjected to performance measurement: “DSS has responded to 24 per cent of written enquiries within 28 days. At June 30 1995 there were 16 finalised Ombudsman enquiries” (DSS, 1995, p. 85).

In relation to reviews of entitlements requested by “customers” in 1996:

“Ninety-five per cent of Authorised Review Officers reviews in which the customer has been left with no income as a result of DSS decisions are ideally to be completed within 14 days.”

(DSS, 1996, p.57)

Quality client service went from being something that was essentially assumed in the earlier reports, to being dealt with strategically and quantified through the use of performance measures. The importance afforded to the issue of client service
contrasts with the similar importance afforded to the issue of surveillance, which also rose to prominence in the 1990s.

**Social justice**

Starting in 1989 and continuing throughout the rest of the reports to 1998 was a theme of “social justice”. The context of this was first explained as:

“The social security system administered by the Department is a key element in the achievement of the Government’s broad social justice objectives as outlined in ‘Towards a fairer Australia – Social Justice Under Labor.’”

(DSS, 1989, p.9)

The social justice theme was further articulated in 1991 (p. 27):

“The social justice strategy incorporates a mix of remedial and preventative measures that provide direct assistance to people experiencing disadvantage and help them escape that disadvantage.”

In 1993 the objective of this strategy was stated as: “The main objective of the Government’s Social Justice Strategy is to develop a fairer, more prosperous and just society for all Australians” (DSS, 1993, p. 41).

This theme continued into 1997: “Initiatives taken to enhance customer service and to simplify the payment structure will also benefit disadvantaged groups” (1997, p. 32).

Simplification and efficiency were also seen as a means of improving outcomes for disadvantaged groups:

“Equality and adequacy of social security payments are being improved by changes to make entitlements and procedures easier to understand. Simplification enhances community acceptance and improves the system’s administrative efficiency and fiscal sustainability.”

(DSS, 1997, p. 33)
Finally, in 1998 there was reference to improved communication as another means through which services to disadvantaged groups were to be improved:

“Emphasis has been placed on ensuring that all groups within the community are aware of disability related payments and that the payments meet the needs of designated target groups.”

(DSS, 1998, p.47)

Like client service, the notion of social justice had always been implicit within the reports of the DSS, however during the 1990s there was increased effort dedicated to clarifying what the role of the DSS was in enhancing social justice. Implicit within this was the notion of holistic welfare, where preventative measures were articulated as being important in the mitigation of the need for remedial measures.

**Resourcing**

In previous reports staffing had been discussed closely in relation to a lack of resources afforded to the DSS by the Government. Significant change occurred in this area, with no references being made to any sympathy for staff experiencing difficult workloads. Instead, any kind of conflict between staff and the DSS’s resource providers was communicated merely through quantification of the number of days lost. For example, in 1990 (p. 179) “During the year 5776.2 days were lost through industrial action....” There were also references to industrial democracy and harmonious consultations with unions and staff: “Every effort was made at all levels to keep unions and staff fully informed of Departmental developments and resulting demands” (DSS, 1987, p.131).

Again, in 1995:

“As foreshadowed in the 1993-94 annual report, DSS and the unions negotiated the Department’s first workplace bargaining agreement in 1994-95... The DSS Agreement includes a number of strategies which the potential to achieve ongoing gains in Departmental productivity, flexibility and efficiency.”

(DSS, 1995, p. 45)
Demonstrating the starkness in the change to the resourcing theme was a section headed “Achievement of 1988-89 staffing targets”, where an underrun of 437 staff was mentioned, followed by a discussion of why the underrun was necessary. In earlier reports an underrun of staff was a matter of criticism but by 1989 this had changed to be something of an achievement with justification. Staffing was again reduced in 1990, and was again discussed under a heading “Achievement of 1989-90 staffing targets” (p.167).

There was however mention of increases to staff for certain functions:

“An additional 73 officers will be located in regional offices with a particular emphasis on providing more retirement planning information to the rural community and information to those thinking of moving house.”

(DSS, 1995, p.100)

The change to the way in which matters of resourcing were communicated in the 1990s was stark. The Departmental Secretary had gone from using the report to lobby for further resources, to using the report as a means through which to demonstrate the frugality of operations.

*Themes carried over from previous reports*

A number of themes that were present in previous reports were continued into this final series of reports. As with many other components however, often the manner in which these matters were addressed had changed, with the emphasis shifting towards listings of objectives and performance measurement.

Descriptions of eligibility criteria continued to be present within the annual reports. This, for example, was in the 1987 report:

“Sickness benefit may be paid fortnightly, generally after a seven day waiting period, to people who have been temporarily incapacitated for work because of sickness or accident and who have suffered a loss of income as a result of the incapacity or who, but for the incapacity, would qualify for unemployment benefit.”
Eligibility criteria were again prominent within the 1990 report, where they occupied pages 37-81, and again in 1991. An example from the 1991 report as to how these were described included:

“The income security program for the Retired provides pension payments for people have reached the age of 65 for men and 60 for women. Pensions are also paid to wives and eligible carers of age pensioners.”

(DSS, 1991, p.81)

In 1992, eligibility criteria were moved into an appendix at the end of the report, demonstrating their relative lack of importance compared with other key issues, such as performance measurement and strategy. By 1994 however entitlement criteria had returned to the body of the report. In 1995 the descriptions of the benefit criteria were accompanied by a theme of simplification, which was something that had been present in earlier reports. For example, in relation to eligibility for pensions “simplifying the current complex arrangements for assessing income from investments” (DSS, 1995, p. 17) was stated as an achievement. This was again the case in 1997: “To assist both staff and customers, simplification of entitlement and administration remains a priority objective” (DSS, 1997, p. 4).

Tightening of eligibility also continued: “Unemployment beneficiaries are now also required to lodge their fortnightly income statements personally with the Department” (DSS, 1987, p.21) with a self-congratulatory tone being present in relation to declining numbers of beneficiaries in 1996:

“There has been a large decrease in the number of Sickness Allowance recipients from 46,800 in June 1995 to 34,500 in June 1996. This decrease is attributable to the implementation of new rules... which restricted qualification...”

(DSS, 1996, p. 130)

Descriptions of programs were also present, for example, in 1996:
“The program covers Age Pension payments to men aged 65 or over and women aged 60.5 years or over (61 from July 1997) and Wife Pension to some wives of age pensioners who are not eligible for a pension in their own right.”

(DSS, 1996, p. 73)

As well as changes to programs:

“Most comprehensive were Government reforms to labour market programs and the re-engineering of the systems and clerical procedures used to deliver income support to the unemployed.”

(DSS, 1997, p. 4)

Accommodation issues had been ever-present in the annual reports of the DSS with the standard of the accommodation often being criticised. By 1994 however, accommodation came to be reported in the same way as all the other aspects of the DSS, with a set of key achievements and heavy reliance on quantitative information:

“In 1993-94 the Department committed its capital allocation of $35.733 million. However, only $10.819 million of this amount was due for payment in 1993-94 and the remainder has been carried over to the 1994-95 appropriation.”

(DSS, 1994, p. 285)

The reporting of technological advancements initially continued in the same way as in the previous set of reports, with heavy reference to STRATPLAN in 1987:

“The end of the 1986-87 financial year marked the end of the four years during which the STRATPLAN re-equipment program was scheduled to take place... other important considerations were:

- Greater efficiency in Departmental processing systems following completion of the applications redevelopment that could take place only in the STRATPLAN environment.”

(DSS, 1987, p. 37)
By the 1990s however, technological matters now comprised their own ‘computing infrastructure’ sub-program and had their own sets of objectives, descriptions, strategies. In 1994 this was:

“To improve the cost effectiveness of administration, including information technology services by:

- Providing a highly cost effective service operation;
- Improving the quality and efficiency of systems and facilities and reducing the time that staff are required to devote to routine tasks...”

(DSS, 1994, p. 270)

This was naturally supplemented with a variety of measures, such as response times for mainframe applications and on-line benefit systems availability (1997, p. 304-305).

Descriptions of the Department’s organisational structures including the roles of the various offices were included throughout this series of reports, for example, in 1989 (p.23) and 1990 (p. 33-34) this included descriptions of the role of the national, area and regional offices.

Communication methods had been addressed in the annual reports in the past and continued to be reported in this final group. For example, in 1991 (p. 85)

“Improving the Quality of Communications with Pensioners... This has involved developing publicity directed to those eligible for part-rate pension by adopting various cost effective methods of targeting this group, including Age Pension News and local media articles.”

International agreements and developments continued to be disclosed. In the 1990 report for example a chapter was dedicated to these matters.

Freedom of Information was also addressed throughout this final series of reports (as shown in Table 7.3), again, in a manner typical of other aspects of Departmental operations, with an emphasis on quantification. For example,
“During 1995-96 8,223 requests for access to documents under FOI were received by DSS with 8,325 requests answered, including 102 requests from the previous year. A total of 467 remained outstanding at 30 June 1996. The figure represented a 9 per cent decrease from the previous year.”

(DSS, 1996, p. 66)

7.4.3 Visual content

Visual content in this group of reports went through a few discernible phases, especially in relation to the use of photographs. Between 1987 and 1990 the numbers of photographs were relatively steady (ranging from a minimum of six in 1989 and a maximum of twelve in 1990). Between 1991 and 1993 however, the numbers ranged from 49 in 1991, to 24 in 1992 and 35 in 1993. After 1993 however, there was no use of photographs at all. The use of graphs and charts was somewhat more stable overall, although there were only four in 1998, compared with fifty-three in 1996. Generally however there were between 10 and 20 graphs/charts in each report.

Previous to this set of reports, the last to contain any photographs was from 1980, but they made a return in 1987. During the 1970s the images tended to be close ups of various beneficiaries (although this had changed by the early 1980s), but in 1987 the photos were exclusively of staff performing various functions, including operating computer terminals or attending meetings. This pattern extended into 1988, although there was one image of a new office and another of a beneficiary visiting an office. In 1989 the Minister (Brian Howe) appeared in the report three times, with a photo of him at a program launch; again along-side the president of the Australian Council of Trade Unions (ACTU), the Minister for Employment, Education and Training and the Director-General of the Confederation of Australian Industries; and a third time at the launch of Age Pensioners News with the Secretary of the Department. The Prime Minister (Bob Hawke) also appeared celebrating twelve months of the Family Allowance Supplement. Other photos included staff at a family allowance promotion (dressed as clowns) and at a shopping centre doing promotional work. The 1990 report saw a new Minister (Graham Richardson) appear alongside a Torres Strait Islander, the Departmental Secretary at a Newcastle earthquake disaster relief centre and again at a conference, the former Minister Brian Howe delivering an address at the opening of a
regional office and again shaking the hand of the Ambassador to Spain, Paul Keating (then Treasurer) at the launch of the Jobs, Education and Training (JET) scheme and the exterior of a computing complex in Homebush, NSW.

The 1991 report saw a large increase in the number of photographs within the annual report. Part of this was due to the inclusion of a ‘A History of the Department’ section, that commemorated the Department’s 50th year. This section alone contained some 25 images dating back to 1914 and included the staff from the pensions sections of treasury in 1914, punch cards and welfare cheques, an IBM electric accounting machine from 1952 and staff in a file room from 1951. The other images from 1991 included children and an aboriginal man attending the launch of the “social access and equity plan” (p. 29), Con Sciacca (Parliamentary Secretary to the Minister for Social Security) answering a call at a multilingual teleservice centre, an Assistant Secretary attending an international conference, a number of posters that were placed around DSS offices, including those aimed at employees (for example, related to privacy) and clients/customers (for example, related to freedom of information). Photographs of the Minister appeared several times, as did photographs of the Secretary, for example, in signing welfare agreements with Ireland, the Netherlands and Malta.

The 1992 and 1993 reports did not contain history sections but they did still have 24 and 35 images respectively. Again, in 1992, reciprocal agreements being signed by politicians and the Secretary were reported (this time involving Austria and Cyrus). Photographs of Graeme Richardson appearing at the launch of the JET program, Con Sciacca appearing at the opening of an office at Capalaba and the Secretary also appearing again at the opening of an office at Redfern were included. The report also contained images of a waiting room, a sit down interview between a client and a staff member, a staff member working at a teleservice centre, a touch screen terminal as well as images of pamphlets, posters and evaluation reports. The 1993 report contained specific portrait photos of the new Minister (Peter Baldwin) and the Secretary (Tony Blunn) as well as various other images similar in style to those in the 1992 report, such as staff interviewing clients and launches of new programs. After 1993, there were no more photographs published within the Department’s annual reports.
In terms of graphs and charts, the 1987 report saw a one off rise in the number presented, from 9 in 1986, to 25 in 1987, then returning to 5 in 1988 and 9 in 1989. The graphs and charts in 1987 included line charts showing the change over time in the number of beneficiaries of four different benefits, the growth of the average age of aged pensioners, the percentage of welfare benefits as a percentage of the total Commonwealth budget and of GDP, the growth of sole parents pension, the seasonal fluctuations in the number of recipients of unemployment benefits, young homeless benefits and sickness and special benefits, histograms showing percentages of the entire welfare recipient population per benefit, gender breakdowns of recipients of young homeless allowance, operative staff by state, salaries expenditure by state and a pie chart showing a breakdown of administrative expenditure. By 1988 the numbers of charts reduced substantially and were limited to line charts showing trends in average salary and average higher duties expenditure, as well as three histograms showing breakdowns of locations of staff by state. In 1989 similar information was presented including a histogram showing monthly averages of unemployment benefits, a pie chart showing gender and age breakdowns of unemployment benefits, breakdowns of administrative expenditure and line charts showing monthly averages of sickness benefit and special benefits. In 1990 the number of charts steadily rose to 16 and included all those from 1989 along with the addition of pie charts showing the distribution of pensioners by country and benefit type, the percentage of unemployment beneficiaries under the age of 18 and over 55 and another pie chart showing the country of birth of unemployment benefits. There were also histograms showing related showing the number of family allowance supplement recipients since 1983 as well as State breakdowns.

While the appearance and layout of the report from 1991 changed, the use of graphs and charts in 1991 remained similar to its predecessors. There was a pie chart showing the breakdown of all the benefits (with age pensions being having the greatest share with 46.7%), and the chart concerning the number of recipients of unemployment benefits both under 18 and over 55 was carried over from 1990. Aside from these, the use of charts was based around line charts showing the numbers of recipients of each benefit. The 1992 report continued the focus on the use of relatively simple line charts
showing the numbers of beneficiaries for each benefit over the year, but also included histograms related to the place of birth of overseas beneficiaries, as well as a line chart showing the percentage of the age pension of average weekly earnings (this measure was one of the key program objectives). Some new charts appeared in 1993, with pie charts showing proportions of reviews performed and appeals by program, while the pension percentage of average weekly earnings was carried over. Histograms were used to show the number of pensioners between 1985 and 1993 and the number of childcare placements found. By 1994 and 1995 the focus of the charts had changed again and now covered a range of different areas. Three of these were line charts that related to disability support matters (e.g. program completions and return to work) and percentages of pensioners with other sources of earnings by amount. The line charts addressing basic numbers were also present in a few instances.

1996 saw a substantial increase in the number of graphs and charts published within the annual report. These included line charts of “proportion of full rate and part pensioners by sex” (p. 87), as well as numerous histograms related to numbers of appeal by type and processing times. It was the inclusion of these histograms related to reviews that increased the number of charts relative to previous years as there were usually two or three of them for each program. There was also a line chart addressing ‘referrals to disability panels’ carried over the previous year.

In 1997 the numerous histograms related to reviews were removed and various charts that had been seen in previous years (prior to 1996) were present. These included the line charts showing the single rate of pension as a percentage of average weekly earnings and disability programs, as well as some new charts, including ‘sources of other income for age pensioners’ and a set of histograms related to housing, for example, the number of public rental dwellings over the previous decade. The final report from 1998 saw only 4 charts being published. These included the ‘sources of other income’ histogram carried over from 1997, a line chart showing the numbers people on unemployment benefits who earned other income and two charts related to housing matters (for example, length of waiting periods for public housing).
There was very little by way of any discernible pattern in the use of graphs and charts over the period 1987-1998 and there was very little consistency for anything more than two years in a row. It can also be said that the use of charts was essentially consistent with the reports dating back to the 1950s, with charts showing changes to patterns of welfare recipients and breakdowns of expenditure, amongst other things. In that sense, it can be said that of all the changes to the annual reporting behaviours of the DSS, the use of graphs and charts was one area that remained relatively consistent, specific nuance aside.

7.5 Conclusion – how the reports have changed

The reporting behaviours of the Department of Social Security (Services 1941-72) were consistent for the first 40 years of publication with the principal single development during this time being the increasing length of the reports, which occurred primarily between 1966 and 1972. Layout was based around each benefit and service provided by DSS and administrative matters were primarily dealt with at the end of each report. The dominant theme within the reports to the mid-1980s was descriptions of the Department’s operations, that being the delivery of various welfare benefits and services with explanations of changes to the Department’s clientele being sub-components of this. The Secretary of the Department, even as late as 1986, was critical of the resourcing of the Department, with accommodation and staffing levels being the main topics of dissent. Visually the reports starting in the 1950s contained various photographs, charts, tables and from time to time, maps. The photos in the early periods showed a range of Departmental functions, including service recipients (such as those working in sheltered workshops) and new accommodation as well as the occasional appearance by politicians. Graphs and charts also had a sustained history of supplementing the quantitative information used in the reports and were often used to show trends in welfare benefits or breakdowns of expenditures.

The real change that occurred to the annual reports began in the late 1970s when the Department’s mission began to be articulated. While articulation of Departmental ethos could be traced back as early as 1948, this gradually evolved from the 1970s through to the 1990s, where articulation of the ethos or mission grew from statements
concerning the entire Department to include charters, Departmental objectives, specific program objectives, sub-program objectives and even specific benefit objectives with related strategies for each. The change from essentially no stated objective, to pervasive articulation of objectives and strategies, led to the other major change to annual reporting behaviours: the measurement of performance. Starting in 1991 a key component of the reports was the reporting of performance information, with all elements of Departmental operations (including performance measurement itself) being subjected to measurement and evaluation. The nature of accounting also changed, with the introduction of accrual style reports in 1989 and full accrual accounting in 1993. While audit activities had been described in the past, audits of the financial statements as performed by the ANAO, started in 1989, with audit activities on all other aspects of Departmental operations also being reported in the 1990s. Other thematic changes included the move towards articulations of the tightening of eligibility for clients (changed from a theme of liberalisation through from the 1940s to the 1970s), the heavy thematic focus on prosecution of fraud and overpayments, the lauding of running the Department with an under allocation of staff and a more determined focus on matters of client service and social justice (albeit with fewer staff and greater levels of oversight).

Visually there was also a shift, although long term consistent trends were largely absent. One key development in terms of the use of photographs was a movement away from images of beneficiaries in the 1970s towards photographs of staff and, increasingly, especially in the early 1990s, relevant Ministers of the Department and other prominent politicians. Another key development with the use of photographs was the two periods of their sustained absence, during both the 1980s and 1990s. The use of graphs and charts was steadier than the use of photographs, and they were used to visualise all manner of operations including changes to numbers of beneficiaries, breakdowns of expenditures, staffing numbers and numbers of reviews, amongst many other things. The use of charts in the main really did not go through any significant change from their first use in the 1950s in that they continued to be used to illustrate changes to expenditures and demographics that were described in the reports.
The reports of the Department changed from being descriptive overviews of services and benefits, to becoming voluminous tomes principally dedicated to articulation of strategies and reporting of performance. Quantification of all aspects of operations replaced passive descriptions and narratives as the central focus. Auditing became a mainstay, and fraud went from being something almost accepted and described as collateral damage, to being targeted through strategies of prevention, detection and deterrence. Dissent, which been a mainstay in the annual reports of the Department, disappeared and old topics of dispute came to be the subject for the presentation of statistics or causes for self-congratulation.

Table 7.4 Summary of key reporting developments

<table>
<thead>
<tr>
<th>Period</th>
<th>Layout</th>
<th>Themes</th>
<th>Visual Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941-1972</td>
<td>Layout based principally around each benefit/service; only minor alterations over period; reduction in size of report from A4 to A5 (approx).</td>
<td>Mostly descriptions/changes of to entitlement criteria (including liberalisations), expenditure patterns and resourcing; efficient administration including technological developments, accommodation arrangements and client surveillance all described; Departmental head critical of resourcing.</td>
<td>Increase to number of images over timeframe; no images during first 6 years; beginning in 1948 charts were published; charts were generally used to illustrate expenditure patterns, while photographs were used to show delivery of services, Departmental accommodation and starting in 1970, close-up images welfare recipients.</td>
</tr>
<tr>
<td>1973-1986</td>
<td>General tendency for increased length of reports; otherwise reports adhered to earlier format; information concerning administrative matters moved to front of report in 1981.</td>
<td>Period began largely the same way as previous period ended with focus on descriptions of services and benefits, entitlement criteria liberalisations etc; in mid 1980s themes changed in focus towards discussion of strategy and objectives, increased articulation of mission began in late 1970s; Department head still critical of resourcing.</td>
<td>Use of photos tapered off in mid 1970s before stopping altogether in 1977; increased use of graphs and charts; content of photos was essentially the same as earlier period (welfare recipients, proposed buildings etc).</td>
</tr>
<tr>
<td>1987-1998</td>
<td>Greatest degree of change in layout; large increase in volume; adoption of format consistent with that of listed corporation; introduction of new financial statements, audit reports and declarations</td>
<td>Pervasive articulation of objectives and strategies; publication of performance information; less description of services &amp; benefits; move towards tightening of eligibility criteria; increased focus on fraud/overpayments; criticism</td>
<td>Two periods of sustained absence of photographs; where present photos were primarily of employees; increased presence of Ministers in photographs; use of charts remained</td>
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Chapter 8 will now attempt to provide an explanation for these changes and therefore answer the second research question first articulated in chapter 2. In doing so, it will reject the notion that the changes to reporting constituted any kind of improvement. It will instead, through critical discourse analysis and the interpretive lens of reification, seek to implicate underlying structural conflict and propagation of hierarchies as the key drivers to the changes in reporting behaviours.
8. Interpretations: why the form and content of the reports has changed in the manner exhibited

8.1 Introduction
This chapter uses Lukacs’ (1971) notion of reification - as dissected into four dimensions by Bourguignon (2005) to interpret various changes to reporting methods identified through CDA. The methods used as part of the CDA, as previously identified in Chapter 5, included examining changes to the layouts, headings and keywords for points of emphasis; noting matters omitted from reports between years; examining emerging methods of reader manipulation; the prevailing permissible uses of text; changes to depictions of those in positions of power/subordination and use of connotations attached to different stakeholder groups. The visual elements of content were examined in relation to potential metaphorical meanings; how they reinforced or contradicted themes in the reports and how they changed over the course of the period under examination. The reporting methods highlighted using CDA were then subjected to further analysis and interpretation via the lens of reification and are organised according to the four constitutive elements of reification within this section. The use of this analytical approach provides for a more complete and critically informed analysis and provides for insights into the format, content and changes to the reports that may otherwise go unnoticed. The use of this approach also provided insights into the changing ‘identity’ (see Low, Davey & Davey, 2012) of the DSS as conveyed through the reports.

8.2 Change in ontology
The first aspect of reification posits that a shift takes place from a constructivist ontology to a positive ontology. This entails a move from an acceptance of differing, co-existing subjective consciousness to a belief that the world is external, measurable and objective. The application of the first element of reification involves the interpretation of a number of reporting methods identified using CDA for the purpose of enabling further analysis according to the other three components of reification. In general tenor and thrust, the DSS reports as described in the previous section exemplify that change was merely incremental until the mid-1980s, with the more substantial paradigm shift occurring in the late-1980s and continuing through to the
end of the series of reports in 1998. The rest of this section outlines the reporting methods identified using CDA that were employed in the annual reports in making this shift.

Articulation of Missions, strategies and objectives

The first key change to reporting practice identified using CDA was the articulation and elucidation of mission, objectives and strategies by the DSS. Using reification as the analytical lens, this was seen as the first key example of the shift in ontology away from the acceptance of multiple, competing subjectivities in favour of a single (false) objectivity.

In illustrating the changes to discourse, while the reports from as far back as 1948 contained some notions of Departmental mission, the report from 1979 (p. 1) essentially disclaimed responsibility for such matters by saying they were dictated by “statutory requirements”. By 1984 (p. 23), however this had changed as there was now discussion of the two levels of strategic planning that took place within the Department. In 1986 (p. 8) there was further development as there was now reference to the corporate goals of the DSS.

This increased articulation of strategy, objectives and purpose continued into the 1990s. This included the creation of a Departmental charter in 1988, the clear articulation of a Departmental theme in 1989, the provision of mission statements for each of the DSS’s divisions in 1991 and the development of corporate aims pervading all elements of Departmental operations through to 1998. The report from 1991 was the first to contain a strategic plan, while the strategic plan from 1992 contained areas addressing “income support” and “staff” as well as numerous NPM catchphrases of the period such as “client service”, “office of the future”, and “network structure and liaison” (DSS, 1992, pp. 19-21). These strategies all clearly cascaded through to sub-goals for each DSS program.

The change in reporting behaviour towards increased articulation of strategy and the shift from justifying the absence of such planning in 1979 to its wholehearted embrace in the 1990s can not only be seen as a shift in the ontology of the reports, but can also
be seen as part of the broader NPM discourse. Carter and Mueller (2006) argued that the notion of strategic management gained a foothold after 1980 as it was commensurate with “New Right economic theory” (p. 981) and neoliberalism (Beeson & Firth, 1998), which itself was further intertwined with increased financialisation, the pursuit of efficiency (Hughes, 2003), and increased involvement of private-sector consultants (Bisman, 2005).²⁹

The increased articulation of missions, goals and strategies aligns with the official account of the then Labor Government, which according to Keating (1993), had the desire to focus on results, outcomes and performance. According to Brunetto and Farr-Wharton (2005), however, NPM in Australia was especially focused on “increased management control to achieve government objectives” (p. 291) and that “increased accountability was often a prerequisite for achieving the hidden cost cutting goal” (p.292). When examined more critically therefore, the articulation of strategies, the setting of objectives, and the pursuit of efficiency (and the origins of these within the broader new right program) can be seen as dimensions of what Yeatman (1990) refers to as a “cultural revolution where scientific management practices were applied by technical experts in an attempt to concentrate bureaucratic power and allow its more effective application at particular sites deemed desirable by government” (p. 227). It is noteworthy that, of the five stated objectives in the 1992 annual report for ”Program 3 – Income Security for the Unemployed” (1992, pp. 141-60), no less than three were aimed at reducing the DSS’s cost burden, and only one goal projected the potential for increased expenditure. This shows that the DSS viewed its role not only in terms of the orderly disbursement of government monies, but also as an instrument for cost minimisation.

It can be argued therefore, that the increased focus on missions, strategies and objectives in the annual reports, while being an instance of a shift in ontology, was also a symptom of the broader rationalisation and intensification of labour, the trend towards more control and less autonomy for employees, and the extension of Taylorist notions of control into white collar environments while also being an example of the

²⁹ There was evidence of increased use of private sector consultants within the annual reports of the DSS, for example, DSS (1983, p. 10).
change in ontology adopted by the authors of the reports. Morehead et al. (1997) support this argument by noting a marked deterioration in the working conditions of public sector employees in Australia, together with reductions in job satisfaction levels as a result of the reform programs. Bisman (2005, p. 31-32) also made the following supporting observation:

“The rapid pace and coincidence of varied changes, including those related to commercialisation, outsourcing, organisational amalgamations, downsizing and increased accountability ... created mounting pressures on public sector employees. This period of change also saw many managers leave the public sector, with a concomitant intake of managers drawn from the private sector.”

Use of performance measures
The second reporting method identified using CDA and interpreted through reification as being an example of the change in ontology is the increased use of various performance measures which began in the early 1990s. The 1991 report exemplified this in particular, as while it carried over the same four Departmental aims that had been presented earlier, it followed them up with a set of achievements, with references to measures such as running costs and the number of claims processed within target times. This approach to reporting performance information continued in 1992 with additional numerations including times to review claims. The 1992 report also contained statistical and other key results for each of the Department’s programs. For example, the first of the “key results” for Program 3 was a 22% difference between people entitled to unemployment benefit and people actually receiving these benefits (p. 143). The second key result discussed how a restructure of the program resulted in the unemployed being required to actively look for work, and the final key result (out of 10) referred to reviews of recipients’ worthiness for entitlements and amounts spent on administration (p. 143).

Various other performance measures came to be used during the 1990s. Comparisons of monies spent on administration with previous years was reported in 1995 (p. 114) and comparisons of times to process claims with previous years was in the 1996 report (p. 113). In 1997 a performance measure was used to assess the number of people
eligible for the pension compared with the number of people receiving the pension. A similar measure was used for unemployment benefits, however the connotations used in the commentaries of the results of the two measures differ significantly. While it was apparently desirable to have people eligible for unemployment benefits not receiving them, the opposite was true for those eligible for age pensions. This difference in connotation may have been due to political concerns arising from the popularity of (or lack of) unemployment benefits within the broader community. It may also be an example of a residual element of the notion of deserving versus undeserving poor discussed earlier this chapter. Another example of a measure appearing in the 1998 report related to the growing proportion of people since 1991 on disability support pension who had reported some kind of additional earnings. The connotations attached to this measure were this was a beneficial outcome.

The pervasive nature of performance reporting even spread to the performance measures themselves. For example, in the 1994 report the accuracy of the estimates process and the quality of financial management and reporting was also subjected to measurement and evaluation.

The change in emphasis, as identified using CDA, away from descriptions of operations towards the publication of measures suggests that the role of the annual reports changed from being a passive narration of DSS rules and expenditures, towards the presentation of as much disaggregated, (often quantitative) information as possible. This perspective is further supported by the initial presentation of accrual style financial statements in 1989\(^\text{30}\) and the full adoption of accrual reporting in the 1994 annual report. The highlighting via CDA of a shift towards the use of performance data as a key permissible use of text is interpreted via reification as representing further evidence of the ontological shift from the tolerance of various conflicting subjectivities towards the creation of a single truth (albeit a falsehood) in the reporting practices of the DSS.

\(^{30}\) While the DSS first published a statement of assets and liabilities in 1989, the first reporting requirements mandating this were contained in JCPA (1986). For a discussion of the development of reporting requirements see section 3.3. For a discussion of issues surrounding the use of accrual accounting in the public sector see section 3.4.
The inclusion of an audit report

The third example identified using CDA of the ontological shift is the provision of an external audit report on the financial statements. The provision of audit reports is seen as an example of a use of text to “affect perceptions and convey a perspective that particular points of view were correct, legitimate, reliable and significant while leaving out other voices” (McGregor, 2003, p.5). While reference to audit activities had existed within the annual reports since the 1950s, none of the earlier statements made any claims to fair presentation or were made in the form of an independent report. The reporting style addressing the (internal) audit activities was limited to passive descriptions, albeit with an increasing supplementation of quantitative information to support the assertions in the late 1980s and 1990s. The first independent audit report to the financial statements as performed by the Australian National Audit Office (ANAO) did not appear in the annual reports until 1989, where it remained an ever-present in each report thereafter. The existence of such reports post 1989 demonstrates the desire to have the report verified by an independent third party for the purpose of lending weight to the perceived accuracy and reliability of the accounting information provided, and thus greater claims to truth and objectivity. Conversely, the absence of an independent audit report could have been used by agitators for change to argue that the earlier reports were unsubstantiated and hence inherently untrustworthy and subjective assertions by the DSS. There is a potential falseness to the objectivity provided by the ANAO, as well as their independence from the executive branch of government, however, and therefore this pretence should be examined with scepticism. Funnell (1994) and Broadbent and Laughlin (2003) have argued that in the public sector, there is a trick for auditors to be seen to acting independently without actually being independent, and that the auditor is there merely to certify and legitimise the executive without ever challenging the decisions that are made. These arguments add further support to the notion that the existence of external auditor’s reports in the annual reports was merely another means through which a false objectivity was projected.

Superficially, the changes in annual reporting style identified may appear to be beneficial, given that the reports beginning in the mid-1980s have a clearer set of
articulated missions, strategies and objectives related to quality, cost-efficient service, and an agenda for the Department’s future. It could also be argued that the reports better equip users to make judgements about DSS efficiency, with numerous contemporaneous reviews of Departmental reporting by the JCPA (1979, 1986, 1989) and SSCFPA (1989) arguing that reporting requirements exist for this purpose, such that:

“Managers now have to clarify their objectives and provide clear policy guidelines for ministerial endorsement so that both staff and clients can appreciate the purposes of a program and what can reasonably be expected as a product.”

(Keating, 1990, p. 396)

The position arrived at when the notion of reification is used as the interpretive lens differs from this view it is contended that any kind of objectivity that is passed off to users is merely a construct, that there is no singular objective reality, and that the attempted creation of one is little more than a mask for the true nature of things, which is that of many different subjectivities (Lukacs, 1971).

8.3 Masking the conflict of stakeholders

The second aspect of reification begins to more directly address the second research question in terms of why the reports have changed, in that it provides a rationale for the first aspect of reification (the shift from a constructivist ontology to an objective ontology). Essentially, the second aspect of reification argues that the reason for a shift in ontology is to mask dispute and that this is done by replacing various conflicting subjectivities with a single (false) objectivity. This purpose of this section is to unmask the conflicts that the Department was attempting to conceal.

In order to unmask these conflicts, CDA was employed to examine not just what issues were reported, but also what issues ceased to be reported over the duration of the reporting years. When this was done it was clear that themes of dissent over resourcing that were ever-present in the annual reports ceased in the late 1980s. Further to this, examining the reporting methods identified as implicated in the shift
from a constructivist ontology to an objective ontology (identified in section 7.2) as well as the socio-economic context of the times, it was possible to pin-point further areas of conflict that the annual reports were attempting to minimise.

*The Director General/Secretary and executive Government*

Through CDA, various conflicts were found in earlier reports which ceased to be reported in later reports. Prior to 1986, the Director General/Secretary of the DSS often wrote dissenting sentiments in the reports in relation to a number of resource related matters, most notably staff ceilings and the accommodation arrangements for the Department. In 1986 the accommodation arrangements of the Department were still being criticised, but by 1994 the reference to accommodation was limited to a technical discussion of the amounts spent on improvements, with no commentary in relation to adequacy or otherwise. The move to a technical and quantitative means of reporting was consistent with the approach to reporting of nearly all elements of Departmental operations. In terms of staffing, a lack of human resources was common in the annual reports before 1986, in spite of a doubling of the social welfare budget between 1972 and 1975 (Roskam, 2001, p. 282). Criticisms of a lack of resources were evident throughout the 1970s (for example, 1977, p.1) along with mentions of industrial disputes due to concerns of staff in regional areas motivating industrial action in 1986 (p. 11). By the final series of reports, conflicts over resourcing were replaced with references to industrial democracy, consultations with unions and, rather than being critical of the Government for a lack of resources, the reports (for example, in 1989 and 1990) highlighted an underrun of staff as one of the key achievements of the Department. The open reporting of conflict can therefore be seen through CDA as a component of annual reporting that ceased to be a permissible use of text.

On the surface, the shift in discourse from the candid disclosure of conflict regarding the Department’s resourcing in favour of disclosures demonstrating apparent harmony could have meant that resourcing simply ceased to be an issue for the Department. On the other hand, the thematic prevalence of ‘efficiency’ and heavy use of measures aimed at emphasising productivity in the 1990s would support the argument that
resourcing was an even greater problem for the DSS at this time - and what actually changed was how the conflict was represented (or not) in the annual reports. In the older reports, areas of disagreement over resourcing were overt and addressed via direct, frank, simple and clear language. Beginning in the late 1980s and increasing into the 1990s, the analysis revealed that these conflicts were hidden beneath a layer of confected agreement between those managing the Department and the Government funding alongside swathes of statistics which were a further tool in manipulating the reader into thinking that the matters reported were true.

**Employees and the DSS**

Following on from the conflict between the Director General/Secretary of the Department and its resource providers (executive government), is the conflict between the employees of the Department and the Department itself. The existence of conflict between employees and DSS management is firstly derived from Lukacs (1971), as the process of reification involves the rationalisation of work tasks in the pursuit of greater efficiency, albeit at the cost of disaggregating work tasks into mundane, dehumanised processes that deemphasise individual human qualities. Further support of this is provided by Morehead et al. (1997) who noted a marked decline in the working conditions of public sector employees in Australia along with reductions in job satisfaction levels as a result of the reform programs.

In support of the propositions of Lukacs (1971) and Morehead et al. (1997) that conflict existed between the employees and the Department itself in the wake of the imposition of rationalisation strategies, is evidence that said strategies were met with resistance. While industrial disputation in Australia declined during the 1980s as a whole, the health, education and community services sectors retained relatively stable rates of disputation between 1987 and 2007 (ABS, 2008). Also, “…while the incidence of strikes in the APS had become a relatively rare occurrence” (Yates, 1998, p. 85), workplace bans and other methods of industrial action were commonplace, especially in “larger organisations involved in service delivery”. These bans were used by unions to “limit or challenge managerial decision making” (p. 85) and went unpunished until a change to the industrial relations laws meant a “no work as directed, no pay” rule was
imposed, which in turn led to a large reduction of industrial action within the APS and enabled a significant downsizing of the APS without any major disputes (Yates, 1998). It can be said then, that resistance to the management practices of the Department was such that it took a change to the industrial legislation to curtail its prevalence.

The reporting of such action in the annual reports of the Department by the 1990s, however, was limited to technical discussions of days lost due to industrial action and the apparent negotiations that took place with the relevant unions. These technical disclosures were the main permissible use of text in the 1990s, however they did not provide any acknowledgement that the level of industrial conflict within the DSS was relatively high, compared with other sectors and were hence an attempt at concealing underlying conflicts. Also missing in the 1990s was reference to sympathetic views of the Secretary towards employees. By the 1990s the Secretary was now more sympathetic to the budgetary situation of the executive Government as opposed to the conditions of the Department’s employees.

Beneficiaries and the DSS

Another area of conflict that can be discerned from the reports through the use of CDA - by examining who was exercising authority, who was subjected to authority and examining contradictory themes - was between the benefit recipients and the DSS. While this conflict is never explicitly addressed at any time in the series of reports, there are depictions of the exercise of authority and contradictory themes that provide evidence that conflict was present. These contradictory themes are the emergent commitment to quality client/customer service on one hand, and the increasing importance of subjecting beneficiaries to processes of surveillance and monitoring, as well as the lauding of the punishment of ineligible recipients. Prior to the 1980s the disclosure of such exercises of authority was not as important in the annual reports. The averred dedication to the provision of enhanced service to clients clashes somewhat with the inherent desire to spend as little on welfare as possible and is therefore reflective of an underlying conflict.

To illustrate this point, the report from 1977 (p. 1) was limited to a discussion of the balance that needed to be struck between providing prompt and dignified service to
clients on one hand, and protecting the public against false and excessive claims on the other. In 1985 (p. 70) however, the role of internal audit within the Department had changed from being passive descriptions of compliance activities, to dealing with matters of “cross matching” and “cross checking” to highlight “possible fraudulent claims”. By the 1990s matters of internal audit were addressed within the opening sections of the report, indicating increased emphasis and importance on these matters. In 1994, for example, audit matters were addressed in the ‘corporate overview’ section under the heading of ‘internal and external security’ (p. 33) demonstrating their relative significance. This section also contained clear strategies for the prevention, detection and deterrence of fraud, provided quantifications of the savings achieved through such approaches and summaries of all of the reports provided by the ANAO into the Department’s audit activities. Further to this, in 1993 (p. 77) one of the five goals of the Department was “maintaining the integrity of the social security system”, while increasing rates of prosecutions, debts, overpayments, reviews were continually being highlighted as achievements of the Department throughout the 1990s (for example, 1996, p. 47).

While the commitment to demonstrating that the DSS was accountable for public monies was taking place throughout the 1980s and 1990s, a similar effort aimed at rearticulating the dedication to the service to clients was also taking place within the annual reports. For example, in the 1991 report there was reference to a “quality customer service strategy” (p. 28) and in 1993 client service had its own chapter with its own set of goals, for example, goals related to reduction of waiting times (p. 25). In addition, there was quantification of performance in relation to customer service such as times to process claims, achievement of benchmarks for seeing clients after they enter an office and times to answer calls to teleservice centres. There was also publication of results concerning customer service surveys (for example, 1997, p. 259)

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31 The expansion and metamorphosis of the role of audit as evidenced within the annual reports was not unique to the DSS. The role of auditing in the public sector has been explored within the literature within Australia (see Parker & Guthrie, 1993), as well as in other ‘western’ nations such as the UK (see Lapsley 2009), New Zealand (see Jacobs, 2000), and Scandinavia (see Johnsen et al., 2001). As per the broader NPM reform agenda as manifested in programs such as the Commonwealth Government’s FMIP, audit activities evolved from being largely concerned with statutory accountability (Burritt & Welch, 1997) towards corporate notions of accountability such as value for money (Humphrey et al., 1993) and efficiency (Funnell, 1998b).
and times for the processing of complaints (for example, 1995, p. 85). The impression created by each of these disclosures was that client service was of the utmost importance, in spite of this conflicting with the need to expend as few financial resources as possible on beneficiaries and that behind the scenes, each beneficiary was subjected to numerous reviews, audits and exercises of authority.

Taxpayers and the DSS
A final area of conflict that can be discerned from the annual reports is that between taxpayers and the Department. This conflict would have existed due to community intolerance of perceived wastage of funds in relation to expenditure on welfare benefits and would have been exacerbated by the economic recession in the early 1990s, although media reports referred to the annual reports of disquiet concerning the continued payment of benefits to people suspected of committing fraud also indicate a degree of disharmony existed in the community in the 1970s.

The existence of this conflict can be unveiled from the reports through the use of CDA by the identified emphasis on cost reduction, efficiency, surveillance and prosecution of offenders. The reporting of surplus operating results (for example, 1996, p. 385) even went so far as to create the facade of wealth creation. These subjects conflict with the inescapable, inherent nature of the Department’s operations, which was to redistribute approximately one dollar in every four of Commonwealth expenditure taxpayer funds to groups such as the unemployed, who may have been perceived as undeserving.

8.4 Prevention of dispute
While the second element of reification provided the opportunity to unveil the conflicts that existed between the various stakeholders of the DSS, the third element of reification involves exploring how the authors of the reports - by employing various reporting methods - masked the conflicts between the stakeholders identified in the previous section. The reporting methods identified through CDA include the increasing length of the reports, the provision of objective data targeted to each group that could be used to refute any simmering discontent and the use of visual data.
One method of preventing dispute is through obfuscation. Abundantly evident from the annual reports is their increasing volume. As can be seen from tables 7.2 and 7.3 the reports grew substantially between 1986 and 1996, with each report from the 1990s being in the vicinity of 400 pages or more. It can be argued therefore, as did Milazzo (1992, p. 38), that “too much information might obscure more that it revealed... too many or too complex reporting mechanisms represent a significant barrier to accountability”. In other words, by simply bombarding its various stakeholders with volumes of information, the DSS was attempting to quell scrutiny. This situation was predicted by the RAIPA (1991, p. 7) which commented that growth in reporting requirements would result in annual reports of “excessive size, voluminous and more suitable as reference works... rather than a succinct and clear report of Departmental operations”. The annual reports of the DSS from the 1990s certainly confirm these fears.

To further illustrate this point, while there were specific instances where the annual reports shortened in length between years (for example, between 1993 and 1994 the report shrank from 455 pages to 355 pages) the broader trend was one of substantial growth, especially between 1986 and 1992, where the reports grew from 151 pages to 493 pages (see table 7.2 and table 7.3). The question that can therefore be posited is whether such added volume and complexity improved or hindered the discharge of the Department’s accountabilities. At the lengths of the reports in 1987-1998, it can be questioned as to who would have been prepared to read the reports in their entirety. If one target audience was parliamentarians, noting that the report is addressed to the Minister for the purpose of being tabled in parliament (for further scrutiny) and that in 1992 (for example) the Commonwealth Government consistent of 20 portfolios, this would have resulted in something in the order of 10,000 pages of annual reports for each parliamentarian to digest. It is therefore not entirely surprising that a separate Senate committee was set up for the sole purpose of analysing and scrutinising Departmental annual reports, although even this committee was, at the time, criticised for not adequately performing its oversight role (Milazzo, 1992).

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32 Reporting requirements for Commonwealth Government Departments were initially published by the Joint Committee of Public Accounts (for example in 1986 and 1989). They were subsequently published by the Department of Prime Minister and Cabinet (for example in 1994 and 1999).
The remainder of this section will now examine the more specific reporting techniques identified through CDA adopted by the DSS to mitigate the conflicts (as per the notion of reification) identified in the previous section.

**Director General/Secretary and executive government**

Firstly, as has been already identified - the conflict between the Director General/Secretary and the executive government concerning resourcing issues such as staffing levels and accommodation was once open, but came to be hidden by managerial discourses related to planning, efficiency and the abundance and ubiquity of performance measurement. While claims to efficiency and best practice were present in earlier reports up to the 1980s, the language used was reliant on unsubstantiated claims to ‘new efficient methods’ and the like. It was not until the late 1980s and 1990s that these matters became of central importance to the annual reports and it became necessary for the DSS to use quantitative techniques and other measures as a means of demonstrating their efficiency. By presenting these measures, the Secretary was able to demonstrate the perspective being presented in the annual reports was correct, legitimate and reliable (McGregor, 2003, p. 5).

As was also identified via CDA, the annual reports ceased to be used as a vehicle for the airing of dissent by the Director General/Secretary in relation to resourcing matters, even if the new focus on efficiency indicated that resource constraints were even more pertinent than at any other stage in the Department’s history. Further to this, the absence of dissent (dissent was still present as late as 1986) was actually replaced by sympathy for the Government’s budgetary situation, which became a key theme in the final series of reports. Starting in the early 1990s, a theme to emerge was that related to the general economic circumstances of the nation. Prior to this, the annual reports of the DSS rarely, if ever made reference to broader economic conditions. In 1990 (p. 4) however, reference was made to resource constraints facing the Government and hence the need for increased accountability and greater efficiency by the Department. In 1991 (p. 6), when there was an economic recession, reference was made to the impact this had on the sustainability of the welfare system due to declining revenues and increasing expenditures. Sympathy for the
Government’s budgetary situation was again mentioned in 1992 (p. 32), as was the need for the Department to further safeguard the integrity of the system and to increase efforts to usher people back into employment. This contrasts with the 1970s and 1980s, where economic turbulence and impacts on the welfare system were also present, yet the Director General both reported increases to staff levels and also criticised the Government for a lack of resources. By the 1990s however, dissenting language came to not be a permissible use of text. Instead the conveyance of the image of harmony between Secretary and executive Government became the accepted practice.

The role of visual elements of content is also important in relation to the annual report’s function in papering over the conflict between the Director General/Secretary and the executive Government. The reports up to 1980 (between 1981 and 1987 there were no pictures in the reports) contained the occasional images of Ministers and other important politicians of the era (for example, the reports from 1953 (p. 18), 1958 (p. 15) and 1963 (p. 12) each contained an image of ministers signing reciprocal agreements), but starting in 1987 there was a preponderance of images of politicians. In 1989 the then Minister, Brian Howe appeared three times, while the then Prime Minister, Bob Hawke also appeared. In 1990, three separate Ministers (Brian Howe, Graham Richardson, and then Treasurer, Paul Keating) also appeared. The report from 1993 also contained images for the purpose of introducing the new Minister and Secretary of the DSS. These images involved Ministers opening offices, launching new Departmental initiatives, celebrating milestones and also often involved the Secretary of the DSS. The purpose of these images was to provide a metaphor for cohesion and solidarity between the public service and the executive branch of government, to portray members of the executive in a softer light and to therefore conceal the underlying fractures that may have existed and that were evidenced in the reports prior up to 1986. The publication of these images (such as the Minister opening new offices) also provided contrast with the impression that the executive was principally occupied with a budgetary constraint and was thus primarily interested in ensuring that the DSS spent as few Commonwealth dollars as possible.
Staff and the Department

Conflict between staff and the Department is also concealed in several ways. As has been identified, according to Lukacs (1971), workplace practices become increasingly rationalised over time and, in the process, dehumanise and bore workers. Essentially from the beginning of reporting in 1942, there was always some mention of efficient best practice. By the late 1980s matters of efficiency and continual restructuring had changed from unsubstantiated assertions towards principal focus. Efficiency (with quantification) and continual restructuring became the greatest focus of the reports, taking this mantle away from the predominant theme in the older reports, which was of descriptions of benefits and services. Discussion of restructuring appeared to be a necessary component of the annual reports in the 1990s, where apparently any kind of discourse related to consolidation or stability was seen as a proxy for continued inefficiency and was therefore not a permissible use of text.

The tone with which matters of efficiency were discussed within the annual reports was one of unquestioned progress and improvement within the DSS, supported with various measures and with no mention of any hazards, pitfalls or casualties associated with rationalised work practices during the 1990s. The issues of under-staffing and burdensome workloads that were earlier mentioned were also absent. The annual reports were able to further conceal the rationalised and measured work practices by making reference to developments that were beneficial to staff. These included the linking of staff training in new efficiency measures and technologies to the engendering of improved skills, employability and career advancement. An illustrative example in 1996 (p. 311) included one of the objectives of the corporate management program, which was “improving job satisfaction through undertaking a program of job redesign and training...” These claims were merely asserted or aspired to however, in stark differentiation to the quantification and objectification of so many other facets of the DSS and its operations.

Implicated within this process of pacifying conflict was the use of visual elements of content. Up to 1980 the images contained within the annual reports were, by and large (where they contained people), of clients and beneficiaries of Departmental services. By the late 1980s and early 1990s, the images had shifted away from service and
welfare beneficiaries towards employees of the DSS. The impression that was being created by these images was of employees who were skilful, happy in their roles and making a valued contribution to the DSS and its clients, even if this conflicted with the existence of rationalised and measured work practices.

**Beneficiaries and the Department**

Despite the already identified increased focus in the annual reports on curtailing expenditure and monitoring, reviewing and punishing clients who failed to comply with all of the regulations, including the portrayal of beneficiaries as being the subjects of surveillance and punishments, the reports from the 1990s attempted to conceal the problems of beneficiaries by containing a series of reasons for them to be pleased with the advancements in Departmental operations. These reporting methods therefore represent another attempt at the pacification of conflict. The ways in which beneficiaries were referred to was one means of achieving this. After 1995, “clients” came to be referred to as “customers”. This change in terminology was arguably done to conceal any connotation that welfare recipients were subordinate subjects of authority, while creating the impression that they were treated in a manner no different to the interactions between any other customer and business or corporation. In actuality however, beneficiaries were treated with a far higher degree of scrutiny and were subjected to punishments and other exercises of authority\(^{33}\). Commensurate with this was the reference to “portfolio products” (1995, p. 17) and “policy products” (1998, p. 246), which further demonstrate the attempts by the DSS to compare welfare monies with commodities, as if they were to be sold on the open market to the Department’s “customers” – which obviously was not the nature of the relationship. The attempted pretence of an equal corporate style relationship is therefore viewed as another means through which conflict was masked.

Further to the pretence of a business relationship, the reports provided the already mentioned plethora of measures that all ‘prove’, through quantification, improved

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\(^{33}\) According to Alford (2002, p. 341) “…members of the public with whom government agencies deal do not exhibit the essential characteristics of customers”. This is because the organisation providing the service is not seeking to maximise services. Instead its concern is to ration its services which are limited by budgetary constraints. Also, supply of services is rationed via eligibility rules and there is the potential for onerous obligations on clients (Alford, 2002, p. 340).
client service and maintenance of the real value of benefits. In addition, the publication of results of client/customer satisfaction attempted to demonstrate to beneficiaries that they were being listened to by the DSS. In addition, technological advancements such as the introduction of touch screen terminals for job seekers (1992, pp. 30-39) exhibited the improved experience for clients. Results from the implementation of many of the initiatives were quantified, and hence possessed the level of objectivity that can be used to mitigate critique and conflict. To further complement all of these developments, in the 1990s a theme of social justice emerged concerning the role of the DSS in creating a fairer and more prosperous society with particular focus on the disadvantaged.

Taxpayers and the DSS
Last was the concealment of conflict between taxpayers and the DSS. This conflict was hidden in the post 1987 era through the use of discourses emphasising frugality and continuous improvement via a condition of perpetual restructuring and changes to processes, all targeted at cost reduction. This conflict was further concealed through many references to the pursuit of beneficiaries who were not adhering to welfare eligibility criteria. This image, as constructed by the DSS, aligned with the rhetoric of NPM regarding the need to reduce the size of government in terms of expenditure, and to improve public sector productivity (see Roche, 1993). The reports from 1991 onwards and their fixation on disclosure of measures and technical discussions, such as percentages of resources spent per benefit and decreasing relative costs per claimant, were aimed at placating stakeholders who felt the DSS was inherently wasteful and not acting in their specific interest. These metrics also provided the DSS and the Government with ammunition to counteract media and public criticism, which had been mentioned in the annual reports, for example, in 1978 (p. 2). Thus, the reporting of quantified, ‘objective’ data to present a ‘truth’ relating to the vigilance of the Department regarding its use of public funds could act to dilute conflict and dispute that may have arisen within the broader community and the DSS.
8.5 ‘Objectivity’ is the subjectivity of the dominant ideology

The final aspect of the process of reification is the notion that the false objectivity is merely the subjectivity of the ruling class, with the falseness both masking domination and abetting in its maintenance (Bourguignon, 2005). Reification, it can therefore be said, was enacted to maintain the legitimacy of the dominant groups. Those in dominant positions, as located within the reports through the employment of CDA, included the Secretary of the Department (who changed from being an advocate for the employees of the DSS to becoming an advocate for the Minister and Government), the Minister and the broader executive government. The annual reports of the 1990s, when interpreted through the lens of reification (Lukacs, 1971), are seen as merely the subjective reflections of these dominant groups. By removing the dissenting views and content that could lead to dissent within the annual reports and instead replacing them with pretensions of harmony, the DSS was able to maintain its legitimacy and to continue to deliver the welfare services that were ultimately needed for the ruling classes to maintain the societal status quo. Meanwhile, on an organisational level, the senior management of the DSS was able to maintain its legitimacy, position of power and control over a large Commonwealth government organisation.

By way of illustrating the emergence of legitimacy issues, from the 1970s onwards, the DSS and the Government as a whole faced continued uncertainty and a deteriorating economic and budgetary situation. As was highlighted in Chapter 2, in 1982, a recession shrunk the national economy by 2.1% and caused unemployment to rise to 10%. Meanwhile, inflation came to be as high as 12% and the cash rate rose to 21% in 1982, thus leaving the Australian economy in a state of stagflation. The underperforming economy contributed towards a budget deficit of 3.5% of GDP (Gruen & Sayegh, 2005). The demise of the Hawke/Keating Governments in 1996 also occurred in the wake of another recession (1990-91) and budget deficits, with this 1990s recession being specifically mentioned in the annual reports of the period as a reason for the primacy of a cost efficiency objective.

During the early 1990s, and within the context of increasing demands for NPM reforms through government programs such as the FMIP, the DSS was able to maintain legitimacy in the eyes of various stakeholder groups by employing the reporting tactics
(identified using CDA) explored in the previous section. By providing disclosures within the reports that satisfied each key stakeholder group, the propensity for societal conflict was diminished. The reports from the 1990s attempted to demonstrate that beneficiaries of the DSS could be satisfied that their claims were processed quickly and that the real value of their entitlements was maintained, while also being assured that the DSS was focused on social justice and equity. Taxpayers could also be satisfied, since the report testifies that those who breach the system are identified and forced to make repayments, that a strategy of prevention of fraud was in place, that the DSS sought to remove those who had committed fraud from the system, that administrative costs were minimised and procedures were made more efficient. Employees who read the reports could also be satisfied that their skill sets were being developed and that through their relevant union, their views were being taken on board through workplace bargaining and other forms of consultation. By appealing to, and appeasing each group (at least in appearance), the DSS was able to resist the instabilities and social conflicts brought on by the inherent contradictions of the capitalist economy.

DSS management also enhanced legitimacy by implementing reporting techniques adopted from the private sector. The derivation of legitimacy through mimicry is a subject that can be interpreted and understood by utilising the notion of mimetic isomorphism (DiMaggio & Powell, 1983). Concordant with this notion, when institutions are suffering from legitimacy issues there is a greater propensity to adopt reporting techniques that mimic firms perceived as being successful, particularly when there is uncertainty between the means and ends of the organisation and ambiguity surrounding organisational goals. Throughout history such mimicry has not been specific only to public sector organisations implanting methods used by profit making entities. DiMaggio and Powell (1983) argued that an early example of such mimicry was with the Japanese in the late 19th century when they imported the practices of various ‘legitimate’ western powers, including France (army and police), Great Britain (navy and postal system) and the United States (education). This process was then seen to be reversed in the 1980s when institutions, such as the United States automobile industry, imported Japanese management techniques to cope with
productivity and human resource issues (such as the ability to affect change and mitigate resistance), as well as to compete with Japanese imports which carried a perception of superior quality.

Goal ambiguity within the annual reports of the DSS was clearly visible, given the need for the DSS to discuss quality client/customer service and social justice, and at the same time also continually refer to how this was done with fewer resources, while also engaging in an active program of surveillance. This goal ambiguity boiled down to a fundamental conflict between offering a base level of support to those in need, such as the unemployed, with the desires of others in society to see welfare expenditure minimised. Hence the DSS faced an exigency to compromise all of its actions.

The increasing level of mimicry embodied with the DSS’s annual reports reaches a peak in the 1990’s, evidenced by the existence of a Secretary’s declaration, accrual financial statements, extensive notes to the accounts, an audit report and an expansive format that closely resembled the mandatory content of a private sector annual report. References to “corporate overviews” (for example, 1994, p. 13), “corporate management” (1994, p. 17) and “corporate structure” began in the mid-1980s and were an ever present in the annual reports thereafter. Similarly, references to clients as customers, benefits as “portfolio products” and the presence of operating statements with notions of surpluses as a surrogate for profits were all indicative of an organisation attempting to mimic the reporting practice of a profit making corporation, in spite of the fact that the inherent role of the DSS was to distribute Commonwealth monies. The finding that the reports of the DSS during the 1990s came to mimic those of listed corporations further support the assertion of Mack and Ryan (2007, p.135) that format and content of public sector annual reports has been adopted from the private sector, as mentioned in section 3.7.3. A general conclusion is that the reports from the late 1980s and 1990s came to appear more like marketing and corporate relations exercises as opposed to documents designed to inform and authentically fulfil more panoptic ideals of accountability.

Part of the imposition of an objectivist dominant reality is the issue of how reporting methods adopted by the DSS, identified using CDA and interpreted through the
dimensions of reification, impacted accountability to stakeholders. All of the reports examined from 1942 to 1998 were manifestly restrictive in terms of for what and to whom the DSS considered they were accountable. The principal accountability apparent within each report was for the disbursement and use of funds, with accountability reporting tacitly directed to the internal audience of executive Government and with little change to this over the period researched\(^{34}\). Although the NPM movement advocated a wide range of accountabilities, and although performance measures were present that could be perceived to be appealing to an equally broad array of stakeholders, by the 1994 report, accountability (as one of the DSS’s five corporate aims) was expressed as:

“The Department recognises the need to maintain the integrity of the social security system and to be fully accountable for the funds distributed.”

(DSS, 1994, p. 1)

This definition of accountability marries with the findings of various previous studies (see Christensen & Skaebake, 2007; JCPA, 1989; Mack & Ryan, 2006; Steccolini, 2004; Taylor & Rosair, 2000), and sharply identifies the relative importance of accountability to internal stakeholders and the meeting of financial accountability obligations, rather than the more open ended array of accountabilities to serve a range of interested parties.

This argument can be reinforced by turning to the number and changes to the photographic material published within the annual reports (see tables 7.1, 7.2 and 7.3). The photo-elicitation techniques described in chapter four allowed for the removal of any “pretence of objectivity, recognising the power... to elicit individual and social constructions of different parties involved in framing, content and/or viewing of photographs” (Parker, 2009, p. 1115). Starting in 1950 and appearing almost continuously until 1980, photos were primarily of welfare and service beneficiaries. For

\(^{34}\) It is acknowledged that various disclosures may have been aimed at multiple audiences, both internal and external to Government. For example, fraud prevention, detection and recovery disclosures could be aimed at an external audience such as taxpayers as discussed in section 8.4 as well as an internal audience such as the executive Government. Both of these groups would potentially have been interested in seeing relative cost reductions.
example, a photo in the 1972 report shows an elderly gentleman smoking a pipe and counting his money, while another shows rehabilitees working at a sheltered workshop – depictions of happy, satisfied recipients. Strangely, between 1981 and 1986 photos were absent (see table 7.2), but between 1987 and 1993 the pictorial content changed markedly from the early 1980s. In 1992 for example, of the 38 photos (see table 7.3), only four are of clients or recipients, with 15 portraying politicians and DSS staff, and another 14 illustrating DSS publications (pamphlets, plans etc). The adjustment in this imagery affirms a restrictive view of accountability and an increased inward stakeholder focus. The increased publication of images of politicians during the late 1980s and early 1990s could also have been evidence of an attempt at softening the impression of the executive, which was at time placing a harsher resource constraint on the Department and its recipients of services and benefits. In 1994 and continuing until 1998, photos were once again absent within the annual reporting, perhaps because it was realized that the discharge of accountability to internal stakeholders was better achieved through other, more technical measures.

The key argument presented then, is that the mobile format and content of DSS reporting over time, and especially during the 1980s and 1990s to accentuate ‘objective’ data, was done for the purpose of pacifying conflicting stakeholders and therefore assisting in the maintenance of legitimacy of those responsible for the management and Department (for example the Departmental Secretary) and the executive government.

This conclusion does however necessitate further exploration of the role of the state. A Marxist view of the role of the state is that it is part of the superstructure and therefore ultimately represents the views of the dominant capitalist class. These issues were first addressed in chapter 4. Section 4.2.2 specifically discussed the assumption that both those impacted on by public services as well as public servants themselves are subjected to the effects of reification and commodification. While a simplistic (vulgar) Marxist analysis would suggest that the state merely does the bidding of the capitalist class at all times, the actual behaviour of the state is, according to Tinker (1994) more complex and nuanced. Tinker (1984, p. 66) referred to the “political economic” perspective of the state as adopted by authors such as Jessop (1982) and
Merino and Neimark (1982) as being based on the view that state may engage in activities that upset members of the capitalist class, but without which the capitalist structure would collapse. Catchpowle, Cooper and Wright (2004) also support the view that while the state ultimately serves the priorities of capital and will do what capital requires, it will also at times do what is necessary to ensure that class contradictions remained suppressed.

The continuing provision and perceived legitimacy of automatic stabilisers by welfare organisations are therefore seen to be an important mechanism in maintaining the relatively smooth operation of free markets. In the long term, these actions of the state pacify the dominated classes (via income support and other social policies), maintain the status quo, and hence allow the holders of capital to continue benefiting from their position at the top of socio-economic hierarchy. The treatment of public servants as measurable commodities also contributes to mass acceptance of these approaches to administrative control. Changes to the content of the annual reports are therefore implicated in the process, and are explained as being an attempt to maintain the legitimacy of the DSS, its senior management as well as the executive Government, through the creation of a false objective reality where conflict is absent for the purpose of ensuring their continued dominance of the socio-economic spectrum along with their allies – the holders of capital. Underlying this false construct of reality however, are numerous conflicting groups, who could only be identified through the adoption of a critical perspective as applied to the annual reports.

8.6 Conclusion

This chapter, using CDA as a means of identifying reporting methods of interest, and reification as the analytical lens, provided an explanation as to why the reports changed in the manner described in Chapter 7.

The next and final chapter provides an overview of the conclusions reached as a result of the research, including the contributions of the research to knowledge, theory, practice and policy.
9. Conclusion

9.1 Introduction

The annual reports of the DSS, until the mid-1980s, indicate a philosophy of rigid adherence to the status quo. This was succeeded by an equally unrelenting commitment to change during the late 1980s and 1990s. Reforms impacted on administrative processes, the accountability requirements imposed on government departments and annual reporting behaviours. The research presented in this thesis has explored in detail the changes to the annual reporting behaviours of the DSS between 1941 and 1998. The research then constructed an explanation - drawing on Lukacs’ (1971) notion of reification - as to why the reporting behaviours changed in the manner evidenced. This final chapter summarises the findings regarding each of the research questions. The chapter then outlines how these findings compare with existing understandings of public sector annual reporting and how they contribute to policy, practice and theory. The chapter concludes by outlining some limitations of the research as well as some opportunities for future research.

9.2 Conclusions for each research question

The first research question was motivated by the lack of studies examining the entire content of public sector entities’ annual reports over a substantial period of time. The existing literature is largely limited to studies that examine either short time frames (less than 10 years) or specific areas of content. The literature thus provides only a limited understanding of how public sector annual reporting practices have changed during the 20th century. In order to address this lack of understanding of how public sector annual reporting has changed, the first research question was:

How has the form and content of the annual reports of this Australian Commonwealth Department of Social Services (1941-1972) and the Commonwealth Department of Social Security (1972-1998) changed and developed over the period 1941-1998?

35 There is evidence of improved quality in annual reporting (Ryan, Stanley & Nelson, 2002), improved readability (Clarke, Hrasky & Tran, 2009) and an asserted trend towards a format similar to corporate annual reports (Mack & Ryan, 2007).
In answering this first question, as per CDA, the annual reports were firstly read passively, with the reader submitting to the text. The reports were deconstructed in relation to their layout, themes and visual content. The narrative presented in Chapter 7 described these variables and how they changed over the course of time. The findings in relation to the first question were that the reports, gradual evolution and nuance aside, remained largely unchanged until the middle part of the 1980s. It was at this time when importance came to be placed on articulations of mission, objectives and strategies. These missions revolved primarily around themes of efficiency, with client/customer service and social justice also taking on importance, albeit it secondary. In the 1990s, surveillance of beneficiaries and the measurement of performance (often quantitative) rose to prominence. Another key development in reporting was related to the replacement of passive descriptions and unquantified assertions with a plethora of performance measures.

In relation to layout, the main finding was that the reports grew substantially in volume and complexity during the latter part of the 1980s while taking on a form essentially consistent with that of a listed corporation. To illustrate the growth in length, the reports increased from 29 pages in 1963, to 100 pages in 1978 and then 519 pages in 1996. From a visual content perspective the photographic content shifted from being primarily of welfare beneficiaries, as was the case during the 1970s, to being of people internal to the DSS and government, including employees and politicians (after a brief hiatus between 1980 and 1987). There was a consistent tendency for the annual reports to utilise charts and graphs as a means of complementing the commentaries on the shifts in expenditures and demographics throughout the entire series of reports. The presentation of graphs and charts was one area of content that was found to not significantly change neither in relation to manifest nor latent meaning.

The second research question was motivated by the desire to add to the understandings of the underlying reasons for changes to public sector annual reporting practices. One potential explanation explored in section 3.8 was the development of reporting guidelines and requirements. There were numerous guidelines and requirements published during the 1980s and 1990s with the rationale being the
ostensible need to improve the discharge of accountability via publication of performance information, achievements towards previously stated goals and new forms of financial information. In previous research there was however, also evidence of non-compliance in reporting, as shown by Coates (1989), SSCFPA (1989) and Herawaty and Hoque (2007). The lack of compliance suggests changes to reporting requirements as an explanation for changes to annual reporting behaviours is not adequate. There was also evidence of voluntary disclosure in prior research (Herawaty & Hoque, 2007) and before 1982 the entire content of annual reports was voluntary due to the lack of specific reporting requirements. Furthermore, various authors – as identified in section 3.6 – have found that users and preparers of annual reports have held reservations about the relevance of various components of reporting requirements36 and the subsequent quality and usefulness of annual reports. These findings contradict explanations of change centred on ‘improvement’ in the discharge of accountability that has been the stated aim of reporting requirements (eg. JCPA, 1989).

Given this, the second research question was:

Why has the form and content of the reports changed in the manner exhibited?

In answering this question, the study followed the perspective of Humphrey and Miller (2012): The point of historical research in the public sector is to question existing practices. The research therefore adopted a political economic perspective (Stanton & Stanton, 2002) of annual reporting, which is that annual reports are assumed to be a tool of management used to suppress and mystify conflict. Commensurate with this, the Marxist notion of reification (Lukacs, 1971) was adopted as the interpretive lens, with CDA being the primary method used to identify reporting methods of interest.

Chapter 8 hence turned towards attempting to further analyse and explicate the reasons for the changes identified in answering the first research question. As identified using CDA, the adoption of managerialist discourses of strategy, objectives and missions as the primary permissible use of text, coupled with increasing volumes

36 For example, Mack and Ryan (2006) argued the decision usefulness framework is often perceived as being irrelevant for users of public sector annual reports.
of performance information, was interpreted through reification as being a shift in ontology away from the tolerance of multiple subjectivities in favour of one (false) objective reality. The tone of the reports changed in such a way as to create the impression that the perspectives provided within the reports were correct, legitimate and the only possible viewpoint. The provision of independent audit reports by the ANAO was also seen as a further attempt at constructing a single ‘truth’. Quantitative data and other uses of performance information were difficult to contest relative to the unaudited, qualitative representations provided in the reports up to the end of the 1980s. Such unqualified assertions were the basis of the reports until the mid-1980s.

CDA was also used to identify the removal of disclosures of conflict over resourcing. This was interpreted via reification as being a means through which the DSS was attempting to conceal the fractured nature of the relationships between its various stakeholders. The removal of images of welfare beneficiaries and the increasing tendency to connote beneficiaries as subjects of surveillance was seen as contradictory to attempts at constructing a theme of enhanced services as delivered to “customers” of “portfolio products”. The provision of these conflicting themes was interpreted via reification as another attempt at concealing the fractured nature of relations between the Department’s stakeholders. The increased presence of images of high ranking Departmental officials and politicians in softer scenarios (such as opening new offices) was interpreted as a means of portraying harmonious relationships, in spite of the imposition placed on the Department and its beneficiaries by executive Government of ever tightining financial parameters.

In sum, these changes to reporting behaviours were seen as an attempt by the DSS to counteract the disruptions to societal cohesion caused by the protracted periods of economic instability which occurred between the 1970s and 1990s. By constructing the reports in the form of managerialist discourses, publishing ever increasing volumes of performance data and concealing conflict, the legitimacy of those responsible for governance of the DSS and Departmental reporting was preserved. In constructing one ‘objective’ reality, the ability of those whose subjectivities were not represented to engage in counter-argument was mitigated, and the DSS was able to carry on in its role in preserving some semblance of societal cohesion.
The continual, repetitious and in-depth articulation of missions, objectives and strategies crowded out the potential for alternative perspectives on the role of the DSS. The profound enlargement of the reports over time was a further mechanism through which the DSS was able to obfuscate the true conflicted nature of its various stakeholder groups by minimising the accessibility and comprehensibility of the reports.

Evolving DSS reactions, and changes in annual reporting behaviours, format and content, followed the pattern of challenges facing the Australian economy, Government, the APS, and emerging political (NPM) and social realities. The existence of an increasingly divergent group of competing objectives and interests resulted in annual reports that attempted to reconcile increasingly diverse societal interests, but which likely burdened interested parties with so much information as to bury the true, discordant nature of the DSS’s operations.

The introduction of NPM reforms across the Australian Government sector, as manifested in programs such as the Commonwealth Government’s FMIP created a disjuncture in the discourse within the DSS’s annual reports. Earlier reports, given their shorter length and greater propensity for candour and criticism of resourcing, were easier to understand and provided better insights into the inevitable dissonance within and about a Department that spent in the region of one out of every four dollars of Commonwealth monies. Length, complexity and quantification in the later reports were not necessarily proxies for effective annual reporting. This leads to the concluding argument and the essential answer to question two, which is that the central reason the reports changed between 1942 and 1998 was to benefit those charged with governance and oversight of the DSS and those who prosper from the preservation of the existing economic and social order. This explanation rejects any claims to improved discharges of accountability and instead suggests that, perversely, the discharge of accountability was as narrow during the 1990s as it was in 1940s even with the sharp increase in reporting volume. The pervasiveness of NPM reforms created issues for this public organisation, its management and its staff, as it camouflaged the subjective nature of reality to hide conflict, and in doing so, reduced
the potential for rendering meaningful accounts and the appropriate discharge of accountabilities to diverse stakeholders.

9.3 Comparisons of findings with existing literature

The research presented in this thesis compares with the existing literature in a number of ways. Firstly, the findings related to the first research question support Mack and Ryan (2007, p. 135) in that the reports adopted a format consistent with that of listed corporations starting in the late 1980s. This included the provision of declarations by the Secretary, accrual financial statements with accompanying notes and audit reports. The findings also confirm the claim made by Moore-Wilton (1999) that annual reports moved away from descriptions activities in favour of the publication of achievements towards previously set objectives.

The finding that the disclosures were aimed principally at internal stakeholders such as executive government supports the findings of Christensen and Skaebake (2007), Mack and Ryan (2006), Steccolini (2004) and Taylor and Rosair (2000). The annual reports themselves stated (for example, DSS, 1994, p.1) that the primary accountability was to “maintain the integrity of the social security system and be accountable for funds distributed”. The key themes of efficiency and surveillance, and the changes to the discourses used to communicate these themes is further evidence of targeting internal stakeholders.

The finding the reports were used as a vehicle for legitimation, supports the findings of Samkin and Schneider (2010) and Samkin et al. (2010). The findings of this research also support those of Skaebaek (2005) in that the annual reports were a malleable vehicle used to manipulate users to believe that a certain state of affairs is ‘true’.

The findings of this thesis however, contradict those of Ryan et al. (2002) who argued that quality of disclosures improved over time 37. It should be noted that this thesis covers a longer period of time, adopts a different methodology and examines a different public sector entity. Never the less, this research concludes that the disclosures actually became more complex and repetitive, with conflict being

37 Coates (1989) also argued that the quality of reports had improved in the years up to 1989.
obfuscated beneath a layer of confected harmony in the reports of the 1990s. The reports between the 1940s and 1970s are easier to understand and provide a more candid insight into the operations of the DSS because they were less voluminous, less repetitive, contained far fewer complex measures and provided a degree of candour that allowed for an insight into the inevitably complex relationships that existed with the running of large government Departments.

9.4 Contributions of the research

9.4.1 Contributions to policy and practice

The research presented in this thesis contributes to policy and practice in three main ways. The first contribution is related to the finding of the increasing length and complexity of the reports. The increase in complexity was derived from the finding that new and increasing forms of performance measurement, including accrual accounting, came to be the central focus of the reports. Articulations of mission, strategies, objectives and issues of surveillance and audit that pervaded to ever deepening levels of DSS operations also came to prevail and led to an increasing level of repetition. The explanation for this change was that increasing length and complexity was a way for the DSS to conceal the underlying fractures that existed between its stakeholders. It is suggested this increase in volume and complexity was prohibitive to the effective discharge of accountability by the DSS.

Given this, both preparers of annual reports and policy makers should ensure that contemporary annual reporting practices apply effective and concise methods of reporting. Reports should not rely on copious pages of complex measures and managerialist discourses that place too great an emphasis on articulations of mission, strategy and objectives. Simplification of mandatory reporting components by policy makers, coupled with discretion by report preparers in relation to voluntary disclosures, is required to ensure that annual reports adhere to a length that enables the widest audience to understand and interpret them.

The second finding that contributes to both policy and practice is related to the absence of conflict reported after 1986. Prior to 1986 the annual reports often

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38 Walker (1995, p. 26) made a similar call for “concise and user friendly reports”.
contained references to disagreements over resourcing matters related to staffing levels and accommodation, with issues of staffing often being linked to industrial action. After 1986 the only evidence of conflict was the publication of statistical information concerning days lost to industrial action. The explanation provided in this thesis for this change is that the DSS wanted to mask dispute, and the annual report was therefore a tool in mystifying conflict and went some way to ensuring the management of the DSS and the DSS itself maintained its legitimacy. The lack of open and candid reporting of conflict in the post 1986 era – when viewed in the broader context of DSS annual reports where reporting of conflict used to be common – was seen as disingenuous and a shortcoming of the annual reporting practices of the 1990s. The recommendation to both policy makers and preparers of annual reports is that the reporting of the voices of the DSS’s numerous stakeholders, as was common practice until the mid-1980s, should be encouraged. The current practice of portraying all operations in an environment of total harmony and consensus should be rejected. Given resourcing became even more of an issue in the 1990s an absence of conflict over increasingly scarce resources is not credible, especially when the reports are considered in the broader historical context. Policy makers and preparers of reports are therefore advised that concealing underlying fractures both within the Department and within society should be subordinated to open and clear disclosure of Departmental operations and relationships. From the ontological perspective adopted in this research, users of reports are also advised to be hesitant before accepting the annual reports as a representation of truth.

The final key finding is that the annual reports throughout the entirety of their publication represented the discharge of a fairly narrow perspective of accountability. This accountability was to stakeholders internal to Government and parliament for the responsible disbursement of taxpayer funds as opposed to external stakeholders such as welfare recipients. This was not to say that the reports failed to discharge accountabilities to external stakeholders, especially in the 1990s when client/customer service and social equity became key themes. What was the case however was that

39 Each annual report contains a brief forward by the Director/Secretary outlining that the report was addressed to the Minister for the purpose of being presented to Parliament.
the primary accountability as defined in the annual reports was for the orderly dispersal of welfare monies to those meeting legislated criteria. This was a narrow view of accountability and it dominated the annual reports, with the vast majority of performance measures, strategies and narratives within the reports being targeted towards the dual issues of compliance and efficiency. The use of photographs was implicated within this narrow accountability in the 1990s, as the images came to be of people internal to the DSS before they disappeared entirely, whereas in the 1970s and earlier it was welfare recipients who were represented. The recommendation to policy makers and preparers therefore is to increase the importance and reporting of matters not solely associated with financial accountability to government. While various normative models of accountability, as mentioned in Chapter 2, (such as Funnell & Cooper, 1998) cite financial accountability as being important, they also refer to social and moral accountabilities and view the electorate as being at the starting point for accountability. This discharge of accountability through public sector reports therefore should be aimed at a broader set of stakeholders than was the case in the annual reports of the DSS.

9.4.2 Contributions to theory

The research presented in this thesis also contributes to theory in a number of ways. First, Lukacs’ (1971) notion of reification has not previously been applied in either the broader field of public sector history, or the more specific area of public sector annual reporting. The application of this theory to new settings therefore represents an extension of the theoretical interpretations that have been applied to both fields. In relation to public sector history, for example, Walker (2008) has called for greater theoretical pluralism. The application of reification to the annual reporting behaviours of a Commonwealth Department in Australia represents an attempt at answering this call by extending the range of theoretical interpretations within accounting history.

The research presented in this thesis demonstrates the feasibility of Lukacs’ (1971) notion of reification as an interpretive lens applied to public sector annual reporting. This theory provided a number of insights into the annual reporting behaviours that could not have been derived otherwise. The theoretical insights provided by reification
include explanations for reporting developments related to the shift towards managerialist discourses pertaining to the articulation of strategies, missions and objectives; the shift towards use of performance measurement and away from passive descriptions of operations; loss of disclosures related to conflict and its replacement with connotations of harmony and consent; a shift away from emphasis on the human qualities and entitlements of welfare recipients in favour of greater focus on matters of surveillance; increasing overall volume and complexity and changes to photographic content away from people external to the Department in favour of those internal to it. Although the theory was not subjected to testing, the findings provided overall corroborating evidence for the view of Lukacs (1971) that changes to ontology providing for pretensions of objectivity are a means of pacifying conflict and legitimising the status quo.

The second contribution to theory made by this study is that it paves the way for future studies that make use of reification in the fields of annual reporting and public sector change. Given that this study has demonstrated the viability of reification in interpreting public sector history before, during and after periods of change, other studies could take this notion and apply in a variety of other environments that have been impacted on by public sector reform.

The final contribution to theory is through the operationalisation of reification using CDA. While philosophic Marxism and therefore the works of Lukacs (1971) have been said to be compatible with qualitative content analysis (Vaillancourt, 1986), the use of CDA as a means of identifying reporting methods of interest, intertwined with reification as an interpretive lens, represents an extension of the methods thus far utilised in accounting history.

9.5 Limitations

This study did not strive for findings that were generalizable. Such claims to generalizability would conflict with the methodological underpinnings of the study, which is that no single, objective truth exists due to the impacts of capitalism on human consciousness. The purpose of the study was to unveil underlying and inherent subjectivities, rather than lay claim to any kind of inherent ‘truth’. Claims to truth are
further impeded by the inherent limitations of historical research, which are derived
from the incomplete nature of the archive and the impossibility of recreating the past.

Further impeding any claims to generalizability is that this study was performed on one
exceptional organisation. The DSS had the single largest expenditure of any
Commonwealth department in Australia. The DSS also published annual reports for the
entire duration of its role in distributing welfare monies and services throughout
Australia, which, according to Wettenhall (1999) was unusual.

The methods used were also based on one set of interpretations. While this approach
is fundamental to the adopted methodology, it also means that any application of the
findings of this study to other settings should be done with caution. Alternative
interpretations are however encouraged and welcomed.

9.6 Implications for future research

Given the calls for greater theoretical plurality in accounting history (Walker, 2008),
further research could adopt alternative theoretical frameworks and apply them to the
annual reports of the DSS. Potential frameworks could be based on the works of
Foucault, Hegel or Habermas, or use institutional theory, stakeholder theory or
legitimacy theory.

Another avenue for further research is the application of reification to other instances
of annual reporting or public sector change. As discussed in section 7.4.2, the
interpretations derived using reification related to a wide array of reporting variables
and further studies could determine whether the changes to reporting practices of the
DSS were isolated or part of a broader set of practices. Further to this, the application
of reification need not be limited to annual reporting practices. Other instances of
public sector change could also be examined for evidence of the imposition of
objectivist ontologies for the purpose of concealing conflict.

Further research could also examine public sector reporting practices since 1998. The
possibility exists that many of the findings of this study related to the shortcomings of
annual reporting practices have since been rectified by other public sector institutions.
The annual reports of Centrelink – the statutory agency that took over from the DSS in
delivering welfare benefits and services in Australia – would be an obvious choice in terms of examining whether the annual reports became more concise, less repetitive and less reliant on a preponderance of performance measures and articulations of strategy.

9.7 Conclusion
This research has examined the annual reports of the DSS over the years 1941-1998 for the purpose of exploring both how and why the reports changed. The reports under examination were published both before and during the broader NPM reform period and are therefore artefacts of periods characterised firstly by stability and then change. Annual reporting by the DSS had become complex and voluminous especially in the 1990s. The reports came to resemble public relations and marketing documents rather than concise discharges of accountability. The reports managed to achieve the twin deficiencies of increased complexity and a narrow focus of accountability on stakeholders internal to the DSS and executive Government. The changes to the reports are explained as being manifestations of attempts by those charged with governance of the DSS to conceal the underlying fractured nature of the Department’s various stakeholders. Given the pressures of the NPM reform movement, the DSS had to adopt reporting measures that balanced the opposing interests of welfare recipients, staff, resource providers (Government and Treasury) and the broader community. It was only through a historical study adopting a critical perspective that reporting methods aimed at masking conflict were uncovered.

Preparers of public sector annual reporting could focus less on volume, complexity and a preponderance of performance measures. Instead, they could look to reporting methods that provide for the presentation of concise annual reports that allow multiple voices to be heard, as opposed to the construction of a confected pretence of harmony.
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Appendix – Author publications related to topic

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CONFERENCE PAPERS
