AN ACTION RESEARCH STUDY OF PUBLIC PARTICIPATION IN PUBLIC PRIVATE PARTNERSHIPS THAT ARE ESTABLISHED FOR THE DEVELOPMENT OF COMMUNITY-BASED INFRASTRUCTURE

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A thesis submitted in fulfillment of the requirements of the degree of Doctor of Business Administration

Charles Darwin University

January 2009
DECLARATION

I, Paul Manuell, hereby declare that the work herein, now submitted as a thesis for the degree of Professional Doctorate of the Charles Darwin University, is the result of my own investigations, and all references to ideas and work of other researchers have been specifically acknowledged. I hereby certify that the work embodied in this thesis has not already been accepted in substance for any degree, and is not being currently submitted in candidature for any other degree.

Signed and dated:
ABSTRACT

This research project applied an action research methodology in conjunction with grounded theory and process consultation to develop knowledge on public private partnerships in the development of community based infrastructure. It applied the methodology to engage people within two related organisations, the Manly Warringah Basketball Association and the Northern Beaches Indoor Sports Centre. The study was conducted during 2005 and 2006 in the Northern Beaches locale of Sydney, New South Wales, Australia. The research led to the examination of key governance issues in partnerships formed to deliver this type of infrastructure.

The research study was triggered by a request from the Board of Directors of Manly Warringah Basketball Association to convene a taskforce to develop changes in the business and financial practices of the organisation. As comprehensive research revealed some complex relationships between Manly Warringah Basketball Association and other organisations its focus shifted from the Manly Warringah Basketball Association to the Northern Beaches Indoor Sport Centre.

Northern Beaches Indoor Sport Centre is an independent, private not for profit company that controls the venue. The centre has been built on land owned by the New South Wales Department of Education and Training in the grounds of the Narrabeen Sports High School. Northern Beaches Indoor Sport Centre is governed by a Board of three volunteers representing three main interest groups, the Pittwater Council, the Manly Warringah Basketball Association and the Academy Netball Club. The financial sustainability of the centre is based on the revenue raised from several community based sporting organisations including the Manly Warringah Basketball Association, who use the facility on a long term user-pays basis.

The research found some complex financial relationships between several New South Wales Government Departments, local government bodies and community groups. The Department of Education and Training enjoys free use of venue during school hours and there are currently no contributions for any maintenance as a result of this intensive use.

It was found that collaboration of community based user groups in conjunction with the innovative use of government funds, generated through prescribed local government and
environmental planning as well as corporate governance, resulted in the construction of high quality community infrastructure.

As the grounded theory process was applied there emerged several theories addressing the governance issues and the extent of participation in the partnership. By applying process consultation in the taskforce’s interaction with Board of Directors of the Manly Warringah Basketball Association it was found that within the governance issues for community based organisations there was a primary need for strategic planning to optimise the contributions of the volunteers as well as the overall functional efficiency of the organisation.

Other aspects addressed during the research of this project included the concept of the Public Private Partnerships (PPPs) and the level of public participation within those partnerships. A key outcome in the context of National Competition Policy is to encourage establishment of non Government enterprise. Emerging from this study is the question of public interest in the use of Government assets such as land that may provide government bodies an unfair advantage in asset development.

There is further research necessary to address an unanswered question whether the eventual ownership of the community based infrastructure by Government entities is consistent with the principles of Competitive Neutrality and the public interest as defined by the Federal Government's National Competition Policy Agreements. Under the conditions specific to the arrangements in this particular venue the Department of Education and Training will retain ownership of the infrastructure which has been essentially funded by the membership of the community groups paying to use it and this is preventing them from ownership of infrastructure assets.
ACKNOWLEDGEMENTS

The circumstances of completing this Doctorate have been anything but normal. To say the distances travelled and the changes in life’s circumstances has been challenging is an understatement.

I express my sincere gratitude to the people who participated in this project. I was humbled to meet and work with so many extraordinary people. Their contributions were all voluntary and willingly gave me their precious time.

I have several key people to thank. Firstly I thank my family for the unconditional support and love they have given me. In particular my father, Richard William Manuell (who by his own admissions realises now his scientific excellence qualifies him as an arch-positivist) has provided me with support as well as endeavouring to grasp the action research concepts. He has given his support without hesitation or question and expected nothing in return.

The second person I acknowledge is Dr Murray Redman. His stewardship has steered me out of my comfort zone into the realms of learning. This has been rather confronting at times, but always worthwhile as new knowledge for me unfolds and my mind slowly awakens.

It is not easy to apply what we learn and thereby “walk the talk”, but it is very worthwhile trying. This is one of the wonderful aspects of action research and action learning that can benefit the quality of one’s life. For me it has been at times a sanctuary with a bright beacon that has got me through some very adverse personal situations (unrelated to this enjoyable project).
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CHAPTER 1

INTRODUCTION
INTRODUCTION

This dissertation applies an action research approach, combining with grounded theory and process consultation to research governance issues in the development and management of community based infrastructure. The study focused on an existing situation involving two not-for-profit community based organisations in the Northern Beaches region of Sydney, New South Wales, Australia. These organisations were involved in developing a Public Private Partnership which evolved into a Public Public Partnership. This study unraveled an intriguing and complex history of how the community based infrastructure, in this case an indoor sports stadium, was established.

The two organisations are the Manly Warringah Basketball Association (MWBA) and the Northern Beaches Indoor Sports Centre Proprietary Limited (NBISC). The two organisations have a mutual relationship based on local community sport.

The study engaged co-researchers who were convened at the request of the Board of Manly Warringah Basketball Association to form a taskforce to review and recommend improvements to the business and financial practices of the organisation. This enabled researchers to have a very close interaction with the volunteers who staff its Board by applying process consultation (Schein 1988) to help them learn and apply management and governance expertise. As the research delved deeper into the business issues it became apparent that the research would benefit from expanding its focus to gain an understanding of the Northern Beaches Indoor Sports Centre.

The research into Northern Beaches Indoor Sports Centre Proprietary Limited applied a different approach. NBISC was established as a private company, registered with the Australian Securities and Investment Commission (ASIC), to administer the venue. The research work was completed by a solitary researcher who engaged the cooperation of key members of the partnership who established NBSIC as well as its current Board members. This enabled the further extensive and in depth gathering of data to continue applying a grounded theory process (Glaser
1978; Strauss and Corbin 1990) to develop theories about establishing community based infrastructure.

Manly Warringah Basketball Association provides the administration and facilitation of organised community sport, specifically basketball, to all ages. It has approximately 1800 members and has been in existence since circa 1956.

In early 1997 MWBA became part of a community partnership which included State and Local government agencies to construct an indoor sports centre, NBISC.

The data gathered during the research shows that the concept of an indoor sports centre was first considered in late 1994. In the period between then and the opening of the centre in 2001 many innovative and critical aspects emerged including a complex plan to redevelop land of a local high school; funding schemes and project management delivery. This significant project had not been researched nor had the lessons of this project partnership been documented to become public knowledge.

NBISC is purpose built for community based indoor sports. It primarily accommodates basketball, netball, volleyball, and indoor school sports events.

This study addresses organisational behaviour. It focuses on the issues that involved the people, past and present, who participated in this partnership.

**PRESENTATION OF THE THESIS**

It is intended to present a dissertation that will take an uncommon pathway and an unusual method of finding knowledge. It is an *interpretation* of a path that weaves through the lives of people and how they make sense of their world. Naturally this is underpinned by a philosophical basis starting with the idea of a *paradigm* (Kuhn 1970; Burrell and Morgan 1979; Hampden-Turner 1999; Zuber-Skerritt 1995). The pathway is essentially illustrated in Figure 1.1.
The reader is taken through a process similar to building a high scaffold with the end result being a relatively stable platform to have a perspective perhaps not ordinarily experienced. The chosen metaphor is of a scaffold as it is a structure that is temporary, mostly found in construction projects, versatile and safe, yet one that most people do not have access to venture on.

The overtone of being on a construction site is significant as one explores the construct of meaning and consequentially takes action to gain an education. This is a key concept in the ‘constructivist’ methodology this dissertation employs. It is intuitive in that it takes action to construct something and this is consistent with action research.

**RESEARCH APPROACHES**

**Action Research and Action Learning**

Action research approaches the subject with a cyclical approach that has four stages. These are illustrated in Figure 1.2. The stages are *plan – act – observe – reflect.*
Action research is very similar to action learning as they share the four cycles, however action learning develops the expertise based on understanding from doing something whereas action research arguably focuses more on the questions of the nature of what and why actions are taken: what am I really doing? what am I really observing? What does this mean? What is the key issue at play here? These are typical introspective questions for the researcher(s). In the development of knowledge action research according to Cherry (1999: xii) asks that a plan, an idea or a theory be checked against action and experience, and that, conversely, action be informed and enriched by theory, planning and concepts.

![Action Research and Action Learning cycle](image)

**Figure 1.2: Action Research and Action Learning cycle**

The action research approach can engage the researcher to become part of the research. The researcher, who would be regarded as the observer in more traditional approaches, can have an influence what is observed. The researcher can play a necessary role in developing plans and putting them into action. Action research is discussed in detail in Chapter 2 Methodology.

An action research project is generally regarded as being within the *subjectivist* continuum. Burrell and Morgan (1979) assert that there is a basic continuum linking
the *objectivist* and *subjectivist* paradigms. These two paradigms are also discussed in depth in Chapter 2. However it is necessary to mention at this point that the contrasting *objectivist* paradigm follows a *positivist epistemology* – claiming knowledge is based on scientific facts. These scientific facts are commonly referred to as *empirical data*.

To describe the essence of *positivism* the philosophers advocating this paradigm assert that logical knowledge from research needs to be validated (proven true) through an accurate record of causal relationships between what is measurable (empirical) and what results the study claims. Otherwise it is considered to be logically flawed and disregarded as just ‘doesn’t add up’. This type of research is ideal in many areas of inquiry and is congratulated for its discoveries, for example in the lives it has saved in the biochemical fields of medical science. This type of research is known as *quantitative*. It deals in measurable quantities of what can and is observed (tangibles).

The *post-positivist epistemology* considers that *qualitative* issues are logically valid and can legitimately contribute to generate knowledge. This is where it becomes *subjective*, hence *subjectivist*. Qualities are arguably subjective opinions that the observer, or assessor, defines from their perspective of experience or standards they apply. As it delves into intangible issues it is not as cut and dried as empirical data, though can be linked with empirical data to show comparisons. Quality is related to perception, perception underpins context because it is linked to interpretation and context creates meaning. Chapter 2 Methodology provides in depth discussion on many complex aspects of this.

A very important aspect of action learning and action research is that it leads to behavioural change. A commonly applied evaluation is that the only evidence of real learning is behavioural change as the newly acquired knowledge in put into action.

As a final word on action research here the reader is alerted to the characteristic of action research that it is often regarded as messy. This messiness comes as a result of the changing directions that can and do unfold as the research progresses. It is
quite commonplace for an initial research question to end up seeming quite remote from the eventual findings. This is demonstrated by the fact that the initial approach to a more traditional literature review, as provided in Chapter 4 discussing Public Private Partnerships, became more focused on the formal assessment of these partnerships as the complexities of the background of the establishment of NBISC were revealed.

Overall this messiness makes action research a rather difficult methodology for the researcher and often results in periods of confusion as sense is made of the data and directions of the research are considered and reconsidered. It is an open structure that does not necessarily try to predict or control the research outcomes but tries to tune into the concepts that emerge from the data collection and analysis. More is said of this in the next section.

**Grounded Theory**

As the research gathers data it is necessary to apply a recognised process to develop theories critical in research findings. This study relies on the work of Glaser, Strauss and Corbin as the recognised authorities on a process known as grounded theory. Chapter 3 Process is devoted to a complete explanation of this. It also provides several examples of how this approach was directly applied in this research and shows how the data was gathered, analysed and used to form several theories presented as finding in Chapter 7.

A key aspect of grounded theory is categorising of concepts from the data. The reader is advised that in the discussion of the studies of the organisations general categories are identified by chapter subheadings.

The reader is advised that term *theory* has a slightly different interpretation when used in grounded theory. Mintzberg’s (2005:1) view sums it up in stating that we must choose theories according to how useful they are, not how true they are. It is also necessary to advise that grounded theory has the proviso that the success of theories is dependent on circumstances where conditions are identically prevailing to those where the theory was first developed.
Process Consultation

This is based on the work of Schein (1988). It is way of providing consulting services to an organisation whereby the consultant(s) helps the organisation to learn and develop their skills. This eventually leads to the organisation no longer requiring the services of the consultant(s). This process combines very well with action learning and brings to mind the well known saying: *give a man a fish and he eats for day, teach him how to fish and eats for a life time.*

The researchers in this study applied process consultation whenever possible to assist the volunteers in MWBA to learn some fundamental business practices such as strategic planning. I hope that the material contained in this dissertation will assist many others who are similarly circumstanced.

Process Enneagram

Chapter 3 Process devotes substantial discussion about the Process Enneagram. It is flagged for the readers here as possibly a new concept for them. Much of the work done with the enneagram has been trail blazed by Knowles (2002) and Dalmau (2002a, 2002b, 2003). This device was used primarily with the taskforce, the co-researchers, to help define the team, its standards and the work it would do.

THE RESEARCH PURPOSE

The research project was initiated from a request by the Board of Directors of the Manly Warringah Basketball Association to convene a task force to conduct research into its business and financial practices. This research evolved significantly to consider the level of public participation in Public Private Partnerships (PPPs) for the establishment of community infrastructure and what, apart from the legislated base, are the governance issues for the management of community based infrastructure. This part of the research forms the primary literature review.
One prominent question that emerged from the research of MWBA was: Does the establishment of a private corporation to operate PPP infrastructure divest Government of corporate governance responsibilities of the Competitive Neutrality aspects of the National Competition Policy and therefore the public interest test in public policy? These concepts are discussed at length in Chapter 4 A Constructivist Interpretation of Governance, National Competition Policy, Public Private Partnerships, Public Interest and Associated Concepts.

Daly’s (2003) definition of governance in his report on the Public Inquiry into the Warringah Shire Council has been used as a standard for this dissertation:

Governance, as the act of governing, relates to how an organisation arranges its systems, procedure, processes, policies and practices to deliver efficient and effective decisions, services and facilities, so they meet the organisation’s objectives and intent. For Warringah, as a Local Government organisation, effective governance relies on compliance with the provisions of the Local Government Act, particularly those relating to charter, organisation structure, management planning and conduct.

(Warringah Shire Council Submission No 288)

Whilst this definition may be criticised for not making particular reference to public participation, it is considered that this is a useful definition

(Daly 2003: 10)

THE RESEARCH GOAL

The research had the following aims:

- To use the knowledge gained from the research to assist a not for profit organisation in some aspects of managerial improvement.

- The consequential learning for people within community based organisations to understand their role and the relationship with other significant entities such as State and Local government.

- To facilitate process consultation to enhance the not for profit’s business and management knowledge.

In particular the study intended to address the governance issues of their administration to assist in developing a successful organisation.
DURATION OF THE RESEARCH

The research was conducted between March 2005 and June 2006.

RESEARCH PARTICIPATION

The research for this dissertation was conducted primarily with the participation of the people involved in various ways with the Manly Warringah Basketball Association and/or North Beaches Indoor Sports Centre.

It is because the research deals with social contexts a ‘constructivist’ paradigm has been applied. This paradigm accommodates the relativities of the subjective accounts that are the essence of being human. This is captured in their stories.

There are some other considerations to introduce at this point to give some further explanation to some aspects of the philosophical paradigm that provides some foundation for the scaffold of the research.

RESEARCH FINDINGS

Chapter 7 is devoted to the research findings. The findings cover a wide range of governance issues but have a primary focus on strategic planning and its vital role in developing community based infrastructure and sustaining the organisations associated with it. There was a consistent view of participants who helped get the centre constructed that the construction was the easy part, working out how to run the place was the difficult issue.

The findings deliver on governance issues such as National Competition Policy and Competitive Neutrality in the context of organisations in question. They describe a possible new generation of Public Private Partnerships in the form of Public Public Partnerships. There is discussion on other topics such as Leadership, Knowledge, Volunteering and finally discussion on Wisdom.
OTHER KEY CONCEPTS

The Mechanistic View

A *mechanistic* view has a Cartesian base. It follows the paradigms of Newtonian and De Cartes (hence Cartesian principles) that the universe is a machine and is represented by the aphorism *the sum of the parts equal the whole of the entity*. This view sits with a *positivist* perspective that the empirical facts support the claim of truth of the knowledge in consideration. From an organisational behaviour point of view the people are likened to cogs in a machine. Each cog is a component for the entire machine; without the cog the machine may be incomplete, if the cogs fail they are considered to be easily replaced. The direction of the organisation is set in motion like a machine and it does not have the ability to learn or adapt to the changes in its environment as it is machine-like (Stacey 2000).

The Organic/Living Systems View

The counter view of this is known as the *organic* or *living systems* view represented with the contrasting aphorism *the whole is greater than the sum of the parts*. The way the components (intelligent people) interact produces something that is far greater than any one individual is capable of (Knowles 2002; Wheatley1999; De Gues 2001). Another aphorism for this is *none of us is as smart as all of us*. The organisation is likened to a living organism that can learn and react to changes in its environment. It can therefore alter its functionality to adopt new methods, processes, technologies and so on. It is more suited to the way people live, think, learn, adapt and innovate. This aligns with the post-positivist perspective discussed in the next chapter.

Complex Adaptive Systems and Systems Thinking

These two concepts are occasionally used in the thesis. They are not meant as a distraction for the reader who may not have previously experienced the terms, but are commonly used terms with the Living Systems view. The concept of Complex Adaptive Systems has its origins in the study of Chaos Theory. Over recent years
there has been an adoption of the Chaos principles to effectively explain much of what happens in organisational behaviour. One of the main aspects of Chaos Theory is its approach to change and fluctuations to conditions with an entity. These changes can come from external sources, internal sources and of course a combination of both. The ability to learn assists the organisation to adapt and survive, or the currently widely used term, be sustainable. More is discussed on this in Chapter 2.

Systems thinking (Senge 1990; Stacey 2000, Mant 1997) is best explained as the approach to view an organisation as a whole. Senge describes systems thinking as a discipline for seeing wholes and it is a framework for seeing interrelationships rather than things, for seeing patterns for change rather than static snapshots. It is seeing interrelationships rather than linear cause and effect chains (Senge 1990: 71). Often the effects of change in part of the system will cause disruptions or unforeseen changes in other parts of the system. These are not always immediate and can often have lengthy periods between action and effect. Senge therefore cautions practitioners on confusing proactive thinking with actually being reactive. This is demonstrated in the study with MWBA in Chapter 5.

Learning Organisations

Our learning starts at a very early age (Gardner 2004; Senge 2005; Buckingham and Clifton 2001). Wheatley (2003) believes that if people didn’t learn we would literally die. There is evidence of this everywhere in our lives – if we didn’t learn what the road traffic signs mean we would surely contribute to, or become, a statistic. Similarly if organisations don’t learn, then their relevance would wither and they would eventually cease a meaningful and prosperous existence.

The types of organisations considered in this research are organisations that do things. They don’t exist in a vacuum of inaction. They therefore need to learn how to improve effective performance; they need to learn how to think and adjust to the changing conditions of their environment.
The *action learning cycle* (Cherry 1999) is an ideal learning and research process as it combines learning with action by including the steps of observation and reflection. This is a review process to consider the results of ideas that have been put into action. Argyris (1993) has advocated that there is no real worth to knowledge unless it is put into action. He calls it *actionable knowledge*.

On the face of it these ideas seem simple enough. However they can lead to quite complex areas of thought when these notions are unpacked and examined.

Soren Kierkegaard (quoted by Mintzberg in Cherry 1999: xvii) said: “Life is lived forwards and learned backwards.” The quote succinctly says it is important to look back, to reflect, as this is where learning takes place.

**Cycle of Learning and Management Education**

A frequently quoted *cycle of learning* is where a person is initially considered to be unconsciously incompetent, then progresses to conscious incompetence; then to become consciously competent to finally excelling whereby they become unconsciously competent. This means that a person starts out doing something not knowing that their performance is from ignorance and therefore less than optimal. With learning one can now realise that they are performing in an incompetent manner. With further learning (and feedback) one can become quite good (ie competent) at something while they are actively thinking about their performance. Eventually the person no longer needs to fully focus on what they are doing because they have experienced a behavioural shift and act competently without having to think and design their actions. They do it naturally and skillfully. After all, organisational behaviour addresses optimising performance from its people by facilitating the learning of competencies – some might say *making known the unknown*.

Similarly this applies in management education. As one continues to focus on learning and applying their knowledge they become professionally competent. Eventually there are many things that become just part of their personal practice. It becomes their construct of their functionality. This does not occur without conscious
effort and is not necessarily a quick process. The conscious effort can be focused in the observation and reflective part of the action learning/research cycle. Ideally the commitment to this for life and is recognised as the discipline of personal mastery (Senge 1990: 139).

Communicating Concepts

It is hoped that the communication of ideas herein will ensure transference of meaning and understanding for the reader (Robbins et al 2004: 308). This is no small feat if it is achieved as the very notion of meaning can be so complex. One thing for the reader to keep in mind is that complex and abstract ideas are difficult to articulate. Where possible models are used to assist to illustrate and explain concepts.

It is asserted here that agreement is not equated to understanding. Understanding can in fact lead to disagreement and fruitful discussion about a subject. It is within these discussions (dialogue) that knowledge can be developed, shared and ideally put into action.

To assist the reader when key concepts are mentioned, usually for the first time, there has been a selective use of italics. This is intended to be a visual key emphasising text for the reader.

ETHICS

The research required a formal approval from the Charles Darwin University Research Ethics Committee. Approval was given under proposal number H05092. This confirmed that the research proposed in this project conformed with the general principles set out in the current National Health and Medical Research Council regulations, and with the policy of the Charles Darwin University.

There were some matters concerning ethics issues to draw to the attention of the reader.
The constructivist methodology (action research) factors in an ability to review and adjust to unforeseen events as part of the experience of real learning. In recognition that the observer is within and therefore part of the process it is not possible to accurately state what contingency plans may be needed other than the self-resolve to remain nonjudgmental and remain optimistic that experiences are neither good nor bad, but to focus on the ‘so what’ question.

There was no apparent level of danger to people involved in this research project.

There are no financial exploitations or contracts involving the researcher.

The project anticipated exposure to unethical practices of different entities as the investigation and learning unfolded. Therefore a major ethical consideration was what action to take if unethical (or illegal) behaviour was identified. As the researcher has extensive experience as a senior detective with the Northern Territory Police there is confidence that such issues, should they arrive, would be handled appropriately. There were no such events during the research.

As an investigator there are ethical issues in the way information is handled. Where allegations are made, dissentions voiced and similar open discussion, that the nature of this type of enquiry required sound judgement to be exercised as to whether or not the informant’s identity is disclosed.

Finally the project examined issues; it did not investigate the conduct or personality of specific individuals. People’s names have not been changed as they should be publicly acknowledged and applauded for their efforts. In cases where there are issues that stray to personal performance or matters that may in any slight way have an effect on the person’s future they have not been named to respect and afford them their rightful privacy.

The consent form given to all participants can be found at Appendix 1. Disclosures made in this thesis had the approval of the participants. Appendix 2 has samples of research memorandums. The material that identifies individuals has been blacked out to provide privacy.
CONCLUSION

So the material concepts have now been delivered on site and now we have begun the process of constructing our scaffold’s foundations.

If there was to be a blueprint to accompany this research it would probably incur one of the greatest add on costs for variations that a homeowner/builder ever experienced. The constructivists’ idea is that what is built has some guiding principles, but it is interpreted by you and ultimately actioned on your subjective meaning. This can be a very successful outcome as it would show that you have thought about what is written and you have in fact constructed your own interpretation of it.
CHAPTER 2

METHODOLOGY
As the social world under any aspect whatsoever remains a very complicated cosmos of human activities, we can always go back to the “forgotten man” of the social sciences, to the actor in the social world whose doing and feeling lies at the bottom of the whole system. (Schultz 1964: 6)

Literal and exact replication is inconsistent with the nature of the subjective-objective reality. If the present inquirers are truly going to construct the researched world of the previous inquirers, then they must do so, and plan to do so, in their own autonomous and idiosyncratic way. They will see it better through their own constructs than through the constructs of others. (Heron 1988: 58)

INTRODUCTION

This chapter will explain in detail the constructivist (sometimes referred to as interpretivist) methodology used in this research. The methodology is the foundation necessary to give the researcher their basis for claiming reliability and relevance for the reader. In the pursuit of knowledge, competence and credibility a researcher needs to justify the methodology, including the perspective (paradigm), used to validate their results (Chalmers 1999).

This chapter will address the practical (experiential) perspective of applying the methodology in action learning/action research (ALAR) in combination with a modified grounded theory (Strauss and Corbin 1990) approach. The practical process is quite similar to the investigative methods used by a detective. The chapter will then examine the theoretical foundations of the relationship between epistemology, ontology and methodology and the consequences of paradigms.

The basics of the grounded theory approach are adopted, and in some cases slightly modified. This is because its procedures are designed to develop a well integrated set of concepts that provide a theoretical explanation of social phenomena under study. Theory emerges from the analysis of the collated data. According to Strauss and Corbin (1990: 5) “A grounded theory should explain as well as describe. It may also implicitly give some degree of predictability, but only with regard to specific conditions.”
Dick (2005a) cites Glaser’s work who suggests two main criteria for judging the adequacy of the emerging theory: that it fits the situation; and that it works - that it helps the people in the situation to make sense of their experience and to manage the situation better.

Constructivism is a post-modernist philosophic paradigm that mostly sits within the subjectivist quadrant as described by Burrell and Morgan (1979). The knowledge that is valid and helpful is based on an interpretation of the experience of participants combined with data processed through grounded theory. The knowledge gained from this research qualifies as a proven theory in the conventions of Grounded Theory, but this is quite different to the claim of an objective truth as would be required by an alternative modernist-positivist research paradigm.

In the context of studying organisations, while the research process is usually about people, the constructivist methodology in ALAR (combined with grounded theory) is a process with people for people – not on people to people (Lincoln 2001; Reason and Bradbury 2001, 1988; Heron 1988a; Cherry 1999; Herr and Anderson 2005). If a researcher only applies a positivistic approach, which has been a standard and traditional approach in research, they may be relying on their views that are conceptually based on the notion of absolute truths. These generalisations and assertions probably do not frequently apply when dealing with the social complexity of people in organisations.

Bennis and O’Toole (2005) believe that dominant traditional research methods in business schools have resulted in them “losing their way”:

Too much ‘scientific’ research, not enough real-world experience. The focus of management education must change if it is to stay relevant…Instead of measuring themselves in terms of the competence of their graduates, or by how well their faculties understand important drivers of business performance, they measure themselves almost solely by the rigour of their scientific research.

They have adopted a model of science that uses abstract financial and economic analysis, statistical multiple regressions and laboratory psychology. Some of the research is excellent, but because so little of it is grounded in actual business practices the focus of graduate business education has become less relevant to practitioners.

This scientific model is predicated on the faulty assumption that business is an academic discipline like chemistry or geology instead of a profession, akin to medicine and the law. But in fact, no curricular reforms will work until the scientific
model is replaced by a more appropriate one rooted in the special requirements of the profession.

(Bennis et al 2005: 98)

Their views are similar to many others (Lincoln 2001; Senge and Scharmer 2001; Levin and Greenwood 2001; Mintzberg 2004; Schön 1987). In his book *Managers not MBAs* Mintzberg (2004) takes the call for change even further;

Management is not a science …. managers have to use all the knowledge they can get, from sciences and elsewhere.

(Mintzberg 2004: 10)

We often hear those in senior positions say: “If you come to me with a problem and you don’t have a solution then you are part of the problem.” Without going into the drawbacks of that statement (Fisher and Sharp 1998: 18) Bennis and O’Toole’s assertion represents a problem in relation to using a sound methodology to develop practical actionable knowledge. That problem can be solved by applying an ALAR process\(^1\) based on a *constructivist* methodology and grounded theory. This is because the approach is effective in real life, real problem situations and has a strong connection with the experiences of the people doing the work.

### The Fundamental Approach

In simple terms the methodology applied in this research is akin to the approach taken by a detective.\(^2\) Some insights shared here set the scene for greater understanding of how the research is conducted.

An investigation starts with an interest to explain an event, discovery or mystery. These cover a wide range of phenomena: deaths to embezzlements, missing persons to accidents and so on. Sometimes causality is readily apparent, other times it is not. In any case an investigator approaches an inquiry with an impartial mind to gather the evidence, not make value judgment about people. Similarly, in grounded theory according to Strauss and Corbin (1990: 9) what is represented in the concepts is crucial. The aim is ultimately to build a theoretical explanation by specifying

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1 Reason (1988: 1) expresses the view that ALAR is a new paradigm.

2 It is an approach that I am competent in as my grounding in this field comes from many years experience as a qualified detective in the Northern Territory Police Force.
phenomena in terms of conditions that give rise to them, how they are expressed through action/interaction, the consequences that result from them, and variations of these qualifiers. The aim is not to generalise findings to apply to a broader population per se. All data is considered relevant before assessing whether it can contribute to supporting the final determination. The relationship between logic, validation and generalisation in a social context is considered later in this chapter.

The investigative approach in the gathering and processing evidence is applied to construct a circumstantial case that builds support for an argument that justifies the findings of the investigation. In the context of inquiry within the frame of the Australian criminal justice system, the findings aren’t always to attribute guilt or blame. It is in the interests of justice to disprove guilt if an accusation is made against an innocent party. Data gathered is not always evidence; however the analytical processing of it can transform data (information) into useful intelligence. Intelligence can lead to predictions and further evidence gathering. Similarly, the determinations by the courts do not necessarily establish causality. Their role of interpreting legislation is different to that of the evidence gathering detective.

The circumstantial cases prosecuted in the judicial justice system are viewed in the context of determining if a law has been broken. This is relevant in matters addressing the question of governance as there is an established legislative base to prescribe process and conduct. The judicial system, dependent on its jurisdictional powers, can also determine what penalties should apply. A detective should be aware, but not be overly concerned with the outcome of those deliberations, particularly in superior court jurisdictions, other than to learn from case law decisions of the appellant courts. However a detective does need to prepare a case that will satisfy the prima facie requirements to have the matter heard in the legal arena. The evidence, as with rigorous research, has to sustain the tests of reliability, credibility and authenticity.

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3 It is acknowledged that the Indigenous culture in Australian society uses inquisitorial system rather than an adversarial system used in the formal justice system.

4 There are some exceptions such as Coronial courts
Not every investigation leads to prosecution. Indeed a detective can be employed by a variety of interests for different purposes: defence lawyers, parliamentary commissions of inquiry, managers, insurance companies and private individuals. No matter who the employing body is, the work of a good detective will provide a report in consideration of the relevant data that was available to be discovered\(^5\). In some cases the purpose can be for a (systemic) evaluation or change recommendations. Diligent as a detective may be, rarely can it be said that everything to be known, or discovered, has been identified, considered or explained.

Sometimes the evidence gathered is irrefutable, other times it can be inconclusive. At all times there should be integrity in the gathering and assessment of data. A maxim that lends itself well to good detective work is to remind oneself that “things are never what they seem.” Only when the evidence has been collected, corroborated and scrutinized to establish its level of reliability can it be considered to be valid and then used. In the jargon of research this is known as triangulation with association to falsification and verification. The evidence remains contestable. Sometimes this results in it being discredited by the applied ingenuity of good defence counsel who are determined to articulate the falsification argument and interrogate the verification of the evidence.

The investigative process is to identify and extract thematic concepts to then see how they develop in relation to the subject of inquiry. The questions then are: “What do the themes support/refute/lead to?”; “What is the contextual relevance of the themes to other themes, including the prescribed or formalised themes such as legislation or theories?” Similarly in grounded theory Corbin and Strauss (1990: 7) state no matter how enamored the investigator may be of a particular concept, if its relevance to the phenomenon under question is not proven through continued scrutiny, it must be discarded.

A detective should always be mindful of the need to provide an account of their actions, including their intentions and reasons.

\(^5\) It is not uncommon for the evidence to be restricted due to legal access and it is also not uncommon for previously unattained evidence to be forthcoming when questioned by a higher legal authority, such as a Judge.
A common issue that brings a detective’s work into adverse criticism is why a piece of information was overlooked or disregarded. Sometimes the most insignificant piece of data can be the key leading to a breakthrough in the investigation; similar to the grounded theory approach, sometimes the evidence can disguise other more significant issues and lead to the emergence of completely unexpected outcomes.

In simple terms, while quantitative researchers begin with an hypothesis, some qualitative researchers (including constructivists) are more likely to end their study with a working hypothesis. This leads to more research and has been likened to a continuing spiral (Zuber-Skerritt 2005; Cherry 1999). The spiral concept is considered in greater detail later in this chapter.

Constructivist researchers’ interactions with people, as depicted in Cunningham’s (1988) model of contextually locating (Figure 2.1), may determine that their original hypothesis was too narrow, too broad, or simply inconsistent with the ways in which people actually experience themselves and their practices. This is due to participants being encouraged to engage in dialogue about personal views which can sometimes result in exposing the researcher’s flawed assumptions.

A detective is rarely effective in a solitary existence sitting behind a desk wondering about answers to questions. They need to have interaction with people. The constant detective-like questioning is restrained to obtain information that is usually given voluntarily. This does not restrict their ambition to learn within the reflective and probing questioning of the action research process: “What is going on here?”

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6 (Miller 1991) The forensic examination of discarded half chewed apple found at a crime scene led to the identification and conviction of an IRA assassin. The astuteness and thoroughness of the forensic detective not only obtained DNA evidence but was, with the help of an orthodontic specialist, able to reconstruct the appearance of the culprit due to an unusual bite characteristic on the apple. This was a key factor in determining the identity of the offender. The evidence from the spent bullet cartridges at the scene were forensically examined and proven to have been discharged from the same rifle that had been used in several murders. This led to the successful prosecution of the offender for many unsolved shooting murders.

7 For example, if a suspect provides a confession, that confession must be voluntarily provided and there must be a demonstration that the person understood and waived their right to silence. Equally the Police cannot induce or coerce confessions.
“What am I observing?”, “What does this mean?”, and “What might this mean?” can lead to dramatic shifts in the nature and subject of the inquiry.

March (1971) states that learning can be viewed as a series of conclusions based on concepts of actions and consequences that we have invented. He goes further to claim that experience can be reinterpreted retrospectively and explains this:

By changing our interpretive concepts now, we modify what we learned earlier. The usual strictures of “self-deception” in experience need occasionally to be tempered with an awareness of the extent of which all experience is an interpretation subject to conscious revision.

(March 1971: 639)

![Figure 2.1: Contextual locating](source: Cunningham 1988: 168)

Under the broad umbrella of the constructivist paradigm the grounded theory approach combines favourably with the action research methodology. These applied
concepts combine well to inquire, gather and process data for the discovery and generation of knowledge.

The Topic of Investigation

The investigation in this case was generated from the terms of reference provided by the Board of Directors from Manly Warringah Basketball Association (MWBA) to the taskforce (a team of five “detectives”) to:

1. Investigate the business and financial history and structure of MWBA.
2. Recommend to the Board of MWBA short term and long term business and financial strategies of the Association as a whole as well as its sub-divisions.
3. Oversee implementation of the recommended strategic measures adopted by the Board.

However as the development of this inquiry gathered momentum other holistic questions quickly emerged which lead to the more formal initial focus of this research: to consider the level of public participation in Public Private Partnerships (PPPs) for the establishment of community infrastructure and to identify the governance issues for the administration of a community based infrastructure.

The findings and evaluation of the research is addressed in Chapter 7 of the dissertation. Let us now unpack the methodology in more detail.

A Practical Story of Methodology

When we start to see story telling as an aspect of inquiry we discover an important new dimension: inquiry can work either to explain or to express; to analyse or to understand.

(Reason and Hawkins 1988: 79)

Quite sometime ago comedian Steve Wright rhetorically asked his audience (personal observation): “Can anyone please give me a map that doesn’t have an aerial view?” The type of map chosen for applying a research methodology does question what methods or processes could be valid apart from traditional ones.
Metaphorically speaking, the *map* is about choosing a pathway (methodology) to seek knowledge. There are as many different types of maps (more formally known as *paradigms*) as there are different methodologies. Defining the journey one wants to travel, and why, leads to consideration of what terrain(s) might be encountered and negotiated. There are maps that can steer a journey across the terrains of sociology or hard science. As Schön (quoted in Cherry 1999: 45) described it:

> In the varied topography of professional practice, there is a high hard ground overlooking a swamp. On the high ground, manageable problems lend themselves to solution through the application of research-based theory and technique. In the swampy lowland, messy, confusing problems defy technical solution. The irony of the situation is that the problems of the high ground tend to be relatively unimportant to individuals or society at large, however great their technical interest may be, while in the swamp lie the problems of greatest human concern.

(Schön 1987: 3)

I had an insightful experience with my father during my deliberation over methodology. My father and I live in a split level home on a steep hill.

The mission was to clean out leaves that might be present and possibly blocking the guttering. It was reasonable to expect, even logically deduce, that there may be an accumulation of leaves. Gutters are prone to being clogged with a buildup of leaves. There was a large leafy tree nearby. It had been raining heavily. Leaves tend to float and therefore would travel to the down-pipe via the guttering. It was a maintenance situation most house owners are familiar with.

However, due to the location of the problem we could not determine (through simple visual means) whether in fact there were any leaves present, or if in fact there was clogging that needed intervention to correct the drainage (water management).

The ladder was set up in the neighbour’s yard and positioned to clear the fence and wall to access the roof (about 10 metres high). The pending climb had several questions in mind: “Was there a problem?”, “What might be found at other end?”, “If there is a problem how should it be rectified?”, “What could be done to change the situation so future clogging would be minimised or prevented?” Figure 2.2 provides an illustration of the scenario.
In the process of setting up the ladder my father was on the opposite side of the ladder to me. He determined that the ladder was leaning to the left and I determined that it was leaning right. Given the height I was to work at it was very important to have the ladder grounded safely, unbiased, so that it didn’t become unstable and dangerous as I climbed it. Its safety and stability (certainty) would be tested only when I was near the highest end where slight changes, such as shift in weight could cause significant leverage, a potential to change the entire support system.

![Diagram of ladder and gutter](image)

**Figure 2.2: The scenario shown illustrates the problem to determine if the gutter was clogged.**

Nothing could be done without applying an *action* component in the methodology – to actually get amongst it, assess and rectify if necessary. A theoretical consideration was not going to effectively address the problem. Similarly to the detective, it was not going to be solved by staying indoors.

The further up the ladder the more out of my comfort zone I ventured; away from certainty into a realm of uncertainty that could only be explored (as far as we could see) by action. The only *realistic* way to find out was to get out of that zone, and trust the grounding of the ladder and the method of climbing slowly, deliberately and not hanging on too tightly in case a sudden *adjustment* was needed – ready to jump and abandon the *methodology* if necessary.
Such is the analogy for the researcher. The logical reasoning of what is known - *a priori* knowledge - to decide whether the question is worth researching in the first instance. This may include a consideration of the history of the situation to suggest there may be some emerging problem that needs study. This knowledge may come from someone other than the primary researcher. This might result in an evaluation, correction, modification or intervention to *change* the perceived conditions.

![Figure 2.3: Exploring problems moving from the realms of certainty to the realms of the undefined and uncertainty](close-up.png)

*Source: Adapted from Dalmau (2003)*

Once the question is considered then a strategy is needed to address the question. Figure 2.3 shows a starting point from a grounded certainty, known or agreed facts about the phenomena that is subject of the inquiry, to then explore the realms of the uncertain or undefined. If there is little knowledge, or agreement about the facts in question, then this will contribute to the uncertainty of what the research will reveal. As the research gathers evidence (data) from the realms of the uncertain, or undefined, concepts emerge from the data to become known and the arrows in the model reverse to a new point, or previously unknown point, of theory (see Figure 2.4).
The ladder story is a metaphorical explanation of choosing methodologies, however there are some equivalents with moving out of a person’s comfort zone when entering into the realms of social research. Instead of dealing with the firmness of ladders and brick walls, the walls disappear and the ladder is not supported at the end of the climb. Ladders become a construct of inference (Argyris 1982; Friedman 2001) for shared understanding. The knowledge that is acquired essentially becomes a personal construct for sense-making, or understanding, and this gives rise to the notion that the person’s perception is their reality (Watson 1997). If I perceived the ladder was unsafe based on my previously acquired (experiential) knowledge, I would probably not have climbed it. Conversely, by knowing it is safe I can confidently progress further.

The grounding of areas of certainty can give way and collapse with differing new knowledge created from applying a different perspective to issues under research. This can be influenced by your positioning and what and how you choose to look at data in your research. The perspective is influenced by the researcher’s paradigm.

Figure 2.4: New origins from knowledge gained from the realms of previously undefined in theory

Source: Adapted from Dalmau (2003)
(and that of any co-researcher). These collapses can be caused by anomalies where the explanation through the analysis of the data does not thoroughly account for what is observed. This is discussed in a more theoretical fashion later in the chapter (see Figure 2.9).

To provide greater insight and understanding the explanation needs to take a few excursions to explore some of the fundamental ideas associated with methodology. The first one is to consider the important concept of *paradigm*.

**Paradigms – Maps for the Journey, Lookouts for Scenery**

Paradigms are a vital concept in the philosophical defining of methodologies. The concept of paradigm is linked to ontology (the nature of reality) and epistemology (the study of knowledge). A paradigm is a point of view, or perspective, that people have when they are considering an idea, issue, or interpreting knowledge. A paradigm is a lens that frames intellectual matters into a particular perspective founded on belief-based assumptions to explain or make sense of something (Casti 1989: 41).

Thomas Kuhn (1970), physicist turned philosopher, is regarded as the first to create a philosophically useful meaning for the word *paradigm*. His views are widely referred to throughout philosophical commentary since his seminal work *The Structure of Scientific Revolutions* was first published in 1962\(^8\).

Kuhn was concerned with what he called *normal science*. He defined it as:

> research firmly based upon one or more past scientific achievements, achievements that some particular scientific community acknowledges for a time as supplying the foundation for its further practice.

(Kuhn 1970: 10)

Hampden-Turner interpreted Kuhn’s paradigm idea as:

> …Kuhn meant a pattern of *a priori* assumptions about the nature of what we are trying to understand… a tentative answer to the question, “What are the fundamental

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\(^8\) 2\(^{nd}\) edition was published 1970
entities within this area of investigation?” It tells us where to look, how to construe and the way in which information should be processed.

(Hampden-Turner 1999: 177)

Chalmers (2000) states that before a researcher can express a point of view (formulate and make an observation statement) they should be in possession of knowledge that will help them interpret what they are observing. He illustrates this point with the example of a student looking through a microscope of slide of cells dividing. The student does not initially notice specific things, yet the instructor is confident of what the student can observe (2000: 7). The knowledge of the construct of beliefs and assumptions is the key to seeing and understanding within the paradigm. The question emerges: “Do you know what you are observing?”

It may be over-stating the obvious with the example of the biologist and philosopher, however if we believe it is necessary to examine something so closely that we are using a metaphorical microscope (Figure 2.5), interpretation of the layers or areas under scrutiny will depend on the knowledge we have and pursue. If we have no knowledge of what we are observing (or experiencing) during our research then how can we interpret what is observed (or experienced)? How can we explore a realm where we don’t know what we don’t know?

Figure 2.5: The microscope model – what do you need to recognise and understand what you see?
Grounded Theory and Action Research combine to develop new knowledge for the researcher as the reflective process of Action Research combines with the emergent questioning processes of grounded Theory. The process requires the researcher to think about what is going on. There are dual processes; one of inquiry and one of learning. This is explained in greater detail in Chapter 3. As new knowledge is acquired new things emerge and become apparent, or create deeper questions for the inquirer. Again, similarly to our detective, new information and inquiry is developed from new leads. In some cases new information changes the significance of previously learned knowledge in the way that March (1971) had referred to earlier. Popper says (Edmonds and Eidinow 2001: 1) “History is affected by discoveries we will make in the future.”

Burrell and Morgan (1979) have asserted that sociological paradigms can be categorised to be somewhere between subjectivist or objectivist. This will be considered in more detail later in this chapter, however the initial discussions are confined to two dominant paradigms.

The first is positivism which is characteristic of modernism and sits in the objectivist arena. It is the dominant traditional paradigm in research methodologies. The second is post-positivism, characteristic of post-modernism and it sits in the subjectivist arena as depicted by Burrell and Morgan (1979) in Figure 2.6. We then look more closely at constructivism sitting between the two (see Figure 2.8) and why it is a preferred alternative.

An individual’s paradigm can change, but normally doesn’t. A shift in paradigm can be as a result of rethinking, revisiting – reflecting as a result of trying to understand and explain concepts that emerge from the research but aren’t able to be satisfactorily explained within the initial paradigm. This concept of reflexivity is embedded in the ALAR process (see 2.13). History has shown that some of the recent philosophers such as Kuhn and Wittgenstein have applied this process to rethink some of their approaches. In some cases this process has resulted in new
paradigms emerging\(^9\). In Wittgenstein’s case there was a shift from a modernist paradigm to a post-modernist paradigm (Watson 1999) and the emergence of a new interpretativist paradigm, constructivism.

An interpretation of reflexivity is expressed by Soren Kierkegaard (quoted by Mintzberg in Cherry 1999: xvii) when he stated: “Life is lived forwards but understood backwards.” Miettinen (2000) expresses the view that the reflection is really a relationship with applying inductive or deductive, even abductive, logic to addressing what is observed and the accompanying hypothesis (see 2.8).

Putting aside the problems of ontology, methodology and other issues related to social science debate, what model of society should organisation theorists use to underwrite their analysis?

(Burrell and Morgan 1979: 399)

![The subjective – objective dimension](image)

**Figure 2.6: The subjective – objective dimension and the relationship to positivism and post-positivism\(^\text{v}\)**

\(^v\) **Source:** Adapted Burrell & Morgan 1979: 3

Selection of the paradigm to apply is the researcher’s prerogative. It is one of the most sophisticated practical issues and one of the major determining factors in

\(^9\) Kuhn’s extensive postscript in his second edition is evidence of such reflection (1970 2nd Ed: 174), though it is not considered a new paradigm.
research. It also affects how the researcher’s microscope is focused for what may be discovered, or confirmed. On the one hand we are seeking a research methodology that can accommodate as much variety of knowledge and information as possible, yet on the other hand being careful not to prematurely advocate what the findings of the research should be even though the context of the research can be clearly defined.

Burrell and Morgan advise that:

In order to fully understand alternative points of view it is important that a theorist be fully aware of the assumptions upon which his [sic] own perspective is based.

(Burrell et al 1979: ix)

The researcher needs to be careful not to develop and advocate a mental mode (Senge 1990), a rigid mindset.

This leads to exploring how ontology and epistemology factor into the overall consideration.

**Ontology and Epistemology**

Burrell and Morgan’s explanation of ontology is generally supported (Blunt 1986; Maguire 2001; Park 2001):

… there are assumptions of an ontological nature - assumptions which concern the very essence of the phenomena under investigation. Social scientists… are faced with a basic ontological question: whether the ‘reality’ to be investigated is external to the individual – imposing itself on the individual consciousness from without – or the product of the individual consciousness; whether ‘reality’ is of an ‘objective’ nature, or the product of individual cognition; whether ‘reality’ is a given ‘out there’ in the world, or a product of one’s mind.

(Burrell et al 1979: 1)

According to Heron (Heron 1988a), our interpretation of knowledge is constructed from the data that is available in our lives and this creates our reality. This is where the concept of ontology ties in with epistemology. Ontology is the study of the nature of being, the nature of reality, and epistemology is the study of knowledge.

These [epistemological] assumptions entail ideas, for example, about what forms of knowledge can be obtained, and how one can sort out what is to be regarded as ‘true’ from what is to be regarded as ‘false’.

(Burrell et al 1979: 1)
The study of knowledge can be likened to a labyrinth of the mind as it presents a diversity of corridors. Some might say it has many deceptions leading to dead-ends. This is a view endorsed by one of Australia’s Nobel Prize winning scientists, immunologist Peter Doherty, in his interview with Griffin (2006):

Conceptually-driven research, as opposed to end-use driven research, is what is likely to yield some of the biggest benefits. But with this stuff, you can’t be sure where it will end up. Real curiosity–led work cannot be confined by short time-horizon and doesn’t guarantee an outcome.

Plenty of research leads up blind alleys. But you have to know those blind alleys are there in order to find the right pathway. Of course, that doesn’t mean you don’t need applied research – it’s essential – but you need to get the balance right between the two.

(Griffin 2006: 13)

In the 2004 esoteric movie What The Bleep Do We Know!?TM, Dr John Hagelin asks the question: “Have you ever thought about what thoughts are made of?” The intrigue of the movie is fuelled by concepts questioning what knowledge is. The movie makers seek to make known the unknown. It is not a simple task to acquire more knowledge and more information to apply to the process of research and problem solving because it usually leads to more questions being raised. The sociological consequences of this are even more complex as Dr Joseph Dispenza questions: “If I change my mind, will I change my choices? If I change my choices, will my life change?”

The movie makers claim that at any point in time there are four hundred billion bits of data (interpretative information) going on in our world around us, yet we only interpret about two thousand bits of data. The interpreting of data is selection based. What is selected is only that which is belief-based and self-serving. It gives ground to the following scenario; two people could be standing in the same place at the same time participating in the same conversation and have totally different recollection of the experience. Indeed even being in the same moment they may have totally different awareness of what is going on and perceiving different things10. This could influence the subsequent respective behaviour(s). The existentialists (such as Sartre

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10 This has been tested on classes with the infamous ‘gorilla’ video. Students are asked to watch the acted process in the video, usually two teams passing a ball to each other. Students are asked to log the frequency of passes. During the course of the video a person in a gorilla suit briefly wanders amongst the actors. Often not all the viewing students notice the gorilla event.
and the Frankfurt School’s Habermas and Mancuse, in Burrell and Morgan 1979: 33) advocate that the perception of the individual is their reality\(^{11}\). Therefore what do we know about reality?

Identifying and examining epistemological paradigms helps validate a particular methodology and test the validity of research findings. The variables in this process are immense as there are many ways to consider the relevant issues\(^{12}\).

Burawoy notes: “At the turn of the millennium, sociology faces theoretical disorientation. The issue is not what we don’t know, but how to interpret what we do know.” (2000: 693). His simple comment hits home at the importance of the interpretation of knowledge.

It is difficult to find a definitive answer to the question: What is reality? The search for an answer draws out an astounding range of divergent opinions that are based on people’s different paradigms. The consequences of the answer to the question are significant, as Dispenza’s earlier question highlighted. The parameters for considering this question are defined by the epistemological paradigms through their underlying assumptions of what is acceptable. Burrell and Morgan link ontology with epistemology:

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Associated with this ontological issue, is a second set of assumptions of an epistemological nature. These are assumptions about the grounds of knowledge – about how one might begin to understand the world and communicate this as knowledge to fellow human beings.

(Burrell et al 1979: 1)

Language has a major role to play in gathering and communicating knowledge (Lincoln 2001; Pleasants 2000; Gergen 1994; Gergen, MacNamee and Barrett 2001; Habermas 1984). People need language to discuss the significance of sociological events (phenomena) to conduct research, to learn, to create and interpret knowledge.

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\(^{11}\) There are numerous web sites that have interactive examples supporting scientific research of the brain playing ‘tricks’ on the mind. They show how the brain can ‘fill in’ missing parts of the ‘picture’ in optical illusions and reminding viewers that seeing is not believing. (e.g http://www.eyetricks.com/)

\(^{12}\) An example of this is Douglas McGregor (1960) who defined two contrasting sets of assumptions about human nature and explained how they affect people’s attempts to influence the behaviour of others, especially how they affect managers’ attitudes toward employees – the X and Y Theory.
Consider a simple a one word question we frequently ask: “Really?”

What does this word symbolise? What is it addressing? It is asking if what is stated is in fact the construct of reality. This leads to other questions. If it is real then is it true? Conversely, if it is true does that mean it is real? What then is truth? Our minds inquire about this in an almost subconscious way: “How?”, “Why?”, “Can you please explain it to me?” The answer is processed by the receiver based on their knowledge and beliefs defined by their paradigm. The answers are not going to be the same in every case and there may be little agreement in them. It is appropriate to note here that the methodology proposed in this research believes that the paradigm a person uses is not open for interrogation nor is there any suggestion that a person’s paradigm should be challenged with a view to influencing a change in their paradigm.

Cherry (1999) revisits Burrell and Morgan’s question, “Does the research paradigm fit the phenomena being investigated?” Cherry goes further and asks is it consistent with the researcher’s understanding of the reality being investigated (1999: 58)? Her advice on the paradigm choice has been applied in this research:

There are at least two important issues to be considered here:

one is the capacity of the paradigm to generate an understanding or knowledge of a situation which is helpful in enabling the researcher and other players to take effective action;

the other is the capacity of the paradigm to generate understanding or knowledge which is useful to others, in different situations.

By ‘understanding or knowledge’, I mean both the capacity to describe what is happening and the capacity to explain it: that is construct a theory about why it is happening. Both involve the construction of meaning or ‘sense-making’.

(Cherry 1999: 61)

Epistemology and ontology are concepts that are so closely related that one normally addresses both issues in an almost symbiotic manner. Butler, Scott and Edwards (2003) describe it as the link between knowing (epistemology) and doing (ontology). Senge (et al, 2005) also advocate the link between thinking and doing (Figure 2.16 see page 66). Butler (et al, 2003) explain that a Newtonian paradigm has an ontological assumption of a mechanistic world and assumes organisations are
ordered, predictable and fixable machines (2003: 59). Tetenbaum quotes a similar mechanistic epistemology and ontology:

the world is a well behaved machine. It offers the promise of a law-abiding and predictable universe, a belief strengthened by the notion that relationships between cause and effect are simple, clear, and linear.

(Tetenbaum 1998: 21)

Conversely Wheatley’s view is that everything alive is an open system that engages with its environment and continues to grow and evolve (1999: 77):

Why would we want an organisation to behave like a machine? Machines have no intelligence; they follow the instructions given to them. They only work in the specific conditions predicted by their engineers. Changes in their environment wreak havoc because they have no capacity to adapt.

(Wheatley and Kellner-Rogers 1996: 1)

These quotes lead to the issue of competing ways to research organisations. It leads to the ontological question: Do we look at the nature of organisations from an empirical perspective counting the nuts and bolts where assumptions are based on quantitative assessments (objective), or do we view them in a more complex organic way that engages people with their insights from their experiences (subjective)?

**Objectivism versus Subjectivism**

As their labels suggest, *Objectivism and Subjectivism* are contrasting paradigm characteristics and there are a number of paradigms within each. They have completely different assumptions in how they frame their sense-making of our world. Essentially differences are of an *objective* versus a *subjective* nature. The different fundamentals of the epistemology and ontology of *subjectivist* and *objectivist* paradigms can be simplistically explained visually. Below are two photographs of the Cathedral of Notre Dame in Paris, France.

The analogy focuses on the famous stained-glass rose window of the cathedral. An *objectivist* perspective would view the external structure and define it in terms of its dimensions, material construct and so on (see Photograph 2.1). This is basically considered analogous to quantitative analysis because the aspects that are easily measured are the focus of attention. The measurable data is known as empirical data.
However, if the perspective (paradigm) was subjectivist (for instance existentialist, based on the perception of experiences) then the approach would be from an internal perspective (subjective) and provide a very different appraisal, albeit of the same phenomenon (see Photograph 2.2). The experience can be considered a qualitative approach. The aspects that are important, for example emotional impact, are not easily defined by measurement as with the objective/quantitative approach.

Photograph 2.1: External view of the Rose Window, Notre Dame Cathedral

Source: Paul Manuell, September 2003

Further to this concept, the outside conditions (environmental)\(^\text{13}\) could affect the perception and experience. Depending on the individual’s relative characteristics this experience could be very different from person to person; for example whether they were colour-blind, what their religious beliefs are and so on. Their appreciation of this would be relativist (Beckwith and Koukl 1999). It could be inferred that their decision to enter into the building could come from a wide range of motivators to even consider the subject from within. Their epistemology (beliefs) could be a determining factor to how this window (topic) was considered.

\(^\text{13}\) Which could be regarded as objective as something like light can be measured.
To return to the cathedral, is there a choice to be made of how the building is appreciated? Yes. It can be appreciated from the outside or the inside. Perhaps the most satisfying may be to appreciate it from both aspects.

The central and personal issue with methodology is similarly based. Does the interest lie within the social experiences of the organisations, or does one want to comment on what is observed from a position external to the organisation? (Herr and Anderson 2005: 43) Is the interest in the people of the organisation, or is it the facts and figures of the organisation’s balance sheet? Are these seen as separate issues or can they be combined to be considered as a whole? If so, how? Which paradigm can accommodate a goal to consider that the whole is greater than the sum of the parts over the mechanistic reductionist view that the whole is equal to the sum of the parts?

Ricardo Semler (Roach 1995) has held the view that within his organisation (Semco) he had cathedral builders and stone cutters. The stone cutters were the masons that came to work for the organisation each day and precisely cut rock. Then there were the cathedral builders. They were also stone masons but when they cut rock they did it with the vision of what their work was contributing to. Semler believed that by
understanding the context of the work it gave the cathedral builders greater meaning and purpose in their craftsmanship because of the holistic approach they took. Semler was not prejudicial towards the stone cutters, he realised that people didn’t have identical motivations for work.

The analogy of the Notre Dame cathedral could become more intriguing because there has been no mention of the organisation of people associated with the cathedral. There is a vast network of people that thrives because of the existence of the cathedral and that network is not readily apparent to the casual observer. Did the organisation exist before the construction of the cathedral? What other organisations have become involved as a result of the cathedral’s existence? To consider possible answers to these questions we go back into ontology and epistemology because the argument can then ask why the cathedral exists and what beliefs does it represent? One could draw the inference that the cathedral is community based infrastructure because it is a structure to meet the needs of factions within the community.

If we reflect now on the consequential epistemological questions of belief: “Why and what are the consequences of the choice of paradigm for my researching actions?” The answer becomes more compelling to adopt the constructivist paradigm to be able to consider the whole.

**Inductive and Deductive Logic**

To strengthen the rationale for the constructivist methodology we need to include the different types of logic that are applied to validate the researcher’s conclusions. In terms of the subjective and the objective aspects, the two types of logic are *inductive* and *deductive* (Mintzberg 2005; Stenbacka 2001).

Chalmers (1999) (see also Cherry 1999) describes *deductive* logic as being where the premises are true (and the argument is valid) then the conclusion must be true. Arguments that proceed from a large number of facts to a general conclusion are called *inductive* arguments.
Although these explanations are fairly straightforward, it is not a simple process to identify the type of logic being applied within a particular paradigm.

A characteristic of inductive arguments that distinguish them from deductive ones is that, by proceeding as they do from statements about some to statements about all events of a particular kind, they go beyond what is contained in the premises. General scientific laws invariably go beyond the finite amount of observable evidence that is available to support them, and that is why they can never be proven in the sense of being logically deduced from that evidence.

(Chalmers 1999: 45)

Chalmers (1999: 45) further states that because inductive arguments require an appeal to prior knowledge, which needs an inductive argument to justify it, it then sets up a never ending chain. The demand that all knowledge be justified by induction becomes a demand that cannot be met. The inductive argument can be said to be subjective as it is influenced by the observer and therefore the observed data. This sits well with the Grounded Theory approach as the collated data is processed under a primarily subjective analysis determined by the paradigm of the researcher/analyst. Chalmers further states that inductive argument can only be deemed as probably true, rather than absolutely true. The relationship of logic to theories is modeled by Chalmers in Figure 2.7.

Figure 2.7: Inductive (Subjective) and Deductive (Objective) relationships to theories

Source: Chalmers 1999: 54
The subjectivity of the action research and grounded theory methodology differentiates it from traditional scientific research approach as the observer is considered part of, and to influence, what is observed. There is little differentiation between the observer and the observed (Cherry 1999; Reason and Bradbury 2001; Dick 1993).

Mintzberg (2005) provides an explanation for the difference between inductive and deductive logic. Inductive logic is used to develop theories based on the data that is gathered during research. Deductive logic tests theories because research uses theories to apply to what is observed.

We make a great fuss about objectivity in science, and research, and in doing, often confuse its two very different processes. There is the creation of theory …. and there is the testing of theory. The former relies on the process of induction – from the particular to the general, tangible data to general concepts – while the latter is rooted in deduction – from the general to the particular.

(Mintzberg 2005: 5)

Chalmers raised the issue of truth in knowledge. This is a very important concept that the different paradigms lay claim to in very different ways due to their epistemology. We can now consider the two dominant paradigms of positivism (objectivist/modernist) and post-positivism (subjectivist/post-modernist) (revisit Figure 2.6) and how they address knowledge, truth and validity.

**Positivism (Modernist) and Post-Positivism (Post Modernism)**

*Positivism* is a paradigm attributed to the Vienna Circle of philosophers associated with the University of Vienna during the mid 1920s to the start of World War II\(^{14}\). Initially what ideologically bound them was a belief in the importance of applying scientific method to philosophy.

Donaldson (2005) (see also Hart 2005) describes scientific method:

> The aim of science is to create coherent theories, which have been empirically validated. Progress involves the overturning of pre-existing theories by falsifying

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\(^{14}\) In 1929 the Circle published a semi-official manifesto of the Circle’s aims and values called *Viewing the World Scientifically: the Vienna Circle*. Three men were the intellectual fathers of the movement – Albert Einstein, Ludwig Wittgenstein and Bertram Russell.
them. Science involves use of the hypothetico-deductive method: some of the elements in a theory may not be observable, but observable implications can be deduced from them. These hypotheses about observables are tested against the empirical data.

(Donaldson 2005: 1075)

Philosophy, the positivists thought, could benefit as much from logical rigour as any other discipline. In this they differed from their peers in what was then the other philosophical capital of the world, Cambridge University, who thought it was science which had lessons to learn from philosophy (Edmonds and Eidinow 2001).

Positivism believes that all knowledge comes from the experience of knowable, unchangeable reality (Donaldson 2005; Burrell and Morgan 1979). It rests on the assumption of an indisputable reality and so positivism looks to empiricism. Empiricism applies quantitative methods to validate research. This is also regarded as the science of gaining knowledge through observation for its method of inquiry. Because reality is believed to be knowable, the goal of the scientist is to achieve separation from that which is studied so as to be objective, or an unbiased researcher.

Edmonds and Eidinow (2001) described the way the positivists’ logic was applied and what it could and could not cope with:

The basic tenet of positivism is there are only two types of valid statements. There were those that were true or false by virtue of the meaning of their own terms: statements such as “All bachelors are unmarried men,” equations such as “2+2 = 4,” and logical inferences such as “All men are mortal: Socrates is a man: therefore Socrates is mortal.” And there were those that were empirical and open to verification: “Water boils at 100 degrees Celsius”, “The world is flat” (which being open to verification, is meaningful even if false).

All other statements were… meaningless. … it was impossible to verify whether God existed, religious pronouncements were sent smartly to the intellectual rubbish bin – where metaphysics consequently belonged. In with this ‘garbage’ went pronouncements about aesthetics, ethics, and the meaning of life. Statements such as “Murder is wrong”, “One should always be honest”, and “Picasso was a superior artist to Monet” could really be understood only as the expression of personal judgments…

(Edmonds et al 2001: 156)

Positivism is regarded as the dominant paradigm in scientific and academic research today. It is also the paradigm that Bennis (2005) and company are critical of. The positivistic approach to scientific methodology in sociology really starts to fall down when you look at the subjective and interpretive paradoxes and ambiguities of
human behaviour. Positivism is regarded by some organisational behaviouralists and sociologists as being incapable of dealing with the important aspects of quality and the intangible matters that Bennis identified. These qualities vary and include the human life issues such as love, fear, motivation, satisfaction, morality, cruelty, kindness, justice, fairness and so on.

There is an emerging shift away from positivism by contemporary authors (Wheatley 1999; Hampden-Turner 1999; Hock 1999; Tetenbaum 1998), to the more subjective paradigm of post-positivism.

The challenge that led to the paradigm shift away from positivism initially came through German Idealism. This school elevated mind and spirit over physics and logic. The main authors in that paradigm were Fichte, Hegel, and Kant (Burrell and Morgan 1979: 33).

Edmonds and Eidinow (2001) recount that the Vienna Circle produced the first philosophical link between Ludwig Wittgenstein and Karl Popper. Both these men played key roles in the shift to post-modernism (post-positivism). Wittgenstein became famous for his views on linguists and interpretation. Popper was known for his views on falsification.

Popper, concerned with validity of research methodology (Mintzberg 2005; Chalmers 1999), avoided certain philosophical difficulties by changing the verification principle, on which a statement was judged as meaningful, to one of falsification. A scientific theory could not be proved, but it could be shown to be untrue. According to Popper for a theory or hypothesis to count as truly scientific it had to expose itself to possible disproof.\(^{15}\)

Wittgenstein and Popper indirectly had a profound influence on the way we address the fundamental issues of civilization, science and culture. Between them they made

\(^{15}\) This was interpreted by some in the Vienna Circle as a mere refinement of the principle of verification.
pivotal contributions both to age-old problems such as what we can be said to know and how we can make advances in our knowledge.

So what have been some of the problems in the context of research when solely applying positivistic paradigms to sociological issues such as researching organisations?

Surveys and experimental designs have been the primary methods used in positivistic approaches, with statistical modelling employed to achieve generalisation across populations. While social science has assumed research into people is challenging because no two individuals are the same, positivism has also assumed that people are similar and therefore generalities can be made about the human experience. Positivist research into human behaviour has thus necessitated a great number of subjects to verify findings that are consistent and able to be generalised, or ‘true’ across the population.

This is illustrated by reference to discussions I had with a good friend of mine (who has distinction in the field of finance). I found myself agitated by the constant way his arguments would use what I call absolute words. It is as if he was insisting rules based on the positivistic belief that the rules should be obeyed because the argument was underpinned with a known reality and truth. He used phrases such as: “therefore it must be”; “it can only be”; “it therefore has to be”; “you have to” and so on. I frequently took issue by firstly arguing that it was unreasonable to describe arguments about human nature always in terms of absolutes. Secondly I questioned that if his arguments were based on an objective universal truth and made his arguments absolute, then I wanted to know his definition of what that truth was. He said: “Truth just is and equally it just isn’t.” I found this was a statement I couldn’t interpret. However as I reflected on the pattern of our debate I realised that I was just as guilty of the very behaviour I was chastising him for. I was insisting that he couldn’t discuss everything in terms of absolutes all the time because I believed it was all subjective. Yet here I was being absolute myself. Time to reframe my linguistic construct. I decided I could also be regarded as having a positivist bias.
My reflection didn’t stop there in preparation for developing a research methodology. In fact this was an occasion when I found the experience of applying an ALAR and grounded theory process led me to form an understanding of things that I had previously read but hadn’t understood at the time. It was only when these ideas were unconsciously actioned, such as in the flow of debates with my friend, and then reflected upon, that meaning emerged.

To illustrate this: on reading about Wittgenstein I became quite drawn to his view of linguistics and the importance of interpretation to create meaning (Watson 1997, Argyris 1982). One particularly curious thing, though, was a quote from Wittgenstein (Edmonds and Eidinow 2001) when he had been accused of completely changing his views after writing *Tractatus* (which had been a seminal work of the positivist movement).

Wittgenstein had parcelled up his propositions into those which can be said and those about which we must remain silent. Scientific propositions fell into the former category, ethical propositions into the latter. But what many in the Circle misunderstood was that Wittgenstein did not believe that the unsayable should be condemned as nonsense. On the contrary, the things we could not talk about then as philosophers were those that really mattered. Wittgenstein had spelt out the point of the *Tractatus* in a letter to an editor:

“The book’s point is an ethical one…. My work consists of two parts: the one presented here plus all that I have not written. And it is precisely this second part that is the important one.”

(Edmonds et al 2001: 158)

It occurred to me that the issue was not the concepts that were easy to articulate and explain in the positivistic scientific way, but the ideas that are hard to articulate and put into words, such as truth and social issues. It seemed to me that Wittgenstein was trying to encourage an expansion of thinking to explore new realms for knowledge. The things that couldn’t be spoken about were anomalies not able to be addressed by the *positivist* paradigm and therefore a new paradigm emerged. By engaging people in the constructivist methodology it would enable the more intangible and abstract subjective concepts within the knowledge base of participants to be explored.
Knowledge

The term *knowledge* no longer stands as a simple idea and probably is starting to have more relevance for the reader. Knowledge is subjected to a categorisation. This categorisation is dependent on the epistemological paradigm\(^\text{16}\). These categories are discussed shortly.

Post-modernist Jürgen Habermas, the *Critical Theorist* (CT) from the Frankfurt School\(^\text{17}\), claims (1981 – cited in Park 2001) (MacIsaac 1996a) there are three primary areas in which human interest generates knowledge. Habermas believed that knowledge and human interests were inseparable (1971 – cited in Herr and Anderson, 2005: 27). He maintained that because knowledge was generated through the interest of the mind, knowledge and interest are forever linked and could not be separated.

1. **Work/Technical Knowledge** – broadly refers to control and manipulation of one’s environment. Commonly known as instrumental action - knowledge is based upon empirical investigation and governed by technical rules: much of what we consider scientific research in such areas as physics, chemistry or biology (MacIsaac 1996a).

2. **Practical Knowledge** – human social interaction or communicative action; how we get on with other people in the practical sense. Social knowledge is governed by binding consensual norms which define reciprocal expectations about behaviour between individuals. Their validity is grounded in the interpretation and therefore relative understanding of meaning rather than causality of the mutual understanding of intentions (Park 2001: 83).

\(^{16}\) This is not as a result of the grounded theory, but from the general literature review.

\(^{17}\) The full name for the Frankfurt School is the Institut für Sozialforschung - the Institute for Social Research (Carr 2000). This Institute was established in, but financially independent of, Frankfurt University in February 1923.
Habermas claims that practical knowledge is in the disciplines of social science, history, and law.

3. **Emancipatory Knowledge** – identifies *self-knowledge* or *self-reflection*. This involves interest in the way your history and biography has expressed itself in the way you see yourself, your roles and social expectations. Insights gained through critical self-awareness are emancipating in the sense that you can recognize the plausible reasons for your problems. Knowledge is gained by self-emancipation through reflection leading to transformed consciousness or perspective transformation and this can lead to behavioural changes. This knowledge is a change agent: “emancipation of participants from the dictates or compulsions of tradition, precedent, habit, coercion or self-deception” (Carr and Kemmis 1986 cited in Herr and Anderson 2005: 27) (Kemmis 2001: 92)

Park (2001) promotes his view that knowledge associated with human social concerns has three different categories:

4. **Representational knowledge – functional subtype**: the portrayal of a thing, a person, an event or an experience as being related as a variable to another variable or variables in a functional manner, as in saying that one variable is a function of another in a mathematical sense; for example, powerlessness is a function of poverty. Correlational and causal relationships are good examples of such representational knowledge. There is a separation of the observer from the object of inquiry (Park 2001: 82).

5. **Representational knowledge – interpretative subtype**: Hermeneutics as a philosophy and a science of interpretation has generated insights into how this form of knowledge creates an understanding of texts, persons, events and situations. Interpretative knowledge, in contrast to the functional subtype, manifests itself as understanding of meaning and requires that the knower come as close to the to-be-known as possible. In the interpretative process there is no assumption that the individual is a detached observer unsullied by personal history and points of view, but rather a supposition that the knower
inevitably comes to the tasks as a whole, living person with a past and a future, personal likes and dislikes, and enters into the phenomenon to know it on its own terms (Park 2001: 83).

6. **Relational knowledge:** Interpretative knowledge, when applied to human situations, has the potential for bringing people together in empathy and making it possible for them to know one another as human beings affectively, as well as cognitively, which constitutes relational knowledge. In everyday usage, when we say we know someone, we mean this in a very different sense from knowing a fact or theory, or knowing right from wrong: it has a distinctively relational meaning (Park 2001: 84).

Then there is Heron’s view (1988a) (see also Reason and Heron in Reason and Bradbury 2001):

7. **Propositional knowledge** - knowing about, which takes the form of ideas, propositions, and theories. It is the knowledge that something is the case and is expressed in statements (1988: 42).

8. **Practical knowledge**\(^{18}\) - how to do something, which takes on the form of skills and abilities and “tells us of the world-in-action.” (1988: 42)

9. **Experiential knowledge** – knowledge by encounter or acquaintance. It is realised in the face-to-face encounters with people, places or things (2001: 183).

These aforementioned types of knowledge can be drawn together under Argyris’ over arching view of **Actionable Knowledge**. Argyris’ (1993) view on Actionable Knowledge is relevant to action research, grounded theory and the world of practice:

> Knowledge that is actionable, regardless of its content, contains causal claims. It says, if you act in such and such a way, the following will likely occur. That means that actionable knowledge is produced in the form of if-then propositions that can be stored in and retrieved from the actor’s mind under conditions of everyday life.
> (Argyris 1993: 3)

\(^{18}\) This is a slightly different meaning to Habermas’s Practical Knowledge.

Chapter 2 - Methodology 50
We are now approaching the heart of the issue to find a paradigm and methodology that can provide the researcher with a way to collect and make sense of the data used to arrive at their conclusion(s) (Chalmers 1999). The relevance of Schultz’ opening quote becomes more apparent as the purpose of this research of organisations is to help the ‘forgotten man.’

The term *forgotten people* is very apt for the volunteers of the not-for-profit organisations - in this case specifically the participating organisations of the Manly Warringah Basketball Association (MWBA) and the Northern Beaches Indoor Sports Centre (NBISC). Perhaps a shift is necessary to promote the forgotten people to the people of the moment. These are dedicated, thinking, functioning people who experience the effects and learn from the consequences of their actions. If it were not the case the organisation would be, to apply Lewinian-type thinking (Schein 1999), frozen or dead - without action. The organisations are autonomous and therefore the knowledge these people have is vital to the functioning of their specific organisation. The research in collaboration with them should acknowledge their world and their ways.

The challenge in choosing a methodology is the low sample size of people to engage for the research interviews. The number of people involved in the management of these organisations is small, yet the input of these volunteers is very relevant. The constructivist paradigm is well suited to allow for the specific conditions to validate specific research findings. This explained in greater detail in the following chapter.

**Constructivism**

We have looked critically at the positivist paradigm. Although recognised as a sound approach to research and knowledge in the natural sciences, there are other methodologies that can comprehensively address the subjective aspects of the human experience. The human experience is relative to how we individually construe, or interpret, our world(s) (Herron, 1988a: 41). As Burrell and Morgan state:

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19 The term includes both genders, hence forgotten people.
Whereas the natural sciences investigated external processes in a material world, the cultural sciences were essentially concerned with the internal processes of the human mind.

(Burrell et al 1979: 229)

Positivist research tends to focus on the need for verification or falsification of hypotheses (Pratto 2002: 197), while in constructivist research there is little attention to what theories led to the construction of one's hypothesis to begin with (Clark undated: 4). Constructivists recognise that their hypotheses may change as their study evolves (Clark undated, Cherry 1999; Reason and Bradbury 2001, Lincoln 2001, Cunningham 1988).

Constructivism is a post-modern interpretivist paradigm that acquired its descriptive name from its claim of validity in research through social construction of knowledge (Herr and Anderson 2005: 10 citing Berger and Luckmann 1967). Lincoln (2001: 125) says that constructivism focuses upon tangible realities and the research participants’ socially constructed realities. Constructivism advocates that there may be more than one possible interpretation of the same data and these are potentially meaningful (whereas positivism took an opposite position).

From an epistemological perspective constructivists can apply both quantitative and qualitative methods to create new knowledge, depending on the kinds of data needed to work towards new knowledge or social reconstruction of old knowledge (Lincoln 2001: 129).

Constructivism has an explicit methodological basis, proposed in response to a working arena which formerly consisted of practitioners who countenanced no forms of data collection or analysis which were not statistical, experimental or numerically ‘rigorous’. Because of the relative hegemony of statistical methodologies, and the paucity of strong qualitative methods research, constructivists launched an all-out effort to have rigorous qualitative methods accepted as widely as statistical methods. (Lincoln 2001: 130)

Consequently there are links in constructivism with phenomenology in its questioning of everyday events, common sense and taken-for-granted attitudes. Phenomenology studies experiential epistemology: it delves into people’s experiences and clarifies the grounds of knowledge. (See also Heron 1988a: 41). Rather than being a black and white issue, it sits in the grey area of life modeled in Figure 2.8.
The external world is shown to be an artifact of consciousness; phenomena are shown to be willed into existence through intentional acts. Man is shown to live in a world created through consciousness.

(Burrell et al 1979: 233)

The validity of acknowledging the value of people’s experience is a major shift away from the mechanistic (*functionalist*) view of organisation to an organic (*humanist*) view.

**Triangulation**

Heron (1988a, 2001; Lincoln 2001) uses the terms *propositional* construing (the posited world) and *presentational* construing (presented world) to identify that there are independent ways to make sense of encountered experiences.

In propositional construing we experience things in terms of the concepts and categories that come with our mastery of language….presentational construing we construe immediate appearances in terms of … the real shape and size of something from its apparent shape and size

(Herron 1988a: 41)

![Diagram](image)

**Figure 2.8: Constructivist epistemology and ontology accommodates multi-perspectives of experience and knowledge with a leaning to post-positivism**
According to Heron (1988a: 41) these are the foundation for research statements, leading to the researched world. This develops the *triangulation* - cross referencing needed for validation (Yukl et al 2005). The coherence between them strengthens the validity of the research.

In the research conducted for this dissertation triangulation becomes a key process in the methodology. The grounded theory aspects of the research lends itself well to the collection and analysis of the data. According to Corbin and Strauss (1990: 5) (see Dick 2005a) the grounded theory approach seeks not only to uncover relevant conditions, but also to determine how the actors respond to changing conditions and to the consequences of the actions.

Grounded theory (Strauss and Corbin : 1990; Dick 2005a) collects data from many sources including: interviews, observations, online research, government documents, video tapes, newspapers, letters, books, journal articles – anything that may shed light on questions under study. The collated data is then subjected to a systematic analytical process. This process involves codifying data into core concepts. These concepts are then assessed to see what is supported, or corroborated. Feedback processes with those involved in the interviews or workshops helps to confirm the integrity of the data collected from the interactive processes.

Concepts that are uncorroborated or unique are not automatically discounted but are identified for further consideration. The reasons for this are more fully explained shortly, however this is essentially because the fluctuations to the whole system can come from isolated events of the application of singular actions. If the research is indeed heading into breakthrough territory then the uncorroborated concepts, or data, should not be discounted as unwanted aberrations. This is not say that there isn’t a continuing search to discount or confirm these ideas, or as Dick (2005b) refers to a disconfirming or confirmation of the data.

We discussed inductive and deductive logic earlier. Constructivism applies inductive and deductive logic, however it also applies an *abductive*, or *dialogic* logic.
To defer to Cherry’s (1999) description of abductive logic and how it applies:

… involves listening for and reconstructing the theories and constructs used by the actors, instead of imposing one’s own theories or borrowing and applying theories of others developed in other situations (Blaikie 1980).

(Cherry 1999: 56-57)

One of the most important words in explaining a constructivist methodology is with. It is achieved by applying a dialogic approach. Data from the interviews is also compared with data from other sources, primarily interviews and literature. This is endorsed by Dick (1993, 2005b) Cunningham (1988) and Heron (1988b), though some aspects of it are questioned in Cherry (1999).

![Figure 2.9: Validation process](#)

*Source: Dick 2005 ALARPM conference workshop*

Dialogic research focuses on the interaction of people and uses dialogue as a mode of finding out. This is similar to the dialectic research which seeks multiple sources of information in the research. The information and theory are then tested (see Figure 2.9) to validate coherence.

Whilst Dick (1992) advocates discounting extreme views of participants during interview assessment, I share Cherry’s questioning of this:
…if two interviewees disagree about $x$, whatever $x$ is, look for exceptions in later interviews. If the interviewees disagree about $x$, try in later interviews to explain the disagreement. If only one person mentions $x$, ignore it.

(Dick 1992: 14)

This comment … suggests that the reaction of one individual is to be ignored if it doesn’t fit with the views of others.

(Cherry 1999: 65)

Cherry further qualifies her view in expressing her concern that:

people with an anti-positivist interpretivist perspective can put themselves back into a positivistic view of the world, in which personal, particular and local understanding and wisdom is potentially both undervalued and even actively discouraged in the research context.

(Cherry 1999: 66)

Dick$^{20}$ has not responded to this in any publication that I could find. His response would be of interest as I tend to agree with Cherry that the different perceptions of people might contain important data. We could consider this on several different levels: intellectual insight that some people may have that can enhance understanding; and feedback for a lack of understanding others may have, which in turn could assist identifying learning needs. Importantly the ideas of individuals should not be dismissed outright on the grounds that they are not corroborated by other participants, especially in a small sample.

This leads to possibly a positivist element however this can still be validly considered within the constructivist paradigm. The significance of the experience, opinion and/or knowledge of the individual and the subsequent systemic effects of their action(s) can be better understood by drawing on Chaos Theory, known for its explanation of phenomena or action.

Chaos Theory

In recent years there has been a lot of interest in the application of Chaos Theory in management - hence the coining of the term “chaordic$^{21}$ organisation” by Hock

$^{20}$ Dick’s view seems to be logically based on the premise that the emerging theory will withstand verification rigour if there is more data to support it.

$^{21}$ The word chaord was formed by borrowing the first syllable of the words cha- from chaos, ord- from order.
(1998) (also in Wheatley 1999; Hampden-Turner 1999; Hock 1999, 2000; Tetenbaum 1998). One of the key ideas is that there is power in one event, in some instances tiny differences in input, to cause a fluctuation from initial conditions that can ultimately change an entire system\textsuperscript{22} (Lorenz 1993; Kauffman 1995; Prigogine 1984; Gell-Mann 1994; Gleick 1998). As previously discussed, it is common for new paradigms to develop to account for the unexplained and inexplicable anomalies from the old paradigms (Kuhn 1970; Burrell and Morgan 1979), not only in sociology but also within classical science (Gleick 1998: 3).

For chaotic systems, long term behaviour cannot be predicted. According to Kauffman (1995: 17), the failure to predict does not mean failure to understand or to explain: “Indeed, if we were confident we knew the equations governing a chaotic system, we would be confident we understood its behaviour, including our incapacity to predict in detail its long-term behaviour.”

A challenge for organisational research (Wheatley 1999; Peters 1987; Hock 1999, 2000; Tetenbaum 1998; Hampden-Turner 1999) is something that can be learned from chaos theory and how it could be identified within organisations. There are similarities when we consider the variations in people’s intelligence, experiences, perceptions, preferences and so on, that are all part of the complexity of human behaviour in organisations. In a learning organisation (Senge 1990; Senge and Scharmer 2001; Senge, Scharmer, Jaworski and Flowers 2005) different approaches can be adopted and encourage systemic change through applied thinking and learning.

Chaordic Commons, also known as The Chaordic Alliance was started by Hock. (www.chaordic.org) they provide the following definitions:

**Chaord** (kay’ord) 1: any autocatalytic, self-regulating, adaptive, nonlinear, complex organism, organisation, or system, whether physical, biological or social, the behaviour of which harmoniously exhibits characteristics of both order and chaos. 2: an entity whose behaviour exhibits patterns and probabilities not governed or explained by the behaviour of its parts. 3: the fundamental organising principle of nature and evolution.

**Chaordic** (kay’ordic) 1: anything simultaneously orderly and chaotic. 2: patterned in a way dominated neither by order nor chaos. 3: existing in the phase between order and chaos. (www.chaordic.org/definitions.html)

\textsuperscript{22} Senge (1990: 64) refers to these inputs as leverage on the system.
The discussion on Chaos Theory could leave the reader with questions: “Does this mean that ‘anything goes?”; “If someone has something to say about a topic then should it be regarded as valid knowledge?” The short answer is “no”, not valid knowledge, but valid input, information. It does allow for conditions to encourage people to naturally express their views and to explore, consider, research the matter further rather than discounting the person’s view because it had not been raised by other people in their interviews or research contribution. This is consistent with the inductive processes referred to earlier by Mintzberg (2005).

**Action Research (and Action Learning)**

Cherry’s (1999) literature review of action research is comprehensive across many of the leading proponents (Argyris, Bradbury, Dick, Kemmis, Revans, Reason, Zuber-Skerritt and others) and there is general agreement that the essence of this methodology involves three main concepts: action, learning and reflection. Zuber-Skerritt (1995: 15) expresses a deeper view that action research means different things to different people: “To me it is not just a technique, but a philosophy, methodology and theory of learning.”

One of the main concepts to describe action research is that it is a participative cyclical process that consolidates learning with a *reflective* methodology. The purpose of reviewing the concepts that emerge from the collection and analysis of the data is to enable the learning and enhance actions of the future that relate to the researched issues. Senge and Scharmer put it in a fairly curly way (2001: 246): “The question now is how to learn from experience when the experience that matters most is a subtle, incipient, not-yet-enacted experience of the future.”

Figure 1.2 shows the basic cycle of action learning and Figure 2.10 shows Cherry’s action research cycle building on the basic cycle. The cyclical nature of learning and knowledge generation has been depicted by Lewin’s experiential learning cycle.

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23 In this case the notion of a Public Private Partnership for a community sporting facility is realistic and Australia has yet to reach a saturation of these facilities and so the learning benefits the future.
shown in Figure 2.11. We have discussed experiential knowledge throughout the chapter. Lewin’s model shows the stages required to develop experiential learning.

One of the key stages in the cycle working to generate knowledge is the reflective step. Argyris (1977, 1982, 1993) has incorporated this in his double-loop learning model (Model II type behaviour) whereby the master programs, also known as governing variables, are allowed to be questioned and reflected on (see Figure 2.12). The single-loop learning does not allow this and the subsequent organisational behaviour becomes mechanistic and a closed system (Model I type behaviour).

When Argyris’s model II theory is applied in organisational behaviour it enables organisational learning by bringing the experiences of people into the open, particularly where mistakes have been made. These mistakes can lead to the decline of an organisation’s success and often research is required to diagnose the decline.
Argyris refers to mistakes as mismatches. It is the difference between intended action and the actual outcome. Friedman (2001: 161) has expanded on this process and regards it as a form of triangulation.

Figure 2.11: The Lewinian experiential learning model according to Kolb (1984: 21).

Source: Miettinen 2000: 57

Argyris claims that learning is achieved when a person can, for the first time, match the planned intentions with the actual outcome.

Learning occurs when we detect and correct error. Error is any mismatch between what we intend an action to produce and what actually happens when we implement that action. It is a mismatch between intentions and results. Learning also occurs when we produce a match between intentions and results for the first time.

(Argyris 1993: 3)

The idea of a mismatch is not discarded as a failure, rather an optimistic view is that a failure is merely a situation whose true benefits are yet to be fully appreciated or realised. The idea of putting theory into action is good on paper, but very hard to smoothly transfer into practice. This is particularly so when there are many competing views (paradigms) that are not aligned, and often indifferent to the views amongst others involved in the research project.
Figure 2.12: Single loop and double loop learning\(^\text{5}\)
\(^\text{5}\)Source: Argyris (1993: 50)

Relationships

Applying Argyris’s double loop learning theory helps with a very important dilemma of research with people; how do you create a confidence that will help them to open up and voluntarily share their knowledge and data? Their ideas and participation is essential so there needs to be a way of establishing a *psychological contract* \(^\text{24}\) (Bruce 2000) that will encourage confident relationships. The psychological contract needs to be explicit in the idea that mismatches, and personalities, are not going to be viewed judgmentally or persecuted.

Argyris’s theories are consistent with Dalmau’s Green Line Lens (2000). Briefly Dalmau’s model is a non-linear consideration of *identity recognition, relationship* and *information*. The key point to discuss here is *relationship*.

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\(^\text{24}\) It is an alignment discussed between people to develop a shared vision of their collective identity which includes addressing expectation clarification
A standard definition of an organisation is: “A consciously coordinated social unit, composed of two or more people, that functions on a relatively continuous basis to achieve a common goal or set of goals.” (Robbins et al 2004: 4). Therefore, it is reasonable to expect relationships within an organisation between its people.

The Green Lens asserts that the relationship will determine what and how information is exchanged/shared/hidden. As a researcher the relationship is an important consideration so how does one foster a good relationship?

The answer to this was found in Kirshenbaum (2004) who said that in her research about relationships she had found the key to successful relationships:

Love is richest, most genuine, and most long lasting when you focus on being yourself and doing everything you can to make it possible for the other person to be him-or herself.

(Kirshenbaum 2004: 160)

Now these words might have a different meaning for each reader. For me it is a reminder in a research context that if you are going to be in a relationship (clearly I am not talking about falling in love with any of my co-participants) the richness of learning from them is to let them be who they are, the way they are.

In action research the participants bring their experiences to contribute to the learning. As data is gathered observations are made of it and this leads to reflecting or questioning. There can then be an emergence of further ideas or concepts. The discussion between participants can then lead to testing the ideas in new situations.

Dick (2005a) provides his advice on conducting interviews with participants:

I begin [interviewing] in a very open-ended way. For instance I may often say “Tell me about this organisation” or whatever it is. I then keep the person talking for somewhere about 45 minutes without asking specific questions. This increases the likelihood that the data come from the informant's experience, not from the questions I ask.

(http://www.scu.edu.au/schools/gcm/ar/arp/grounded.html)

25 An organisation’s relationships can be extensive internally and externally – often with other entities and so on.
26 The relationship will depend on the identity of the person (or entity) – e.g. colleague, competitor etc.
However these processes don’t stop with the completion of one cycle. The cycle moves forward, often as a consequence of the ideas being acted and reflected upon. The results, the knowledge, then builds further cycles which in turn have changes in what is observed as there is now new knowledge. This cycle goes on further as depicted in Figure 2.13\textsuperscript{27}. The purpose is the action taken.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{fig2.13.png}
\caption{John Dewey’s concept of experiential learning according to Kolb (1984: 23).\textsuperscript{3}}
\end{figure}

\textsuperscript{3}Source: Miettinen 2000: 64

This model has strong similarities with Perry and Zuber-Skerritt’s model on the relationship between thesis research, core action research and thesis writing in Figure 2.14. Their model builds on the previous models as it takes the essential aspects of the action learning/research cycle and extends it in a way consistent with Dewey’s model (also in MacIsaac 1996b).

In Zuber-Skerritt’s model there are two processes represented. There is the independent individual journey which addresses the work the researcher does alone and there is the collaborative aspect of the participative inquiry. The collaborative

\textsuperscript{27} I have borrowed from Miettinen (2002) here and acknowledge that the context he used these referenced figures in was based on his critique of Kolb’s interpretation of Dewey. Whilst respecting the significance of both authors it is outside the scope of this restricted dissertation to include a lengthy mention of Kolb and Dewey’s views on learning. I believe that much of what they have to say has been an influence in most writers of action research.
aspect sits within the ‘field work’ stage of the first stage of the individual component, the thesis research (in the upper part of the model). This is where the core action research project is conducted. The data from this is evaluated and this leads to the writing of the thesis.

Figure 2.14: The relationship between thesis research, core research and thesis writing

Source: Zuber-Skerritt & Perry 2002: 177

Ultimately the conclusions of the thesis lead to further research and the cycles can continue elsewhere.

Action researchers frequently describe the process as messy. This is partly due to the nature of the way inquiry progresses through these cycles, which are far less orderly that represented in the models. During a conference on ALAR Dick (2005) expressed the view that “No plan survives the first contact with reality”. He went further to suggest “There are warning signs if it is still on track after 15 minutes.” Despite the messiness, side-tracks and dead-ends, there is a general momentum of
gathering knowledge along the way to help with the overall understanding of the whole entity.

Dick (2005b) explained during a workshop in the ALARPM (Action Learning Action Research Process Management) Conference of October 2005 that AR is true to its label. It is a methodology for active action and research as they assist each other at the same time. This is depicted in Figure 2.15. Action informs the research and the research helps the action.

![Diagram of the relationship between Action and Research](image)

**Figure 2.15: The relationship between Action and Research**

Dick’s model (Figure 2.15) consolidates most of the ideas in the previous models in this chapter. Dick (2005b) has the view that participants are equal as he stated: “You leave rank at the door”. As a final word on disagreement, Dick advised that disagreement does not necessarily lead to incompatibility.

The extension of the questions in his model are:

- Who - to involve – who will be the participants?

---

28 Not to be confused with the separate issues of disregarding what other interviewees don’t mention.
- How – are you going to approach them, what incentive are you going to offer for getting involved?
- What – are you going to involve them in?

![Figure 2.16: Seeking to break superficial levels of thinking, learning and doing.](source: Senge et al 2005: 11)

The central aspect of the model blends the two aspects and highlighting of critical reflection. His view is consistent with previous authors with regard to the cycles within cycles. The research is most critical in the reflective cycle and this primarily occurs in the analysis of the data. If it is more critical it will speed up the learning as there is more time and thought devoted to the questions involved and the new questions that arise. This is consistent with Senge’s (Senge et al 2005) view of the deeper thinking depicted in Figure 2.16.

Senge (et al, 2005) demonstrate in their model that there is a cycle between doing and thinking. As system thinkers Senge (et al, 2005) and proponents of the learning organisation they advocate the consideration of the whole. It goes back to the early discussion on methodology, where the small shifts can be actioned to leverage change to conditions within the entire system.
CONCLUSION

This chapter has explored many concepts and ideas that have been used to build the argument to explain and justify the use of a constructivist methodology and apply action research and grounded theory to the project at hand.

There are some keys points in this chapter that should be clearly understood, even if there are readers who harbour dissent. The research project is looking at issues involving people. It is with people for people, not on people. The research is not only for their benefit through knowledge creation but also to recognise the worth of the contribution and collective efforts of the “forgotten people”. The desired outcome is to improve their action and practice, not just develop a new theory of what their practice should be.

Cialdini once said (2001): “An academic is someone who is not satisfied something is working well in practice until he has tried it out in theory.” He went on to say that: “A theorist is someone who is willing to assume anything, except responsibility.” The research has been about taking responsibility and not necessarily looking to apply theories to try to solve problems. Almost to the contrary, the research, through applying action research and grounded theory, was designed to engage the participants and co-researchers’ experiences to define where their knowledge is beneficial for other people similarly circumstanced. The consultative process can lead to the emergence of theories. Indeed, the views of Bennis and company initially quoted are instructive and have not fallen on deaf ears for this researcher.

The action research methodology was chosen for its capacity to consider issues holistically and reduce the sole reliance on quantitative over qualitative and visa-versa. The constructivist approach allows for recognition of both. The claim for validity of this research project lies in the consideration of the whole (Senge 1990; Senge et al 2005). The methodology and application of action research and grounded theory does not rest with the opinions of the participants, but uses a
dialogic approach to include discussion, grounded theory and literature. The data is codified into themes to enable the development of emergent theories. Most importantly the use of the reflective aspects and the critical thinking within the cyclical nature of action research can produce, at worst, greater understanding, at best, new ideas and concepts to input into the learning cycle. These can be unique and creative.

The following chapters will from time to time address in greater detail the specifics of approaches taken during meetings, interviews, discussion and literature reviews. In some cases there will be discussion about sub-methods and processes applied (for example the use of the Enneagram in the Chapter 4 about MWBA).

I am mindful that in community based organisations today it is the forgotten people that we have to thank and give credit to as it is often those people who can share their actionable knowledge to help us, or show us, new ways to solve problems. A researcher can be the detective to help reveal the why, where, who, what, when and how.

In closing, Mintzberg’s words can help remind the dangers of not keeping one’s mind awake and aware:

Theory itself may be neutral, but the promotion of any one theory as truth is dogma, and that stops thinking in favour of indoctrination.

(Mintzberg 2005: 3)
CHAPTER 3
PROCESS
The credibility of the theory should be won by its integration, relevance and workability, not by illustration used as if it were proof. The assumption of the reader, he [sic] should be advised, is that all concepts are grounded and that this massive grounding effort could not be shown in a writing. Also that as grounded they are not proven; they are only suggested. The theory is an integrated set of hypotheses, not of findings. Proofs are not the point. Illustrations are only to establish the imagery and understanding as vividly as possible when needed.

(Glaser 1978: 134)

INTRODUCTION

In the previous chapter the discussion about methodology progressed from specific philosophy to the research processes of action learning, action research, process consultation and grounded theory. These processes have helped researchers develop ways of looking through the surface data to recognise key concepts, facts or principles that are often masked by the easily accessed data. By identifying these key issues they develop effective theories to interpret the researched situation. This has been particularly successful in a research process known as Grounded Theory, used in this project. The sub-process, the Process Enneagram, which was extensively used by the taskforce, is also explained in this chapter.

It is important to now address the research process separately as this is how the theory and knowledge development actually occurs. The methodology explains what knowledge is from a philosophical basis whereas the process is the way the data is collected, analysed and then claimed as theory and knowledge.

Grounded theory was originally developed by sociologists, Barney Glaser and Anselm Strauss. Their thinking was influenced by people such as Park (1967), Thomas (1966), Dewey (1922), Meade (1934), Hughes (1971), and Blumer (1969). Grounded theory was developed by recognising a need to address (Strauss and Corbin, 1998: 9):

- the need to get out into the field to discover what is really going on
- the relevance of theory, grounded in data, to the development of a discipline and as a basis for social action
- the complexity and variability of phenomena and of human action
• the belief that persons are actors who take an active role in responding to problematic situations
• the realisation that persons act on the basis of meaning
• the understanding that meaning is defined and redefined through interaction
• a sensitivity to the evolving and unfolding nature of events (process)
• an awareness of the interrelationship among conditions (structure), action (process) and consequences.

Strauss and Corbin (1998: 7) describe the characteristics of a grounded theorist as having:
• The ability to step back and critically analyse situations
• The ability to recognise the tendency toward bias
• The ability to think abstractly
• The ability to be flexible and open to helpful criticism
• Sensitivity to the words and actions of respondents
• A sense of absorption and devotion to the work process

In this research project grounded theory was the primary qualitative process applied to address the claims of theory and knowledge. The action research processes work in support of this primary process. The main authorities of grounded theory that were relied upon for this research were Glaser, Straus and Corbin. Strauss and Corbin summed up grounded theory as:

The procedures of grounded theory are designed to develop a well integrated set of concepts that provide a thorough theoretical explanation of social phenomena under study. A grounded theory should explain as well as describe. It may also give some degree of predictability, but only with regard to specific conditions.

(Strauss and Corbin 1990: 5)

The overall procedure can be quite challenging for the researcher (or analyst as Glaser (1978) calls them), because within the research process there are several different objectives needing to be addressed at the same time. In this research project objectives being pursued contemporaneously were:
• helping the organisations involved in the research to learn about themselves
• extracting knowledge from research based encounters to assist other organisations that may wish to pursue a similar ambition, or are faced with
similar predicaments and are looking for effective solutions (the predictability aspect)

- ongoing review and evaluation of data as it emerges
- producing a thesis as a formal record of the knowledge gained from the research.

As a result of the events of the research several documents were written and these have specific relevance to individual organisations. These are reprinted in the appendices. Those documents, which include strategic planning guidelines and collated histories, have now been used separately by the relevant organisations.

**TWO PRINCIPLES OF GROUNDED THEORY**

The grounded theory process can be generally mapped to help explain its operation but the interpretation can at times be quite abstract because the matters under investigation continually change. Strauss and Corbin and (1990:5) state that there are two main principles of grounded theory. The first addresses change because the phenomena are not regarded as static because they are continually changing in response to evolving conditions. The second principle is the involvement of people, or as Strauss and Corbin call them, the actors. They apply choices based on their perception of the issues.

Grounded Theory seeks not only to uncover relevant conditions, but to also determine how the actors respond to changing conditions and the consequences of their actions. It is the researcher’s responsibility to catch this interplay.

(Strauss and Corbin 1990:5)

**CONCEPTUAL FRAMES**

Conceptual frames were previously illustrated in several models in the explanation of action research concepts. The cycle of change is a characteristic of action research. That cycle features in Zuber-Skerritt’s model depicted in Figure 2.15 which shows the relationship between the research, core research and thesis writing; and Figure 2.16 the relationship between action and research.
These models are used as a basis to explain how grounded theory refines the observer’s data to theory to then be reduced to a written record.

**Process Concept One – Collection and Analysis**

The first concept is that data collection and analysis are interrelated processes. The analysis begins as the data is gathered. This is a stage where action research provides a frame for analysis because it questions the data in the *observation* and *reflective* aspect. The researcher gathers data and assesses what is collected through typical questions such as: “Does this data relate to the research subject, is it relevant? If so: how and why? Does it relate to other pieces of data, if so how and why?” The answers can then give rise to more questions such as: “So what?” This question starts to draw out the inferences from the data to formulate a hypothesis.

This analysis gathers momentum as more data is gathered. This leads to the second concept of identifying the themes, or core concepts, of the data. For example in this case, do the co-researcher’s questions put to participants follow a particular issue; such as clarifying the actual status of the financial records. If so, what specific aspects of that inquiry?

**Process Concept Two – Categorising Data**

The corollary of this is categorising the gathered data. These data categories can be diverse, but usually there is a thread of relevance to the subject of the initial research question for the researcher to start building the circumstantial case, or body of evidence to correlate the investigator’s finding and thereby claim of knowledge. This is known as corroborating the evidence, or as formally described in the methodology chapter, *triangulation*. More will be said of this shortly.

As these categories are identified it is necessary for them to be sorted so their significance can be further analysed within specific category contexts. Strauss and Corbin (see Heron 1988a) use the term ‘coding’ (1990:12). A similar exercise that many computer literate people are familiar with is to sort through an accumulation of
files that sit in one massive folder and to sift them into administratively useable, categorised subfolders within the main directory.

Strauss and Corbin (1990:9) advise that that the analysis should make use of constant comparisons. This helps group the data to see what trends may be developing.

The coding follows a fairly logical questioning sequence. This is represented in Figure 3.1

**Figure 3.1: A process flow chart for questioning in Grounded Theory**

**Process Concept Three - Coding**

This leads to the classifying of the data according to its coded relevance. This is the prerogative of the researcher, however the researcher should be diligent to examine any relationships within the data so the coding is consistent within the category it relates to. For example; if the coding were seeking to classify the current financial position of the organisation it would not lump historical correspondence from stadium development steering committee meetings within the same group.

From personal experience as a criminal intelligence analyst with Police a simple coding system was used to grade intelligence reports. This was a two tiered coding.
Firstly the source of the information is coded (graded or weighted), for example from A to F, on its possible accuracy. If it receives an A grading then it is basically regarded as a completely authentic fact, whereas the contrasting F grading could be in the realms bordering on unsubstantiated rumour or delusion.

The second tier is the reliability aspect; is the source known to have previously provided information that was substantiated and/or had a proven worth. This can be coded (or scaled) numerically from 1 to 10. The result is a coded level of data that may have a rating of A1 through to F10. An F10 is usually considered to have the lowest probability of having any reliability or worth. It is not discarded and can remain in the analysis for cross referencing and post inquiry information audits.

Coding for grounded theory is somewhat simpler and codifies the data based on meaning of the data. This is not too different from categorising, but it creates readily recognisable associations within the overall data. Corbin and Strauss (1998: 58) say that in relation to coding there are three key aspects; the data, the interpretation and the way the researcher actively reacts to and works with the data.

**Process Concept Four – Conceptual Ordering**

The coding of the gathered research data is then progressed to a similar process and important step of *conceptual ordering* (Strauss and Corbin 1998: 19). This simply means that the various properties of the data and related concepts are clustered so the researcher can make sense of the data by focusing on specific trends or concepts within the data.

**Sources of Data**

The multiple sources of data for this research project included:

- conversations
- literature reviews (books, journal articles)
- emails
- correspondence
- research memorandums
- media reports
- journal entries
- personal observations
- organisational records (including office memorandums)
- official minutes
- reports
- field notes
- online sources
- photographs.

There are some aspects of these types of data that can be further described and evaluated to describe how they relate to the research process.

**Conversations:** conducted formally and informally. Some of these have been in meetings, some have been phone calls. Some have been with people directly involved and some have been with people completely outside of the research (such as discussions about the topic with other DBA colleagues). The important aspect of these conversations is that there should be a field note of some sort to record the content of conversation. In this project the field notes were collated in a personal journal and research memorandums.

**Emails:** these have been official, semi official, formal and informal. There is a remarkable volume of emails generated in the process due to modern communication technologies. Emails however are not always singularly reliable for several reasons. Firstly the unreliability of guaranteed delivery or that the recipient has in fact closely read them, or for that matter, that the author closely reviewed it before sending. It is not uncommon for words to be omitted which can totally change the context of the communication. Emails often need corroboration and confirmation and this can be achieved with follow up discussions. It is easy to mistakenly assume the email had been a successful and accurate communication.
Research memorandums: also known as field notes (Shankar 1997), are generated by the researcher. Arguably they are probably the most important tool for the researcher to address the observation and reflective stages of action research for the following reasons according to Skankar (1997) (citing Maxwell 1996):

- reflecting on your purpose for the research
- reflecting on your experiences
- creating concept maps for study
- developing research questions
- reflecting on research relationships including mapping the communication engagement
- questions and methods matrix to link questions and methods (eg a financial analysis based question is likely to follow a quantitative method initially)
- dealing with validity threats to your study (largely addressed in the ongoing triangulation process)
- developing an argument for the hypotheses and theories.

They can rapidly accumulate into large number of memos. They can have different formats depending on the purpose. Shankar (1997) concurs with Maxwell (1996) and Strauss and Corbin (1990) that memos help you to “move away from research data to abstract thinking.” They can also provide a codeable record through memorandum titles, if they are thoughtfully designed.

Some research memos change in value as the research progresses. They may have initially been used to express personal views of the researcher which may later not be confirmed by the ongoing collection and analysis of the data. Shankar (1997) cites Maxwell (1996:12) “write memos wherever you have an idea you want to develop further.” Strauss and Corbin (1990) state the memo writing should continue for the life of the project including during the writing of the thesis. They claim the detail in the memos improves as the theory emerges and is refined during the research.

Memos were used extensively throughout this research and were found to be very helpful. It also helped develop an understanding of the opening quote that the data
collection and processing is quite massive and unable to be realistically reduced to a brief document.

An extension of the memorandum was the use of a whiteboard. In my case a makeshift office was setup with thick plastic covering two walls. This created a large, useful substitute whiteboard. Often the ‘thinking’ on the whiteboard was photographed to record the data and reduced to print in memorandums. This became almost a ‘thinking wall’ as it could allow me to focus my thoughts particularly in developing the highly visual models used later in the thesis.

**Process Five – Forming Theory**

This is essentially the culmination of the process – the claim of theory. This creates a difficulty as grounded theory’s concept of ‘theory’ is not interpreted within the same literal sense as the hard sciences or a positivist philosophy. Within a constructivist methodology and philosophy, the idea of theory bends with the subjective sociological nature of management and organisational behaviour. This alternative interpretation of ‘theory’ doesn’t diminish its importance; to the contrary it enhances the worth of the input from people participating in the research and inquiry. The theory becomes a consensus as the opening quote from Glaser suggests.

As the data is analysed to the point of forming a hypothesis, Straus and Corbin have provided the following insights:

> When testing hypotheses derived from a grounded theory, the investigator should specify the test conditions carefully and adjust the theory to fit them, assuming they cannot match the conditions originally specified. The more abstract the concepts, and the more variation uncovered in the original study, the more likely it is that the propositions apply to the broad range of situations.

(Strauss and Corbin 1990: 13)

It should be reiterated that the theory that emerges is grounded in the data about specific circumstances and events. The more systematic and widespread the theoretical sampling the more generalised the theory can be, however the difficulty is to find enough episodes of similar circumstances to benefit from widespread sampling.
Finally, the status and meaning of theories within a constructivist paradigm are very different to that of a positivist one. It is an important aspect of this research to reinforce. Certainly Mintzberg’s view has been adopted and applied:

> It is important to realise, at the outset, that all theories are false. They are, after all, just words and symbols on pieces of paper, about the reality they purport to describe; they are not that reality. So they simplify it. This means we must choose theories according to how useful they are, not how true they are.

*(Mintzberg 2005: 1)*

**GROUNDED THEORY IN ACTION**

It is time now to look firsthand at how grounded theory worked in this research project. Whilst Glaser had mentioned in the opening quote that “the assumption of the reader, he should be advised, is that all concepts are grounded and that this massive grounding effort could not be shown in a writing.” What Glaser is expressing here is that to try and document each piece of data and how they relate for the entire research project would make the thesis intolerably long for any reader.

However, as a reader has a right to see an example of how this process works I will extract one of the key findings, strategic planning, and show how this finding emerged. This will then be linked with a condensed and brief demonstration of another important part of the research, the financial considerations. This was a subordinate aspect that was critical but was not considered to be a finding of the research.

**The Emergence of Strategic Planning**

Initial data on this concept was from the first contact with the Association’s President who stated that a taskforce was being convened to consider the business and financial practices of the organisation because the Board of Directors were concerned at an emerging trend showing the organisation was heading into debt.

Therefore concept one was to question if there is a problem with the business and financial practices and what data can potentially help determine the focus of the research questions. This became was one of the first research memorandums. There
are several examples of research memorandums in Appendix 2. Consequently data that was gathered became broadly categorised to indicate aspects of the business and financial matters.

This concept and its categories then evolved after the first meeting with members of the Board. During that time a key question had been seeking information addressing the organisation’s non-financial targets. The response from that answer became significant as it was a non-financial question and it was seeking information targeting business practices. The expertise within the taskforce had an impressive pedigree from the senior ranks of a variety of large well known organisations. The answer given to this question became a focus point for discussions within the taskforce. To apply Dick’s model, the answer disconfirmed the presence of some essential business practices, and confirmed there was an area in which to seek more information. The emergence of a focus on the business practices now separated from the financial context. The issue of non-financial targets is an essential component of strategic planning. Often strategic plans focus on the financial aspects to address budgeting and meeting the forecasted bottom line. Kaplan and Norton’s (1992) work on the Balanced Scorecard approach demonstrate a shift to include the non financial aspects, also known as intangible aspects.

An Action Research Perspective

From an action research perspective the plan was to ask some probing questions. The action was to then convene a face to face meeting where questions could be asked. The observation was applied to gathering and recording data from these meetings (again see Appendix 2). The reflection was the discussion by the taskforce at a later meeting to address the consequence of their answers.

From there the action research cycle goes into its second phase; the research now has an answer, albeit an unexpected one. What is the consequence of the data in the answer and what action should be designed to follow on from gleaning this important piece of data? Grounded theory data gathering shadows the action research process and supports it with its fact finding and recording of data. It is aligned with action research with the stages of analysis in the reflective portion of
the action research cycle. As discussed earlier, if this is what is observed what does it mean?

**Experiential Knowledge**

Within the taskforce there was considerable expertise (experiential knowledge) in strategic planning. There were many signposts, or artefacts, the researchers looked for to confirm, or disconfirm, the presence of strategic planning and strategic thinking. The observers’ focus was to seek more information about the Board’s understanding and experience with strategic planning. More data was gathered to triangulate on this aspect. The search for artefacts such as a hard copy of a business plan, past or present, should provide valuable insight into the extent of the strategic planning skills within the organisation. If such documents existed they would be put under the microscope for deeper analysis. However no such data was discovered.

In the analysis of the data there emerged a plan to engage in process consultation with the Board to help them learn and apply strategic planning. Part of this plan was to engage with the Board to brief them on what the taskforce had learned about the performance of the Board and how that compared to known (by the taskforce) best practice. This feedback was to demonstrate how the taskforce had come to its conclusion and to offer an opportunity to the Board to step into an experiential learning process. This part of the process was dialogic as it provided face to face discussions with those involved in the research. It provided an opportunity for the taskforce to get feedback from the Board if the taskforce (researchers) were on the wrong tangent in their inquiry.

**Developing Tools**

Part of the plan for the briefing was to develop and deliver a PowerPoint presentation to explain the concepts of strategic planning. This development had its own action cycle, as the presentation was designed (plan) it was then written (action) presented on paper (action/observe) and then reviewed (reflect). This was done within the taskforce.
As a consequence of the review the presentation was extensively modified as it was felt the language used in the presentation was too complex for the essential aspects of knowledge of strategic planning the taskforce wanted to impart. This had been discussed by the researchers (the taskforce). The revision did not diminish the worth of the presentation that had been initially developed, but the resulting modifications in version two did benefit the intended audience. So there were two conceptual levels at play to design the delivery: the language to be used and the profile of the target audience in the context of strategic planning.

Developing an Hypothesis

The plan was then subjected to some critical thinking and the problem emerged that there was insufficient time to take the Board through an extra stage of sitting through a presentation. As the Board were volunteers their time was precious, as was the time of the taskforce who were also volunteers. At this point another grounded concept emerged: the issue of alignment, how to align our time together to maximise the benefits for the Board in the sharing of knowledge.

Some plans were therefore subjected to a reflective cycle by doing a scenario assessment. That is, if we as researchers take this course of action what will be the consequence? How, as researchers do we adopt an approach that can confirm our plans are heading in a beneficial direction? This is all recorded as memorandums as part of the grounded theory process.

The plan was to teach, the action was to convene workshops, the observation was the participation in the workshop and the reflection was for the taskforce to meet and review how the workshop went. The analysis of the data was that the Board would benefit from having a handbook developed. This came from data from earlier interviews that there were no documents in the possession of organisation to capture and sustaining strategic planning principles.

So from a single question a concept was identified and this led to the development of an hypothesis. That hypothesis was basically that strategic planning is important to an organisation but may not be present in the MWBA. The theory emerges that in
order to sustain the organisation’s knowledge some form of readily accessible
document should be developed in an easy to use and understandable format.

From collecting and analysing data to establish the history of the organisation’s
struggle to acquire a stadium there emerged indications that orderly record keeping
had not been a discipline and that much of the readily accessible information was the
corporate (unrecorded) knowledge of several long term members and office bearers.
The search for documents to compile the history required, on one occasion, the
complete emptying of a storeroom to search through an assortment of bags, boxes,
envelopes, manila folders and so on. Again this was an example of how grounded
theory and action research combine to confirm/disconfirm data on the concepts in
question. Here was a case of the data triangulating, that is, coming from another area
(physical presence in a remote area) to support the hypothesis or theory. The size
and significance of the theory or hypothesis does not matter. A small concept can
gather momentum as the research cycles continue.

**Conditionally Focusing the Theory**

It is also the experience from this research that usually there can be links between
concepts albeit they may eventually be addressed in a different fashion. One
predominant underlying link was to improve the business and financial practices of
the organisation. So this over-arching concept gave the general lens for looking at
the research. Hence the relevance issue: does this theory help or hinder the progress
of the organisation? If similar conditions exist would this still apply?

From reviewing Strauss and Corbin and Glaser’s literature there is a conspicuous
absence of models to assist in explaining and comprehending their valuable work. I
have created a model (Figure 3.2) that represents the stages involved. It is an
analogy to a rope as the strands represent data, or concepts. It commences with the
raw data being conceptually ordered (business and finance for example) and this
shows the emergence of the stands (items of data). These strands are unravelled and
separated into categories of concepts. They are then codified and matched up with
similar, relevant strands. These then entwine and support each other to form a new
rope. The rope now is a representation of a grounded theory and the strength of the
theory is dependent on the strands that construct it. The more strands there are the stronger the theory.

Figure 3.2: The rope analogy demonstrating the grounded theory processing

The work progressed to convening two workshops and this is discussed in the Chapter on MWBA.

The concept of the strategic planning was then further explored in another organisation, the Northern Beaches Indoor Sports Centre. Interviews were conducted that confirmed the absence of strategic planning. The offer to convene strategic planning workshops was not made as there was a different relationship between the researcher and the organisation. In the case of the MWBA there had been a request to conduct the investigation. In the case of the NBISC the request had been made to the organisation if permission could be granted to conduct the research. There was also a request to see a business plan, however this was not granted.

Another Grounded Theory Demonstration

Another example of how the grounded theory process works is to look at the investigation concerning the finances. To make this as brief as possible, the
confirming and disconfirming data steps are omitted and proceed straight through the step by step outcomes. The conceptual thinking behind this aspect of the inquiry was to progressively find out detail laid out in Table 3.1. Here the concept is illustrated with the progressive rationale

<table>
<thead>
<tr>
<th>Concept</th>
<th>Research rationale</th>
<th>Data for research</th>
</tr>
</thead>
<tbody>
<tr>
<td>What type of accounting was practised</td>
<td>Different accounting methods will show different focuses on key financial factors</td>
<td>Analysis of the organisations financial records and discussion with those involved in the book keeping – including the external auditor</td>
</tr>
<tr>
<td>Determine the quantum of suspected debt</td>
<td>The issue of debt needed quantifying to determine it severity and potential threat to the organisation</td>
<td>Reports run from the organisation’s accounting package (MYOB) and the comparative assessment from the auditor</td>
</tr>
<tr>
<td>Define the size of the membership</td>
<td>As it is a fee for service association the size of the membership would directly impact on the income propensity</td>
<td>Reports from the computer database</td>
</tr>
<tr>
<td>Ascertaining that in a cash flow scenario the association had an ongoing income based on the payment of membership dues</td>
<td>Related to the first mentioned concept and overall issue of identifying financial issues</td>
<td>Analysis of current accounting figures compared to previous years and membership number trends (increasing/decreasing)</td>
</tr>
<tr>
<td>Verify the level of current financial membership</td>
<td>Reconcile the membership number with the financial figures to see where the debt/income loss may have been developing</td>
<td>Data gathered from reconciling scoresheets and head counts at games against the formal registration data held in the organisation.</td>
</tr>
<tr>
<td>Collect monies from unfinancial members who were currently playing basketball</td>
<td>A first stage on the road to financial recovery</td>
<td>Confirming data as a result of the previously mentioned step established a mis-match in the online data and physical ‘oncourt’ player numbers</td>
</tr>
<tr>
<td>Design a change for the future culture of the association</td>
<td>That income from membership was paramount and that services for playing could not be extended to those who do not pay their membership dues – i.e. if you don’t pay you don’t play.</td>
<td>Supported by the data from the aforementioned</td>
</tr>
</tbody>
</table>

**Table 3.1: Demonstration of data relevance and relationship.**

There of course was an educative aspect to this to get the membership aware that the association was ‘toughening up’ and this involved new signs being installed and a hands-on game by game monitoring of the registered players on the score sheet as
reconciled with the organisation’s registration database. This has been simplified, but it has extracted the core concepts that emerged from the research data to address one important aspect, improving the finances.

There are usually more reasons to support the action than have been shown in the table. This is why Glaser’s opening quote is shown to be relevant; “a massive grounding effort could not be shown in a writing”. However the two demonstrations do provide an accurate insight and explanation of the process to give the reader some confidence in the overall research process and integrity of the findings.

THE PROCESS ENNEAGRAM

The second process that has contributed to the project is the Process Enneagram. The enneagram has been comprehensively described by Knowles (2002) and Dalmau (2002a, 2002b, 2003). Knowles called it a model for looking at organisations from nine different perspectives in a highly disciplined and focused way (2002: 5).

The enneagram is better known for its application in personality profiling. The process enneagram is not a research tool in the same notion as grounded theory and its cyclical nature is not directly related to the action research cycles. Knowles uses it as a process map to harness the dynamics of people in organisations.

The rigorous and disciplined use of the Process Enneagram enables us to see and understand, from nine different viewpoints, the interactions and dynamics of people in organisations of all sizes and see them from the perspective of living systems. We become healthier when our organisations move into the living systems mode by sharing information, building relationships and becoming clear, together, on our identity and intentions.

(Knowles 2002: 107)

As a project management tool it provides participants with an excellent communication guide to plot the contextual map for discussions. The enneagram has some specific categories to help scope conversations and actions. It can be used by an individual but is very effective when trying to harness the collective thinking of many people as it creates the context, or stage, of discussions.
Dalmau’s (2002) reflection on using the enneagram is that it works as a process. It increases energy and commitment. It raises critical issues and is often a step to uncovering deeper issues. It keeps a focus on the whole, all the parts and the interconnections providing order and increasing clarity in confusing situations. A strong positive is that it delays solution-seeking and allows more complete explanation, or if necessary, research and exploration. It allows people to get a grip on process and what needs to be done and along the way, creates common ground.

Figure 3.3: Process Enneagram

Source: Knowles (2002:39)

The process enneagram has two layers to it. The first one represents the Green Lens (discussed in Chapter 2 Methodology), but to briefly recap the context:

**Current State Identity** – What is the current situation? What is our story? Who are we? Where are we? What are the expectations of the project, others and self?;

**Relationships** – What is our relationship with one another? With others? What sort of relationship and connections do we need? Who or what needs to be connected? How?
**Information** – How and what information are we going to communicate? How can we use this to develop commitment and influence? Among us? With others?

Knowles (2002) tells of his experiences working with the enneagram. When information is shared trust and interdependence is built. This helps the relationships to become healthier and stronger. Anyone could go to whomever they wanted to get the information they needed. This was in contrast to the mechanistic view that information is power and it is only shared on a need to know basis. He found it to be a very deep process able to improve many things within the workplace. This was something very attractive for the research project to maximise the information sharing and relationship development within the team of the taskforce.

Most of these aspects are fundamental in establishing a *psychological contract* between the participants. It is an alignment discussed between people to develop a shared vision of their collective identity which includes addressing expectation clarification and, ideally, this leads to developing the agreed values, culture and trust within the group.

The second layer maps a six stage process, however, akin to the action research cycles described in the previous chapter, the process enneagram continues to cycle and therefore the stages can perpetuate. The questions outlined after each topic are not limited to just these, but they are an example of the general context. The more questions that are contemplated the more thorough each stage of deliberation becomes.

1. **Intention** – What do we want to achieve? Where do we want to go? Who might we be? (similar in some aspects to the aforementioned Identity Recognition)

2. **Principle Standards** – What operational principles or ground rules are needed to guide our strategies and actions? What principles are needed to guide how we engage others?

3. **Tensions Issues** – What are the issues? What are the dilemmas, contradictions?
4. **Context Structures Strategies** – What new context do we wish to create? What new perspectives? How shall we arrange things overall? What strategies and structures shall we start?

5. **The Work** – Who will do what, when and how? What actions will be taken?

6. **Deep Learning Sustainability** – What new world views are opening up? How shall we keep learning? How shall we sustain things?

Step 6 cycles back to step 1. Step 6 is where the *reflective* aspect of the action research/action learning can align with the process enneagram. Indeed each question at each stage has strong elements of the reflective process of the action cycles because of the contemplative process inherent in considering questions and consequential answers. The sustained learning sets the scene for reviewing ongoing projects by then going back to step 1 and reconsidering what are the tensions. These may have changed or reconsidered in a different context as more is learned about the subject. Hopefully they have changed as a result of applying the developed action strategies.

**WRITING UP OF GROUNDED THEORY**

Glaser implores researchers to seek publication of their research as he believes that the paramount goal of grounded theory methodology is to make the results publicly available (Glaser 1978: 129). Locke (2001: 115) and her co-author Golden-Biddle (1997: 14) claim their purpose for writing is: “to persuade an audience of its plausibility and its relevance to our understanding of management and organisations.” This is the view applied in the presentation of this thesis. Emphasis is drawn to the ideas being plausible.

In this particular project there was a fairly simple dissertation model chosen, however as the model was applied there arose some unexpected complexities. A significant issue was the question, what is the most effective way to write up the research? The writing process used for this research project was based on the following concepts.
There is a core research project that is recorded and appraised in a thesis. Hence the process depicted in Figure 3.4 has the core project surrounded by the thesis writing.

The general process is represented in Zuber-Skerritt’s model; however there is a minor ambiguity in the independence of the thesis research in Part 1 in Figure 3.4 and again in the thesis writing Part 3.

![Figure 3.4: The relationship between thesis research, core research and thesis writing](image)

Adapted from: Zuber-Skerritt & Perry 2002: 177

The bulk of this endeavour is the work of the student author/researcher but it is not entirely independent as there is a body of people who supported and contributed to various parts of the process. This is consistent with Straus and Corbin’s view of Grounded Theory process whereby they state a grounded theorist need not work alone (1990: 11). An important part of the research is testing concepts and their correlation with colleagues who have experience in the same substantive area (1990: 11). As demonstrated later in the thesis, the colleagues for the initial research into
the Manly Warringah Basketball Association had considerable personal management and leadership expertise to bring to the project.

In a literal sense Parts 1 and 3 are independent in the sense that the co-researchers from the core project are not involved in the process of compiling and submitting the thesis. Zuber-Skerritt reminds us that there is another difference to distinguish: there is the collaborative project work and the individual thesis work which is the candidate’s contribution of knowledge to the field (2002: 172). Clearly both need to be written up, however the thesis is the point where all the details can be referenced from one volume.

Planning the Thesis

Part 1 of the writing process commences with planning the thesis. This involves identifying the project to engage in. In the case of this research this was solved in several ways.

In the first place there was a need identified by Manly Warringah Basketball Association to inquire into the financial and business affairs of the organisation and the make recommendations on how to change their practice. This was addressed in the Board’s formal terms of references (see Appendix 7). This is discussed in detail in the next chapter. This presented an opportunity to apply the constructivist methodology as described in the previous chapter. This was because there were many dimensions to consider in the organisation and these included social (intangible/subjective) and empirical (tangible/objective) matters. These aspects are not necessarily mutually exclusive as we have explored earlier in the discussion on constructivism.

Field work

The field work as depicted in Figure 3.4 links with the core action research project in the model. This was a collaborative project as it recounts the work of the taskforce. This is the launch pad for the process action. A detailed account of the field work is described across two chapters (Manly Warringah Basketball Association and
Northern Beaches Indoor Sports Centre). The data gathered from the field work is continually subjected to the grounded theory process as described in this chapter.

This is consistent with the methodology because when the process of the reflective cycle of action research continues the resulting theory emergence of grounded theory can lead to deeper and extended research – seeking further proving/disproving data as more questions continue to arise in the ongoing inquiry. This extends and enriches the inquiry, however at some point the researcher needs to stop researching and report on the project. The researcher needs to define that point and why they choose to go no further.

In this research there was a decision made to seek more information and to therefore progress the inquiry into NBISC rather than stop with the results of the project for MWBA. This was a demonstration of how the research can shift into new directions as the knowledge is developed and new inquiry emerges seeking more knowledge. In some ways this seemingly developed a second core project, though actually the research into NBISC was an extension of the cycle of the core project conducted with the MWBA taskforce. Therefore the action research/action learning cycles are emphasized in Part 2 of the model by duplication in cycles 1 and 2 and 3.

Although Cycle 3 is shown in the model as open it is a representation of the continuation of the repeating cycle depicted in 1 and 2. This is also why action research is considered by some to be messy because the directions of the research can and do change and the outcomes can be hard to define. This is mostly due to the dynamic nature of changing conditions and the impact of new information gained from the inquiry.

**Evaluation**

The concluding Chapter 8 will address the overall research evaluation more completely. The evaluation identified in the model occurs at a relatively early stage (depicted in Figure 3.4). This evaluation was applied and contributed to the continuation of the research into NBISC because MWBA were not satisfied with their understanding of NBISC. However the NBISC participants were different
people to those in the initial research and they mostly played a narrative role whereas the people in MWBA had been in more of a co-researcher role.

The action research cycle stages of planning - action – observation and reflection have fairly clear differences and so they can be evaluated in separate contexts. Planning is very different to acting; acting (or implementing what was planned) is different to observing. Observing is quite a different process to reflecting. Reflecting could also be called contemplation, consideration or even introspection.

Reflecting is a key part of the evaluation process overall and has components of engagement, consultation and introspection. As previously discussed in the Methodology chapter, because the involvement of the observer influences what is observed it is necessary to identify possible biases in the research. This aspect of reflection is to try to evaluate and determine what the observer’s influence has been and to try and formulate (or design) next step plans regarding the gathering and analysis of data and minimise potential bias.

**Evaluation and Validation**

The evaluation is helped by integrating Zuber-Skerritt’s model with Dick’s model (Figure 2.9: Validation Process see page 60). Planning/change is the objective and is stated on the outset on the left hand side. It is not an either/or decision; Dick uses the ‘and’ approach.

In the context of validation Dick (2000) calls for diverse samples which is why there is such a broad net cast for data gathering.

… I use a simple strategy. When there are two or more pieces or sets of data there are likely to be disagreements between them. … The data-driven process we are exploring here therefore seeks to bring about a different understanding. It does this by noting the differences and seeking explanations for them. …In short, the apparent disagreements drive the understanding.

(www.scu.edu.au/schools/gcm/ar/arp/datadriv.html)

The process interrogates data to filter the disconfirming evidence. In MWBA research the President was one of the co-researchers and the disconfirming evidence of the data from the organisation’s financial manager initially was identified by a
semi-formal audit of the finances. The data from this was then expertly reviewed by the organisation’s accountant.

What had been said to the Board was inconsistent with what had been presented to the auditing accountant and the data was inconsistent in that there were allegedly two sets of accounting figures to reconcile the finances.

The theory that emerged was logically based on a notion of verbal statements being falsified (Reason 1988: 16) by the analysis of the tangible and measurable data of the financial records. The theory that emerged from the grounded theory analysis of the data was: unless changes are made the organisation could potentially be bankrupt and therefore cease to exist.

In the second part of the research the theory that emerged was not so simple. The theory that emerged was that if there is a need for community based infrastructure it can be established through collaboration of community and government entities and the success of this will be determined by the application of good governance and clever use of available resources.

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**Figure 3.5: Critical Reflection and Grounded Theory**

Adapted from: Dick 2005
Dick’s model (Figure 2.9 see page 55) could be adapted to depict percolation of the analysed data that leads to the change and learning – learning and change. The critical reflection process is where the grounded theory is applied within the action research (Figure 3.5).

In the case of the both organisations the gathering of data was used to compile two complete accounts of their histories. This had not been previously done and therefore there was no available knowledge in one volume of what took place (Appendix 6 and 13) that could benefit others. This was not only those within the organisations from an interest or succession perspective, but also for others outside the organisation who may want to know more.

**Collaboration**

Collaboration is a process within a process. There is a need in the collaboration to harness the efforts of the co-researchers to link their work otherwise the data, and consequentially knowledge, become disconnected and are not shared by the researchers. Therefore there is a need to create alignment and attunement as depicted in Figure 5.5 (page 173). The Process Enneagram (PE) was used to achieve this. This is discussed in detail in chapter 5 on MWBA. The process enneagram provides the intellectual “thinking” agenda.

The collaboration in this research was consistently achieved through invitations extended to volunteers including past participants in the development of NBISC. In most cases the invitations were accepted. In the isolated case of the Department of Education and Training, important because of their critical involvement in the land and lease arrangements which helped to finance the infrastructure, there was no information or disclosure of the lease details. This demonstrated that collaboration is vital to the success of research. Without it the data is not available and this critically impacts on what theory, knowledge and learning can be achieved from the research.
**Thesis Writing**

The process depicted in part 3 is quite straightforward, though not without its own levels of stress. Although Zuber-Skerritt’s model doesn’t depict it, the results of the external evaluation can trigger a revisit to part 1 to address new requirements, or complete certain aspects of the project and its write up.

**CONCLUSION**

To be brief, this chapter has provided a link between the methodology and actual research work. It has also explained how the theory aspects were developed and addressed. It is important to note that the notion of theory is different to that of the hard sciences and represents useful concepts (Mintzberg 2005) rather than claiming to be an objective truth. This does not prevent the theory from being effective as the knowledge associated with it is grounded in the data from the actual experiences of real people.

Grounded theory is an effective qualitative research process particularly for topics that have human interaction at its core.
CHAPTER 4

A CONSTRUCTIVIST INTERPRETATION OF
GOVERNANCE, NATIONAL COMPETITION POLICY,
PUBLIC PRIVATE PARTNERSHIPS, PUBLIC
INTEREST AND ASSOCIATED CONCEPTS
INTRODUCTION

This chapter addresses essential concepts of governance in contemporary Australia. These primarily include National Competition Policy (NCP), Public Private Partnerships (PPPs)\(^{29}\) and Public Interest. They are interpreted through a constructivist paradigm (as defined in Chapter 2) with the intention of providing community organisations with insight into the philosophy underpinning public policy which shapes governance.

It commences by looking at the definition of PPPs in Australia and their relationship to National Competition Policy. It will then progress to explore the associated key concepts; competitive neutrality, value for money, public sector comparator, public interest and the public test.

The chapter will also briefly explore the current status of PPPs in the United Kingdom. The literature review conducted on the body of Australian knowledge consistently points to UK developments (English and Guthrie 2003; Diamond 2005; Hurst and Reeves 2004; Malone 2005). This helps in triangulating different experiences to consider how PPPs are performing in non-Australian jurisdictions to assess their overall worth in Australia.

The chapter adopts a constructivist interpretation of governance concepts. This is also considered to be a hermeneutic approach by trying to appreciate and understand the different points of view that are expressed across this topic. As these concepts unfold their explanation and meaning is developed by further review in the context of the underlying philosophy of these aspects of governance (see Figure 4.1).

This will provide a foundation to then consider governance issues for community based organisations such as the Manly Warringah Basketball Association (MWBA) and the Northern Beaches Indoor Sports Centre Pty Ltd (NBISC).

\(^{29}\) PPPs are also referred to in the associated literature as Privately Financed Projects (PFP). There is also frequent use of the term Privately Financed Initiatives (PFI) though these are mostly a reference to the practice in the UK (see www.hm-treasury.gov.uk). In Canada they are referred to as P3s (See Canadian Council of PPP (CCPPP) - www.pppcouncil.ca)
The underlying rationale to give legitimacy to the principles of governance is that they are good for the improvement and well being of Australians because they are perceived to pass the subjective public interest test. The philosophical examination of the public interest test interprets the current approach by governments in Australia as positivist. They legitimise their policies that are based on empirical analysis, quantifying the results of implementation (usually through the public sector) using money as the tangible unit of measurement.

From a research perspective the significance of this is that these aspects of governance apply empirical rationalism (positivism) as their epistemology (the way they validate their knowledge – what ideas they believe to be true). As if to say ‘the figures we have identified as necessary to collect as data become our facts therefore
they must be true and worthwhile’. Consequently the ontology of current Australian governance is that economic rationalism (essentially justifying decisions based on economic perspectives) is positivist (Burrell and Morgan 1979) and the dominant paradigm.

There is a wide range of concepts discussed in this chapter and adoption of these is dependent on the individual’s interpretation (hermeneutics). This chapter intends to enhance knowledge by applying a more socially focused lens to the consideration of facts. This is to deliver an outcome that is persuasive and convincing and successfully achieve (emancipate) their organisation’s goals. This shift is to try and translate key qualitative facts to quantitative ones and thereby communicate in the language of the custodians of governance in order to progress some worthwhile dialogue on change (Gergen, McNamee and Barrett 2001).

A vital stage in the ALAR process is to reflect. Reflection may be done in a variety of contexts. Ideally it is to look at the actual things in action (in this case PPPs, National Competition Policy and Public Interest) and then to reflect on what was observed. The simplest reflective stage is to wonder “what does it mean?” This is a cyclical process described in ALAR literature as spiraling because introductory awareness of the issues are revisited for deeper reflection, leading to greater dimensions of understanding.

This chapter asserts that the interpretation of public interest is the foundation of good governance. The reflection is therefore considered within the context of schools of thought, primarily Critical Theory of the Frankfurt School (which Jürgen Habermas is identified with), to look at how the contestability of public policy can be addressed with alternative paradigms.

**Defining Public Private Partnerships**

A *partnership* is a cross-organizational group working together towards common goals which would be extremely difficult, if not impossible, to achieve if tackled alone.

(Armistead et al 2004: 571)
There is general agreement that the term *public-private partnership* tends to be applied to embrace a multiplicity of arrangements involving the creation of an asset, usually infrastructure, through private sector financing and ownership control for a concession period (Malone 2005; Quiggin 2005; English and Guthrie 2003; Hurst and Reeves, 2004). The New South Wales Government (Working with Government) 2001 states:

Requirements arising from population growth, higher public expectations, and replacement of ageing infrastructure demand that the Government explore all avenues that may deliver better services and greater value for money.


The primary drivers for PPPs are *value for money* (VFM) and the *public interest*. These are both very subjective and are tested against what is known as the *Public Sector Comparator* (PSC). These are assessed against *public interest* criteria including effectiveness, impact on key stakeholders, accountability and transparency, public access and equity, consumer rights, security, and privacy.

The main contemporary catalyst to raise the profile of PPPs was the introduction by the Federal government in 1996 of the National Competition Policy (NCP) designed to improve the Australian economy.

The Federal\(^{30}\) and state\(^{31}\) governments each have web based PPP policies and guidelines. It is acknowledged that Victoria set the benchmark (Quiggin 2005; NSW Government 2001).

In the 2002 study completed by English and Guthrie (2003) they attributed the emergence of PPPs to changes to public sector management from the 1980s. They termed this New Public Management (NPM) (Podger 2005: 14) and said that it is

\(^{30}\) The National PPP Forum (http://www.pppforum.gov.au/jurisdictions) provides links to all jurisdictions. Each has comprehensive web based services and information management of PPPs.

characterised by a “growing partnership between the public and private sectors to provide services that, in the past, were exclusively supplied by the public sector”.

PPPs typically include both a capital component and an ongoing service delivery component. These are financed by either government payment streams, user charges, or a combination of both. Government can proactively support these initiatives with contributions of land, capital works, revenue diversion and other means (Malone 2005; Broadbent and Laughlin 2003). Such projects are generally complex and involve high capital costs, lengthy contract periods that create long-term obligations, and a sharing of risks between private and public sectors (Quiggin 2005).

Types of Public Private Partnerships

PPPs take on a variety of forms. The commonly used terms (Malone 2005) reflect the process and responsibilities of the private sector partners. These include, but are not limited to:

- **BOM** (Build Own Maintain). The government leases the facility and operates it using public sector staff. This applies to social infrastructure such as courts, prisons, police stations, hospitals and schools.
- **BOOT** (Build Own Operate Transfer). The facility is returned to government at the expiration of the specified period (The Darwin to Alice Springs railway has a 50 year agreement prescribed in the Northern Territory’s legislation – see *Australasia Railway (Special Provisions) Act*)
- **BOO** (Build Own Operate). The service provider retains ownership of the asset in perpetuity. The government only agrees to purchase the services produced for a fixed period of time.
- **DBO** (Design Build Operate) or **DBFO** (Design Build Finance and Operate). The government purchases the asset from the developer for a pre-agreed price prior to (or immediately after) commissioning and takes all ownership risks from that time.
• **BOT** (Build Operate Transfer). This is similar to concession (see below), but normally used for Greenfield projects. The private sector party receives a fee for the service from the users.

• **LOO** (Lease Own Operate) or **LDO** (Lease Develop Operate). These are similar to a BOO project but an existing asset is leased from the government for a specified period of time.

• **Concession.** The government owns the asset, which is financed, operated and maintained by the private sector party. Full use rights revert to the government after the specified period of time.

The relationship of these is modeled in Figure 4.2. It is important to note here that outsourcing and privatisation are not included because these are areas that address private sector delivery only.

![Public Private Partnerships Diagram](source: English & Guthrie 2003: 499)

In Australia it is estimated (Ministerial media release by Costa, NSW Minister for Finance, October 2005) that there are approximately $20 billion worth of PPPs both in existence and in the pipeline, projects awaiting approval and/or commencement.
National Competition Policy (NCP)

To improve the well being of all Australians through growth, innovation and rising productivity, by promoting competition that is in the public interest.

(Mission Statement of the National Competition Council)

In 1992, the Council of Australian Governments (COAG) appointed Commissioner Professor Fred Hilmer to chair an Independent Committee of Inquiry into National Competition Policy. In 1995, acting on the Hilmer report’s recommendations, COAG agreed upon a number of reforms that were drawn together to form a package called National Competition Policy (NCP) (Commonwealth of Australia 1998).

The National Competition Policy was designed to help raise the living standards of the Australian community by ensuring that conditions for competition prevail throughout the economy that promote growth, innovation and productivity (National Competition Council 2005; Samuels 1998, 2003; Deighton-Smith 2001). The premise presented was that greater competitiveness drives innovation and creativity which leads to the creation of new jobs and industries.

National Competition Policy represents a long-term policy commitment by the governments within Australia to achieve economic reform (Samuels 2001). An important feature of National Competition Policy is that it was designed as an integrated strategy that would apply consistent competition principles across a wide range of policy areas. It also builds a longer-term process of microeconomic reform that has been underway in Australia since the early 1980s and that has, similarly, been characterised by a strong market orientation to stimulate the economy through private sector empowerment (NCC undated; Deighton-Smith 2001; English and Guthrie 2003; Malone 2005; Quiggin 2005).

As a modern economic reform measure the National Competition Policy has tried to open up opportunities for private enterprise in Australia. This has been done by trying to remove the government, wherever possible, from the delivery of businesses
and services where it can actually or potentially be viable for private enterprise. It has primarily looked to the major infrastructure network (Water, Gas, Electricity, Transport, Communications) to do this.

Although local governments are bound by the principles of National Competition Policy through services, subordinate legislation and policy, they are not parties to the agreements establishing National Competition Policy (Samuels 2003; Deighton-Smith 2001; Quiggin 1996).

The resulting National Competition Policy is underpinned by three intergovernmental agreements: the *Competition Principles Agreement*; the *Conduct Code Agreement*; and the *Agreement to Implement the National Competition Policy and Related Reforms* (Implementation Agreement) (see National Competition Council website www.nccc.gov.au). These inter-government agreements include a broad spectrum of areas:

- **Infrastructure Monopolies** such as electricity transmission grids and rail networks.
- **Public Monopolies** – Governments were required to review and, where appropriate, reform the structure of all public monopolies. Regulatory responsibilities were supposed to be separated out from the monopolies prior to the implementation of the competition (i.e. removing the notion of the *poacher and game keeper* that had been quite common through previous government agencies and had allowed for self regulation, but did not always result in the Crown being bound by its legislation).
- **Monopolistic conduct**
- **Legislated restrictions on competition** – Governments were required to review all their legislation, estimated to be around 1700 pieces. This was an important involvement of the legislature to enable National Competition Policy.
- **Competitive Neutrality** required to be established to ensure fair competition between government owned and private businesses.
The three intergovernmental agreements have been summarised by the National Competition Council (NCC) on their website (see Appendix 4). These agreements are important in the overall implementation of the National Competition Policy, however detailed explanations of each aspect of the agreements are not particularly relevant, with the exception of the public interest and competitive neutrality, to the practicalities of this research.

**Fiscal Benefits of National Competition Policy**

The Centre for International Economics (CIE) stated:

A fundamental recognition underlying NCP was that competition in general leads to increased economic efficiency and therefore increased incomes.

Underlying this is a fundamental proposition: the idea that regulations have costs and benefits, and that good governance involves maximizing the benefits and minimizing the costs. Properly understood, these costs and benefits have many dimensions.

(Centre for International Economics 2005: 5)

The increase in the revenue for the Australian Government as a result of National Competition Policy is worth approximately $5 billion (between 1997-98 and 2005-06) (NCC 2005).

By relieving government from the full costs of delivering infrastructure it had a two-fold systemic effect. Firstly it reduced the drain on the public purse because it no longer has to fund the overall expense of operating infrastructure. This leads to the second aspect: because businesses are privately run it allows the government to then increase its taxation (revenue) base.

Within the Competition Policy Agreements (CPA) there are incentive payments for the States to participate. There are also financial penalties imposed on the States for non-performance within the agreement’s obligations. Dr Alan Moran (undated) of the Institute of Public Administration stated in the IPA submission to the Senate Committee on the Socio-Economic Consequences of the National Competition:

… the dividend to government exchequers will largely accrue to the Commonwealth, under the NCP Agreements, the Commonwealth agreed to make special payments to States and Territories that made satisfactory progress in implementing the national competition policy reforms. If a State or Territory does not
take the required action within the specified time, its share of the payments will be withheld.


Table 4.1 shows the projection of payments to the States and Territories as a result of the National Competition Policy revenue increase (post 2006 projections are not relevant as the table is used here to demonstrate overall revenue increase only).

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<td>7.6</td>
<td>7.5</td>
<td>5.9</td>
<td>8.4</td>
<td>8.0</td>
</tr>
<tr>
<td>Total</td>
<td>396.2</td>
<td>436.9</td>
<td>439.5</td>
<td>448.0</td>
<td>733.3</td>
<td>739.9</td>
<td>578.5</td>
<td>724.2</td>
<td>834.1</td>
</tr>
</tbody>
</table>

Table 4.1: National Competition Policy Payments (figures are in $millions)

\(^v\) Source: Adapted from the National Competition Council
(http://www.ncc.gov.au/articleZone.asp?articleZoneID=40)

Regulating National Competition Policy

There are two main organisations (formed in 1995) involved with the implementation and policy oversight of the National Competition Policy (see Figure 4.3). They are the Australian Competition and Consumer Commission (ACCC) and the National Competition Council (NCC).

The ACCC’s formation was an important step in the implementation of the National Competition Policy reform program and has its legislative base primarily in The
Trade Practices Act 1974 (TPA) and the Prices Surveillance Act 1983 (PSA) (Figure 4.3).

The main objective of the Trade Practices Act as set out in the legislation is to enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection.

The ACCC is also the national regulator of the national access regime. This role involves enforcing access rules in relation to infrastructure covered under the National Competition Policy. (eg Transmission lines, Railway lines etc). The establishment of the ACCC has benefited the states as it polices Trade Practice Act breaches and price fixing within, or targeting, the marketplace32.

Figure 4.3: Implementation and Policy Oversight mechanisms of NCP

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32 The issue of cabotage with competing international airlines has yet to be resolved (Productivity Commission Report 2004) and has not effectively opened up true competition in the airline industry within Australia. This continues to disadvantage areas such as the Northern Territory – see Reed 2000; Northern Territory Government - Economic Development Strategy 2002-2004
The general role of the NCC is to assist COAG with the National Competition Policy oversight and the implementation process. It is a policy advisory board and provides national oversight of all governments.

Although according to the NCC the National Competition Policy was not designed to generate PPPs it does concede that this has perhaps been a by-product (telephone inquiry with the research section of NCC 28 February 2006). Even so, with the formal agreements (Commonwealth 1995) that formulate the National Competition Policy there are some fundamentally relevant governance issues, primarily competitive neutrality which may have an obscure, and perhaps overlooked, relevance in the development of NBISC and the as yet unasked question of whether it is actually a PPP.

**Competitive Neutrality (CN)**

One of the main concepts underpinning the National Competition Policy agreements is *competitive neutrality* (CN). This is arguably one of the primary facilitators of PPPs under National Competition Policy. The objectives of the Australian Government's policy of competitive neutrality are:

- that significant Australian Government business activities do not enjoy net competitive advantages over their private sector competitors (or potential competitors) simply by virtue of their public sector ownership;

- to eliminate potential resource allocation distortions arising from the public ownership of significant business activities operating in contestable environments; and

- to encourage fair and effective competition in the supply of goods and services.  
  (Commonwealth Department of Finance and Deregulation)

The NCC has published a research paper that endeavours to deliver a framework for the best practice approaches to ensure that competitive neutrality is applied (Trembath 2002).

The Competition Policy Agreements is the relevant agreement addressing competitive neutrality. Clause 3 addresses competitive neutrality and encourages governments (where appropriate) to pursue it by:

  - the publication of a policy statement on competitive neutrality,
including an implementation timetable and a complaints mechanism, by June 1996;
the publication of a separate policy statement on the involvement of local government,
which must address competitive neutrality matters, by June 1996;
the publication of annual reports on the implementation of competitive neutrality
principles, including allegations of non-compliance;
for significant business activities: corporatisation and imposition of full government
taxes or tax equivalent systems, debt guarantee fees directed towards offsetting the
competitive advantages provided by government guarantees and the application of
regulations to which private sector businesses are normally subject; and
for significant business activities where corporatisation is judged to be impractical:
ensuring that prices charged for goods and services take account of full government
taxes, debt guarantee costs and private sector equivalent regulation.
(National Competition Council 1997: 3)

The competition policy agreement obliges governments to consider competitive
neutrality reforms where they judge a business enterprise or activity to be significant,
however the competition policy agreement does not formally define the term
significant (NCC 1997). The flow chart in Figure 4.4 simplifies the determination of
whether or not a business should be applying competitive neutrality. The National
Competition Council is helpful with their extensive publications (Research Papers
and Guidelines) and these are the authorities that Australian Governments refer to.
(Finance Circular No 2004/01 Commonwealth Department of Finance and
Administration).

Resource allocation distortions can arise where government businesses face different
costs or disciplines than private sector businesses. These differences may provide
government businesses with competitive advantages or disadvantages which
influence their pricing and production decisions. NCC provides the example:

if a government business is not required to earn a return on the capital invested in the
business or even cover operating costs, then it may be able to under price the goods
and services it produces. If this leads to government business attracting custom from
its more efficient competitors, then the community’s scarce resources are not being
used as well as they might be.

(National Competition Council 1997: 5)

This issue is further expanded because NCC advise that even where there is no actual
or potential competition, the adoption of competitive neutrality principles can
encourage greater efficiency in resource allocation. It will mean, for example, that
governments are better informed about the actual cost of providing goods and
services, allowing for improved decisions about how to provide those goods and
services. This is particularly relevant for local government, where in regional areas
there may be very few competing non-government providers of the goods and services being offered by local government.

Figure 4.4: Do Competitive Neutrality issues apply to my business?  
\(^{\text{Source: Commonwealth of Australia 2004: 8}}\)

The NCC’s Local Government and National Competition Policy - Community Information Paper (2000) provides the following advice for Local Governments:

…. HOW DOES COMPETITIVE NEUTRALITY WORK?

Competitive neutrality requires that prices charged by local government businesses should aim to recover the full costs of a business activity.

Full costs include:

The direct cost of providing the goods or services and an appropriate proportion of indirect costs
Government businesses can sometimes underestimate their costs and omit to include expenses such as rent, payroll and personnel;

All relevant taxes or tax equivalents

Sometimes government businesses are not required to pay tax or pay rates on their government owned premises;

A commercial level of interest payments

Government businesses can often receive financial advantages, like low interest loans, as a result of government guarantees;

A commercial rate of return (over a reasonable period)

Government businesses have not always been required to make a profit;

Government businesses should also be required to comply with all relevant government regulations (sometimes government businesses are exempt from laws relating to things like environmental protection, planning and approval processes).

(National Competition Council 2000)

Therefore a significant business is linked to public trading enterprises and public financial enterprises and these do exist within local government areas of responsibility.

Accordingly, the interpretation of government business activity, for the purpose of sub clause 3(5) of the Competition Principles Agreement, should extend beyond those activities which are actually substantially funded by revenue and earn profits; to include the business activities of government agencies which could be undertaken on a commercial basis, but currently might not be. The NCC provide the example: “a government bus service which earns little income as a proportion of costs (and is therefore substantially tax-funded) should be regarded as a business activity.” In chapter 5 the consideration of NBISC’s funding source and overall business will look more closely at this aspect of current government policy.

The current view of government is that is that Australia will receive maximum benefit if competitive neutrality reforms are applied whenever they are expected to generate net benefits to the community, including currently non-contested areas of government business activity.
Corporatisation and Commercialisation

There is an important differentiation between *corporatisation* and *commercialisation*. Corporatisation (NCC 1997: 13) of a government business activity involves separating the business from the day to day control of government, with the aim of imposing commercial pressures similar to those faced in the private sector. The enterprises may be constituted as government-owned enterprises under the Corporations law. This is an important consideration to reflect on when considering NBISC Pty Ltd. Is it in fact a government (albeit local government) business?

The Independent Committee of Inquiry into a National Competition Policy (the Hilmer Report) saw Corporatisation as an important means of applying competitive neutrality principles to government businesses. These principles which underpin the Corporatisation model proposed in the Competition Policy Agreements are:

- Clarity and consistency of objectives – requiring governments to develop clear statements of objectives for their enterprises, including guidance on trade-offs where objectives conflict;
- Management authority – requiring clear separation of decision, making and accountability between Boards and owner governments for commercial, social and regulatory objectives;
- Effective performance monitoring by the owner government – to ensure that the Board and management are achieving commercial goals;
- Effective performance-related rewards and sanctions – in order to create incentives for good performance by the Board and management; and
- Competitive neutrality – incorporating the attainment of competitive neutrality in both input and output markets and effective natural monopoly regulation.

(National Competition Council 1997: 15)

Corporatisation can be viewed as an extension of commercialisation approaches adopted by all Australian Governments in recent years (NCC 1997; CIE 2005; Quiggin 2005, 1996, 1998). *Commercialisation* can encompass most of the aforementioned elements of the corporatisation model. For example, commercialised entities usually remain business units within government departments, while corporatised agencies become separate legal entities distinct from their owner-governments and are normally corporatised under legislation. This is an important difference. It tends to strengthen the commercial focus of the organisation, and to make it less subject to the political direction of governments.
Thus, corporatisation enhances the prospect of government business operating efficiently.

National Competition Council (2000) states in their Local Government Community Paper that “CN does not apply to non-business, non-profit activities of government businesses.” Whether NBISC falls into a competitive neutrality free category is contestable given the aforementioned definitions and guidelines. NBISC claims a not-for-profit status, notwithstanding its actual governance and purpose is that of a business based on user charges, as seen in Figure 4.4. Moreover at this point it is appropriate to raise the question of whether the New South Wales Government applied competitive neutrality in developing agreements to construct NBISC on land owned by the Department of Education and Training (DET) with the contractual proviso that the premises would be returned to Department of Education and Training after 20 years. In the meantime the Department of Education and Training is arguably the primary user, yet does not contribute to the running costs or maintenance of NBISC as it is not required by NBISC Pty Ltd to make any financial contributions. Does the contribution of land waive the requirement to pay user fees? Not according to competitive neutrality.

**Evaluations of National Competition Policy**

William Stanley Jevons in the *Theory of Political Economy* (1871) (cited in Galbraith, 1987) was moved to declare:

> Concern of economists removes from them any sense of social or moral obligation. Things that may be less than good, less than fair, even less than tolerable; that is not the business of an economist as an economist. Because of the claim of economics that it should be considered a science, it must separate itself from the justice or injustice, the pain and hardship, of the system. The economist’s task is to stand apart, analyse, describe and where possible reduce to mathematical formulae, but not to pass moral judgment or otherwise be involved.

(Galbraith 1987: 125)

Evaluations of National Competition Policy by government-related bodies (NCC, Productivity Commission) have endorsed it as worthwhile. There have been a few countering opinions - notably Quiggin (1996, 1998, 2005), Hess and Adams (1999) and Charles (2001).
A significant fact in support of the worth of the action research methodology is the fact that the National Competition Policy is required to undergo frequent and widely inclusive reflective cycles. These reviews are conducted across many jurisdictions and portfolio areas. This has been endorsed as a good governance practice (CIE 2005).

On a formal basis the Productivity Commission\textsuperscript{33} was issued terms of reference (TOR) by the Federal Treasurer (April 2004), pursuant to Parts 2 and 3 of the \textit{Productivity Commission Act 1998}, to conduct a review of National Competition Policy and report to the Federal Government before September 2005 (see terms of reference Appendix 5). The comprehensive report (503 pages) commented that flexibility within a set of core principles was a major strength of the National Competition Policy process. The Commission report noted that National Competition Policy had delivered the following:

Australia’s economic performance over the last decade or so stands out, not only by our own standards, but also among OECD [\textit{Organisation for Economic Co-operation and Development}] countries:

- there have been 13 years of uninterrupted output growth — one of the longest expansion phases on record;
- the rate of increase in real per capita incomes in the second half of the 1990s was as high as at any time during the 20th century; and
- the unemployment rate is currently at its lowest level in nearly three decades, with labour force participation at its highest level since WWII.

(Productivity Commission 2005: XVI)

There are some areas that the Productivity Commission reported did need improvement. In particular it found that \textit{public interest test} requirements have not always been rigorously applied. Also, while a key to the success of the National Competition Policy reforms overall, putting the onus of proof on those seeking to retain anti-competitive arrangements continues to be a source of contention when social and environmental impacts loom large. Accordingly, the Productivity Commission recommends that in order to remedy this issue that: “An effective public

\text{\textsuperscript{33} The Productivity Commission, an independent agency, is the Australian Government’s principal review and advisory body on microeconomic policy and regulation. It conducts public inquiries and research into a broad range of economic and social issues affecting the welfare of Australians. cont’d

32cont’d The Commission’s independence is defined by an Act of Parliament. Its processes and outputs are open to public scrutiny.

Productivity Commission publications and current work program can be found at www.pc.gov.au}
interest test is essential to secure beneficial reform and to enhance community acceptance of the reform process” (2005, XXV).

The chair of the Productivity Commission, Gary Banks, called for reforms to industrial relations to be included in the economic reforms of National Competition Policy (2004). He acknowledged that some communities have experienced sizeable reductions in employment in the public utilities (citing the impact of the electricity reforms and the impact on the East Gippsland region of Victoria). The National Competition Policy has not delivered on every goal, for example water reform. Undeterred he said: “such transitional costs, and the fact that National Competition Policy has not delivered on every goal, do not detract greatly from its overall benefits.”

Banks believes that where there has been success it has been attributed to:

- recognition by all governments of the need for reform;
- agreement on the main problem areas and policy approaches needed; and
- effective procedural and institutional mechanisms to implement them;

with effective political leadership underlying all three. (Banks 2004: 6)

**Political Considerations**

So what does *effective political leadership* advocate? Although the genesis of National Competition Policy predates the Australia’s former Prime Minister John Howard’s time in office, it was the Federal government under his leadership that coordinated the implementation of National Competition Policy. Some of his public quotes are relevant here to examine the underlying rationale for National Competition Policy and how the idea of a thriving Australian nation is presented.

From an action research perspective (plan-act-observe-reflect) these comments are now discussed. The reflection is an assessment of the paradigm, not a judgment on the appropriateness. The following three Howard quotes take slices from different contexts, however the language is consistent. The first address (*Investing for Growth*) is to the national media. The second address (*Returning the Region to Sustainable*
Growth) is to the financial sector. The third address (to the Bombay Chamber of Commerce, Mumbai, India) is to an international body.

A strong, diversified, world-class business sector is crucial to Australia’s future. Without it we cannot generate the jobs to employ our young, provide the national wealth to support the less fortunate in our society or create the stable and enduring economic framework so essential to fulfilling our unique destiny as a nation. Successful businesses are not only economic assets but increasingly, through partnership with others, they contribute to the building of our nation’s social capital. A confident business community is the life blood of a nation confident about its future.

(National Press Club, Canberra, 8 December 1997)

The point that we need to remember is that the ultimate aim of our activities as governments and financial market supervisors is to improve the security and welfare of our people. Without sustainable economic growth, improved living standards are not possible. Nor is better education for our children, nor are jobs for them, nor are health services, transport infrastructure, pensions for our old people and so on. Nor ultimately is our capacity to defend our sovereignty and maintain our security.

(10th International Conference of Banking Supervisors, Sydney, 22 October 1998)

… India historically has had a very close relationship with Australia but it has been a relationship built more on history and commonality of culture and language and institutions rather than on the strength of the economic links. But that has begun to change significantly in recent years. Of the 30 major export destinations from Australia, the growth in Australia’s exports to India has been greater than any of the other 29. So the pace with which our relationship has begun to pick up in recent years in worth noting.

(Bombay Chamber of Commerce, Mumbai, India, 7 March 2006)

From a philosophical point of view the language here demonstrates that the leadership advocates a positivistic paradigm to describing success via the identification and monitoring of the measurable economic factors. The aspects of international cultural relationships (in this case India) would seem to have a recognised worth only through prowess of economic transactions.

Clearly the National Competition Policy has a dominant effect on the Australian economy. Hess and Adams (1999) have looked deeper into the construct of the National Competition Policy. They stated that the National Competition Policy lacks any priority to address non-economic concerns and cite coordination, equity, representation, political accountability, consultation and distributive outcomes as serious omissions.
Charles (2001) provides a dissenting perspective and focuses on the impact of National Competition Policy on South Australia. Charles describes South Australia as a “place which does not necessarily see its interests well reflected by an eastern seaboard dominated national debate.” Charles cites the energy market as a place of ‘uneven experience’: “South Australia had no option but to participate, but has had to contend with the dominance of energy producing areas which had significant sunk investments, which they were looking to recoup.” (2001: 120)

The issue of the public interest now emerges as significant. Hess and Adams (1999) are critical of the Policy’s failure to define the important guiding principle of the public interest.

because it remains undefined it cannot be part of the implementation of the policy and is therefore left out of the practice. In its own rhetoric the guiding principle of the policy is that competition should not be restricted unless there is an overall public benefit in doing so. The NCC explicitly argue that the public interest test is included ‘to access in an open and objective way whether a particular reform should proceed’ and that ‘the assessment of these factors gives equal weight to economic and social considerations.’ There is, however, an absence of guidelines for assessment and an absence of adjudication criteria.

(Hess and Adams 1999: 4)

Public Interest

At this point let us recap on what has been covered so far.

- PPPs are readily observable within the economy and national infrastructure. These have been influenced by the implementation of the National Competition Policy. This is a result of national policy of the government of the day.

- Public policy is designed on an interpretation of the public interest. The interpretation is largely influenced by the paradigm of the government of the day.

- It is evident through what has been considered in this chapter that the paradigm is positivist and relies on the ideology of economic rationalism.

As these aspects have been explored the importance of public interest emerges as a significant fundamental concept. The interpretation of it is crucial in determining
what action will take place in the development of public policies. It is a contestable issue and consequences of its interpretation affect Australian society. The results of political elections are decided on which interpretation is preferred by the electorate.

The topic of the public interest has been the subject of much controversy, political and public debate, media commentary, not to overlook the scrutiny of philosophers (past, present and probably future).

Wright (1989) traces the historical development, commencing from the seventeenth century, of the notion of the elusive public interest and its various interpretations. His conclusion was that the common thread that was applied to one member of society applied to all:

The process of refinement is charted in the work of Machiavelli, Groutis and Hobbes, all of whom gradually clarified and reinforced the ‘right’ of a central authority, be it ruler or government, to define the public interest, and later in the work of Rousseau who sought definitions of the common good in those values and behavioural norms to which all members of a society could unreservedly subscribe.

(Wright 1989: 10)

Hess and Adams have summed this up:

The task of supplying the definition [public interest] is difficult in itself, but must be seen as a pre-requisite for even the more problematic tasks of judging and applying public interest in given policy environments. The ontology and epistemology of public interest has been a central puzzle of democracy for centuries and throughout this history has been an essentially contested idea.

(Hess and Adams 1999: 5)

The purpose of this part of the literature review is to consider the context of the initial research question about governance issues for the public in relation to PPPs. What is emerging is the influence the paradigm of the government has on determining what the public interest is.

Hess and Adams (1999) advocate the view that under the current National Competition Policy the matter of addressing and determining what an applicable standard or principle to formulating, defining and implementing what is an actual public interest, or public interest test, is almost impossible.

…in policy terms the attempts to date to incorporate the public interest within the competition policy framework have lacked policy coherence because they have attributed the economic reasoning of market competition to the essentially political
phenomenon of public interest. This conflation of economic and political concepts has resulted in explanations of the role of public interest which are confused, confusing and in any case impossible to implement.

(Hess and Adams 1999: 5)

What emerges from these views is that if the public plan to make submissions to the government for funding social infrastructure projects, such as an indoor sports centre, then the language used should be designed in a positivist way. Within the National Competition Policy mindset the public interest is determined in terms of economic outcomes, not necessarily social benefits.

The term *public interest* is not explicitly defined in the competition policy agreement; however for the purpose of illustrating the grounds that the public interest has its context outlined it is important to consider the whole of Section 1(3):

(3) Without limiting the matters that may be taken into account, where this Agreement calls:

(a) for the benefits of a particular policy or course of action to be balanced against the costs of the policy or course of action:
(b) for the merits or appropriateness of a particular policy or course of action to be determined: or
(c) for an assessment of the most effective means of achieving a policy objective:

the following matters shall, where relevant, be taken into account [emphasis added]:

(d) government legislation and policies relating to ecologically sustainable development;
(e) social welfare and equity considerations including community service obligations:
(f) government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
(g) economic and regional development including employment and investment growth;
(h) the interests of consumers generally or of a class of consumers:
(i) the competitiveness of Australian business; and
(j) the efficient allocation of resources.

(Competition Principles Agreement 1998: 14–15)

Quiggin (1998) is critical of the assessment of the Agreement’s public interest criteria and draws attention to the fact that the reductionist fundamentals are economic rationalisations:

Criterion (j) refers directly to the concept of economic efficiency, and criterion (i) is most usefully interpreted as referring to technical efficiency in production. Criteria
(e) and (h) are related to the economic concept of equity. Criteria (d) and (f) cover the main non-economic concerns arising from competition policy. Criterion (g), referring to economic development and employment, encompasses a mixture of efficiency, equity and non-economic concerns and provides scope for consideration of cases in which the presumption in favour of competition is not satisfied.

(Quiggin 1998)

The Productivity Commissions’ 2005 review of the National Competition Policy states: “An effective public interest test is essential to secure beneficial reform and to enhance community acceptance of the reform process.” (2005: XXV). The Productivity Commission does not share Quiggin’s concern about the interpretation of the public interest test and stated in their report that “the CPA provides a non-exhaustive list of factors to be considered in assessing whether particular anticompetitive legislation is in the public interest and should be maintained”. (2005: 16)

It is reasonable to state that the topic of public interest is extremely subjective. This research has not set out to redefine or explore the scope of possibilities for a definitive answer to what should or should not be the exemplars of public interest and public interest tests. It is accepted that the public interest, however defined by the government of the day, does provide the foundation for governance policy. It is therefore within that contemporary and frequently changing framework that strategic thinking for organisational progress (for almost any purpose) is applied when dealing with public sector agencies.

**Value for Money (VFM) and Public Sector Comparators (PSC)**

There are some other aspects that impact on governance in relation to PPPs. The concept of value for money (VFM) is similar to the public interest in that it is also a subjective assessment (Malone 2005; Diamond 2005; Hurst and Reeves 2004; English and Guthrie 2003; Edwards and Shaoul 2003; Deighton-Smith 2001). The primary consideration in determining the feasibility of PPPs is value for money. Value for money is currently determined by applying the Public Sector Comparator (PSC).
The public sector comparator is based on economic opinion, and the underlying test from a public sector perspective is the public interest. Public sector comparators are internationally recognised as necessary in the analysis of PPP proposals (Maltby 2003). Pierce and Little (2002) describe the public sector comparator as a method of modeling the costs of the construction of PPP by estimating how much it would cost government to build the project through conventional public sector financing methods (English and Guthrie 2003; NSWG 2001). Importantly, to ensure comparability, the public sector comparator includes an allowance for the costs of risks that are likely to occur over the life of a project.

State Governments have guidelines addressing the mechanisms of the public sector comparator. The NSW (2001) Government’s publication Guidelines for Privately Financed Projects however leaves one with the view that the public sector comparator is highly subjective:

To maintain its usefulness as a tool, the PSC will be:

- Accompanied by qualitative considerations in determining the potential value for money of a private finance arrangement
- Subject to sensitivity testing and scenario analysis to determine the robustness of its underlying assumptions, and their impact on the PSC’s result
- Sufficiently flexible to allow new information to be incorporated as it comes to light, enhancing the integrity of the PSC as a benchmark while maintaining the probity of the project development and tender assessment processes.

(New South Wales Government 2001: 46)

This document goes on to interpret what it considers to be qualitative:

The qualitative considerations that will support the public sector comparator include:

- Risks not easily or confidently quantified
- The identity, credit standing and proven reputation of the bidder
- Differences in the deliverable service not able to be quantified or adjusted for

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34 NSW Government’s acknowledgement.

These guidelines draw heavily on the Partnerships Victoria guidance material, particularly Section 5: Risk Management, Section 6: Contractual Issues and Section 7: Public Sector Comparator. Appendix 3: Risk Table, is substantially reproduced from Partnerships Victoria guidance material. The New South Wales Government thanks the Victorian Government for their permission to reproduce extracts from the material and acknowledges the excellent work of the Victorian Department of Treasury and Finance and their team of consultants.
• Any wider net benefit or costs that a private finance arrangement may entail. For example, wider social benefits may include earlier or more flexible provision of important infrastructure services than would be possible under a public procurement, or the establishment of better benchmarks for publicly delivered services.

(New South Wales Government 2001: 46)

One ponders on what their knowledge is based on. They are, through their publication, providing their knowledge into a public arena. An interpretation of that knowledge is that positivism prevails. Their description of qualitative seems to be only defining the quality (validity) of quantitative assessments. The first dot point states that risks [financial] not easily quantified become qualitative. One suspects that if the project risks aren’t described in measurable data then they will fail in their bid to pass the public sector comparator assessment, assessed as unacceptable quality.

Similarly the other dot points are based on measurable aspects; credit is a financial assessment based on the measurable unit of money (perhaps its relationship with time as well); proven reputation would be from a financial perspective. Again in the third dot point if it isn’t possible to quantify it then it must be considered as qualitative. The final dot point consolidates its view by returning to how the financial modeling is assessed.

In terms of their epistemology it is suggested that their use of words is confusing and instead of claiming their considerations are qualitative, they are in fact qualifying or justifying by relying on financial considerations and no intangible social aspects. Their analysis of proposals might always be considered from an economic rationalist (positivist) paradigm.

A General Evaluation of Public Private Partnerships

As evidenced from the aforementioned examples, and the day to day projects that impact on the community, PPPs are considered to be a substantial mechanism in today’s economy. The intended advances for these are further evidenced by tertiary educational institutions now conducting courses (Degrees and Masters level) in PPPs
It is significant to note that PPPs have developed such a national significance within Australia that in 2004 a National PPP Council was formed. This body consists of the state and federal governments and currently is meeting annually in the National PPP Council Forum (see www.pppforum.gov.au).

The issue of PPPs is not confined to Australia (Ikonomopoulos 2005; Perestrelo and Pinho 2005; Terpstra 2005; Pongsiri 2002). Hurst and Reeves’ (2004) analysis of Ireland’s first PPP quote the Department of Finance 2000 report whereby Ireland’s infrastructure deficit was defined as:

- Has the longest delivery times of eight capital cities surveyed;
- Is ranked just 13th out of 16 countries concerning length of motorway per 1,000sq.km [sic]
- Is ranked top of ten countries surveyed for the proportion of goods transported by road
- Is ranked eighth out of ten countries examined for rail infrastructure quality; and
- Is ranked last out of 15 countries for access to broadband lines.

(Hurst and Adams 2004: 380)

Ireland’s Department of Finance has soundly endorsed the worth of PPPs in their 2004 report to the Public Accounts Committee and highlight that one of the road infrastructure developments has been recognised with outstanding awards (2004: 2).

In the United Kingdom the evaluation of the PPPs has resulted in the transition of the Government agency (Her Majesty’s Treasury) entering into a PPP to run the Partnerships UK agency (HM Treasury 2003-2004: 3)

Although much has been written to promote the view that PPPs reduce the level of public debt and that they are based on value for money, Quiggin states that the supposed reduction in debt is illusionary. He cites Pierce and Little:

Even though social infrastructure may be financed by the private sector, the Government, through payments made through the contract’s life will ultimately fund it.

These payment commitments are as real as those associated with servicing balance...
sheet debt and in the context of a Government’s fiscal strategy, need to be considered in a similar manner.  

(Quiggin 2002: 30)

Their point about PPPs is they are:

Not a magic pudding …. PPPs do not provide governments with an additional bucket of money for use on infrastructure projects.  

(Quiggin 2002: 30)

Quiggin (2005) goes further in his assessment and claims that much of the political appeal of private infrastructure programs continues to rest on the attractiveness of using private funds to provide infrastructure that debt-constrained governments are reluctant to fund.

PPPs do have some other downsides to consider. The contractual imposition and ongoing relationships of the partnership (Quiggin 2005); the potential for a lack of innovation (Hurst and Reeves 2004) and the non-disclosure to the public of the Public sector comparator estimates. A partnership is normally a relationship between specific parties, and within the context can be assumed to operate on shared understandings of mutual benefit, rather than relying primarily on written contracts (Quiggin 2005; Hurst and Reeves 2005; Armistead and Pettigrew 2004). Much of the political rhetoric surrounding PPPs suggests that the public parties to these agreements anticipate a partnership of this kind.

Quiggin (2005) (Armistead and Pettigrew 2004; Edwards and Shaoul 2003) states that the public partner is indeed committed to the relationship, with little or no ability to walk away from the deal. Changes of government have frequently been followed by attempts, typically unsuccessful, to renegotiate agreements. Such episodes suggest that shared understandings are unlikely to persist through the life of the PPP project, but that contractual obligations are durable.

History has shown private parties can walk away from unfavourable contracts, relying, if necessary, on the protection of bankruptcy. Equally importantly, the income flows and obligations on the private side of the deal are tradable and actively traded assets. Shared understandings with a private partner are of little value if the asset is sold to a third party.
Quiggin (2005) acknowledges\textsuperscript{35} that although the central argument in favour of PPPs is that they permit a socially desirable transfer of risk from the public to the private sector, inappropriate or poorly designed partnership arrangements can result in the creation of new risks, and corresponding increase in the average cost of service provision. There have been numerous instances where governments and service consumers have faced costs greater than those originally anticipated, or where contracts have failed, leaving governments to step in as service providers of the last resort. A recent example of this situation is the Sydney Airport Rail link as reported in the on-line news services (www.news.com.au and www.smh.com.au) on 11 March 2006:

The line's operator, Airport Link Company, went into receivership six months after the service opened in May 2000. The rail link triggered a long legal battle with the state Labor government, which had to spend $800 million to extract itself from the contract that required it to top up shortfalls in revenue below forecast levels.

In October, the government estimated it carried 14,000 people a day, well below the forecast 48,000. (www.news.com.au: 11 March 2006)

The Sydney Morning Herald’s Baker and Nixon had this to say:

Sydney’s airport rail link - which has cost taxpayers $800 million and been mocked as the "ghost train" - will be put up for sale as early as next week.

It was another disastrous episode in public-private partnerships, long before the Cross City Tunnel debacle.

…the $12 one-way fare from the airport to Central, which has been blamed for keeping thousands of travellers off the line. It costs only $2.80 to travel to Central from Wolli Creek, the first station after the airport on the East Hills line. (www.smh.com.au: 11 March 2006)

Hurst and Reeves (2004) found that in Ireland there was little information available in the public domain to verify what the results of the Public sector comparator were in relation to assessing the value for money issue. It was a matter of government

\textsuperscript{35} In November 1998 Graeme Samuels and Professor John Quiggin had a public debate about NCP. During the introduction Samuels had this to say about Quiggin:

Professor Quiggin is well known for his critiques of many ‘mainstream’ economic policies and/or policy bodies. For example, his book ‘Great Expectations’ sets out what he sees as the ‘micro gains from micro-reform’. He has also made a number of public criticisms of NCP
policy in Ireland not to publish them. In the UK the Institute for Public Policy Research (IPPR) found:

In 2002 ippr [sic] returned to the publicly available evidence on cost comparisons between PFI bids and public sector comparators. Out of the 378 PFI projects completed by central and local government at the time only 23 projects (6 per cent) had had any independent examination of value for money by official audit bodies. Again, we found that the PFI picture was mixed: some deals demonstrated significant evidence of lower costs, whilst others, notably school PFIs, languished behind. (Maltby 2003)

Hurst and Reeves’ study concluded with a cautious view on innovation. They found that there was a tendency to focus on the efficiency gains financially rather than developing improved methods and products, or in their words implementing innovation (2004: 385).

Despite the criticisms of the PPP model that have been presented above, there is little likelihood that systematic programs aimed at promoting contractual partnerships between the public and private sectors will be abandoned. As seen in the review of this topic, governments are moving towards PPPs and setting up agencies to progress them. Indeed it has taken on a national significance in Australia with the formation of the National PPP Forum. What emerges from the data is that the construct of governance is positivistic and reflects the leadership of public policy in Australia.

**Philosophical Considerations**

What is offered here is in accordance with Action Research and that is to reflect on several complex concepts of epistemology and ontology. The challenge is to write, or paint as it were, with some semblance of coherency so that the complex and abstract may be explained in a manner that allows the reader to interpret the brush strokes on the canvas to see the artist’s intended picture. In this case it is a picture that can be viewed from outside the traditional box that can consider other paradigms to address problems such as defining the *public interest*. A deeper journey of reflection about the consequences of the research so far is depicted in Figure 4.5 (a refinement of Figure 4.1) and shows how this process can be considered. In this case an examination of the underlying issues that create a PPP.
Therefore the philosophical assumptions need to be identified and considered. The chapter addressing methodology discussed the concepts of abductive, inductive and deductive logic. These are not the only contemporary types of logic. The Critical Realists introduced the idea of *retroduction* (Contu and Willmott 2005; Reed 2005) and the Critical Theorists (CT) advocate the notion of *dialectical logic*.

Carr (2000: 216) explains that “dialectical relationships do not express simply the existence and non-existence; they also recognise the other possibilities available in the whole.” He cites Arato and Gebhardt:

> For example. The dialectical contradiction of ‘a’ is not simply ‘non-a’ but ‘b’, ‘c’, ‘d’, and so on – which, in their attempt at self-assertion and self-realisation, are fighting for the same historical space.

(Arato and Gebhardt 1993: 398)

Dick (undated) endorses the worth of a dialectic approach in action research.
Critical Theory according to Burrell and Morgan is:

a brand of social philosophy which seeks to operate simultaneously at a philosophical, a theoretical and a practical level. … its proponents seek to reveal society for what it is, to unmask its essence and mode of operation and to lay the foundations for human emancipation through deep-seated social change. It is an overtly political philosophy, in that it stresses the need to follow the logic of one’s philosophical and sociological analysis with practical action of a radical kind.

(Burrell and Morgan 1979: 284)

Contrary to Burrell and Morgan’s warning that Critical Theory is a political philosophy, it is considered here that politics and philosophy is practically a tautology – the polity is, afterall, an individual’s (or collective) world view.

Carr (2000) views Critical Theory as offering:

a form of knowledge that is multidimensional, avoiding the reduction of knowledge to linear, quantitative-empirical perspectives. Critical theory is also reflective; opening doors to new possibilities by exploring unexamined assumptions and comparing these with the resonance of lived experience.

(Carr 2000: 216)

The ideas that come from Critical Theory can be contained within constructivism and sit within the interpretivist subjectivist continuum. The context of the Critical Theory paradigm is considered in this dissertation because the politics that Burrell and Morgan refer to are in the context of the challenge of power and the administrative state (Abel and Sementelli 2002) which are important to governance and therefore social issues.

Kemmis (2001) endorsed Critical Theory for its relevance in action research:

Problems about the nature of practice, the relationship between theory and practice, the relationship between systems theory and theories of social action, tensions and interconnections between system and lifeworld, the relationship between critique of the philosophy of the subject and the critique of the social macrosubject … are highly relevant to contemporary understanding of the potential and limitations of our theories and practices of action research.

(Kemmis 2001: 101)

This chapter is titled a constructivist interpretation of PPPs, so the consideration of the Critical Theorists’ paradigm begs the question. Primarily this is following abductive logic. It is looking to other schools of thought for the possibilities to explain certain things under question. This is explained by Gergen (who uses empiricism as a synonym for positivism):
In contrast to empiricism, constructionism [sic] finds its early roots in the sociology of knowledge and the history of science. However, constructionism views have been deeply enriched and expanded by more recent developments in literary theory (poststructuralist and deconstruction theory most visible), critical theory (from the Frankfurt school to contemporary feminist theory), social theories of power (most notably, Foucault’s work), rhetorical analyses of rationality and objectivity, and philosophic contributions to neo-pragmatism (from Wittgenstein to Rorty), among the most prominent.

(Gergen 2002: 188)

He progresses to state that ‘because disciplinary practices are inevitably linked to preferred ways of life, claims to knowledge are never neutral in their societal ramifications’ (2002: 189).

By now we may have reached a point of perceiving significance in the constructed idea of public interest (and test) as the foundation of governance. What hasn’t been considered so far is the relationship between governance and power. This is important as it explains why the positivist paradigm is in fact the dominant one in the manner that the public interest is currently interpreted and applied.

**Governance and Power**

At this point let us take a short detour to illustrate the consequences of the power relationship between government and society that Russell and Gaubatz (1995) used in their critique of Gergen’s (1994) views of postmodernism. They make the point that when it comes down to the philosophical discourses, the arguments are really for the “educated elite”. They point out that “you won’t hear much about these opinions in discussions by construction workers or low-income housing residents.” However Russell and Gaubatz alert to the influence the educated elite have on others.

First impacts should not be mistaken as the only impacts because postmodern discourses, like theoretical discourses in the past, come to affect individuals who, by design or otherwise, are kept dangerously unaware of the concerns of the elite.

(Russell and Gaubatz 1995: 389)

Russell and Gaubatz (1995) use the example of architecture, and this may be an appropriate illustration for two reasons: firstly, that infrastructure has been one of the main features of the PPP concept, and secondly, in this example, the effect of policies and the current governing paradigm on society.
An example from architecture, in which the discourses of early 20th century modernism came to affect the lives of America’s poorest citizens. Replacing run-down tenements with minimalist high-rises, modernist architectural designs were intended to impose order on what was then perceived as the morally debilitating clutter and disorganization of traditional cities. Instead, when applied to low-income public housing, modernist buildings disrupted their residents’ family and community lives and compromised long-standing patterns of urban economic development.

Informed by the abstract discourses of postmodernism, debates now rage over plans to replace public housing high-rises with “contextual” low-rise apartments scattered throughout and integrated with their neighbourhood surroundings. “Warm” buildings, modestly scaled and pleasingly detailed, are projected to have their own effects: enhanced parental supervision, improved community relations, and diminished social and economic stigmatization.

(Russell and Gaubatz 1995: 389)

The AR process as applied to the thinking here can make a transition from accepting the status quo of governance (the acquisition of the knowledge that is published by the administrative state) to then critically reflect on these concepts, albeit informed by alternative views (see Gergen, McNamee and Barrett 2001 on *alternity*). This process of critical reflection helps to construct broader horizons to develop greater acuity of understanding. Gergen (1994) in his advocacy for postmodernism promoted it this way:

Postmodernist thought does not operate as another totalitarian discourse, ruling out certain ways of speaking or acting in favour of others. Rather, it operates as an invitation to reflexivity, encouraging one to consider all propositional realities and dictates as local, provisional, and political.

(Gergen 1994: 414)

At this point let us clarify that the purpose of taking these further steps into the pool of thought is not to create a subversion or a criticism but to look at the topic from different perspectives (to triangulate) to get a better understanding of what lies beneath. That is why the Iceberg model is favoured as a model in Figures 3.1 and 3.5. We see things that are apparent, but we don’t usually take time to delve more deeply into what is not easily observed. There is no suggestion that any of this is being hidden from the public. To the contrary, the information is there for exploration, discovery, collection and refining for enlightenment.

As a leading contemporary critical theorist Habermas believes, there is a difference between *morality* and *ethics* (Abel and Sementelli 2002; Moon 2003; Burrell 1994). He expressed *morality* as a social norm and *ethics* to be a determination between
good and bad (2003: 266). It is considered that governance is for the most part a morality issue. The issue of having good governance is perhaps an ethical one – the way it is applied is a moral one. The morality is therefore determined by the public interest, but the public interest is interpreted by the dominant paradigms of the leadership. As leadership is contestable and changes, the morality of governance therefore changes, but the presence of governance itself does not change. According to Moon (2003: 272) Habermas is of the view that the public interest is really a matter of “‘public reason’ and that the use of reason, a form of practical reason accessible to all, giving rise to the criteria determining the validity of moral norms”.

Gergen (constructivist) and Habermas (critical theorist) can be interpreted to mean that the crafting of the conversation (submission) is the key to an ‘emancipation’ – getting what you want from the bureaucracy.

Here the Adams and Hess (1999) view of contestability is found to perhaps be grounded in the views of Habermas (1984) and Gergen (2001), allowing for the public’s views to be expressed in communicative action. The extreme of communicative action is civil disobedience or public rallies.

It would be reasonable to ask at this point: “Is there a difference between what is defined here and the more widely understood concept of negotiation?” Basically the point is for community based organisations to have an understanding of the governance issues to then know how to construct submissions or conduct negotiations to assist them to achieve their strategic goals.

Observations of Different Paradigms in Governance

What has been attempted throughout this chapter is to provide tangible, published examples of governance and to consider the deeper theoretical issues of epistemology and ontology. The intent of this chapter, then, is to link theory and action.
To conclude this chapter let us consider some examples of how the two different paradigms, dominant during the time of respective leadership of Australian political leadership, have differed over recent years.\(^{36}\)

The first is from the transcript of the former Prime Minister John Howard delivering the 1997 Sir Robert Menzies Memorial Lecture *Australia and Britain; The Contemporary Partnership in a New International Environment*:

> The government is committed to implementing policies that create an economic environment that is conducive to investment, jobs and growth. That requires fiscal stability, structural and taxation reform, strategic intervention and a reduced burden of business regulation.

> The Australian liberal tradition embraces the philosophies of both Edmund Burke and John Stuart Mill. It draws on both the classical liberal and the conservative political traditions. It emphasises the importance of individual freedoms and responsibilities, and the relevance of values and obligations in securing outcomes that are in the national interest.

(Howard [online] 23 June 1997)

The second is from a speech by former Prime Minister The Hon R J L Hawke AC delivered in 1998 at Old Parliament House, Canberra for the series *Prime Ministers on Prime Ministers*:

> But while intelligent pragmatism is an inevitable and proper part of the political process I do believe there is one constant and over-riding moral imperative - the right of every citizen to have the opportunity to develop and utilise his or her talents in gainful employment and, if this is not possible, to be sustained by those who are so employed. This imperative implies other constants. First, racial prejudice can have no place in the conduct of our domestic affairs or international relationships.

> Second, the relationship between citizens and government is not simply one of rights but of mutual obligations. … Good policy and a civil society is more likely to emerge from a mutually informed relationship between government and the people.

(Hawke [online] 5 March 1998)

The interpretation of the policies of the government of the day is facilitated by the public service. According to Abel and Sementelli (2002) the Critical Theory advocates see power as a domination of society and that “public administration agencies are the loci of domination”.

In Habermasian (1984) terms, public bureaucracies induce coordinated action outside of the “life-world,” developing by themselves as structure of expectations, cognitions

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36 This is not a political commentary - it is acknowledged that Hawkes’s world view was perhaps indicative of the times and that there continues to be a shift in the dominant paradigm in governance.
and epistemologies (reflecting society-wide relationships of domination) beyond the interests of the individuals and groups to whom they administer. Thus the exercise of domination through the power of public agencies inhibits the capacity of individuals to act as creative, reflective agents free of misconception about their own interests.

(Abel and Sementelli 2002: 260)

And so the debate on the public interest continues, unresolved, but perhaps conveniently so. In any case, community based organisations can benefit from a comprehensive understanding of this essential aspect of public policy and governance.

CONCLUSION

Much has been covered in this chapter. It commenced with defining the concept of a Public Private Partnership and its associated forms. It then explored the background of public policy that has enabled PPPs to become a significant factor in the economy.

In adjusting our perspective to focus on the concepts that are the foundations of governance we have refined our perspective to explore the deeper and more obscure aspects of the paradigms (primarily the dominant ones) and how governance impacts on the public. This has been done initially through a modernist perspective and then reviewed with a postmodernist perspective. In any case perhaps it can indeed be said the individual will interpret to make sense of its experience. The interpretation can deepen by acquiring more understanding of the subject in question: in this case governance and its implications in PPPs.

It would be unhelpful to not-for-profit type community-based organisations, primarily run by volunteers, to try to revolutionise the conventional approach to governance. These organisations need to function in a way that enables them to occasionally contest public policy. Whilst this does not advocate conformity, it hopefully does provide insight to assist the strategic thinking for these organisations.
CHAPTER 5

MANLY WARRINGAH BASKETBALL ASSOCIATION
INTRODUCTION

This chapter provides a broad narrative of the events that took place during the application of the research methodology as it was used by the consultant taskforce. The taskforce was convened in accordance with terms of reference (TOR - see Appendix 7) provided by the Board of Directors (the Board) of Manly Warringah Basketball Association (MWBA). The Board was seeking guidance to design and implement necessary changes to improve their business practices. The MWBA had experienced a significant financial downturn and were reported to be $47K in debt. This was a steady decline from a previous prosperous era of the organisation.

It is within this frame that there are two processes to be aware of that have contributed to change in MWBA. Firstly, the application of the previously discussed constructivist methodology to gain knowledge from the research and secondly, the process consultation (PC) (Schein 1988) applied during the action research to transfer actionable knowledge to the Board to improve their capability. Schein describes this process as:

PC is a set of activities on the part of the consultant that help the client to perceive, understand, and act upon the process events that occur in the client’s environment in order to improve the situation as defined by the client

(Schein 1988: 11)

The main focus of this chapter is how the taskforce addressed the terms of reference; what processes were applied; what issues emerged and what the outcomes were during the period of March to October 2005. There were several outcomes, some immediate successes and some yet to be fully appreciated (such as improving strategic planning), as well as many learning experiences.

The chapter will progress by briefly reflecting on the history of the Association and its attempts to acquire its own stadium and define its current structure. The account of the events and processes addressed in this chapter are referenced from data collated throughout the research. These include a large volume of emails, journal notes, internal and research memorandums, interviews, historical data including correspondence and press releases, minutes of meetings, annual reports and online material.
In this chapter the reader is taken into the fieldwork journey as it unfolded for the researchers. It is in chronological sequence of how events and research cycles developed. From an action research perspective, the cycles demonstrated in Zuber-Skerritt and Perry’s model (2002) Figure 3.4 (see page 97) apply to the field work discussed here.

The use of the process enneagram (discussed in Chapter 3 Process) was particularly helpful in several aspects; as a ‘moral compass’ and as a team building tool. It helped keep an in principle general direction for the research by using it to craft taskforce discussions to identify expectations and standards.

This assisted the action research in two capacities – planning and reviewing. The planning stage of the work received focus at appropriate times rather than by ad hoc arrangements. It also provided a deliberate point of reference for the review/reflection stages of the action research cycle.

There was an immense amount of data generated and gathered through applying the action and observation stages of Cherry’s action research model (see Figure 2.10 page 59). The collection and analysis of the data has been discussed at length in Chapter 3 Process.

Each item discussed has evolved from a starting point. The reader is asked to bear in mind that when the taskforce was initially convened none of the members had any specific knowledge of the business and financial aspects of the organisation. However each member had expertise to bring to the assignment.

The frequent meetings of the taskforce were vital in an action research context to plan the work (actions); report observations and discuss (review) the outcomes.

The generated data subsequently gathered from any of the action stages was relative to the individual assignments allocated during the planning stage. The concurrent execution of assignments typically included tasking of interviewing, researching or other activities as agreed necessary by the taskforce.
All the meetings were minuted and became the subject of an immense number of research memorandums. There are several amended\textsuperscript{37} examples of these in Appendix 2.

The research conducted into MWBA reached a point that it was necessary to embark on a new stage in the research to learn about NBISC. MWBA had wanted to grasp a better understanding of NBISC’s complete identity; how it operated and what its relation to other entities, government and non-government.

ETHICS

In accordance with the ethics of this research it is necessary to make it clear that concurrent events in relation to staffing changes at MWBA are not consequential to recommendations of the taskforce nor are any comments that arise during this discussion intended to adversely reflect on those staff or members of the Board. Comments are from observation and intended to be principle based only and not making any evaluation or judgment on personalities involved.

BACKGROUND

The Manly Warringah Basketball Association (MWBA) formed around 1956 in the Narrabeen area of North Eastern Sydney. It was initially known as the Manly Warringah Amateur Basketball Association (MWABA) and for several decades its home courts were at the State owned Narrabeen Fitness Camp. Since 1956 MWBA has developed many championship teams, fine players and several Olympians. In the late 1980s it became evident to the MWBA that significant changes were necessary. In some ways this was being forced on them through the changes in the management and purpose of the Academy of Sport’s Narrabeen Campus\textsuperscript{38}. MWBA responded by actively seeking to construct and manage its own stadium.

\textsuperscript{37} These have been amended due to privacy considerations, primarily removing names of individuals.

\textsuperscript{38} The Narrabeen Fitness Camp changed its name to the Sydney Academy of Sport in May 1987 as part of a NSW Government initiative.
Since July 2001 the home of MWBA is the recently constructed Northern Beaches Indoor Sports Centre (NBISC). MWBA is in partnership with several other entities that initiated the establishment of NBISC. MWBA continues to deal with change to adjust to environmental factors both internally and externally to the organisation.

The MWBA administration is conducted from rented offices in NBISC. It has three paid staff members and is governed by a board of twelve directors who are volunteers. While today there is some defraying of expenses for representative level coaches, most of the contributing efforts of members and coaches is on a voluntary basis. MWBA is a not-for-profit organisation that has an annual turnover of more than one million dollars. Its financial membership fluctuates around 2000.

The age of the members ranges from young children to mature aged adults. The level of competition that is administrated by MWBA for both genders covers: ‘Potter League’ for primary and infant school children; age group local competitions; open aged local competitions; representative age group teams to the highly competitive Australian Basketball League. It is one step below the professional ranks of the men’s National Basketball League (NBL) and Women’s National Basketball League (WNBL).

MWBA had been on a long crusade to build and own its stadium. In May 1987 the Fitness Camp’s status was changed to become one of the New South Wales Government’s Academy of Sport campuses. Management decided to accommodate elite sporting programs and advised MWBA that they could no longer provide certainty for uninterrupted scheduling of local competition games. The threat of the massive inconvenience to the management and membership of having to reschedule games and administrate make-up games advanced MWBA’s resolve to find its own stadium. MWBA long held the view that the rent paid for the use of stadiums could service the debt for its own stadium.

This lead to many years of negotiation with the Warringah Council from early 1986 (see Appendix 6 for a comprehensive timeline from April 1986 to December 1995). The eventual outcome was that MWBA and Warringah Council went their separate
ways when the Warringah Council’s financial assessment unit declared that based on the Warringah Council’s modeling and forecasting it was not a viable proposition.

New avenues for MWBA developed in late 1996 to explore partnerships with other sporting and public bodies in the Pittwater Council region. This is explained in greater detail in the chapter on NBISC, suffice to say that in the space of four years MWBA was playing in a purpose built four court stadium on the grounds of the Narrabeen Sports High School. This was in stark contrast to the previous ten years of negotiations and hard work only to produce disappointment.

In early 2005 informal auditing, instigated by the then President revealed that there were financial problems emerging for the organisation. An informal reconciliation of the accounts presented to the auditor by the then Executive Officer of MWBA were compared to the accounts presented to the Board and revealed a discrepancy of $47,000. Discussions between the then President and the auditor resulted in a hypothesis emerging that there were at least two sets of accounting figures for the organisation. A full audit was conducted and many concerns were raised primarily around the collection of money owed to the MWBA by unregistered members, other sporting organisations, school contracts, to account for the discrepancy.

This was a matter of concern to the Board. They deliberated over what to do to address this and in March 2005 the Board approved terms of reference being referred to the taskforce.

Within an action research perspective this was unknowingly consistent with what Cherry (1999: 60) described as an investigation commencing like a fishing trip: with a hunch the waters are worth fishing. This really was the first step to commence an action research project.

**Creation of the Taskforce**

The taskforce was convened on a voluntary basis. The President of the MWBA reviewed the database of registered junior players to identify the profile of the occupations and professions of parents. The intention of the Board was to gather a
small group of executives who had a pedigree across a broad managerial skills base. These skills ranged from financial acumen, strategic planning, sales, to high level administration and business expertise.

The heartland of MWBA is the Northern Beaches area of Sydney. The demographic of this area is well known for its relative affluence and there was a history within the association of players coming from some extraordinarily high achieving families. The database search proved fruitful and the following people accepted the request to participate and contribute on an unpaid voluntary basis:

Owen Evans – Chief Investment Officer, MIR Investment Management
Peter McLean – Chief Financial Officer, Warner Bros (Australia)
Angela Peverell – Business Strategy Manager, Aristocrat Technologies (Australia)
Rick Westmoreland – Vice President, Boeing Aircraft Sales (Australasia)
Paul Manuell – Taskforce Chair

From an action research perspective these people were co-researchers and although related to the association, were considered to be outsiders as they were not directly part of the management of the organisation. The Board felt this was desirable as it would provide expertise on an impartial basis. None of the taskforce members knew each other or had, at that time, been members of the Board.

In the context of the research methodology it was an ideal situation to allow for the multiple perspectives of a constructivist approach to be applied. It would be a Greenfield approach and therefore a self-organising system (Wheatley 1999).

**Terms of Reference (TOR)**

The full terms of reference are found at Appendix 7. There were several important aspects to acknowledge. The first was the objectives of the terms of reference. These were:

- To investigate the business and financial history and structure of MWBA
- To recommend to the Board of MWBA short term and long term business and financial strategies of the Association as a whole as well as its sub-divisions.
• To oversee implementation of the recommended strategic measures adopted by the Board.

(Internal Memorandum MWBA March 2005)

These objectives were to be achieved by October 2005 and the taskforce was given a roving brief to access any MWBA information.

The timeframe was stipulated to have four separate stages. It did have flexibility within the deadlines and these were at the discretion of the taskforce:

Stage 1  Investigation should commence in April and take 2-3 months.
Stage 2  Interim report foreshadowing recommendations should be made to Board meeting in August, 2005.
Stage 3  Final Recommendations due to the Board at meeting in October 2005.
Stage 4  Implementation as directed by the Board after adoption of recommendations as a whole or in part.

Additional time required for any stage may be applied for.

(Internal Memorandum MWBA March 2005)

The terms of reference did not mention any funding, nor was there any allocation by MWBA for the taskforce. Materials used during the taskforce’s work were all donated by the participants. As the Chair (and student doctoral researcher) I provided the secretariat for the taskforce.

Getting Started

The taskforce held its first meeting on Friday 1 April 2005 at NBISC. After introductions had been exchanged the participants received a briefing from the president of MWBA covering the issues that had been recently discovered and the rationale for convening a taskforce. The President also delivered a brief snapshot of the MWBA’s involvement and relationship with NBISC. Taskforce members were provided with a handout from MWBA to give them further insight into the operations of the MWBA.

In the context of action research and grounded theory data gathering, general observations of the group dynamics recorded that they all had a highly developed sense of business and managerial practices, probably indicative of their senior positioning within their respective organisations.
In the consequential questioning of the MWBA management Board during the first briefing, it was apparent that there were significant managerial concepts that were unfamiliar to the Board. The clearest indicator of this was the response to a question from the taskforce about the MWBA’s nonfinancial indicators and goals. That response, which did not address or identify any nonfinancial targets, demonstrated this was a concept that was not understood by the Board members present. This was probably the first indication of the general level of acumen the Board had in strategic planning concepts. From an action research perspective this was one of the first triangulation exercises. It also took Dick’s validation model (see Figure 2.9 page 60) into practice seeking the confirming theory and any disconfirming information.

It also became evident that this was consistent with stages 1 and 2 of Cherry’s action research cycle: attending, noticing, diagnosing, focusing and refocusing (see Figure 2.10 see page 59).

As a first blush with the financial appraisal the fiscal ‘gurus’ of the taskforce felt that MWBA’s financial predicament was not catastrophic and there were inherent advantages in the nature of the business MWBA was in. They recognised that the income generated was primarily from a large membership base and this paved the way for a security of an assured annual income to service reasonable debt.

The appointed Chair of the taskforce had the challenge of how to mould this group of people into a team. This was developed by design and the first step after personal introductions was to introduce an easy to understand process. Having fruitful experience with the process enneagram (see Chapter 3 Process Enneagram page 86) in working with other teams it was decided to introduce it to the taskforce. This is discussed in more detail soon.

**Positioning of the Taskforce**

The question of whether the taskforce should become part of the Board was raised in the first feedback from the Board about the meeting. It was recognised that the expertise inherent in the taskforce would be autonomous and it could be regarded as
a complex adaptive system that would develop its independent sense of identity. The context and purpose was defined by the Board’s terms of reference. It was felt that the time the taskforce volunteers had devoting to the terms of reference would be quite demanding and if it were to be involved in the Board there would be other issues that would emerge and distract the taskforce from its purpose. The taskforce members were already committed to very full lives, not only from their respective employers, but from family commitments as well (not the least being their support of their children’s participation in representative level sport). The question was resolved by acknowledging there were going to be good lines of communication between the President and the taskforce Chair to enable regular reporting to the Board.

Herr and Anderson (2005: 39) identify this type of positioning for action researchers as insiders (of the organisation) inviting outsiders to do a collaborative evaluation.

This has been represented in Herr and Anderson’s table representing the different participatory methods (Table 5.1). The researcher’s relationship with local involvement can, through design, freely progress through each stage. There were several stages during the life of the taskforce which saw changes in the process overall and the positioning shift through the different modes of participation outlined in Herr and Anderson’s table. The taskforce was mindful to eventually effectively apply the co-learning with the ambition to see an eventual shift to collective action methods of participation, also known as process consultation (Schein 1988). This was because the Board was staffed by volunteers who would benefit from learning and applying new business concepts.

The first position was the co-option or consultation position, aiming to understand the research situation. The final stage would be achieving collective action where the local people take care of their own needs and the taskforce would no longer be needed.

Again this is consistent with Schein’s (1988) advocacy of process consultation. It sits well with the constructivist methodology, covering the with and for the participants and now adding the extra step of by the people.
Mode of Participation | Involvement of Local People | Relationship of Research and Action to Local People
--- | --- | ---
Co-option | Token; representatives are chosen, but no real input or power | on
Compliance | Tasks are assigned, with incentives; outsiders decide agenda | for
Consultation | Local opinions asked, outsiders analyze and decide on a course of action | for/with
Cooperation | Local people work together with outsiders to determine priorities; responsibility remains with outsiders for directing the process | with
Colecarning | Local people and outsiders share their knowledge to create new understanding and work together to form action plans, with outsider facilitation | with/by
Collective action | Local people set their own agenda and mobilize to carry it out in the absence of outside initiators and facilitators | by

**Table 5.1: Participatory Methods: Means to What End?**

*Source: Herr and Anderson 2005: 40*

**The Process Enneagram**

At the taskforce’s first meeting they were introduced to the process enneagram by the chair of the taskforce (see Chapter 3 Process for an explanation of the process enneagram). Being mindful that action research is to work with people, the taskforce needed a framework to define the team, its purpose, standards and expectations. This was necessary to define the culture of the team at any an early stage to fast-track its forming stage. This would enable good communication practices amongst the team with some boundaries for gentle persuasion methods to keep discussions focused on purpose without straying into side issues to could be
perceived as counter-productive. The limited available time of the taskforce was precious and they wanted it to work efficiently.

As a project management tool it provides participants with an excellent communication guide to plot the contextual map for discussions. There are various other project management tasking maps. McCann and Margerison (1997a, 1997b, 1997c) have advocated the team wheel and identified different types of meetings to cover different aspects of the project. Whilst this method is excellent, the taskforce was not in a position to go through a profiling exercise to identify each person’s preferences and roles within the group.

The use of the process enneagram helped take the taskforce into Cherry’s second stage: action planning, developing (working with people) strategies (Figure 2.10 see page 59).

Expectations Identified

The taskforce had its first workshop 13 April 2005. The venue was obtained through the taskforce’s network and had been chosen due to its proximity to the majority of the taskforce member’s homes. In email correspondence from the chair that was circulated to the members an explanation was provided why expectations were to be the first agenda item.

The key points were:

- Important concepts underpinning successful teams are communication, expectation and trust. The latter two aspects exist before an event occurs.

- Psychological contract this term explains how behavioural agreements are made between people. No money is exchanged, but its worth has intangible value because it can help to create conditions of trust. This facilitates honest and open discussions.

39 The location was later shared around in fairness to other members.
• **Trust** is largely based on **identifying** expectations in relationships. It can also help to reduce fear and can create a place of safety to experiment with new and creative ideas.

• By making expectations **explicit** it helps to reduce **assumptions** that can potentially have an adverse affect on a relationship.

• In the context of the taskforce’s task there are many parallels between organisational performance and a successful basketball team – many of the fundamentals are the same (for example; a playbook helps players understand the expectation of roles and coordinated positioning for team success). The process of identifying expectations can go a long way to creating **teamwork**.

• This can be achieved through exchange of contextualised **information** often by simply having **conversations** – engagement, explanation of concepts/ideas leading to expectation clarification (Kim and Mauborgne 1997).

• Expectations of each other are likely to be different, but people will benefit from sharing them. We probably don’t have to think too hard about our personal experiences with expectation mis-matches. This isn’t about being perfect, but it goes a long way to make life a little better.

• Finally, sometimes it is helpful to identify what your expectations are of yourself. There may be some personal goals that the group can help each other attain.

The following expectations are recorded as the taskforce defined them during open discussion of the first taskforce meeting together. These are all straightforward, however there is some brief explanation in some cases for some line items. There
are two categories of expectations; the taskforce’s behaviour (identity and relationship) and the expectations of the project.

**Taskforce**

1. Participation and attendance – to meet fortnightly and probably attend meetings 65% of the time reflecting a general tolerance of this fact of work and family life.

2. Little concern about the interaction within the group as there is no expectation of ‘winning’ at the end – there is nothing for the individuals to gain. *[It was at this point that participation in Doctoral research received unanimous approval]*

3. No major concern about the potential difference in input from each of participant. *[Different roles were anticipated from different members due to work commitments and expertise]*

4. The protocols for how we communicate with each other to be kept reasonably informal.

5. The participation of the members in the working party is recognised as voluntary.

6. That we are here to do some good for the MWBA.

7. Each of us has something to bring to the process.

8. Would like to see the establishment of protocols for:
   8.1. how we run a meeting,
   8.2. what do we have to do to prepare for a meeting,
   8.3. what are we trying to achieve,
   8.4. what do each of us have to contribute to that,
   8.5. clarification on what we have to do to follow-up to meet and interview other people.

9. That group discussion will allow for us to go on a particular tack from time to time and be allowed to explore those concepts.

10. That we try and stick with the subject, get the solutions and move on to the next aspect rather than going around in circles.

11. That there will be a high degree of trust in the advice that is provided from within our group.
12. Communication protocols – happy with emails and phone calls (voice mail).

13. That our representations to people outside our group will extend formal courtesy.

14. That we can develop an image of how we want to be seen by people outside our group.

15. That we co-ordinate our thinking and efforts rather than head off on individual tangents.

16. That we have a place of ‘safety’ to put forward any kind of ideas in the context of helping to come up with viable solution/concepts.

These last two points became interesting as any breaches of the former were forgiven by the attitude expressed in the latter. To illustrate this point; there were situations where members applied their own initiative without prior consultation and/or informing the rest of the taskforce of their pending actions. Whilst this was not an ideal situation, dot point 16 allowed this.

**Project**

1. Establishing the magnitude of the concern for the financial problem confronting the MWBA - a quick review of the financial situation (which looks okay at first glance).

2. That there will be a large number of people to visit, but also the likelihood of seeing about half of them under the prevailing circumstances of time constraints. *Although the taskforce intended to strive for thoroughness, it was recognised that it was not going to be possible to speak with everyone involved and therefore it became the taskforce’s discretion as to who was spoken with*

3. To find five or six issues and find a solution then provide a road map\(^{40}\) to deliver to the MWBA.

4. Opportunity for the working party to do an evaluation of the road map in a year’s time. *This is not included in this dissertation*

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\(^{40}\) The ‘road map’ took the form of a strategic planning report which is included as Annexure G
5. That there will be an improvement in the KM (knowledge management) of the association (at present there are no files).

6. To look at ways to enhance revenue through raising improved sponsorship and discuss this with sponsors (what they get and what they would like to get).

7. That it will be possible to quantify the debt owed by Basketball NSW to MWBA.

8. That a considerable amount of pro-bono resources will be available (legal and IT).

9. As MWBA is a non-profit organisation there is no expectation to see large amounts of profit – as long as the costs are covered and there is some money left over to possibly invest.

10. Important to get the MWBA to apply proper business practices.

11. That this team can take the MWBA into even greater shape.

12. That the reporting back to the Board be informal and minimal.

13. The fact there are 1600 young people involved lends itself to excellent labour resource.

14. That we can establish an alignment between what the President and the Board have asked the taskforce to do and what we think we can achieve.

15. That we are not out to ‘try and save the world’ but find three or four positive things that can be implemented.

16. The focus of thinking will be on medium and long term issues.

17. Develop greater insight into the current relationship and dynamics of sponsorship.

18. That there are limitations on the human resources available.

The lists were extensive and they were all considered by the taskforce to be legitimate and worthwhile over a comprehensive range of topics. Although there were numerous expectations, none of them were considered by the taskforce to be overly ambitious or unreasonable.

The taskforce then moved from the ‘global’ view to be more specific in areas defined by the process of the enneagram. They started with intentions. Superficially there seems to be no difference between the terms expectation and intentions, however
there are some important differences to consider. The expectations are best explained by equating them to the outcome desired; intentions are strategic steps addressing how the expectations can be realised and achieved.

APPLYING THE PROCESS ENNEAGRAM

Intentions
Step one was to identify the intentions of the working party and the project.

1. That the financial aspects are clarified.
2. That a business and financial strategy is developed with a view of the Association being able to evolve into a better performing organisation.
3. An outcome that sets the bench marking of the business – in terms of financial and non-financial targets – that in future this benchmarking will assist the association to accurately see how it is performing against strategic plans.
4. An outcome that will provide a leveraging position within the community.
5. That the contractual and governance relationships are clearly understood and applied.
6. This overall exercise is within the context of a change management process.
7. That the MWBA regards itself and acts as an accountable organisation throughout the administration and membership.
These intentions were revisited from time to time as a point of reference when categorising and analysing data.

**Standards and Principles**

The following were defined as the guidelines (standards and principles) to be used in conducting the taskforce’s work:

1. Long and short term considerations
2. The existing financial presentation (cash flow) be maintained and applied
3. Private and corporate business sector principles applied – particularly with establishing/verifying the key performance indicators (KPIs) – financial and non-financial
4. Accountability be observed as per prescribed governance, eg abiding by best practice in Occupational Health and Safety (OH & S) requirements
5. To be mindful of the reasons the organisation exists
6. The overall principle of sport being fun is recognised and maintained – hopefully this is reflected in the workplace for the current employees

Above all the taskforce wanted its work and conduct to be recognised as underpinned with ethical and legal standards and principles. It also aimed to apply the rigor of best practice managerial expertise in its advice to the Board.
Tensions and Issues

These were split into two aspects – short term and long term. In some cases issues are considered both short and long term matters. An underpinning question was: *is there more to this than meets the eye?* Upon each meeting of the taskforce in the initial stages, the information from the Board changed as more data was available from its audit process. This lead to a line of questioning for the taskforce that was consistent with grounded theory (see Figure 3.1 page 80).

Short and Long Term

Financial position

Although the perceived financial discrepancy was initially viewed as a short term issue, it was tied into sponsorship issues and the long term financial status of MWBA. The considerations were also for long term gain in sponsorship and for improving benefits of sponsors (current and future).

Succession Planning in the Management of the MWBA

As a long term issue the taskforce needed to determine the level of Knowledge Management (KM) for the organisation. This linked with assessing managerial capability for the sustainability of the improved practices that were anticipated to result from the work of the taskforce in conjunction with the Board. Early indicators from gathering research data were that there was little material stored in a retrievable or accessible form in relation to general internal knowledge management practices of the organisation. The corporate knowledge was with a few long term members of the organisation and some cases buried in archived files, or people’s memories. This was certainly the case in compiling a history of MWBA’s efforts with Warringah Council and the formation of NBISC.
The consequences of this important data were that communication and information flow was not ideal within the organisation. This was addressed later in the work of the taskforce when it progressed strategic planning.

**Relationship with NBISC**

Initially the question of what is NBISC and what is MWBA’s relationship to it was of significant interest to the taskforce and there was no immediate and clear answer. In the context of Cherry’s model this related to stage 3: observing, evaluating and concluding. This was particularly emphasised on the aspect of “What next?” This became an important area of research that lead to the ongoing research after the taskforce had disbanded. Consequently, due to the magnitude of the inquiry which was seen to be too specific and complex for the taskforce to address, it became an ongoing research topic for me. Although this is addressed separately in Chapter 6, it did have its genesis from this research cycle.

**Canteen**

The function and history of the canteen business within NBISC was also very unclear, yet there seemed to be a considerable financial benefit for MWBA. Aspects of the canteen that were to be considered:

4-1. profit purpose considerations
4-2. the private enterprise entity [it was being operated as an associated privately owned business in partnership with MWBA under an informal incomplete tender process issued by NBISC]
4-3. its relationship between MWBA and NBISC.

**Short term**

This was the period for the present financial year.

1. Court access and available resources [MWBA was committed in a long term agreement with NBISC for hiring of courts – this is addressed in greater detail in the Chapter 6 on NBISC]
2. Identifying sources of information
3. The status/content/number/obligations of all contracts (internally and externally)
4. Confidence of the board
4-1. Managing their expectations.
4-2. Minimising our assumptions.
4-3. Clarification of working party’s purpose.
4-4. Ensuring that relationships are good and no harm is done to anyone.
4-5. The signing of confidentiality agreements by the members of the taskforce.
5. Liability of the Board members.
6. The status of the $100K committed to the construction of NBISC.
7. Council and NBISC information (Freedom of Information issues).

**Long term**

This period included the current financial year, but was considering the longer term issues for approximately the next five years.

1. Relationship with NBISC and Basketball New South Wales (BNSW) 
   *Both regarded as influential in MWBA’s operations as the landlord and as the sport’s regulating body*

2. Making money for reinvestment and for fiscal support of the representative teams

3. Post 2007 lease of NBISC

**Strategies**

The taskforce needed to identify its strategy to address the aforementioned matters. Again this took the taskforce to stage 2 in Cherry’s model (Figure 2.10): action planning.

1. Meet with the board – to define boundaries and requirements
2. Obtain an up to date set of accounting figures from the MWBA
3. Conduct an analysis of comparative organisations (Hills Basketball Association and other local successful associations such as the Gymnastics)
4. Assess the financial loss for clarification (was there more to this than met the eye?)
5. Explore what assistance there is available through Government agencies, eg Sport and Recreation, Dept of Business (Federal and State)
6. Explore with the sponsors how they see the MWBA and their own satisfaction/suggestion for improvement. It was anticipated that this would lead to lucrative possibilities, for example Bill Buckle and his networks/local knowledge of developers and other similar sponsorship aspects.

Structure/Context

Primarily the context had been addressed earlier with the expectations and intentions. However the structure of the taskforce’s operations was that meetings were conducted fortnightly whenever possible. As a self-organising system the taskforce needed clarification for its systems and processes. In the early stages of the taskforce the following action research process had been attempted as described in Cherry’s model (Figure 2.10 see page 59).

By applying the action research cycle there was a focus to reflect on what had been discussed and to review what had been discovered by taskforce members in their investigations. This needed some coordination to try and have the taskforce progress together as a team. As time wore on this was not entirely successful, particularly in the execution of plans, however, in the initial stages the discussions on expectations were very effective. Discussing reviewing observations and planning were equally worthwhile particularly when comparing data from different sources on the same issue or topic.

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41 Bill Buckle is a high profile local car dealer. The company had an ongoing sponsorship to MWBA and other local sporting groups.
Advocating of the worth of shared vision it was apparent that from within the list of expectations two items were potential vision statements to create the context of the fundamental value/approach taken by the taskforce:

11. That this team can take the MWBA into even greater shape; and
15. That we are not out to ‘try and save the world’ but find three or four positive things that can be implemented

The management of the research project at that time was to continue to apply the process enneagram so the next step was to address the work. In terms of action research this is the action stage of the cycle.

**The Work**

<table>
<thead>
<tr>
<th>Structures/Context</th>
<th>Intentions</th>
<th>Standards &amp; Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning</td>
<td></td>
<td>The Work</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It was proposed that during subsequent meetings the tasking and work would be clarified. Therefore it was necessary to try and develop a technique for keeping track of the work/action plans with target dates identified. At one point it was suggested that in future meetings a protocol would be to use two white boards simultaneously – a bigger one for taskforce discussions and a smaller one for itemising tasking.

The matrix below (Table 5.2) was designed with the intention of using it as part of the ongoing management of the project tasking. Unfortunately it was only ever viewed at one meeting and generally seemed to hold little interest for the taskforce members.
<table>
<thead>
<tr>
<th>Task</th>
<th>Purpose/context</th>
<th>Allocation</th>
<th>Status</th>
<th>Target date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtain current financial records</td>
<td>Clarification of actual position</td>
<td>Paul to get from MWBA</td>
<td>Delayed due to further developments (DFD)</td>
<td>April ?</td>
</tr>
<tr>
<td>Details on NBISC structure</td>
<td>Governance assessment</td>
<td>Peter to do ASIC search</td>
<td></td>
<td>April ?</td>
</tr>
<tr>
<td>W/Party to meet with board of MWBA</td>
<td>Meet/greet – clarify expectations</td>
<td>Taskforce</td>
<td>Pending clarification of our processes and</td>
<td>When we are ready</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet with former President of MWBA</td>
<td>Fact finding</td>
<td>Taskforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet with Development Officer</td>
<td>Fact finding</td>
<td>Taskforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet with sponsors</td>
<td>Networking/relationship enhancement?</td>
<td>Taskforce?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identifying resources available from NSW Gov &amp; Fed Gov</td>
<td>Fact finding</td>
<td>Paul</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.2: Early administration proposal for the Taskforce.

What was soon to become apparent was that the work aspect quickly developed an unexpected life of its own. It was consistent with Dick’s observations action research (see page 64) that if a plan remains on track after fifteen minutes something is wrong.

**Early Issues**

Initially the taskforce tended to look for quick fixes. One of those was the political solution. This can be explained as a tendency to think in terms of trying to lobby local politicians to bring pressure to bear where necessary, including seeking increased funding.

Early discussions within the taskforce gave some rigorous thought to taking this approach which resulted in the realisation that the taskforce cautioned itself on any
further entertainment of the idea. This was an example of Dick’s model (Figure 2.15 see page 65) at work. Though probably not by intention at the time, the grounded theory analysis categorised the taskforce’s actions as being consistent with the cycle within a cycle. In this case there was a plan (to politicise) yet the critical review conducted resulted in this plan being abandoned. One of the predominant rationales generated by the critical review was if the basketball association was politicised, for example nominating a local member as a patron, there would be a perceived risk of ostracizing 50% of the members of the association.

More importantly, a lot of the issues that impact on the association are governance issues and these often rested in the domain of public servants, in agencies and/or regulatory bodies. It was realised that often politicians do take advice from them in operational issues, such as a possible funding crisis that MWBA was facing. Any solutions that may need government funded assistance would need convincing arguments constructed to result in bureaucratic buy-in.

In another aspect the quick fix was the prompt and decisive decision making that came naturally to some of the members of the taskforce due to their financial management expertise. Their appraisal of the balance sheets was that the business of the MWBA was healthy and potentially financially lucrative if certain minor things were applied. They assessed the business as having a large cash income predominantly from annual registration of playing members. The recommendation had been to collect the outstanding monies owed to bank it in an interest earning account. Other areas such as the fall in income from sponsorship helped target some specific aspects for the taskforce to research.

The second aspect of the balance sheet they were concerned with was the liabilities. Amongst these was the outgoing rent paid to NBISC which was in the order of $200,000 per annum. The focus on the NBISC aspect evolved into expanding research as a result of a desire to grasp a deeper and more comprehensive understanding of it and is discussed later in this thesis. Some programs for elite sport had escalating costs. An example of this was continuing involvement by the men’s and women’s senior representative teams in the Waratah Australian
Basketball League\textsuperscript{42}. Funding for this program relied heavily on sponsorships. It has the potential to draw more income from spectator entry fees by improving their attendance levels. There was feedback gathered in data from interviews and document research about a high level of discontent with this situation and that the Board was divided on continuing commitment to this program in light of the perceived financial downturn and the high participation fees imposed by BNSW on all the competing Associations.

Caution about the perils of the ‘quick fix’ were amongst early recommendations to the Board. To cite an early email (Sunday 8 May 2005) from the President to the taskforce Chair: “Any way we look at it from the Accounts standpoint alone WE CANNOT AFFORD NOT TO ADDRESS THIS IMMEDIATELY AND PROPERLY.”

The taskforce was quite concerned with many of the issues that came to light but had been addressing them from a managerial perspective. On 13 May 2005 the taskforce responded (by email) to the President’s call for an immediate addressing of the accounts:

In consideration of the current issues that have been recently identified through the investigations that the Board has been involved with, the taskforce has a request of the Board as well as some recommendations (both short and long term implementation).

**Short term:**

Establish and understand the current financial position (aka debt).

The creation of a process/system to ensure the full collection of money and that this is centralised

The creation and implementation of secure handling of money (in particular cash)

That the Board is mindful to respond - not react to the current economic and business issues. To use a quote from Peter Senge to illustrate this point: *All too often proactiveness is reactivity in disguise. If we simply become more aggressive fighting the ‘enemy out there’ we are reacting, regardless of what we call it. True proactiveness comes from seeing how we contribute to our own problems. It is a product of our thinking, not our emotional state.*

\textsuperscript{42} The Australian Basketball League is the highest amateur level competition and is recognised as a feeder competition to the professional level of basketball in Australia, the National Basketball League (NBL).
**Long Term:**

The creation of a revenue based culture within the organisation.

(email communication)

The President responded the same day and in an excerpt of that email stated:

You are right, all of this is a “reaction”. I was hoping timing would allow us to investigate all the aspects of the Association’s business and have a positive response from your committee as the instigator of the revamp. However this is a Catch 22 situation.

Everything is much worse than I surmised. It is amazing how much we depend on the figures given to us. How many decisions to act or not act are based on those figures.

If we don’t react, we are guilty of complicity in the coverup.
If we do, then it isn’t pro-active.

We’ve got to do something. I just want to be on the right track to pro-activity in my reaction.

(email communication)

As the taskforce’s work progressed it became apparent that although there were good lines of communication with the Board, the Board’s work was still going forward to resolve the issues they perceived. They were mindful of adopting the taskforce’s recommendations, however the taskforce was secondary in their consideration of immediate issues. This was an understandable attitude as the Board members had ongoing responsibility for stewardship of the organisation’s operations.

**The Board and MWBA Operations**

As research by the taskforce progressed into more specifically focused cycles of action research on more detailed issues it became apparent that the Board had a very prominent role in overseeing operations of the paid staff. The Board did not take the role of setting policy, a normal Board position, but was hands on in the day to day running of the organisation. Through discussion the taskforce had with staff there appeared to be little in the way of the staff being able to give the Board any advice or feedback on issues from their perspective.
Progress of the Inquiry

As the investigation of the discrepancies of the financial affairs was completed by the then President, it emerged that although there was no suggestion of impropriety by the people in charge of the operations it was pinpointed to this area of responsibility. The Board decided they would restructure the organisation. Within ten days of being advised on the dangers of reacting, the Board set up a Human Resources committee to address a refocusing of the staffing needs of the organisation under a restructure.

The Board invited any interested members of the taskforce to be included on the HR committee. Members of the taskforce had mixed responses and most declined. Reasons for not participating were predominantly from belief their project was to independently assess the MWBA from a holistic perspective and therefore from a systems thinking approach. If they were to transition into positions for operational actions then there may be a conflict of interest. Conversely one other member wanted to participate but declined due to a conflicting work schedule.

The HR committee comprised of the then President, two board members and one outside person. It had two meetings over three days and made prompt recommendations to the Board. The Board duly implemented changes recommended by the HR committee. The Board advised the taskforce that these actions were in train.

There was strong financial and strategic expertise in the taskforce. The previous warning about reacting to situations now became more relevant when it was clear that the restructure meant that there would be a significant impact on the paid employees of the MWBA. Redefining of job specifications (roles and responsibilities) meant reconsideration of appropriate levels of remuneration and this impacted upon the employment contract of the then operations manager.
The Board’s first action implementing the HR committee’s recommendations was to issue a directive to the employees that no calls were to be taken prior to 1 PM. This was due to the fact that the Board considered the phone calls had caused excessive interruptions to the efficient function of working practices. This was followed up by making physical changes to the layout of the office. In some instances desks were relocated without any consultation with the staff involved.

The taskforce saw this as undesirable situation and it amplified the lack of the organisation’s strategic planning. The taskforce was quietly disappointed that there was an apparent lack of consultation with the employees before these changes were implemented. The taskforce’s intentions were to consult widely with employees and stakeholders before any recommendations were finalised. This was not discussed with the Board however.

It is acknowledged that the taskforce had earlier recommended the collection of monies be a priority for the MWBA and that the collection be centrally located. The taskforce’s recommendation was to also separate the operations from the money collection. The HR committee developed a structure that removed the collection of monies from the then operations manager. Their restructure redefined the scope of operations to address the ongoing shortfall in refereeing capability and competence. This was actually a strategic move as it had been identified in a distant past SWOT (strengths, weaknesses, opportunity and threats) exercise as a weakness and a threat to the ability of organisation to facilitate a satisfactory level of sporting competition.

Figure 5.1 is the restructure developed and provided by the HR committee.

The Board then decided that the position of operations manager would be redefined and this resulted in the Board progressing the redundancy of the then Operations Manager.

The taskforce met during the course of a reflective stage of Cherry’s model (Figure 2.10 see page 59) attending, noticing, diagnosing, focusing and refocusing and decided that it should meet with the Board so the respective bodies could acquaint and discuss their respective expectations.
A letter was drafted, settled and sent to the then President seeking a meeting. However the meeting never eventuated. What had transpired was that two members of the taskforce were being actively recruited to accept nominations to become board members at the pending Annual General Meeting (AGM) Sunday 29 May 2005. This further advanced to one of the taskforce members accepting an unopposed nomination for the position of President.

Figure 5.1: The HR Committee’s restructure adopted by the Board for the MWBA

Source: Unpublished email from MWBA 30 May 2005

Shifting Relationships (New Research Cycles)

The recommendations of the taskforce were well received and for the most part implemented. However now there was a shift in the independence of its membership and there were discussions of a possible conflict of interest for the two taskforce members who became board members. It was felt that the new President could be
encouraged to take a role “working on the business, not in the business” (Gerber 1995: 97)

The change in dynamics lead to a new action research cycle in Cherry’s stage 1 (Figure 2.10 see page 59). The taskforce discussed the developments at the AGM. There was general agreement to keep the taskforce intact for the time being. The taskforce saw itself as a consultancy unit for Board through the President (see Figure 5.2).

Feedback from the Board had been that there was a noticeable improvement in the financial position of the MWBA by implementing a strict ‘no pay no play’ policy. This was done in an attempt to change the culture of the membership’s long term lenient attitude to paying player and team registration subscriptions. This usually resulted in some teams and players continuing playing in spite of their unfinancial membership. From an action research perspective this was one of the early successes of the project. Argyris (1993: 3) would consider this learning as there was a match between intention (plan) and action.

![Diagram of Board of Directors, President, Taskforce, Finance Officer, Games/Referees]

Figure 5.2: Relationship of the Taskforce with the MWBA President and Board

The implementation of the restructure had apparently been done promptly and from all reports smoothly. Recruitment was done within the organisation to fill the fundamental administrative positions. The position of Games Manager/Referee Master had been a simple recruitment. The Board had good local knowledge of people with the targeted capabilities and quickly completed the appointment. The former President took a paid position to manage the finances.
A New Era

The taskforce’s focus was now drawn more to two emerging issues from the grounded theory analysis: strategic planning education and implementation, and developing deeper insights into the relationship with NBISC. From an action research context this now created a new cycle to find out how to address these issues now that the need had been identified from the research. The MWBA’s various contractual arrangements in existence at that time did not have any clear evidence of stated outcomes, in either financial and/or non-financial targets. This further indicated a need for the MWBA to develop some strategic planning guidelines.

There was consensus with the taskforce that the MWBA would benefit from learning how to conduct its own strategic planning process. To that end workshops were programmed to take them through a typical strategic planning process. It was with the principles of process consultation in mind that there was a desire to not only assist, but to teach the Board new skills in this discipline.

As had been the case with many of the taskforce’s investigations, the task of developing a strategic planning process was discussed in the meetings of the taskforce, but the actual work was conducted by a subgroup.

The discussion of the first briefing with the MWBA was still clear in the minds of the taskforce members. During the initial briefing the then President commented that the Board members in general did not relate to the balance sheets and could not follow the content: “Whenever the meetings start to discuss financial matters half the group’s eyes glaze over.” To that end the taskforce decided that any language used to clearly explain the pending strategic planning process had to be at a level that would be understood by, and engaging for, every member of the Board. This was agreed to be at a level for people that had no managerial or financial insight or background.
Strategic Planning

There was general consensus that the combined draft documents by the taskforce’s subgroup were in a state of readiness and could be further enhanced if the Board decided to accept the assistance offered by the taskforce. These documents were to be embargoed until the Board indicated further involvement with the taskforce would be forthcoming.

The taskforce decided to move to a strategic planning recommendation to hopefully create a ‘time out’ for the deliberations of the Board that continued to be reactionary and not truly proactive (illustrated by the anecdotal evidence of the Board’s usual meeting processes addressing issues as to whether a senior representative player should receive a partial sponsorship to buy new basketball shoes). A ‘time out’ would enable the Board to take a step back and consider the ‘big picture’ of the issues facing MWBA. These issues not only included staff, but the relationship with other stakeholders such as the peak body for the sport, Basketball New South Wales; NBISC; sponsors and other numerous local stakeholders.

Although the initial goal of the taskforce was to assess the complete business of MWBA (relationships and current practices) the shifting goal-posts and ongoing significant changes had seen a need for the taskforce to move to the most important single issue for MWBA, the need for a strategic plan underpinned by sound corporate governance practices for ongoing implementation and maintenance of their plan.

In terms of action research cycles this was an example where initial cycles continue and refocus into cycles to address more specific issues. The minutes of the taskforce’s 22 June 2005 meeting reflected that: “If the strategic planning session went ahead then the life of this taskforce in its current form would be concluded in August. Future taskforces could then be convened with redefined purpose(s) by the Board.”
Planning Progresses to Action

The taskforce decided that in order to express to the Board the need for the strategic planning education a brief presentation should be delivered to the Board by the taskforce Chair.

In essence this presentation explained that the research of the taskforce had come to the conclusion that the way the Board was conducting its business could be best likened to their experiences in the game of basketball. This was a good metaphor as they all had a sound knowledge of how the game was played. However they were not performing particularly well ‘competing’ and the taskforce believed there was the potential for them to greatly improve citing the following issues:

- The members of the team didn’t know if they were on offence or defense;
- They had no apparent idea of how to play as a team;
- Most of the team didn’t know if their team mates had committed a foul, a turnover, or scored a basket;
- They had no idea what their opposition was doing;
- They didn’t know what was being reported by the official to the scorebench, who the scorers were, what was being scored and what was being translated to the scoreboard.
- However, to their credit, the only thing that was keeping them in the game was their energy and enthusiasm to play and that was very commendable.

It was explained that successful teams had playbooks and practiced their sport in order to get a competitive edge. Teams need goals to be set and team members needed to know the role they played on the team for the purpose of achieving those collective goals.

What was proposed to help the Board’s game plan was to call a ‘timeout’. Senge (1990: 127) describes this as taking a step back far enough to be able to see the forest for the trees. This is a decision within the rules of the game to allow a team to
stop the game to engage in discussion on adjusting its strategy. Such a meeting includes the coach (and any assistants), the manager, and all the team players. It was appropriate that the term be applied for this group and there was understanding of why timeouts are called and what happens during the process. Suffice to say that truly successful high performing sporting teams have regular practice whereby these strategies are embedded, refined and perfected. The Board meetings have the potential to be used, in part, as such practice sessions.

During the delivery of the address as a parting comment, intended for inspiration and motivation particularly for those Board members who had a long term membership, the chair stated: “Years ago Manly Basketball had a sticker which said ACTION BASKETBALL. It might be time to revitalise that.”

Informed feedback from the participants about presentation was positive and encouraged the taskforce to move into the next phase with the Board. The taskforce, consistent with the action research approach, convened to review its performance and discuss the ‘what next’ question.

**Adjusting and Readjusting**

Throughout the latter period of the taskforce’s time together the progress from discussion to action was constantly being readjusted. It was not uncommon that events outside their control would short circuit the taskforce intentions. It was found that predictions in Dick’s model (see Figure 2.15 see page 65) whereby the cycles within existing cycles came to life within action research. This also pinpointed the accuracy of Lewin’s experiential learning (Figure 2.11 see page 60) where in stage 3 the testing implications of the concepts in new situations was now evident to the taskforce.

An example of this was where the taskforce had envisaged that steps could be taken to explain and pace the sharing of its knowledge with the Board. The taskforce developed a PowerPoint presentation intended to be delivered to the Board prior to the proposed strategic planning workshops. The development of this presentation is tracked in Appendix 8 (the initial presentation) and 9 (the settled presentation). The
presentation is yet to be delivered to any organisation and is therefore yet to be appreciated. The members of the taskforce who compiled it (Manuell and Peverell) are, however, confident in its validity and potential for success. The success is not only anticipated from delivering a fundamentally effective strategic planning process, but as an educative tool in the context of process consultation. The basic fundamental approach to strategic planning is depicted in the taskforce’s model in Figure 5.3.

An important aspect underpinning this model acknowledges my former masters student colleagues, Ms Katrina Harding and Mr Matt Darcey. During the finalising of our action research project Katrina introduced us to the model of the “Vision in Action” process by Tero Kauppinen (cited unreferenced by Long 1993), further developed by Long (1993) in his model “Date with a Dream”. This was modified and used as a strategy map to identify an organisation’s current state in the alignment of its people and systems in the aspiration to achieve its intellectual vision – hence the modified model was called “The Balance Beam”.

![Figure 5.3: Strategic Planning model](image)

Although there are times when the behaviour is more important than the system structure (such as research and development teams where thinking should be
unrestricted and therefore often established to operate outside the normal governance parameters of the organisation) for the most part there is a need for an alignment of systems and behaviour. However there are dilemmas to resolve: which behaviour(s) and what system(s).

This was addressed by The Balance Beam, which advocates a system thinking (Senge 2000, Stacey 1997) approach to strategic management and can be used to identify where management change needs to occur to help development of high performance behaviour. That is to say the mindset shifts from conformance to rules and systems to performance that increases the capabilities and competencies of the people in an organisation. These are complex issues and are not achieved in a single-issue approach.

The Five Dilemmas

In considering some of the fundamental issues of strategic planning Stace and Dunphy identify five dilemmas. Should there be:

1. Adaptive or rational strategy development?
2. Cultural change or structural change?
3. Continuous improvement or radical transformation?
4. Empowerment or leadership and command?
5. Economic or social goals?

(Stace and Dunphy 2001: 6)

These concepts can be separated into systems and people issues. Stace and Dunphy (2001) cite Prahalad (1998) in addressing the strategy for creating change.

Prahalad talks of three simultaneous agendas which need to be enacted by leaders and managers on a continuous and simultaneous basis. The first of these he calls the intellectual agenda: the vision, ‘strategic intent’ and business strategy positioning of an organisation. The intellectual agenda stretches the limits of thinking about the value the organisation is able to add for stakeholders, customers and the society as a whole. The second is the management agenda: this is concerned with building appropriate structures and networks, introducing appropriate technologies and systems, and having the courage to shift resources between competing needs. The third is the behavioural agenda: this focuses on creating corporate values and ethics, competencies and appropriate leadership styles, learning systems, competencies and skills, reinforcement and rewards for appropriate employee behaviours.

(Stace et al 2001: 63 – 64)
These agendas are the main planks of The Balance Beam model shown in Figure 5.4.

In the refinement of this model for delivery to the Board many modifications were made, as it was agreed that although the conceptual basis and the theory was valid, the delivery of these concepts to a group that largely consisted of volunteers from non-managerial backgrounds could be overawed by a high level explanation – simple as it was to those who were already familiar with core concepts. This was consistent with the process consultation approach the taskforce was trying to apply whereby the communication of ideas should be paced so that the recipient ‘student’ body could understand. It was also important to Cherry’s stage 3 (Figure 2.10 see page 59) action and experience – combining with testing ideas to self-test the implications of concepts in new situations that Lewin modeled (Figure 2.11 see page 60).

The consequential modifications reduced the model to focus and illustrate the main theme, the need to get people to behave within the strategic plans. This model is represented in Figure 5.5.
Although this model was as simplistic as possible it did not get a public airing with the Board. This was due to the lack of time available to gather the Board to present this to them. There is further discussion about this in the evaluation chapter.

**Figure 5.5: Aligning people and systems**

**THE STRATEGIC PLANNING WORKSHOPS**

The action research cycle of Cherry’s stage 3 (Action and experience) led the taskforce to plan and facilitate two strategic planning workshops. These were facilitated by Angela Peverell, an expert in the field of facilitation and strategic planning. The commentary on this aspect of the taskforce’s work has been reported via the use of the minutes from the workshops. The process had been simplified and this was reflected in the agenda:

1. Expectations “rules of the Game”
2. Building a Vision for MWBA
3. Stakeholders – Who and what do we value?
4. Goals and Objectives for MWBA
5. Strategies for success → Actions
   (Who, what and when)
The expectations for the participants were:

**Rules for the evening:**

1. No just listening – everyone is a stakeholder and to be active in engagement
2. No such thing as a stupid question or idea
3. Make it possible to be safe and have your say in an open and honest way (it may be necessary during the course of this process to talk about people in context of the history of the organisation)
4. Tangents are okay, but stay focused on the main game – be expected to be reigned in if necessary
5. (Exercise to meets your needs throughout the evening)

The facilitation guidelines then went further to make expectations more explicit and addressed the purpose for involvement. This was summed up by conveying the taskforce’s view that there is a history of pluses for the organisation, however there was a need to be more action oriented and to monitor the results of the actions.

**Vision: What Do You Want the Organisation to Be?**

Discussion from everyone lead to the following dot point themes collected as a starting point to gather the ideas they wanted their vision statement to somehow address:

- Successful
- Respectful – most respected
- Opportunity to put back in – legacy for youth
- Consistent contributors
- Registrations
- Management Expertise
- MWBA’s own facility
- Excellence – sought after – high esteem
- Event tournament Centre of excellence for Basketball NSW/Australia
- Best referees and coaches and players
- Children and young players to enjoy playing basketball
- Critical mass and quality (Reps)
• Culture of volunteers – role models
• Ability to influence BNSW and BAust (Basketball Australia), the peak body in Australia)
• Shift from money culture to community culture to BNSW and BAust.

Some General Observations

The following dot points were generated from the workshop. These are general data gathering observations as a result of the research into MWBA. In the context of action research then creates the transition within the stages of the cycle from observation to reflection to new planning.

• There is general consensus that the organisation has an unrealised potential. A way forward is needed to find ways to mobilise that intellectual potential within.

• There were benefits in profiling the membership through creative and comprehensive use of the Information Technology (IT) facilities. A comprehensive database has marketability with increased potential for revenue (with due respect for privacy issues).

• The current culture of lagging payments in registrations was noticeably changing, however there is a long way to go to get conformity. There was immense financial benefit for all members of the MWBA to be realised if member debt is resolved promptly each year.

• There is a need to create a perception of success within the organisation. This will flow outward to external bodies.

• The connection between parents and motivation to become involved can be a positive if the expectations are clarified; ie self-interest not to take over/compete with the goals of the organisation (including the Board).
Important People: Stakeholders

The next step in the strategic planning model (Figure 5.3) was to identify who the Board saw as the organisation’s stakeholders. These are people, or entities, that have a relationship or interest in the business of the organisation.

The participants of the workshop determined the stakeholders included, but were not limited to:

- Youth
- Players
- Parents
- Referees
- Spectators
- Staff
- Volunteers
- Sponsors
- Schools
- Team managers
- Anyone who walks through the stadium front door
- Media
- Board of Directors
- Committees
- Basketball NSW
- Basketball Australia
- Local Government
- The community (for example the fact that youth involved in crime are occupying their time more usefully playing basketball is a crime deterrent which is in the interests of the wider community)
This progressed to match core concepts from the vision statement development with stakeholder identification to link which ones had the most common thematic links. This was compiled in Table 5.3.

<table>
<thead>
<tr>
<th>CORE CONCEPT</th>
<th>STAKEHOLDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fun</td>
<td>Players – Spectators – Workers (Board &amp; Committees) – Parents – Managers – Helpers – Referees – Coaches etc</td>
</tr>
<tr>
<td>Realise Potential</td>
<td>Players – Referees – Volunteers - Coaches</td>
</tr>
<tr>
<td>Excellence</td>
<td>Players – Referees – Volunteers – Coaches – Board – Staff</td>
</tr>
<tr>
<td>Expertise</td>
<td>Coaches – Board – Staff – External Advisers – Managers</td>
</tr>
<tr>
<td>Success</td>
<td>Everyone</td>
</tr>
<tr>
<td>Culture of Contribution</td>
<td>Parents – Players - Sponsors</td>
</tr>
<tr>
<td>Financial Acumen</td>
<td>Board – Volunteers – Staff - committees</td>
</tr>
<tr>
<td>Best Facility</td>
<td>General membership - Local Govt – Schools – other sports</td>
</tr>
</tbody>
</table>

Table 5.3: Progressing the vision statement

NB: It should be noted here that success has yet to be comprehensively defined by the group. It is acknowledged that it holds similar, yet different, perceptions for each person present.

Vision Statement

The following statement was word-smithed by the group collectively. There was general consensus (and applause) with the outcome:

We are the best sporting association on the Northern Beaches. We encourage everyone to have fun and realise their potential through participating in basketball and contributing to a successful community.

43 It was a significant point that during the word-smithing of the vision statement there was an improvement to the statement that would fundamentally accommodate more stakeholders. This was done by changing the end of the statement from: ... successfully contributing to the community to: ... contributing to a successful community.
From there the group progressed their ideas that represent the factors of their success – the goals the organisation wants to reach. These were referred to as “The Pillars of Success”:

1. Run a profitable organisation
2. Fun Organisation
3. Grow the organisation
4. Efficient organisation (do what we do well)
5. Coaching centre of excellence
6. Players centre of excellence
7. Referees centre of excellence
8. Leading facility (Control) on the Northern Beaches
9. Events Management/Tournament
10. Relationship development with stakeholders (existing, build new)
11. Daytime basketball
12. Slogans/advertising – sponsorship
13. Communication (who, what, how & when)

Some of these ideas were recognised to potentially benefit the economy on both social and economic fronts (see Chapter 4 on Public Private Partnerships for the significance of social versus economic factors).

There was some discussion on the expectations of the Board members. This was on the level of member participation. Two primary concepts were:

- It was not acceptable to over commit on an undertaking or responsibility and then can not deliver
- There needs to be an understanding of the formal governance issues.

It was suggested that further beneficial work on expectations would need to be done as a separate exercise to the strategic planning education.
Purpose

There is perhaps an unanswered question as to what purpose the Board is approaching its responsibilities.

The Board’s approach is recommended to be working on the business, not in the business. This is to change the focus of the Board to a system thinking approach whereby they are considering the business as a whole and looking for leverage on the system to achieve their vision.

As the strategic planning unfolds further, the roles that need to be played and by who will be clarified and defined. These need to be addressed by the Board. This is identified as consistent with ongoing cycles of action research – how new concepts lead to new actions and new questions.

Board Participation

In the reflective stage, it was agreed by the taskforce that the first workshop made a good start to the strategic planning process. The attendance was not ideal as there were about half the Board present. In the second workshop the attendance saw the other half present, few of those at the first meeting returning. This caused a continuity problem with the process; a lack of follow through in initial ideas and little time available, due to the amount of work hoped to be achieved in the workshop, to acquaint the newer members with the material from the previous meeting. This situation was not anticipated it was assumed that there would be a full participation of the board. There had been significant lead time in the planning to allow for diarising the important events.

The reflection stage then leads to a new planning stage. In order to help the workshop participants refresh their thinking from the first planning workshop, two documents were prepared and distributed on the night. These were ‘plan-on-a-page’ type presentations and are included at Appendix 10 and 11. The first one (Appendix
10) included the concepts that had been covered including a check list as shown in Figure 5.6.

The second document was specific in relation to where it had been hoped the second workshop could proceed to, that is to address the vital development of strategies. It was intended to cover this through a substantial assessment of the MWBA’s Strengths, Weakness, Opportunities and Threats (SWOT analysis – see page 8 of Appendix 12 for a complete explanation of how the SWOT analysis is applied). Based on “the Pillars of Success” the main pillars were focused on to use as an example of how the SWOT analysis works. Ideally focusing on a few main topics it

**The plan check list**

☑ Building a Vision for MWBA  
☑ Stakeholders – Who and what do we value?  
☑ Goals and Objectives for MWBA  

Still to come  
☐ Strategies for success → Actions (Who what and when)

**Figure 5.6: Process interim check list**

would then lead to an understanding (through ‘doing’) and the process could be duplicated by the Board on their own at a later time, preferably sooner rather than later. This would ensure their new strategic plan could be the focus of an improved direction in their operations.

The workshop progressed well and the general feedback from the participants was very good. The workshop concluded by taking them to the ‘launch pad’ where they would need to design their strategies. To help with this an easy-to-read report was developed and issued to each Board member several weeks after the workshops were concluded. The complete report is attached as Appendix 12. This was considered to be the road map to success as identified in the taskforce’s initial project delivery intentions.
Overall the consequences of the taskforce’s work led to a $100K turnaround in the business and financial practices at MWBA. Whilst this is considered a worthwhile achievement, it can only be regarded as a first step for the organisation to benchmark itself and monitor its ongoing performance through its own scorecard to success. The main comments in the learning are addressed in later chapters addressing the findings and evaluating the research.

CONCLUSION

The MWBA is a typical example of a not-for-profit community based organisation. The dedication of the volunteers has helped make this organisation continue to improve throughout its 50 years. Volunteers fill positions from cleaning, providing transport, helping in fund raising activities, managing and coaching teams to filling Board positions. These are often the ‘forgotten people’ that Schultz (1964: 6) was referring to at the beginning of Chapter 2.

The organisation is making inroads to improving its corporate governance. The dilemmas it faces are common within their ilk and there is substantial collaboration with other organisations to discuss and collectively address issues. In the situation of basketball, the peak body, BNSW, had many of its own financial issues to rectify and these have adversely impacted on the operations of all the New South Wales basketball associations.

Typically, this type of organisation does not have the luxury of recruiting people to fill the knowledge and experience gaps within the organisation. Although not consciously aware of it, MWBA made intuitive use of their Green Lens (identity
recognition, relationships and information, see page 61) by realising they had a problem they needed help with and to then use their membership database to identify the people resources that might help them. Even more to their credit was the will to learn. By engaging a taskforce to provide recommendations they had taken action to improve their business practices. This was an ‘unconscious’ commencement of an action research project. They wanted to review, learn, plan and change.

Assisting the MWBA provided a valuable opportunity to apply the research methodology. This in turn facilitated some valuable learning experiences for many people in the organisation. The value has been directly realised in relation to the improved fiscal position of the organisation.

From a research perspective the thirst to explore deeper into the relationships with key stakeholders created new action research cycles and led to the inquiry about NBISC (addressed in Chapter 6).

It is fitting to conclude this chapter by resting the action research cycles at Cherry’s review/reflect stage 4 (Figure 2.10 see page 59): observing, evaluating, concluding. Although the taskforce made a worthwhile contribution to the organisation, the applied process consultation was not a complete success. This view is expressed as there was not a “completed education” to fully launch the organisation to be self sustaining in its ability to think and act with a strategic plan. The report provided is not dated and the principles remain worthwhile should future Boards seek to apply it. The report has, at the time of writing, been distributed to several other organisations.

The evaluation in the concluding chapter appraises action research ground theory approach as very effective and worthwhile. Although not a great deal has been said about the grounded theory process in this chapter, it has been run in the background of all the processes and cycle stages. The questioning technique modeled in Figure 3.1 (see page 74) helped determine plans for actions. Overall far more is discussed in the findings. These are addressed at a different level of organisational behaviour than the comments on MWBA operations in this chapter.
MWBA remains an organisation that is ambitious to excel in sport and to own a stadium. In the meantime it provides the community with a well run venue and program to enjoy an energetic team sport\(^{44}\). Their vision statement: "**We are the best sporting association on the Northern Beaches. We encourage everyone to have fun and realise their potential through participating in basketball and contributing to a successful community**" is well on the way to being a reality.

\(^{44}\) The benefits of team sports in the social development of youth is not addressed in this thesis, however it is acknowledged that sport can contribute more than mere physical fitness.
CHAPTER 6

NORTHERN BEACHES
INDOOR SPORTS CENTRE
INTRODUCTION

This chapter will address the research into the establishment of the Northern Beaches Indoor Sports Centre Proprietary Limited (NBISC). It provides an account by the participants of the roles that were played by the organisations that formed this partnership. As a result of the work that the taskforce completed (addressed in the previous chapter) there was a secondary issue, to research NBISC. This emerged due to general feedback of a need for a comprehensive understanding by Manly Warringah Basketball Association of what the NBISC organisation actually was. The taskforce’s initial questions seeking definition of NBISC from a business and governance perspective lead to consideration of a much broader issue. That issue was to determine the level of public participation in this Public Private Partnership for the development of community based infrastructure.

This second part, addressing NBISC, was also a participative inquiry (similar to the MWBA research), however it has some different parameters. It was an investigation of what took place with a view to extract the local knowledge and make it public. This participative action research project was conducted whereby the key people involved in the development of the NBISC volunteered their stories. This could considered as starting the cycle in the reflective stage as the participants were reflecting on their experiences for the purpose of the research. The different perspectives were collated to generate knowledge for others, such as the members of the MWBA and other not for profit (NFP) organisations embarking on similar projects for the development of community based infrastructure.

The taskforce had pondered the questions relating to the identity recognition of the NBISC. Clearly this was a very important relationship as NBISC was the organisation that controlled the indoor sports facility they relied on. Since the completion of NBISC there was little knowledge management to describe how this infrastructure had been developed. Little was known of the structure and what the lines of governance were. What was known was that:

- NBISC was set up as a company and registered with the Australian Securities and Investment Commission (ASIC)
• it had three directors including the chair; the chair being an appointment from Pittwater Council, one director was an appointed representative from MWBA and the other director nominated from the Academy Netball Club.
• each director was a volunteer
• there were no other boards involved and there was no evidence of any accountability to any other organisation.

A comprehensive history of NBISC was researched and has been compiled (see Appendix 13. The development of NBISC is extraordinary. The inquiry conducted into NBISC also included interviews with other organisations that had been involved with similar community infrastructure in South Eastern Australia. It is likely that the creation of NBISC was a precedent in Public Public Partnerships, as compared with Public Private Partnerships that have an increasing presence in the development of community based infrastructure. NBISC as an organisation appears to be a private organisation and abides by the corporate governance requirements as regulated by the ASIC. However there is much more to NBISC than meets the eye. It has an extraordinary history of the involvement of some very special people.

**LEADERSHIP ACKNOWLEDGED**

Although the research has focused on the principles and issues and avoided commenting on personalities, it is ethical to acknowledge there have been some key people in this process who have shown some extraordinary leadership and they deserve the recognition for that. Whilst the process overall was not without periodic conflict, the prevailing leadership was able to finesse this project to an operating venture. It is likely that without the efforts of this research their stories would not be documented for others to read and, hopefully, benefit from the knowledge.

These names are listed in alphabetical order and are not weighted as to their individual contributions:

• Gus Aitken (Academy Netball Club)
• Janice Crosswhite (Manly Warringah Basketball Association)
• Robert Dunn (Warringah Council and the new Pittwater Council)
• Peter Funnell (Narrabeen Sports High School)
• Angus Gordon (Pittwater Council)
• Shirley Phelps (Pittwater Council)
• Stephen Simpson (Narrabeen Sports High School Parents and Citizens Association)
• David Von Schill (Department of Sport and Recreation)

It is not the intention to research NBISC from the point of finding a specific person, entity or organisation to credit with this development. What is acknowledged is that the genesis of this project came from an alignment of several unrelated organisations seeking a similar outcome, an indoor sports stadium. In some cases this was through visionary actions; in others it was the result of a long campaign to improve facilities for their organisation.

The order that the organisations’ accounts are addressed in is not hierarchical, but it is attempted in a chronological order to give the story of the development some flow. The appendix history of NBISC addresses the deliberations from the time of the first community meeting to the start of NBISC’s operation. The accounts provided in the body of this chapter are from the main spokesperson from the participant organisations’ perspectives.

Material used in compiling this chapter included: notes from the interviews conducted between November 2005 and May 2006; research memorandums; online research; memorandums provided by MWBA, NBISC, and Pittwater Council; year books from Narrabeen Sports High School (NSHS); agendas and minutes from Pittwater Council meetings; email inquiries; reports and media research.

**NBISC - AN OVERVIEW**

The New South Wales Department of Sport and Recreation’s Facility Fact Sheet describes the centre as:
The Company, the Northern Beaches Indoor Sports Centre Limited, had the challenge to construct a modern four court multi-purpose indoor centre on Sydney’s northern beaches, to cater for basketball, netball, volleyball, gymnastics, futsal, table tennis, handball and martial arts.

The Manly Warringah Basketball Association has been seeking a home for their sport in association with the NSW State Government and local councils since the 1980s.

In 1991 this dream became partially realised with a successful application under the facility development grants schemes offered by the NSW Department of Sport and Recreation.

The Pittwater Council became involved with the project in 1997 and the dream became a reality.  


The project was completed at a cost of $2.375m and the funding for this was from the following contributions:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW Department of Sport and Recreation (Facility Grants)</td>
<td>$375,000</td>
</tr>
<tr>
<td>NSW Department of Sport and Recreation (Low Interest Loan)</td>
<td>$600,000</td>
</tr>
<tr>
<td>NSW Department of Education and Training (Facility Grant)*</td>
<td>$400,000</td>
</tr>
<tr>
<td>NSW Department of Education and Training (part sale of land)**</td>
<td>$500,000</td>
</tr>
<tr>
<td>Local Government</td>
<td>Pittwater Council</td>
</tr>
<tr>
<td>Federal Government</td>
<td>Federation Grant***</td>
</tr>
<tr>
<td>Sporting Associations</td>
<td>Manly Warringah Basketball Association Ltd.</td>
</tr>
<tr>
<td>Sporting Associations</td>
<td>Academy Netball Club Inc.</td>
</tr>
</tbody>
</table>

* Land has been provided by the NSW Department of Education and Training on a long term lease conditional on the Stadium being available to schools during core school hours at no charge.

** NSW Department of Education and Training sold the schools’ playing fields to the Council on the condition that Council maintains the ovals as playing fields available to the schools during core school hours. The first $500,000 of this sale is directed to the cost of the stadium.

*** The Federation grant of $50,000 is for the creation of a Wall of Fame within the Centre. To be nominated for inclusion the nominee must have represented Australia and lived in the Mackellar electorate at the time.  


Figure 6.1 shows the floor plan of the sports centre.
MANLY WARRINGAH BASKETBALL ASSOCIATION

The history of the Association is well documented in the previous chapter. To briefly recap:

- MWBA was formed circa 1956
- Provides administration to facilitate the development of basketball throughout the Manly Warringah region.
- Participation ranges from primary school to semi professional competitions.
- Current membership of 1500 players.
- For many years it had been the quest of the MWBA to build and own its purpose built multi court stadium.
- Ten years of good faith negotiations with the Warringah Council (WC) proved futile.
- During that time was allocated a $375,000 grant from the Department of Sport and Recreation to build a stadium.
Ms Janice Crosswhite was a long serving board member and President of MWBA. She devoted ten years to see an indoor sports stadium developed that MWBA could call its own. The culmination of that dedication was MWBA’s partnership in NBISC.

MWBA entered into the negotiations for NBISC in the shadow of Warringah Council’s rejection of the substantially progressed stadium venture for MWBA. This venture had seen some unexpected financial hardships for some key sponsors and those causes were unrelated to MWBA’s ambitions and actions.

MWBA was proactive in becoming part of the management structure in the establishment of NBISC. Crosswhite had been instrumental in providing the secretariat support throughout the development of NBISC (this is evidenced in Appendix 13 – the timeline of the development of NBIC). She stated that the creation of NBISC as a company was her initiative, drawn from experience as a consultant in the management of sporting organisations. She became the first secretary/director of NBISC when it formally became a company.

**Lobbying**

Lobbying was seen as one the most vital aspects of getting MWBA accommodated in a stadium. Crosswhite’s advice was to lobby every politician on every level. It was through this lobbyist attitude that MWBA’s endeavours were brought to the table for discussions with Pittwater Council.

MWBA had attempted to enter into a venture with the Academy of Sport. The lobbying efforts with the Academy were less than rewarding as the delegation from MWBA were never granted any meetings with Director of the Department of Sport and Recreation (the agency that operated the Academy of Sport). Crosswhite alluded to the close relationship between the then general manager of the Academy and the principals of the Academy Netball Club Inc (ANC) (a for profit sports

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45 See Appendix 5 in Chapter 5 – the bankruptcy of the then NSW Basketball Association who were to commit $1m to the project and approximately $100K of MWBA contribution to that recognised by the administrator of NSWBA as a debt.
company) and an organisation that regarded itself as a competitor for MWBA’s stadium access. In any case the Narrabeen based facility was not on any public transport routes therefore it was not considered a preferred location.

One of the main ongoing issues MWBA faced was the matter of finding enough funding to complete the stadium. Funding from the Warringah Council had not been forthcoming, despite pledges of support and commitment to their previous proposal. Now MWBA had a new task of engaging another local council. Suffice to say there were skeptics within MWBA when Pittwater Council gave an undertaking to make a financial commitment to the project.

Crosswhite became part of the steering committee that evolved from the early community meeting to address the concept of an indoor sports stadium at Narrabeen Sports High School. The steering committee posed itself the questions: “What do we really want?” and “Why are we here?” These questions became a motivation for the volunteers involved as they frequently had to revisit this question to stay engaged with the project.

There was ongoing tension in the deliberations by the NBISC group addressing the issue of money versus needs. MWBA had been in financial situations that had unfavourable outcomes for the Association. These included:

- Money invested in the NSW Basketball Association,
- Unfulfilled expectations of Warringah Shire’s contribution (financial and nonfinancial),
- Ongoing efforts to save money to make a contribution to a stadium construction fund, and
- Unusable grant from the Department of Sport and Recreation for $375K.

According to Crosswhite, in early discussion there was an undertaking given by Pittwater Council to contribute $1 million, however this was later reduced to $300,000. This amount was factored in the landscaping needs that were later completed by council contractors. MWBA had doubts that the $300K was ever considered to be ‘real’ money and was an extension of the council’s normal business.
The actual skillful part that Pittwater Council played in making this project possible is complex and discussed at length (see later section - Pittwater Council).

**Power Plays and Stadium Management**

In the project’s decision-making processes there was a perceived shift in the relationship between MWBA and other participants, most noticeably the Pittwater Council. The shift evolved from a close partnership in advancing the construction of the stadium to conflicting views about the management of the stadium and what roles would be taken. MWBA perceived that Pittwater Council had become not only the project managers (an agreed matter, not in issue) but also the power broker and adjudicator.

MWBA had advocated to provide the stadium management. It was something that it believed it could do well within existing staff resources. It was quite common for a basketball association to own and manage stadiums and there are plenty of examples of this throughout Australia. At the time MWBA was negotiating with Warringah Council several other stadiums were under construction (now fully operational). These included the Castle Hills Stadium (owned and operated by the Hills Basketball Association), and the Gosford Stadium. The early business plan had factored MWBA’s operations to contribute to two thirds of the running costs of NBISC and therefore ensure the project’s viability.

MWBA offered NBISC a proposal that there could be job-sharing across the two entities which would create more money for administration needs. MWBA saw (and still sees) the future of NBISC as being self sustaining and not reliant on Pittwater Council. However MWBA’s management proposal was not agreed to by any of the other participants. Pittwater Council held firm with their view that the stadium was for the whole community and not one sport, therefore MWBA were denied the opportunity to manage the stadium.

There were several stadiums that MWBA had identified for the steering committee to consider. Maitland Stadium was included and eventually used as the building model for NBISC.
One of the management/tenanting issues that became contentious for MWBA was the conditions of its hiring agreement. Because the building was sited on land owned and leased by the Department of Education and Training (DET) the sale and consumption of alcoholic drinks was forbidden along with other prominent fund raising activities, such as raffles. Perseverance in these areas saw conditional relaxing in the conditions to permit strictly regulated activities for fund raising and very limited alcohol use (only for major sporting events).

**Directors’ Liability**

Once the NBISC was established the issue of the liability of the Directors became very contentious. In effect, the structure of the company meant that the Directors were personally liable for their involvement in the company and were unable to get reasonable effective professional indemnity insurance cover. Although Pittwater Council were seen as the project managers, and de facto owners of NBISC, they were not prepared to put NBISC under their insurance programs, but they did underwrite their delegate who had been a Councillor and then Council appointment to the Board of NBISC. In Pittwater Council’s Annual reports they do not declare NBISC as an operation of the council or a business that it has any financial interests in. Unbeknown to MWBA, their board representative was liable and this put their family’s assets at risk due to the financial activities of NBISC.

**Positioning**

Upon reflection, the construction stage was relatively easy compared to the operational issues, described as a nightmare. It appeared to MWBA that there were different agendas, ambitions and motivators of the partners from the representative organisations. MWBA experienced an ‘us and them’ attitude, usually on the receiving end of being ‘them’. This was attributed to politicking and MWBA felt that it did not have the leverage to influence this. Although MWBA had been a predominant financial contributor to the project, the makeup of the board of directors of NBISC was not weighted and therefore the minority interest (Academy Netball Club were the third party on the NBISC board) often held a balance of power.
MWBA believed that Academy Netball Club’s alignment with the Pittwater Council was very beneficial for Academy Netball Club.

**Leasing**

Issues concerning leases became apparent during the deliberations over hiring access to the resource. The access to the building is restricted by the lease with the Department of Education and Training which provides schools with free use of the premises during the weekday until 4 pm. Due to MWBA’s need for courts it still uses many satellite courts throughout the local area to run competitions and practice sessions. MWBA is now in the situation of hiring court time from ANC during the Friday afternoon/evening block. Friday evening is not a peak sporting time in Sydney, though it is in other parts of Australia such as Melbourne, and ANC found that it could not use the allocated time, even though it held the hiring agreement.

**Stadium Dimensions and Fit-out**

It was in the interests of the main sports using the stadium (basketball and netball) to make a commitment to construct the stadium to specifications that would accommodate international level sport. However the logistics of fitting out the stadium had several major issues. Some of the dominant issues were court markings as to which sport’s court lines would be on top (over/under) the other; where the fittings (including electrical/data outlets) would be for the facilitation of the games; what the spectator seating configuration should be. The placement of the electrical outlets for scorebenches for basketball became a significant issue. This was a matter that MWBA felt could have been resolved during the design phase of the building, however MWBA were quoted an inflated sum by NBISC to relocate some of the electrical outlets for the scoreboards. MWBA subsequently engaged their own contractor for 25% of the NBISC quote.

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46 Although Volleyball was also a popular sport and is played in the stadium, its use is marginal and their lines are closest to the wooden floor.
Maintenance and School Use

The use of NBISC by the schools is an issue of contention as they are contributing significantly to the maintenance needs of the building. This is also impacting on the sinking fund of the building. One of the most expensive building components is the fully sprung wooden floor that was well over half the centre’s construction cost. Unsupervised access by the schools subject the floor’s surface to damage by inappropriate footwear (shoes with hard heels) and abrasive dirt/sand.

Centre Management

Due to funding restrictions NBISC operated with only one paid staff. Pittwater Council advised the steering committee that if the stadium were to run properly then the Council would provide staffing assistance. They also had the management rights to the stadium should NBISC Ltd collapse. They had provided a council staff member, who had been the sport and recreation officer, to be the general manager of NBISC. MWBA were not supportive of the arrangement to have this position performed by an officer who they believed mostly worked from home and not full time in the stadium (as their staff were).

The NBISC Start Up

As a startup company NBISC had a lean first 3 months while the cash flow started generating. The loan received from the Department of Sport and Recreation was for $600K and to be paid back over a 10 year period at a fixed rate of 5%. Although this loan was attractive in principle, the repayments needed to be satisfied from the start of NBISC’s operations. The Department of Sport and Recreation had offered the loan for a 20 year repayment schedule, however Pittwater Council wanted it paid back over a 10 year period. From a business plan perspective MWBA thought this would unnecessarily increase the overheads (such as hire fees) for the operation of NBISC, something that was not necessary for a long term outlook.
Canteen and Cleaning Operations

The design of NBISC, as a standard feature of such buildings, had a provision for a canteen. NBISC had visualised the canteen operation as a necessary and an attractive business opportunity. It called for expressions of interest to lease and operate the facility. In short there were no business operators that viewed this as a worthwhile venture. The hours of operation were restricted and the marketplace was small and in direct competition with the major shopping mall trading across the road from NBISC.

The second issue that was standard for the operation of a sporting stadium was the cleaning contract. As the schools were using the stadium free of charge there was no income for NBISC to service the high maintenance needs caused by the schools. Pittwater Council wanted their tender specifications to be used in the procurement of a company to commit to a service contract. The expressions of interest were all quoting figures that were prohibitively in excess of NBISC’s budget.

MWBA offered to take on both the canteen and cleaning. NBISC agreed to this being a temporary measure until a formal tender could be contracted. To date there has been no such formal procurement. MWBA and NBISC made an agreement that the operations of the canteen would be on a profit sharing basis. This continues to be the arrangement some five years into the NBISC’s operations. The cleaning was also contracted at a minimal amount, largely from the good will of the volunteers from MWBA. People who now work in the canteen and perform cleaning duties are paid minimal wages for their labour.

Tournaments

MWBA has been seeking to host basketball tournaments. These are considered to be worthwhile for the following reasons:

- Brings an increased level of competition to the area for player development
• Helps refereeing development
• Economic benefits for the local economy
• Creates added interest (participant and spectator) within the community
• Enables family involvement in youth sport
• Can alleviate the financial imposition on parents and players to travel to tournaments that would be held elsewhere (intrastate and nationally)

In the genesis of NBISC MWBA was concerned at how much each partner was contributing financially. They saw some inequities particularly in the case of the ANC. This was due to the fact that MWBA was a not for profit operation and ANC was a profit-based sports business entity yet contributing much less than MWBA.

MWBA continues to be dissatisfied with the level of involvement in the management of NBISC and it continues its endeavours to own and operate its own facility.

ACADEMY NETBALL CLUB

The Academy Netball Club (ANC) was established in 1991. It is a profit-based sporting organisation that is aimed at a niche market of primarily adult sports. ANC is associated under the auspices of the Combined Australian Netball Association (CANA see: www.cana.asn.au). The principals of ANC are Gus Aitken and Ken Thomas. Their involvement in the sport of netball came from their parental support of their children competing. The ANC website (www.academynetball.org.au) is a largely pictorial account of the organisation’s history.

A New Way for a Traditional Sport

Academy Netball Club initially used the outdoor courts at the Narrabeen Fitness Camp (now the Academy of Sport). Netball as a sport was effectively controlled by a peak body in the Warringah area, the Warringah Netball Association. The views of this body were considered by ANC to be fixed and not prepared to embrace changes to administration and the format of the sport. Aiken and Thomas perceived that the WNA was without a vision and a tangible management structure and that it was
doomed to economic failure if it stayed committed to its attitudes. ANC saw the future of netball to be an indoor sport – not to languish outdoors in the winter weather, mud and bitumen.

Academy Netball Club calculated that there was a market for adult sport and they believed they could deliver an alternative popular sport cheaper than basketball. ANC had run an advertisement in the Manly daily (local newspaper) they recall basically said: “Coaching A grade side – needed an extra competition game during the week.” They received an estimated 380 responses. They also knew that netball was a winter sport played for sixteen weeks of the year. They innovated playing the sport indoors so it could be played year round. Initially they had to continue to play some of competition outdoors at the Academy and this saw the tennis courts modified to accommodate netball. The Academy of Sport has a two court gymnasium, however the dimensions of the building did not allow for sufficient ‘run-off’ at the ends of the netball configuration to facilitate international standard games. Basketball requires 2.3 metres from the court’s base lines to the nearest walls, netball requires 3.7 metres.

**Changing Venues**

As the club grew they moved their competition to the grounds of the Narrabeen Sports High School (NSHS). Here they introduced a mixed competition and were able to use the single indoor court in NSHS’s gymnasium.

At the time the community based discussions for the establishment of NBISC were underway, ANC were in discussions with the then principal Peter Funnell about making some lighting upgrades and constructing a roof over the outdoor courts at NSHS. ANC was prepared to contribute funds to the upgrade. However NSHS did not want to progress that particular approach.

According to ANC they committed $57K into the establishment of NBISC. They believed that the Department of Sport and Recreation had committed the grant of $375K to a stadium project, not the MWBA. ANC claim the idea for an indoor
sports stadium at the nearby Boondah Reserve was their initiative and post the following picture on their website, see Figure 6.2.

Figure 6.2: This was the first proposal given to Pittwater Council by the Academy Netball Club in 1995


Participation on the Steering Committee

The ANC was an active participant throughout the existence of the NBISC steering committee and are represented on the board of NBISC. ANC has one director position. Aitken was NBISC’s first treasurer.

From their perspective they did not witness Pittwater Council delivering much in what they call ‘real terms’. They have little faith that NBISC would still be operating if it was under Council management.
Appraising the Centre

The building is described as being built on a shoestring budget and now is showing signs of the low cost construction. The establishment level of fit out was described as mediocre citing the average standard of backboards on the basketball courts as an example with manually operated winches to retract the basketball backboards to enable netball games and other uses (though some have now been motorised). The low quality of fixtures is now presenting NBISC with a problem for long term usage as components are not proving durable (leaking roof and ceramic tiles falling off the walls in the change rooms/toilets). Maintenance issues are now emerging and it is felt that the predominant cause of the maintenance comes from the schools who provide no financial input into NBISC or the maintenance expenses.

Preferred Operators

ANC expressed a lack of confidence in basketball associations owning and operating stadiums and stated that there were stadiums around the state of NSW that were ‘white elephants’ as a result of being only run by basketball. This comment was not supported with any actual examples and it was clarified that it was based on anecdotal evidence.

ANC believe that the profit share arrangements for the canteen should be changed, though no specific aspects or suggestions were put forward during research discussions.

Keys to Success

The success of NBISC has been attributed by ANC to the fact there were three or four driving forces from the participating groups. Some of the early participants had withdrawn their support as they appeared to disbelieve the potential for success in the project. The project was sustained in development over a period of four years with weekly meetings attended by all the participants of the steering committee.
Ongoing Participation

The principals of ANC have now both spent time as directors of NBISC. Aitken was the first to serve on the board but left after two years partly due to the time commitment and financial hardship this caused as the position is unpaid. At the time of interview Thomas was considering his future role.

At present ANC has evolved into the Northern Beaches Netball Company and this business, owned and operated by Aitken and Thomas, is for sale. They believe the business still has potential for growth and eventually a stadium in its own right.

ANC had experienced that the changes in the position of Principal at Narrabeen Sports High School have lead to the Principals seeking to redefine the leasing agreement.

General Comments and Observations

In reflecting on the development of NBISC and their involvement the first comment volunteered was ‘Don’t do it’. Their experience on sporting committees has been regarded as disastrous and that the only time things get done is when it is run by a ‘benevolent’ dictator. They believed that key people, that are also the gatekeepers of the decision making, are needed to do the selling of the idea to get a project such as NBISC from an idea to a reality. The politicking is an unavoidable aspect of the inevitable negotiations, especially when there is not an alignment of purpose for the use of resource(s). ANC stated that the most important role was played by the then General Manager of Pittwater Council, Angus Gordon. Without his engineering prowess, leadership and innovation the project would not have succeeded. ANC believed they were key players in ‘selling’ the idea to gather support for the project. Their principle of selling was, in part, based on finding the right people to persuade.
NARRABEEN SPORTS HIGH SCHOOL

In the early nineties the NSW Department of Education and Training (DET) was reforming its education base (Mertherhill reforms). One of the main outcomes was changes to student enrolment in high schools. Previously students were required to attend high school as per the local zoning. This concept was abolished and students were allowed to attend a high school of their choice. This combined with a new approach to make schools operate on a business model and financial allocations were in part dependent on the student enrolment. Some schools flourished, others languished.

A New Leader in the Community

Mr Peter Funnell had been the principal at Rose Bay Secondary College. It would be fair to describe him as a professional who had talented strategic thinking ability. This was evidenced by the way he designed and implemented some curriculum reforms in partnership with local community interest groups at Rose Bay. His school was one of the first to introduce a program for audio visual multi-media in the high school’s curriculum. One group in particular was the Jewish community and the NSW Board of Jewish Education (BJE). He perceived the need to include cultural education in the school to address some of the unmet needs of the local community. This was achieved with Board of Jewish Education funding the program and this meant the enhancement of the curriculum was cost neutral for the school’s administration.

Funnell was transferred to Narrabeen High School and was greeted with the news that the enrolments for year seven had dropped from 5 classes to only 2. It was vital to the school’s funding, based on per capita attendance, that changes be made to attract high attendance levels. The delivery of secondary education had become competitive with students empowered to choose which high school they attended.
A New Vision

Funnell applied some astute strategic thinking and engaged his staff to assess the school’s positioning within the community and environment. It became evident there was a high involvement and interest in sport in the local area. This was in part due to its seaside location. Through community engagement and recognition of the overall profile of the area he was instrumental in changing Narrabeen High School into the Narrabeen Sports High School.

In Funnell’s own words he was looking to generate community confidence ‘not just gimmicks’. In designing a focus for being a sports high school changes were made to the curriculum to introduce courses addressing recreation, leisure and sports studies. There was wide consultation with peak sporting bodies to recruit accredited coaches and apply recognised best practice in the school programs. This achievement was recognised with the school being awarded the Director General’s Schools Achievement Award for Excellence at the end of 1990 (Year Book, Narrabeen Sports High, Sydney).

By 1993 the school received formal accreditation as a sports high school. The year 7 attendance figures were up from 60 to 190. By 1997 45% of the overall student attendance came from outside the local area (NSH year book figures).

Opportunities for Improving Facilities

Since becoming a sports high school they maintained three priorities:

- Focusing on a balanced comprehensive education
- Refining the sports programs to ensure that the school is providing the most appropriate sports development opportunities,
- Seeking to secure improved sporting facilities to meet the needs of all students and especially for talented students.

With this in mind he had the vision of developing high quality sports facilities within the school. Based on the business model of “user-pays”, the facility could be utilised
by other outside groups during the times that school did not need the facility. This would have benefits for the school’s budget as well as access to high quality facilities. One of the facilities that he had envisaged was an indoor sports facility.

NSH had been approached by the Manly Warringah Rugby League (MWRL) in the early 1990s seeking a partnership with the school to develop sporting infrastructure. At the time MWRL was regarded as one of the successful sports franchises in the Rugby League competition. As discussions were underway to develop a partnership which would see practice grounds and a second major playing ground/stadium in the Northern Beaches region MWRL fell victim to the demise of the Rugby League Super League. The club was essentially bankrupted by the failed venture.

**Success of the Sports High School**

In the Principal’s report in the 1997 year book Funnell wrote:

> Plans are under way to provide vastly improved sporting facilities; the swim centre, football stadium and training fields are still envisaged; a first class gymnastics centre should be commenced soon; and a four court indoor sports centre is planned to be ready for 1999.

The way in which the students from widely different backgrounds, sporting or other interests have combined harmoniously at school indicates that the model that the school has developed as a sports high school has been successful; some new sports high schools have adopted this model.


In NSW currently there are six sports high school on the Department of Education and Training’s website [www.schools.nsw.edu.au/schoolfind/types/sportshighs.php].

**Positioning of the School and Community**

Funnell saw NSHS’s role in the establishment of NBISC was to be as inclusive of the community as possible. The school was seen as an integral part of the community and therefore community based infrastructure should be designed to
deliver for the whole community. It was not within the scope of this view that one sporting organisation could be the controller or sole beneficiary of such community based infrastructure. Funnell saw his role as one of negotiating with the other interested parties underpinned with a philosophy of sharing. This was not a simple undertaking and whilst playing an active role on the steering committee there were many incidents witnessed whereby one sporting group would make demands in the design to exclusively accommodate their sport. An example of this was the dimensions of the court requirements for international level netball competition, which required a long base line runoff, whereas basketball did not have a similar requirement. This had the effect of increasing the surface area for the floor, and therefore increased costs.

This was not to detract from the desire to have a stadium that was constructed to a high standard and one that could accommodate international level sporting contests. This was seen as an advantage to the development of students who had chosen to enroll at NSHS for its sporting excellence. Facilities were a critical path to offer a level of excellence.

**The Business of Education**

Funnell was also astutely business minded. The school was on a large holding of land, some of which was underutilized. When Pittwater Council devised a plan to use the land, Funnell was eager to review options that would be beneficial to the school, not only from sporting programs, but also financially. The magnitude of NBISC was something that was ordinarily not within the scope of works for the DET’s capital works budget.

Funnell retired from the education department at the end of 1999 when the construction plans were being drawn up for NBISC. Although there were some considerable issues that needed to be finalised, including the sale of the NHS land to Pittwater Council, Funnell had placed NSH in a committed position which enabled these issues to be finalised under the stewardship of his successor principals.
In the research of this project there were numerous unsuccessful attempts\textsuperscript{47} to obtain from the Department of Education and Training the details of the lease for NBISC. This has created difficulty to complete an accurate account of this project. However from what is known from other sources, NBISC is built on land that is leased from the Department of Education and Training for a 40 year period. At the completion of the lease NBISC will revert to full ownership by the Department of Education and Training and NBISC will then be part of the school infrastructure. It is likely that this lease will be renegotiated and NBISC will continue to exist in its current form. The question of the level of public partnership in Public Private Partnerships raises the issue of community use funding the development of school based infrastructure. This matter is addressed more fully in the findings.

**NARRABEEN HIGH SCHOOL’S PARENT AND CITIZEN COUNCIL (P&C)**

The Narrabeen Sports High School administration worked closely with the school’s Parent’s and Citizens Association (P&C). This group was chaired by Mr Steve Simpson. This was another key position filled by a volunteer. Simpson had expertise in government public works and had coincidently worked alongside Mr Angus Gordon, the then General Manager of the Pittwater Council, during their previous careers in public works for the NSW Government. This was to prove to be a valuable intellectual asset to the development of NBISC as it gave the steering committee an excellent knowledge base to finesse this project.

**Project Expertise**

The P&C had been supportive of developing the infrastructure at NSH. The first project considered had been an Olympic sized swimming pool, however costs and site location saw this project placed on the back-burner. The concept of the indoor sports centre was a more attractive project as well as a more readily achievable one. Simpson had worked on Public Private Partnerships from the first one the NSW Government had entered into, the development of the Manly Ferry Terminal (1987).

\textsuperscript{47} These attempts included letters to the Director General of the Education, numerous emails and phone calls all with promise of the information being forwarded, however nothing has ever been forthcoming.
His expertise gave him insight to all the anticipated community issues, as well as engineering and costing aspects. The concept for an indoor sports centre was not an overly complex one and in a simplistic form was regarded as a ‘box with a floor’.

The P&C had wide community representation within it and this provided a conduit for community feedback. The main groups that emerged as seeking to utilise the complex were the school groups, the MWBA, Academy Netball Club, Northern Beaches Gymnastics, Manly Warringah Volleyball and Warringah Netball Association. The latter three dropped out when the steering committee was formalised.

In the early stages of the establishment of NBISC Simpson observed there were high levels of enthusiasm and energy but there was a lack of knowledge of how to move forward with this project. This was broken into two aspects; the technical side (function) and the financial side (funding).

As the project broadened some complex issues arose. These are addressed in the Pittwater Council section, however some issues were the land sale (a purchase paid for over four years by Pittwater Council to the Department of Education and Training), the lease of the land and premises, and construction in a flood prone area.

**Experienced Project Management**

One of the key factors in any project development was the question of who the project manager should be. Simpson saw that Pittwater Council’s offer to use their capital works engineers as the project managers was an ideal situation for NBISC.

Simpson observed that as this had been a new process to many of the participants things that were ‘unknowns’ tend to foster rumours, therefore one of the key processes needed was to share the information within the steering committee of NBISC. This also allowed for discussion (and disputes) to be aired. There were many disagreements observed between the sporting bodies within NBISC’s steering committee. These issues related to finance and use. These issues had been detailed in the minutes of NBISC’s meetings. On a positive side, these disputes were
indicative of the passion and commitment that these volunteer\textsuperscript{48} participants brought to the project.

From Simpson’s recollection the issue that singularly caused the most angst to the working group was the perceived lack of trust between the sporting bodies. This distrust was not only of their ‘competitors’ but also of the government agencies involved in financial aspects and hiring of the facility. A project of this nature was dependent on collaboration, not competition, between the participants. Compromise was not something that was readily evident between the disputing entities.

\textbf{A Community Outlook}

The P&C firmly shared the view of Pittwater Council that the project was for community use, and not to exclusively accommodate a specific sport. It was not seen as a basketball stadium, nor was it regarded as a netball, or volleyball stadium.

\textbf{Sustainability}

From a managerial perspective NBISC was designed to have reduced managerial costs. Its structure was to be a not for profit company that could service its own costs and be self sustaining. When tenders were received for the construction of the premises it came as a surprise that they were higher than had been anticipated\textsuperscript{49}. This necessitated changes to the scope of the work and there were many modifications to the original plans. Many of these changes allowed for retrofit-outs, such as the completion of the mezzanine floor above the change-rooms, as NBISC matured and became financially stable.

\textsuperscript{48} MWBA had included their General Managers in this process, a paid position. There were reportedly three different GMs during the development of NBISC and the lack of continuity caused some level of angst within the steering committee.

\textsuperscript{49} The introduction of the Goods and Services Tax (GST) caused a significant increase in the construction costs.
Champions

Upon reflection, some of the key issues that Simpson related were that although passion was a positive driver, a community based project of this nature needed a ‘champion’. In this case the champion had been Pittwater Council. It was seen as a core regulatory body with ownership as well as sharing in the benefit of the project.

Tapping into a power base was also critical to a project’s success. Without the necessary gatekeepers approving such a project it would not succeed. According to Simpson in this case the key champion was not just a body, but an individual, Mr Angus Gordon. The networks amongst senior levels of other involved government agencies were important to progress NBISC. Without the commitment of the champion the project would have fallen over. An example of this was securing precedent approval for development of land that was flood prone. Without the commitment of Gordon’s knowledge and connections to enlighten the gatekeepers’ understanding of how this innovative project could be achieved with appropriate levels of engineering integrity this critical issue would have prevented the project.

There was a perception that access to senior bureaucrats was facilitated by the fact that some lived in the Northern Beaches area. This is not to suggest any impropriety, but had an advantage that those people had a better than usual knowledge and awareness of the project when it came to decision making.

From a leadership perspective the advice is to never lose sight of the objective. In project management it is necessary to step out of the issue(s) in dispute and focus on the objective of the overall project. In the case of NBISC that objective was to combine resources for the benefit of the community.

The NBISC Model

Overall NBISC developed its own model and achieved an outcome that was achievable due to overall circumstances that were occurring in the community at the time. These included the available land surrounding the school, the nature of the land in question and the concurrent local residential development. The P&C saw the
project’s merits in the creation of opportunities for youth in the community and promise of social outcomes such as anti-drug incentives and improvements to health\textsuperscript{50}.

As far as the P&C perspective is concerned, they view Pittwater Council as the de facto owners and operators of NBISC. The P&C’s role was only to participate in the steering committee to establish NBISC. Upon the completion of the project it took no further part.

NEW SOUTH WALES GOVERNMENT’S DEPARTMENT OF SPORT AND RECREATION

There was nothing particularly extraordinary about this department’s background. Its charter is governed by the NSW legislation, and in part, is to:

- Develop regional and local sport organisations
- Create opportunities for under-represented and disadvantaged groups
- Strengthen Communities through sport and recreation


The Department of Sport and Recreation (DSR) maintained a key role throughout the development of NBISC. Their involvement commenced when MWBA were seeking government funding to build their stadium in partnership with Warringah Council (see Appendix 6). DSR had approved $375K for capital development funding for the stadium. This funding was under consideration for allocation elsewhere at the time community discussions commenced for NBISC.

Mr David Von Schill had been the department’s action officer for the funding and again took an advisory role during the deliberations for the establishment and development of NBISC.

\textsuperscript{50} It was acknowledged that there was no benchmarking done to analyse this.
Department of Sport and Recreation viewed the development of NBISC as community based infrastructure. It advocated for Pittwater Council to have a lead role in the management of the facility. It also coordinated the inclusion of the Department of Education and Training. Department of Sport and Recreation not only provided the $375K grant, it also provided a $600K loan to be repaid at a fixed rate of 5% over 10 years.

**Financial Success**

In the opinion of Von Schill this development is hailed as a success story and in particular the servicing of the loan which has now enabled other funding to be committed to other community development projects. The success of this project is attributed, in part, to the business plan that was developed to support the operation of NBISC. In brief, this plan ensured that there was in place a 70% rental commitment of the premises to ensure a ‘white elephant’ wasn’t created. Singularly MWBA was able to fulfil that financial aspect.

The modelling also factored in restricted use of the premises to ensure that schools were able to use it between 8 am and 4:30 pm during the school week.

Indoor sporting complexes were not new concepts for Department of Sport and Recreation. They were experienced in developing these and the architecturally designed flagship, the King George V Recreation Centre\(^51\) in ‘The Rocks’ area of Sydney was cited in contrast to NBISC. The centre had one main entity, the City of Sydney local council.

**The Advisory Role**

Department of Sport and Recreation found in comparison to the KGVRC development that the negotiations during the development of NBISC were hard and it was often difficult to reach agreement between participants. Department of Sport and Recreation took a back seat to the development of NBISC, opting for an

\(^{51}\) The budget for this project was considerably bigger than NBISC.
advisory role to ensure that funding was not jeopardized. This position however attracted frequent calls from the various participants, especially during times where disputes were alive, in the hope of those in the dispute that some leverage could be applied to influence an outcome favourable to their particular group.

**NBISC’s Independence**

In the meantime Department of Sport and Recreation is supportive of NBISC operating in an independent status. NBISC has, as required by the Australian Securities Commission (ASIC) a liability for the directors of the company. Department of Sport and Recreation saw that if the loan repayments were defaulted by NBISC then in the first instance the directors would be personally liable. Department of Sport and Recreation’s assessment of the low interest loan was subjected to due diligence and this was largely dependent on a viable and sustainable business plan. In the development of the loan Department of Sport and Recreation needed a guarantor. This was provided by Pittwater Council. Although NBISC is seen as answering to itself, Department of Sport and Recreation had insisted that there are fall-back positions in place that would see Pittwater Council operate the centre if NBISC Ltd fell into financial hardship or collapse. It was recognised that the nature of the business would be from an income cycle dependant on the user-pays process of the centre.

The other aspect that Department of Sport and Recreation was mindful of was the sinking fund for the building and the factoring of the floor’s replacement after 12 years of heavy use. These aspects mean that a long term view had to be applied to the business plan.  

Department of Sport and Recreation perceived that Funnell from NSH and Gordon from the Pittwater Council had provided lead roles in the establishment of NBISC and that this had helped maintain a community focus for the project.

52 The business plan was not made available for the research for this project.
Public Interest for Funding

Department of Sport and Recreation had a long association with MWBA’s attempts to construct and own a stadium. However in considering the future of the $375K grant, Department of Sport and Recreation had to reconsider the public interest test for the use of the funds. Although MWBA had at one stage been able to pursue an attractive venture, their financial backing had come largely from the (failed) NSW Basketball Association. As the events in the late 1990s to progress NBISC had significantly shifted, the development of community based infrastructure, albeit a high quality multiuse facility that included four basketball courts, there was no longer any prospect that the facility could be constructed solely for MWBA’s ownership and management.

Department of Sport and Recreation considers that there was extensive planning in the development of NBISC and that its current performance is considered to be excellent.

PITTWATER COUNCIL

The organisation with the most complex background in this research is the Pittwater Council. Whereas the other participating organisations focused on the needs of their stakeholders who were for the most part concerned with an easily defined core business, Pittwater Council also had a legislative base and multiple stakeholders to consider.

Pittwater Council was founded on May 1, 1992 by NSW Government proclamation following a long and energetic campaign for secession from Warringah Council by many Pittwater residents (see http://www.pittlink.net/rising/index.html [on line accessed 17 February 2006])

The research for this thesis did not explore the rationale behind the secession of Pittwater Council from Warringah Council. However the effect was to give the Pittwater area its own local government (see Figure 6.3) and therefore determination of local issues.
The New South Wales *Local Government Act* of 1993 prescribes a council’s charter in section 8:

**The council’s charter**

(1) A council has the following charter:

- to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- to exercise community leadership
- to exercise its functions in a manner that is consistent with and actively promotes the principles of multiculturalism
- to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development
- to have regard to the long term and cumulative effects of its decisions
- to bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible
- to facilitate the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government
- to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants
- to keep the local community and the State government (and through it, the wider community) informed about its activities
- to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected
- to be a responsible employer.

Leadership with System Thinking Approach

The main figure within Pittwater Council was the then General Manager, Mr Angus Gordon. It is reasonable to state that the other participant organisations were single issue focused. To be concerned with the establishment of NBISC, Pittwater Council had many other complex issues that impacted on its participation in this project. What was accomplished by Gordon through applying systems thinking approach was remarkable for reasons that unfold as his story unfolds.

In order to satisfy these requirements Pittwater Council had embarked upon feasibility studies to establish a community use sports centre. The full history of NBISC is in Appendix 13, however it is relevant to extract these early stages to illustrate Pittwater Council’s activities leading into the NBISC project.

**October 1994**

Recreational Needs study conducted by Pittwater Council, identified a strong need for an indoor sports centre and aquatic centre.
July 1995
Pittwater Council commission a second study (conducted by LRM Australia) which examined the case for, and the siting of, a proposed multi-purpose recreation and aquatic facility (Leisure Centre).

January 1996
LRM Australia release their report on the Leisure Centre (including: Entry Area, Sports Hall - 4 Court, Aerobics, Child Care Centre, car parking, Indoor and Outdoor Swimming Pool, outdoor basketball courts, Senior Citizens Centre, Meals-on-Wheels) The preliminary suggested budget was $15,840,000.

LRM Australia concluded:

Due to Council's present financial circumstances, the recommended facility on the Jacksons Road Reserve is not a feasible proposition in terms of the capital cost. However from an operational perspective, the project is feasible.

In order to proceed with the proposed development, Council will need to meet the shortfall in capital. It has been demonstrated that some capital may be available from a variety of sources including the centre's ability to service borrowings in the order of $2 million if developed in its entirety.

A strategy for consideration would be to stage the proposed leisure centre by developing the sports hall and fitness components before the indoor pool. However there is still a significant capital shortfall albeit, slightly less than that for the total development. ($5.8 million compared with $7.4 million).

As a result of this feasibility assessment, it is recommended that:

Council adopt this report and the recommended concept plan as a basis in principle for the future provision of a multi-purpose indoor leisure centre for the Pittwater community.

Council continue to investigate the possible sources of capital funding identified in this report with a view to assessing its ability to meet the capital cost of the recommended development.

(LRM Australia 1996: 42)

December 1996
Sometime prior to 5 December discussions were held to facilitate a community interest meeting. The first identifiable date of correspondence was 5 December 1996 when invitations were sent to an extensive group of people to attend a meeting on 16 December 1996.
Pittwater Council was, similar to the other NBISC partners, initially on an independent search for an indoor centre.

**Optimising Resources**

Pittwater Council had a restricted funding base to contribute to this project, however through some very innovative and skillful alignments it was able to generate funds and negotiate precedent agreements for NBISC to proceed and still satisfy its legislated charter.

During the mid 1990s Warriewood Valley was undergoing residential and business redevelopment (see www.pittwater.nsw.gov.au; Development Control Plan No. 9 Warriewood Valley Stage One Release: 9). Large tracts of agricultural land were being redeveloped into medium density housing and light industrial estates. Under the provision of Section 94 of the NSW *Environmental Planning and Assessment Act 1979*, any such developments have prescribed requirements for community use infrastructure and open space allocated within the development. Further to that, there is a levy paid to the local council (or consenting authority) on each parcel of land that is committed to the development of that land.

(S94) Contribution towards provision or improvement of amenities or services

(1) If a consent authority is satisfied that development for which development consent is sought will or is likely to require the provision of or increase the demand for public amenities and public services within the area, the consent authority may grant the development consent subject to a condition requiring:

(a) the dedication of land free of cost, or

(b) the payment of a monetary contribution,

or both.


**Council Issues**

The Pittwater Council had multiple issues to address. These included the fact that it was:

- an infant Council with a weak financial base,
• a public demand to improve services and facilities in a region that believed it had been neglected for many years by the Warringah Council,
• an opportunity to facilitate residential development and increase the revenue base for the Council offset by the prescribed formula to provide an amount of public space per residential housing development.

These forces are modeled in Figure 6.4.

The approach that was taken by council was arguably an exemplar of a systems thinking (Senge 1990) approach that effectively integrated participation through a stewardship approach. The Council did not necessarily set the agendas or control what was being progressed, however it did provide the leadership when it needed to assert itself. Pittwater Council consequently found itself in the middle of many different factions. This is modeled in Figure 6.5.
The Land Initiative

Gordon saw a way to have alignment within Council to direct funding, develop capital and meet community sporting facility needs. Gordon devised that the available funding from the Warriewood Valley Development provided some opportunities for NBISC. He approached the Narrabeen Sports High School about a redevelopment of the school to allow the sale of the new reclassified lot to the Council. Pittwater Council needed three to four hectares of sports fields. Department of Education and Training was approached and declared that the lot in question was actually surplus to the needs of the school (see Figure 6.6). The lot in question was open space and would be maintained as soccer and outdoor recreation fields for the Warriewood Valley precinct. This would satisfy the allocation of open land required under the environmental legislation. The land in question had a considerably lower market value as it was within flood prone area and therefore could not be used in residential developments. This therefore optimized the area of land that was available for development in the Warriewood Valley because there was no longer a necessity to excise parcels of the high value development for open space. This increased the revenue for the Council because more ratable blocks were developed.
Gordon approached the Narrabeen Sports High School and Department of Education and Training (DET) with this plan which by raising capital from the sale for the lot (for $2.5 million) would enable Department of Education and Training to commit funding to the construction of NBISC and have extra funds for other school needs. Gordon negotiated a deal with Department of Education and Training that Pittwater Council would pay for the land in four instalments over a period of four years. The details of this were documented in the Pittwater Council meeting’s minutes (item C7.1 Report to Council Meeting of 4 September 2000).

This issue was further complicated by the fact that Gordon negotiated with Department of Education and Training a lease that would allow the construction of NBISC on Lot 2 of the school (see Figure 6.6). The lease would be satisfied in part by the unrestricted use of the premises (including the sports fields purchased) during school hours. Although the lease has not been made available for this research Gordon advised that the lease was a 20 years plus 20 years (20 + 20) agreement that would result in Department of Education and Training owning the building. NBISC would revert to be part of the school’s infrastructure. This requires a new lease to be negotiated by NBISC for current arrangements to continue.

Pittwater Council had modeled the success of the indoor sports centre to be feasibly based on a guaranteed rent for 70% of the time. This has been satisfied by MWBA and ANC signing long term hire agreements.

**Partnership Experience**

Another area of expertise that Gordon brought to this project was his understanding of partnerships. He and Steve Simpson (see Narrabeen Sports High Parents and Citizen section) had worked together in the NSW Department of Public Works. Gordon had written the initial policy for the NSW Government on Public Private

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53 Without access to the Lease it is not known if there would be any payout to NBISC, Pittwater Council or any of the partner organisations.
Partnerships (PPP). In his opinion the NBISC was a second generation Public Private Partnership, but more appropriately a Public Public Partnership.

His view was that the first generation PPPs were not good deals for the public. The real beneficiaries were the government politicians and the private developers. Governments can obtain the cheapest financing for the development of community infrastructure, but they are politically reluctant to run deficit budgets to establish and operate them. The introduction of private enterprises to operate and run projects ultimately means the taxpayer pays a lot more for the project. This is discussed at length earlier in Chapter 4 on PPPs.

![Figure.6.6: Proposed subdivision of Narrabeen Sports High approved by Pittwater Council’s Development Authority](image)

Source: Adapted from Report to Council Meeting of 4 September 2000: 6

In the case of NBISC private development funds were channeled into the community infrastructure project (the Section 94 payments from the development of Warriewood Valley in particular). It used the user-pays model to establish that there would be certainty in the income base necessary to construct and operate the project. Gordon believed that singularly none of the participants would have succeeded in the
completion of the project, yet in partnership the project was a success. The private enterprise aspect was incorporated by forming a private company to run NBISC.

Pittwater Council was instrumental in establishing many partnership arrangements within the shire. These are evident in the co-location of public services within the single structure. A good example of this is the Avalon Community Centre. It is Council owned, but is a joint venture with a health centre and early childhood centres located within the community centres themselves (Avalon).

Pittwater Council claims it did not have an interest in running NBISC, though it was prepared to be the guarantor on the low interest loan from the Department of Sport and Recreation. This in effect gave Pittwater Council management rights over NBISC should its management regime fail. The Council mitigated its risk by ensuring that the business plan for NBISC was self-sustaining financially. The financial considerations were outlined that there were choices that NBISC had to make about its business practice. One of these was the question of whether it wanted to provide lower hire fees and consequently forego retrofitting improvements to the facility. It was also necessary to safeguard a sinking fund for the maintenance and replacement of the building. As the environment has a high concentration of surf-salt spray, corrosion of the metal cladding is naturally accelerated. The other consideration was that the Council advocated NBISC should be run conservatively until the loan had been paid out. To date those repayments are being made to the satisfaction of Department of Sport and Recreation.

The Pittwater Council is required under Section 428 Part 2 (P) of the Local Government Act to report any activities regarding companies controlled by Council. Pittwater Council consistently reports: “The Council did not hold a controlling interest in any company during the year” (see Pittwater Council Annual Report 2006).

**Leadership Defined**

Gordon saw there was an important leadership role for the Council. Gordon’s style of leadership was described by him as a leadership that is not all imposing and
allows for different personalities, but that intervention is to be effected only through necessity. Although there were disputes within the steering committee of NBISC, Gordon held the view that it was necessary to give all parties ownership in the decision making and that if there was a failure it would be a failure for all. Similarly, if there was success it would be success for all. This was implemented through a company that was set up to run NBISC. Gordon believed that the alternative of the Council running it, using model common throughout Australia, would have been a lot easier due to the other managerial infrastructure and funding that was already in place. However the NBISC model to date has operated with financial independence from Council. It is normal for Council operations to be heavily subsidised by the rate-payer, in this case the facility is funded on a user pays basis and is not impacting on the public purse of rate payers at this stage.

**Project Simplified**

In consideration of the project needs, Gordon believed the design of the building did not need architectural input. Gordon is a very experienced civil engineer. He appraised the project needing essentially a large industrial building with a purpose built floor. As the area that the building was going to be constructed is flood prone he devised that an elevated building would have a twofold purpose;

1) prevent the building from being flooded;
2) enable a natural flow-through ventilation to dispense with the need, and added expenses, for air-conditioning.

The roof has covered venting ridge caps and the insides of the walls have open spaces between the wall and floor to let the airflow from under the slightly elevated building to draft through to the roof vents. This works very well (see Figure 6.7) as the hot air rises it is vented through the roof caps and the cooler air is drawn up from under the building.

From an environmental aspect it was considered that the aesthetic of the building could be eventually masked by the surrounding planted vegetation maturing. This has proven to be an effective way of hiding the lines of the industrial shape.
The roof of the building is largely alsynite™ panels. These are transparent sheets that maximize daylight to minimise the use of artificial light, and the accompanying bills.

![Schematic of the NBISC’s airflow.](image)

**Figure 6.7: Schematic of the NBISC’s airflow.**

**RECOGNITION OF KEY PEOPLE**

Although this research did not consider the aspects of personality and the impact on the project, it does, nonetheless recognise that certain people within their professional roles did have a positive impact. Such is the case with Mr Robert Dunn. Dunn was a councilor with the Warringah Shire Council prior to the secession of Pittwater Council. Dunn had been supportive of MWBA’s attempts to get a stadium project off the ground in a joint venture with Warringah Shire Council. Dunn remained true to his public support for the project. He played a role in the creation of the Pittwater Council and was elected as its first mayor. He remained committed to the development of an indoor sports stadium. Without the support of the councilors of Pittwater Council brokered by Dunn as mayor, it is doubtful that NBISC would be operating today.
Councillor Shirley Phelps was appointed by the Pittwater Council to be its representative on the steering committee. Her service continued as the Chair of the Board of NBISC. Phelp’s involvement has been unremunerated and she has remained dedicated to NBISC in her long-term service. Her corporate knowledge and assistance in providing access to the participants for this research was sincerely appreciated.

CONCLUSION

In many ways NBISC is a precedent in the development of community based infrastructure. The participants in this aspect of the research all shared the view that the project has been successful. They attribute that to the commitment and hard work of the steering committee that had the benefit of people with some unusual expertise across a variety of fields. These included, but were not limited to skills in: engineering; public administration; sporting administration; entrepreneurial skills; and financial acumen. Further comments about the findings of this research are addressed in a later chapter.

To walk into NBISC on any given afternoon of the week, or throughout the weekend one can’t help but be impressed with the magnificence of the building and its splendid surrounding ambience. The stadium is kept at a very good standard of cleanliness and upkeep. There can be no doubt that community within the Northern Beaches of Sydney has an excellent facility that continues to be enjoyed by everyone who uses it.

There were clear differences in perspective expressed by the participants providing their testament on the NBISC project. Some were in agreement in some aspects, and complete disagreement in others (such as whose idea it was in the first place).

The interviews were conducted in accordance with the research methodology to allow the participants to tell their stories without any cross examination other than to clarify an understanding by the interviewer. This was mindful of the observer influencing the observed – if a structured questionnaire had been prepared it would have defeated the purpose of a free flowing account by the participant as advised by
Dick (2005b). The information provided was what they volunteered and not crafted by the researcher’s curiosity.
CHAPTER 7

FINDINGS
INTRODUCTION

The research for this project has been conducted in several different ways in order to incorporate triangulation and achieve thoroughness. There has been an extensive literature review; direct involvement participating in the issues confronting management of a community based not for profit organisation; extensive searches throughout two organisations’ history that were previously unwritten; and finally, interviews with the main participants who helped make NBISC a reality.

The findings from this social research have been on several dimensions; the practical, the theoretical and the philosophical. From the practical consideration, the Action Research process enables a deeper insight into understanding from becoming part of the study. The theoretical aspect plays a crucial role in planning the practical actions. Theories are often manifesting as public policies. The philosophical aspect provides insight into the basis of different theories and therefore actions.

The consequence of applying a methodology that is constructivist (interpretivist) is that interpretation is relativistic due to the subjective nature of the paradigm. Interpretation based on the data gathered can be contested and indeed the same topic could be researched with different data gathered due to different researcher(s)’ perception and interpretation. This therefore sets the scene for a critiquing of the social theory and thereby hopefully the exchange of ideas that can enrich the learning and knowledge generation and sharing.

This does not suggest that interpretation is developed ad hoc and without rigour. A constructivist methodology such as applied in this research seeks the triangulation to confirm knowledge. It also seeks to disconfirm knowledge, as Dick’s model (see Figure 2.9) described, to test the integrity of the claim of knowledge.

Consistent with the cycle of action research, the findings sit in the reflective stage (plan-act-observe-reflect). This means that the findings can be applied to the design of new actions, but these findings will probably be further refined as the cycle
perpetuates. What is presented is a snapshot in time in the process of ongoing learning and knowledge development.

The application of Grounded Theory in the methodology has been worthwhile and without it the materialising of data and knowledge would not have been so easily recognised. This can be illustrated with the following analogy. You can take an exploratory drive from the east to the west coast of Australia during night time, unable to see more than the 200 metres of headlight illuminated roadway in front, but you can still safely get to your destination. You are guided by what emerges from the darkness. It is a stirring and encouraging image for those that embark on an action research process because it explores delving into the unknown and can be a very personal journey. Similarly with grounded theory as the gathered data is conceptualised, categorised, (theoretical and descriptive) coded and analysed the conditional theories emerge.

There is a resonance with the notion of being a volunteer that sits well with the constructivist paradigm because it allows perception to be recognised, appreciated and provide input into knowledge no matter what your position is within the organisation.

There are few policies that can claim to be anything other than subjective. Even the notion of the underpinning concept of ‘public interest’ is subjective and dependent on the philosophical paradigm of those that approve the policy. At times the ‘interest’ is in fact an unsatisfied curiosity by some members of the public to seek answers why certain actions have been taken by government.

The alternative to this would be a heavily prescribed form of governance that would follow a functionalist positivist paradigm and the tests of what is perceived would be measured against some yet to be described and agreed claim of an objective truth to benchmark these. In short, individual thinking would be constrained to a prescribed compliance.

NBISC, as we have seen, was set up as a result of the collaboration of several different interest groups from within the community. NBISC has some positive
aspects and some questionable aspects. This thesis had a starting question addressing the issues of governance for a not for profit organisation in the development and establishment of community based infrastructure. NBISC is certainly such an entity. The simplest aspect of NBISC is the description that it is a box with a floor, however the story behind NBISC is, as seen throughout this research project, quite complex in places.

As a result of the research there are many complex questions that emerge and these are now addressed. The governance issues have been identified and recommendations made in the context of business practices and corporate governance.

**National Competition Policy and Competitive Neutrality**

The first issue is whether, under the parameters of the National Competition Policy Agreements (NCP), settled by the Commonwealth Heads of Australian Governments (CHOAG) that Competitive Neutrality (CN) has been compromised by the actions of Pittwater Council (PC), the NSW Department of Sport and Recreation (DSR) and the NSW Department of Education and Training (DET).

NBISC has some embedded advantages for Pittwater Council and the Department of Sport and Recreation and these will be fully realised at some point in the future when the infrastructure is owned debt free by either of these government bodies. They are potentially receiving a valuable asset that has been paid for by the primary user group from within a small faction of the community.

To recap on competitive neutrality (see: Chapter 4) a government entity should not use its own resources (for example land as it has a high value and private enterprises cannot obtain it at the same price) to establish a business enterprise, especially when the enterprise is a monopoly. If NBISC is ultimately owned and operated by Pittwater Council then has it rightfully used its Section 94 payments in conjunction with its powers to redefine planning approval to address the charters as prescribed by the NSW *Local Government Act*?
If Department of Sport and Recreation ultimately owns this infrastructure and draws an income from it to supplement its budgetary requirements then again the question is has competitive neutrality been breached? Both these aspects could be given further scrutiny by the National Competition Council (NCC) as it is the advisory body overseeing National Competition Policy. This scrutiny has not been possible in this research as the documents from the Department of Sport and Recreation that would show the deliberations for their involvement in NBISC were not made available. It is anticipated that these documents would discuss the financial aspects underpinning the rationale for the approval, including the income potential.

The problem with this is that the users from the community are the ones subsidising the payment of the infrastructure for the government. Further to this it is disadvantaging the businesses as their use has been factored to make the project viable, yet they were not allowed to own and operate the premises, nor do they have a significant voice in the management of the venture. In the case of MWBA, their 70% usage has made the project viable. They are paying off over $200K per year rent, a substantial financial propensity to service a mortgage yet they are restricted to being a mere high priced tenant.

Their commitment is further exploited by the fact that Department of Sport and Recreation is not contributing anything to the ongoing maintenance or running costs of the premises, yet they may well be the de facto landlord.

This issue is further clouded by the fact that NBISC Pty Ltd is an entity in its own right and claims substantial equity in the $2.5m project. Yet NBISC’s only line of reporting is to the Australian Securities and Investment Commission (ASIC) and NBISC by its own admission is not accountable to anyone else. Yet waiting in the wings are the Pittwater Council and the Department of Sport and Recreation should NBISC collapse financially. NBISC has the potential to provide its owner with a lucrative long term income from Department of Sport and Recreation, and MWBA and the Academy Netball Club use without considering additional income possibilities.
Whilst NBISC’s financial status is good and continues to improve as the $600K loan is repaid, Department of Education and Training is not receiving any direct income, nor is Pittwater Council. The asset does appreciate in value as the financial overheads diminish. If the current annual hiring rates were extended to Department of Education and Training there would be an extra $250K income for NBISC. Conversely, by having a free use agreement with NBISC Department of Education and Training is receiving approximately $250K sponsorship/savings.

NBISC currently claims to be self-sustaining. This is rather misleading when one considers the fact that the board members are all volunteers and these are usually paid positions under other local government based models. Further to this, the future of continued participation of these volunteer board members cannot be assured. Again this issue of compliance with competitive neutrality is questioned because there is a possible exploitation of the labour force.

Pittwater Council and Department of Education and Training both can lay claim to having a first class facility within the community. Pittwater Council’s early investigations to establishing an indoor sports facility were met with a confirmation for the need, and that it would be financially viable, but would cost $15m to construct. Now Pittwater Council has a facility and they have obtained this for arguably less than $300K. This figure is hard to quantify as they were the project managers and staffing costs alone for the duration of the project would have been quite high. Had these fees not been absorbed by Pittwater Council they would have been included in the construction cost which would have inflated the price. Pittwater Council were skilled at harnessing the elusive multiplier effect for the spending of the public purse. However the argument is again circular when considered in the context of Competitive Neutrality.

The constructivist paradigm does not consider subjective issues in merely simplistic single view alternatives. An alternative consideration here would be to look at a different role that the Department of Education and Training could play in this project. If it is not paying for anything, yet fabricated wealth through a clever initiative to sell some of its land, they are currently financially ahead – they sold land for $2.5 million and contributed $500K to NBISC. This left them with disposable
income from the land sale. If they were participating in a user-pay model, such as the current community user groups, then the situation for NBISC would change remarkably. The hire fees reduction for the other users could be one option (though in the chapter on NBISC the issue of retrofit out was considered and a reported choice on lower fees or higher level of amenity.)

If the National Competition Policy Agreement were applied then it is argued here that the Department of Education and Training should be paying for its use of this facility. The peppercorn rent is not in issue as the value of land to government is an important factor that governments bring to public private partnerships.

If the competitive neutrality has been breached then either the policy should be amended or the governance of NBISC should be changed. It is probable that both will happen. The National Competition Policy may well be amended if there is a change of Federal Government and NBISC’s current board structure is unsustainable. It is likely to need reviewing and change soon.

**Public Public Partnerships**

The community collaboration effort achieved a remarkable result in the establishment of NBISC. The use of public resources was a shift from the direct government funding for community infrastructure to a combination of community organisation contributions with creative funding through innovative measures from local government. In the case of NBISC the principles of Public Private Partnerships have been extracted and cleverly devised into a newer generation of partnership, the Public Public Partnership.

Although NBISC is established as a corporation, it does represent a community based organisation and its charter is to provide a service for the local sporting community. The attempts to develop synergy between sporting groups created a body for the partnership to ideally align the groups’ respective ambitions within it. There appears to be tolerance, but there is no evidence of true synergy between MWBA and Academy Netball Club or NBISC. It is a finding of the research that the ideals of the partners have not been aligned and there continues to be a stress within
the relationship of the main participants, NBISC (Pittwater Council), MWBA and Academy Netball Club.

Pittwater Council saw an opportunity to establish a community centre without the need for council administration, though arguably the chair of the NBISC is a Council appointee and one could claim strong ties to the Pittwater Council.

The independent charter of NBISC means that it is not directly accountable to anyone, but indirectly to the three entities represented on the Board (Pittwater Council, MWBA and Academy Netball Club). From a governance perspective this creates an unusual scenario. Academy Netball Club is privately owned and is a for profit organisation therefore the decisions made by the NBISC board can be regarded as a direct input into the functioning of Academy Netball Club. Academy Netball Club’s structure does not have a board and the decisions about the operation rest with two people whose interests are primarily the financial prosperity of Academy Netball Club. Conversely MWBA’s structure is Board based and the NBISC representative is not from the MWBA Board of Directors. Therefore from a governance perspective, the decisions made by NBISC are not necessary consistent or favourable with MWBA’s interests. It raises some question about the role of the appointed representative-come-board member. Does the appointee represent the interests of MWBA, or do they focus on the interests of NBISC? How does the appointee craft their input?

For a Public Public Partnership to be successful there needs to be an alignment between the partners. This goal is not easily achieved, but can be crafted with thoughtful negotiation. This has been addressed by Kaplan and Norton with their Balanced Scorecard (Kaplan et al 1992). Their model focuses thinking to address the internal perspective (how we see ourselves) and the external perspective (how stakeholders outside the organisation see us). The external perspective is necessary for good governance of a community-based not for profit organisation that has been generated primarily from the public purse. There are no mechanisms for public accountability, such as access by the Ombudsman (as for government agencies).
Strategic Planning

A key finding from this research has been that there needs to be substantial effort placed in strategic planning for community organisations. Neither NBISC nor MWBA are consistently applying any form of strategic planning. Although their accounting practices are improving, there is far more to strategic planning than a balanced ledger.

Strategic planning can identify the intangible benefits that an organisation can create and deliver that are consistent with corporate social responsibilities and good governance. In the case of NBISC there was an almost unanimous volunteering by the research participants that the business of NBISC was focused on getting the centre built, maintained and the loan repaid. There was little thought put into how the business was going to operate.

The research failed to find any evidence of a strategic plan for NBISC, nor was the initial business plan made available. From discussion with the participants it is generally agreed that NBISC’s business plan was based only on a fiscal rationalisation for the project and there was no conceptualising of scenario planning or strategic planning that could address tangible and intangible key performance indicators. These are important aspects to good corporate governance and without them the future of NBISC has many question marks. One question is whether it has defined its potential to benefit the community.

To explain this further, in the case of NBISC there has been an outlay of public funds to construct a community sports centre. There is a tangible asset that is the physical building. However there are intangible benefits to the community that can be created and optimised by the associated use of the centre. These issues are quality of life aspects such as crime reduction54, improved health, community harmonisation through sport and so on.

The State of Delaware in the America established Wilmington's Hope Basketball League for unemployed youth. Ideas such as teamwork, leadership, and responsibility are some of the main principles that will drive the success of the League [http://www.state.de.us/ltgov.delaware.gov/initiatives.shtml#basket].
This is not to suggest that due to the absence of strategic planning the doors will shut and premises mothballed. On the contrary, the continuing use of the stadium has, in all probability, a healthy outlook. However it is evident from the research that MWBA finds the arrangement unsatisfactory and are still considering renewing efforts to source their own stadium. It is not known if NBISC has, in conjunction with stakeholders such as Pittwater Council or the Department of Education and Training, considered the impact if MWBA did not renew a user agreement and found accommodation elsewhere. Whilst this might be a welcome development for the Academy Netball Club\textsuperscript{55}, in all likelihood they would not absorb MWBA’s usage to ensure the current costings stayed in place.

This research has applied the process enneagram and has also developed a strategic planning template. Both are easy to use and worthwhile as they provide a framing for collective thought to be applied in a strategic context. There are many aphorisms addressing strategic planning; \textit{failing to plan is planning to fail}; \textit{long term success ultimately leads to failure} and so on. Although the words are used frequently, there appears to be little evidence of NBISC (and to a lesser extent MWBA) understanding what it is and how it is actioned.

One of the problems with strategic planning is the time taken to learn and apply it. This creates the reactionary approach to address issues as they arise. This is amplified with consideration of the already high workloads that the volunteers have, not only as board members, but in their professional and family lives and therefore the quick solution is attractive for the short term. However the time committed to developing a planning process and the subsequent systems actually creates efficiency long term.

The creation of a sound strategic plan is an action research project. It starts with an idea and the journey is commenced to learn and gain knowledge about it. A strategic plan includes reviewing processes throughout. In the template that was developed (see Appendix 11) the review is triggered by referring the ‘scoresheet’ to easily

\textsuperscript{55} Trading as Northern Beaches Netball
check the key performance indicators at any point in time. This creates a reference point to examine the understanding that has been gathered along the journey by considering if the indicators are showing progress (matching intention with outcome) or if adjustments need to be made, and where, based on the knowledge gained from applying the plan.

**Leadership**

Another finding from the research is the confirmation of the value of the networked influence of leadership. The venture to build NBISC was very dependent on the collaboration and cooperation of leaders networked from many different organisations. The project was then dependant on access to decision making leaders who were within the established networks of the project partners.

For the most part the leaders involved in the project worked well together, with overall leadership deferred to the Pittwater Council. This was primarily because the leadership from Pittwater Council was the most skilled not only in leadership itself, but had the expertise for critical innovations for the benefit of the partnership project. The leadership was not based on the financial contribution but a combination of know-how and resources that were made available to the project, including project management and engineering expertise.

It is not trite to find that a project within the community needs the stewardship of good leadership for it to prosper. However, whilst in some cases the leadership is bestowed on those who have risen within their organisation it does not automatically equip the leaders with necessary skills to be part of such a project. Most of the research participants said they thought getting NBISC constructed was the easy part; it was the operations side that was the most difficult to develop.

Aitken had stated in his interview that the only time he ever experienced successful organisations of volunteers was when they had been run by a ‘benevolent dictator’. The difficulty with leadership in volunteer organisations is that there is no particular selection process and that the other volunteers tend to accept that the leader (President) has the right to determine what is done. If there is dissension then the
volunteer usually votes with their feet and remaining board members run the risk of slipping further into group think.

It is apparent that an organisation run by volunteers faces the dangers of poor leadership found in the realms of the unconscious incompetence. The presence of the leader influences the group behaviour and this in turn can generate misinformation throughout the organisation which in turn contributes to cultural attitudes that may therefore be considered maladapted. An example of this was an attitude expressed by several of the interview participants that basketball organisations were renowned for failed stadium ventures, yet when pressed for examples of this none could be provided other than a response that was tantamount to rumour based on anecdotal evidence. However this type of attitude had a significant influence over all deliberations about how and who would manage NBISC.

The Future of NBISC

The findings here are not intended to reflect of the performance, dedication or any other aspect of the current (and past) board members. The findings are based on the data analysis concerning NBISC and look to the future. The innovative approach to their role in NBISC is sincerely applauded (by this researcher) and is probably an exemplar in the construction project of community based infrastructure.

As NBISC is reportedly independent then the findings are directed to maintaining that independence and not seeking the winding up of NBISC. There is room for the Board to be expanded to enable the main users and other community representatives to have more input in the deliberations that they ultimately pay for.

This is a question in the governance of NBISC and impacts on the not-for-profit community groups using the facility. The minimalist approach that is currently applied exploits the board’s labour. If the Board is to continue unremunerated then the Board should be expanded to share the workload. If it becomes remunerated then a shareholder structure is advocated and the organisation made accountable to the shareholders.
It is unclear at this point as to whether there are conflicts of interest to be declared. In the case of MWBA’s representative it is not clear whether the input is in the context of the best outcome for NBISC, or whether there is advocacy for MWBA’s interests. It is an unenviable position for the appointee and a difficult path to tread.

This is amplified by the absence of both entities lacking strategic plans. The executive decisions are based on the financial facts in issue and not necessarily in the context of the strategic plans’ vision and mission statements. These statements provide the context for decision making yet if the context is merely fiscal rationalisation then non-tangible innovations that can benefit the community tend to be non-existent. An example of this is the current promotion of codes of conduct within facilities. NBISC regard these postings as signs and quote fees for the advertising, yet the sporting bodies state it is a corporate obligation and duty of care to provide a behaviour-safe facility. Hence defining ‘public interest’ is again questioned.

An expanded board of directors for NBISC would bring a broader base of knowledge, experience and expertise.

If there was financial contribution from the Department of Education and Training there may be a way to provide these directors with at least some reimbursement of significant out of pocket expenses. This could include fees for service where their expertise is used, for example, sitting fees for extended commitments such as strategic planning sessions.

The issue of the board size can be quite critical in the question of corporate governance. Expanding the board would also reduce the political alliances. It is recommended that a minimum of seven people should be on the board. Discussion would be more rigorous and the decision making would be more transparent.
**Knowledge Volunteered**

Community organisations need a substantial level of knowledge about governance. The level of knowledge volunteered has a major impact into the gathering of data that can be used in research. Although this sounds simplistic, it has a major impact on what is determined from the research. A scripted interview will provide information within the parameters that the researcher has designed. Conversely, unscripted interviews allow the interviewee to discuss information they spontaneously volunteer within the context of the topic.

When doing the research there are some cases where there are questions that need to be asked for sake of negating possible assumptions. One of these questions was to ask what is the level of understanding of strategic planning of each member of the taskforce had and to have some demonstration of that understanding.

This is consistent with the methodology which advocates that although corroboration is preferred, the isolated accounts given by participants should not be hastily disregarded. The reason for this is that each person has a different amount of information to provide, generally relative to their knowledge base. One person may have far greater expertise in a field than any other participants. Therefore it is unlikely that the others make mention of certain aspects, considerations or experiences as they may be totally unaware of the very existence of certain things that another person may have expertise in.

If something is not volunteered in an inquiry does it mean that the knowledge is absent? For instance, if a participant was asked about the tiers of governance, or the provisions of the industrial award that members of the organisation were on and the information was not forthcoming does that mean the knowledge is lacking and therefore the practice of the relevant organisation is incompetent? Probably yes, as was the case in the early questions put to the MWBA Board about nonfinancial targets.
The moving feast of the Action Research process means that the initial question, whilst still relevant, does not commit the researcher to stick with the question like a starving dog with a bone. On the contrary, the dog may follow a scent to seek out other sustenance because it isn’t obsessed with a hunger for one thing – it does not restrict its diet to that of a buried bone whose only source of the marrow sustenance is preserved within an almost impenetrable case. Nor is that to suggest that the action cycles it finds itself in are futile or that it is trying to chase its tail. Identifying the absence of knowledge could be as beneficial as acknowledging the organisation’s explicit knowledge.

**The Will to Volunteer**

Throughout the research of this project there has been a prominence in the struggle of volunteers to provide the best levels of dedicated service they can. The organisations engaging volunteers are trying to maximise achievements within their people resources. The will to be involved has maintained MWBA’s perseverance to partner in an alternative venue with the loss of access to the Academy of Sport at Narrabeen. The organisation is not structured to be run by one person and needs a large number of volunteers to supplement the three paid employees.

The experience of working with the taskforce in the *process consultation* with Board of Directors for MWBA gave some clear insights into the difficulties in sourcing a skills base that can provide expertise free of charge to a volunteer based organisation. Equally there is a problem, when the skills base is absent, of knowing what skills are actually needed. This is straying into the realms of the unconscious incompetence, that is, not knowing there is an incompetence.

The dynamics of the leadership have a major influence on this aspect of the organisation. Although this research did not target leadership issues, it was evident that the strength of character of the leadership has an impact on the culture of the organisation.

It is vital that in order to optimise the contributions of volunteers that steps are taken to develop their expertise in their areas of responsibility. This may involve some
extensive time in education sessions. The best sessions are ones that are based on an action research/action learning approach. The understanding comes from doing: more is said about this in the final finding. There is a will to learn, there is a will to be involved, there is a clear commitment and their motivation can be harnessed to include learning.

There are several things that need to be ensured with volunteers –

- Communication: an engagement process whereby feedback processes can be utilised without fear of domination or ridicule.
- Shared vision: comes from sound strategic planning processes to know what the game plan is and what roles the volunteer is playing, as well what the other roles are, who is playing them and why.
- Ongoing education: creating a culture of a learning organisation. A key learning need is Strategic Planning.

The Getting of Wisdom

The last finding to be discussed in this chapter provides a context that is consistent with the constructivist philosophy and life. This concept emerged from the learning journey and represents:

- Constructivist paradigm
- Action Research
- Grounded Theory
- Double loop learning
- Organisational (and personal) learning
- Leadership

Probably the most poignant finding from the research came from discussions with Angus Gordon. Gordon was the General Manager of Pittwater Council when NBISC was being developed. He is an extraordinary person who by his own admissions has cheated death three times. Gordon shared his belief that:

You get knowledge from what you read
You get understanding from doing
But you get your wisdom from the mistakes you make.
My first reaction to this statement met with a slight skeptical chuckle about the idea of wisdom from mistakes, but upon a deeper and considered reflection I found this very simple statement is packed with powerful concepts. Its interpretation is dependent on the paradigm that is applied to consider it.

This finding aligned with the intentions of the research to learn and find new knowledge. It does not prevent the research from making recommendations, but it sets a welcoming context to scrutinize what has been researched.

If the statement is considered in the interpretivist, constructivist paradigm then many ideas emerge from the sentence. So from within the research comes a finding that supports the reason to research. From within the research emerges grounded theory to support the overall experience. This is consistent with the grounded theory approach. This can be illustrated more completely.

The interpretivist/constructivist paradigm looks for the inference of meaning in linguistics (see Edmonds et al 2002 on Wittgenstein). Can wisdom be universally interpreted accurately for a single accepted meaning? Probably not. Wisdom is a subjective concept and is prone to relativism, perhaps to the extreme of solipsism. A necessary point to clarify early in this discussion of this finding is that making mistakes is not the only source of wisdom nor was Gordon inferring that. Although the interpretation delves into philosophical ponderings it is not the philosophy of the paradigm that is defining wisdom, it is interpreting it. In fact Wittgenstein is reported to ask his students: “Are you looking for wisdom in philosophy?” (Edmonds et al 2002: 69).

There is a semantic aspect to discuss as to the difference between “define” and “interpret”. If the origins of the word define are explored then the one sees the word finite emerge. To define is to assert the meaning and that the meaning is true. The constructivist interpretivist paradigm is more concerned with the subjective interpretation of the word as this underpins an individual’s communication, sense making and experiential knowledge. This has been discussed at length in the methodology chapter.
The added aspect of this is the regard for the position of the speaker. This statement was made by a recognised leader therefore it can be deduced that it proves insight into the person’s philosophy. If the argument can logically be developed further then such a premise (that wisdom comes from mistakes) could be applied to the consequences of decisions to apply actions that result in mistakes or mis-matches between intentions and outcomes (Argyris 1993). A constructivist paradigm regards a mistake as not a condemnable failure, but an opportunity to learn. Therefore this can be reasonably inferred to support the worth of the learning organisation aspiring to improve itself (Senge 1990). Thus the constructivist managerial paradigm reveals itself as worthwhile.

Senge (1990) has been a strong advocate of the learning organisation. One thing that Senge makes explicit is that there are often delays between decisions and consequences. In the context of the research into NBISC one could argue that decisions made, though perhaps based on an already established wisdom, are not wedded to defending identified mistakes. That is to say they are prepared to consider alternatives or review errors. The mistakes are encouraged to be identified as they help the development of wisdom.

In the context of action research it is optimistically inferred that there is a need to be wise as to have wisdom is to improve the future. The notion of plan-act-observe-reflect is consistent with finding ways to gain and apply new knowledge and improve the future.

Argyris (1977, 1982, 1993) has consistently written of negating defensive routines and making the undiscussable discussable. To question the governing values is a main tenet of Argyris’ double loop learning. This is not a simple matter and requires a crafting of the culture into what he calls a model II type organisation – the learning organisation. This is in contrast to the model I type organisation that has mechanistic characteristics (functional positivist) where those found responsible for mistakes are punished by various means. Such consequences develop defensive routines based on a fear of threatened survival within the organisation (Argyris 1993; Wheatley 1999; Schieffer 2003).
In the context of the research the decisions that lead to the establishment of NBISC are claiming to be based on wisdom, yet have an implicit disclaimer that if anything is found to be in error, then that is not going to result in the organisation collapsing, becoming irrelevant or being subjected to takeover.

In the context of the research into MWBA the people in that organisation have a strong will to learn. The organisation is striving for excellence and is aware that it needs to improve its managerial practices and learn from mistakes.

In the context of the bigger issue of public policy, the situation is different. The literature review looked closely at the issue of ‘public interest’ and finds that it is currently based on positivistic thinking, economic rationalisation. As this is mechanistic by nature the concept of wisdom is marginalised and the notion of learning from mistakes becomes almost irrelevant. The mistakes are dealt with through negative reinforcement processes (Stacey 2000: 142).

To further interpret Gordon’s statement: wisdom is an abstract concept that is difficult to articulate for a shared meaning. Essentially it is a quality of intelligence that some people aspire to. To be wise is to have an insight into life and the world. Simplistically it can be described as knowing. Knowing what the right intentions are for any given situation, to then action these intentions and have the knowhow to get the result that was intended.

To reflect further and say “from the mistakes we make” reveals that we have to take some risks and commit to actions when wisdom is absent. If the consequences are not what were intended, then as Argyris has extensively described, this is a mismatch or a mistake. The mistake is worthwhile if it reveals insight and one can learn and obtain knowledge. This knowledge would not have been gained had it not been for the mistake. One could assert that we learn more from our mistakes than from our successes.

The statement also reinforces an understanding that researchers develop that the power of the conversation cannot be underestimated as a knowledge generator,
sharer and as a feedback process. The dialogue with Gordon is a clear example whereby the conversation has expressed and shared the knowledge. A researcher\textsuperscript{56} needs to hone their listening skills and not fall victim to the standard behaviour that people will listen to hear (or read) the things they agree with and either interrupt to discount things they hear that don’t agree with or as a defensive routine for things they don’t understand (Nathanson 1992).

This is a simple idea, but does not seem to be widely known and this impacts on leadership. In the realms of the unconscious incompetence it is a well known fact that there is a dimension of knowledge that we don’t know because we don’t know it exists. It is as if there is a different dimension to perceiving the world we are in that knowledge gives us new ways to interpret and see things that have perhaps always been with us, yet we have had no awareness of.

This ties back in with the concept of wisdom. People are influenced by how things are said and not often by what is said. It creates a problem for the introverted person in an organisation to communicate as often the abstract and complex ideas are the most difficult to articulate and explain. Communication here is defined as a transference of meaning and understanding. When working in an organisation for the purpose of developing new skills, such as strategic planning, it is not sufficient to have a room of nodding heads if there is no real understanding. And again, to tie this in with Gordon’s view (a well known concept in educational circles) the understanding comes from doing. The doing can therefore be considered an important feedback process.

From a process consultation perspective where does the organisation make a change to its culture to take new ideas and have the courage to action them? It is in the doing (actions) that the effectiveness of the conversation can be gauged.

This was apparent in the efforts to engage the Board of Directors at Manly Warringah Basketball Association (MWBA) in process consultation to learn strategic planning. It is difficult to be impartial, however one can only assess this

\textsuperscript{56} This can be generalised to apply to all people
situation as there has been little evidence that any plan has been progressed, finalised or implemented. If this finding was an exercise in seeking blame then some of this would have to be worn by me for not complying with the Board’s request to join the Board to have the strategic planning responsibility. Again as a wisdom issue, perhaps this was a matter of confidence that such an acceptance would then place the planner on a slippery slope sliding into the mire of responsibilities for running the organisation.

CONCLUSION

The project considered a particular case, that of MWBA and NBISC within the community of northern Sydney. The research findings can be confidently applied to other projects that are being contemplated, or under way at present. The engineering aspects of the NBISC project are admirable, however it has been the people aspects of this project that have been the key to its success. Indeed, the findings may be helpful to some current operations looking for review.

The question of compliance with National Competition Policy, specifically Competitive Neutrality, remains unanswered as there has been a lack of access to information that should be considered in determining that issue. This is something that can be referred for further research by an appropriate body if they are so concerned. Such an inquiry would be anticipated to set a precedent if it was able to make a determination in this matter.

Strategic planning is not normally considered part of governance. Generally the concept of governance is bound in prescriptive measures to ensure best practice outcomes in the allocation and use of public monies and director conduct to satisfy the ‘public interest’. Strategic planning within community organisations is necessary in order to ensure that the people, normally volunteers, are able to align themselves and have an understanding of the collective direction of the organisation. The understanding creates meaning in their work and this helps to optimise their satisfaction and invaluable contributions.
The methodology chosen did serve the research well for the learning journey. As the approach is subjective interpretivist it allows consideration of information from a wide range of sources. Although the knowledge acquired through the processes of Grounded Theory is well supported, overall there is a reluctance make claims that are definitive because someone else’s experience and knowledge may offer different ways of addressing subjective problems. Indeed, they may well identify completely different problems. This is not a concern of the constructivist, merely an encouragement because under subjective situations there are many interpretations and many solutions to consider. The action researcher is not offended by new observations and potential solutions and if there were to be a maxim perhaps it would be: *none of us is as smart as all of us.*
CHAPTER 8

CONCLUSION
INTRODUCTION

The research for this project has reached a stage where it needs some sort of closure to define an ending. The application of action research has clearly shown how this type of research has continuous cycles (plan-act-observe-reflect) that evolve, progress and thereby increase knowledge for people in organisations. The cycles could be said to energise a system through focusing on issues that affect organisations. The crucial aspect is to physically act to get any sort of change and progress started. This was particularly evident in the evolution and progression of the initial study into Manly Warringah Basketball Association (MWBA). As the research delved into more complex issues the study shifted to research the Northern Beaches Indoor Sports Centre (NBISC) and on to governance issues concerning the development of community based infrastructure. Each sub-study is legitimate in its own right, yet together they demonstrated how the path of action research can flow through to consequential issues.

Applying grounded theory in conjunction with action research demonstrated how useful the data can be for developing theory to help expand knowledge. The research has been successful because it has developed many useful by-products as well as helping to initiate some real changes to the MWBA. At the heart of this is the altruistic core to help the volunteers to do their work more effectively within the organisations: the ‘forgotten people’ that Shultz (1964: 6) wrote about.

As issues were explored their inspection became more detailed and raised more questions that took the project into unexpected topics. This is consistent with Cherry’s (1999: xiii) advice to her students that the study can experience complete shifts in its focus. The action research combined with the grounded theory to support emerging ideas that challenged the status quo. In this case the study delved into deeper governance questions about the level of public participation in the politically popular public private partnerships model for developing public infrastructure. In addressing this issue the aforementioned research cycle advanced to view, with a knowledge enhanced perspective, aspects of the achievements of the organisations that were associated with the establishment of NBISC. By doing so it found that the people involved with NBISC probably created an example of a
prototype to emerging Public Public Partnerships, an advancement on Public Private Partnerships.

The cycle continued to then reconsider the issues of governance, which are fundamental to the business and financial practices, matters that had been at the core of the need to convene the taskforce in the first place. Some of these governance issues remain unanswered at government levels. These include the future of National Competition Policy; the impact of Competitive Neutrality on the actions of the NSW Department of Education and Training and the Pittwater Council. Indeed the cycle will continue and there is no doubt that Manly Warringah Basketball Association remain on a quest for its stadium.

Of course for every action there can be said to be an equal and opposite reaction. In this case the opposite action to the changes that brought improvement to the performance is the issue of sustainability and renewal. Inevitably volunteers join and eventually leave the organisation, which is a cycle, and there is a drain of knowledge and understanding gained during the active period of the research. While some of the new practices will be accepted and maintained, there will be a reduced understanding of the rationale that lead to those changes as these people leave. This thesis may eventually become the history book and sole survivor that can preserve the knowledge gained. As Glaser (1978) stated there is a need in grounded theory to write about the research. This makes local knowledge become public, a prominent goal of action research (Herr et al 2005: 127).

This chapter will reflect on key issues for the research project. These are:

- what the research set out to achieve
- what it became
- what happened along the journey
- the outcome
- what the methodology was
- the relationship between methodology and process
- evaluating performance
• ongoing research and the future?

The final section is a personal reflection of my learning journey.

**What the Research Set Out to Achieve**

The research set out to discover how the organisation operated and to seek ways to improve the business and financial practices of this community based not-for-profit organisation, the MWBA. It presented an opportunity to apply action research to learn about the governance issues for this type of organisation. The initial request from the organisation created a situation to apply participative inquiry (process consultation) to help the organisation’s learning. There was hope of an ambitious outcome that would change and improve practices to ensure its sustainability.

According to Cherry (1999) action research has two essential goals: an action aim to bring change and a research aim to increase knowledge. Therefore the overall plan was to learn about the changes and write a dissertation about the issues that emerged from the study to help other organisations that may be contemplating similar developments for community-based infrastructure. Essentially the strategy was to extract the implicit (local) knowledge from the people who participated and make it explicit (public) for others.

**What it Became**

The project became a vehicle for developing people’s capacity within the organisation to develop new skills and knowledge. The study looked closely at circumstances associated with MWBA’s participation within an important organisation, the NBISC. As the study progressed the research cycles expanded to scrutinise more complex issues. There was value adding through the ability to triangulate relevant data and apply grounded theory processing to extract the deeper issues and generate more fulsome learning. This is typical of an action research project. One of the main things to emerge was the governance related question as to the level of public participation in the increasing popular Public Private Partnerships used to develop community based infrastructure. It went further to examine public
policy in economic development regarding the provision of community based infrastructure. The funding of such infrastructure had widely been considered the responsibility of government but now governments are seeking to sever a funding umbilical cord from the public purse and develop innovative ways to create self sustaining community operations. At the same time the government has laid out the rules of engagement with the National Competition Policy as to how this should be done and what boundaries there are as defined by Competitive Neutrality.

As the research advanced accumulating a vast collection of data a clear process was needed to analyse the data and to progress the development theory and knowledge from the research. The process used was Grounded Theory and is discussed in depth in Chapter 3. This provided an excellent base to analyse data to draw logical conclusions to develop theory that could explain more detailed governance issues that emerged from the study.

**What Happened Along the Journey**

As the research progressed it became focused on some unexpected key issues. The ‘iceberg’ model became more relevant as the research progressed to find out what really lay behind (below) the artefact of the building that NBISC operates. That is to say, the interest was not in the physical construction of the building but to understand and document the complex story of the organisations and their role in making the building a reality. The building is considered to be community-based infrastructure because it provides facilities for public recreation.

This led the research down many avenues of inquiry, some of which were quite unexpected. One of these was to seek information from the Department of Education (NSW) to find out the rationale for a lease that essentially revealed that a community group is probably paying for the development of the school’s key infrastructure, the gymnasium. The information was not provided despite numerous formal requests. This then raised the issue of accountability as a key governance issue. There are many aspects of accountability of Department of Education, Pittwater Council and the NBISC Pty Ltd that remain unanswered.
Despite the lack of information provided for that aspect, many other participants were extremely helpful in providing data. This led to two complete histories being compiled; one for the MWBA and one for NBISC (both are recorded in the appendices). It is worth mentioning that due to the human factor there were variations in accounts given as to who had done particular deeds or was responsible for key initiatives. This was not particularly important as the research was looking at issues, not individual contributions.

The research became not only fact finding, but educative for members of the Board of the MWBA. This is illustrated specifically through their participation in the strategic planning workshops and the changes implemented to the culture of the organisation. These changes reached the grass roots level, namely the players who rapidly learned the meaning of: “If you don’t pay you don’t play.” The revenue raised through this important shift had a massive positive impact in the MWBA’s financial sustainability.

From a more theoretical perspective it became apparent that what had initially been considered to be a Public Private Partnership may indeed be more accurately regarded as a Public Public Partnership. This may be a new generation of Public Private Partnerships capital funding for the development of community based infrastructure.

The Outcome

The project achieved some excellent results in a variety of contexts: global; practical; and theoretical. In a global perspective it achieved the goal of examining important governance issues for community organisations. It also created knowledge that can be applied to replicate the success that has been experienced in the establishment of the NBISC. On a local practical perspective there were benefits for several organisations, primarily the MWBA. It is hopeful that the study will also benefit the Northern Beaches Indoor Sports Centre to maintain its sustainability.

In the practical aspects of the financial positioning of MWBA, in round figures the MWBA had been facing an accumulated deficit of about $40K. Within a year of the
involvement of the taskforce the organisation reported a profit of $120K. This was a
turnaround of $160K. This allowed for the increased expenditure on improving
programs that were consistent with their new vision statement: “We are the best
sporting association on the Northern Beaches. We encourage everyone to have fun
and realise their potential through participating in basketball and contributing to a
successful community.”

In the context of the theory, it is worth revisiting Mintzberg’s (2005: 1) view that the
important thing about theories is not how true they are but how useful they are. The
research made numerous findings (see Chapter 7) all of which are considered to be
useful. Herein lies the worth of the grounded theory because the theory that emerges
is conditionally dependent on similar circumstances existing. Therefore this research
achieved a goal; that the knowledge generated from this study is useful and can be
applied with confidence in similar projects.

What the Methodology Was

The methodology applied a three pronged approach: action research; process
consultation (participative inquiry) and grounded theory. Its overarching philosophy
was framed within the constructivist paradigm. This particular paradigm has been
explained in detail in Chapter 2. The main reason for this choice of paradigm was to
find an inclusive way to legitimise the stories that the participants had to tell about
their experiences. This acknowledged that their experiences were their teachers and
the perception of those experiences was their reality.

The Relationship between Methodology and Process

There are several points to address about the relationship between action research,
process consultation and grounded theory.

When the review of the research commenced it seemed there was relationship
between these three concepts and that, on the one hand, to perhaps be a non linear
relationship, yet on the other hand it could also be considered to be quite structured.
As previously discussed each concept has its own characteristics and exists in its own right. Each concept made vital contributions to the overall study and collectively they work well together. The action research and grounded theory journey can be a solitary undertaking because it is possible to apply these concepts for the benefit of self as one makes sense of one’s learning and actions. Yet they can also be applied on a wider scale that includes many people. Process consultation cannot be individually applied in isolation as it requires two or more people to learn together.

If they are all taken within the bigger picture, viewed as a system thinking approach then this is what emerges: Action research is an overarching discipline underpinned by the plan-act-observe-reflect. For knowledge generation this can be very successful, but it is enhanced when used with the two other concepts of grounded theory and process consultation. The theory and knowledge is relative to the participant’s interpretation of their experiences. The interpretation equates to the observation and reflection steps in action research.

These combine well in finding one’s way through the maze of existence. The three concepts in a way are the Ariadne’s thread so you don’t get hopelessly lost. Lost in this analogy has the inference of confused. Confused is akin to the random state a system can find itself in therefore confusion is analogous to the random states of Chaos Theory (Lorenz 1993; Kauffman 1995; Prigogine 1984; Gell-Mann 1994; Gleick 1998). The energy, in the various forms associated with learning, continues to be inputted and eventually there is a breakpoint (Stace et al 2001: 66), or formally known in Chaos Theory as a bifurcation point, where the system can emerge to a higher order. In the generation of new knowledge a person could arguably experience confusion during their sense-making of new conditions or systems.

Grounded theory is an analytical process and it doesn’t capture the essence of doing (action). It focuses on the thinking aspects found in the action research stages of

57 According to Greek mythology Ariadne was the daughter of King Minos of Crete. She fell in love with Theseus who had volunteered to accompany a group of sacrificial children into the Labyrinth to slay the Minotaur and rescue Athens. Ariadne, not wanting Theseus to perish after slaying the Minotaur, provided him a ball of twine to unravel as he entered the maze and thereby have a means of escape to safely find his way out of the Labyrinth and back to her. (Willis (Ed), 1993: 150 - 151).
observing and reflecting. Process consultation is arguably more aligned with the planning and acting. In sum, action research is primarily the observation and data gathering; grounded theory is primarily the analysis whereas process consultation is the teacher. Therefore the three are complementary and work well together in the generation of knowledge and to make that knowledge actionable (Argyris 1993).

These processes are able to be replicated with reliable results. The overarching constructivist philosophy makes it people-focused and gives recognition to experiences, interpretations and diversity of those views that people bring to the table to discuss and develop their knowledge for their organisation. It can find a way, but it isn’t restricted to claiming it is the only way – it is conditional with the circumstances being equivalent, that is to say that if an organisation finds itself in identical set of circumstances then the prior knowledge will be beneficial. That prior knowledge is what has been recorded from the experiences of previous organisation(s). Action research is then further applied to help improve on that base for generating new learning, further change and improvement.

**Evaluating Performance**

It is difficult to provide an unbiased appraisal because the nature of the action research is such that the observer influences what is observed. The nature of action research is amplified in Anderson and Herr’s (2005: 127) advice that it is not for those who have a low tolerance for ambiguity and messiness. To step out from the research and evaluate it is challenging. It is even more difficult to critique a paradigm from within the paradigm. As Kuhn put it:

> What a man sees depends both upon what he looks at and also upon what his previous visual-conceptual experience has taught him to see. In the absence of such training there can only be, in William James’s phrase, “a bloomin’ buzzin’ confusion”.

(Kuhn 1970: 113)

The feedback from critical friends is beneficial. At times it can be quite confronting, but accepted as stimulating discussion. During a review of the thesis a critical friend posed this comment and question:

I realise that you were avoiding positivism and a suggestion of absolute truths, but I wondered whether your involvement not only allowed you to provide your own observations, but also coloured your interpretation of the experiences of others, and
thereby affecting the overall integrity. Does it end up being a thesis about what you feel?

(from personal correspondence)

It is a reasonable and challenging question that has a complex answer. Foremost is the desire to ensure involvement of people throughout the research. So in some ways I would say the answer to the question is “No, not what I feel, but what I believe.” My friend’s feedback brings to the discussion a deeper issue about action research.

Throughout the discussion about action research there is a consistent view that the observer influences what is observed. If process consultation is also applied then the observer really does bring a greater influence through their facilitation of other people’s learning as well as their own. It is very hard to relinquish control, take one’s hands off the steering wheel and move from the driver’s seat to be an observing passenger. If one can make it to the passenger’s seat it is difficult to be an observer and not continue to influence the journey as a navigator. These two (driver and navigator) are in a way rescued by grounded theory because it legitimises their input as part of the conditional aspects of the development of theory. This allows for the roles and behaviour of the researcher, co-researchers and participants to be natural and accepted as part of the data. As discussed in Chapter 2, the constructivist paradigm is significantly based on interpretation.

In this study there was no predefined outcome to be proven therefore the role of the researcher as an observer and a participant was unbiased. If there is a suspicion of bias then perhaps the bias could be that the researchers wanted to see these organisations prosper and be sustainable for the sake of the community. This recognises the effect of the paradigm chosen for the philosophical basis of the research. The bias could easily shift to something else if a different paradigm were adopted.

There are some words of caution for those outside the research. Cherry stated:

… to draw conclusions about the relevance of the research finding to their own concerns, need to understand … how the research was conducted, where and by whom. This locates the work in time, place and culture.

(Cherry 1999: 77)
There were several contemporaneous missions wrapped up in one study: to learn and record their history; to learn and develop improved business practices (change); to grasp a better understanding overall of the roles different people played and to record all of these things. There were pertinent questions that emerged and these have been answered. Some of these answers have raised more questions and these would be suitable for further research.

**Ongoing Research and the Future?**

This study has created a record of events for a period in the history of these organisations. As a result of the study there were many recommendations. Some of the recommendations have already been implemented. Consideration of others is pending the completion of this thesis. The cycles of action research are continuous and this applies to studying the actions of these organisations in future. A couple of key areas are: the structure of the Board of Directors of NBISC; defining the lines of accountability; clarification on the future of the National Competition Policy and Competitive Neutrality as a question of governance; and to what level government entities can be held accountable to those important aspects.

As identified during this study there are several different types of organisations using NBISC and represented on its Board of Directors. On the one hand there is a not for profit sporting group and on the other there is a for profit group. This has been discussed at length in the findings chapter however in the context of future research the dynamics of such a co-location and the nature of the ‘adhesive’ in such partnerships could make for an intriguing study.

There are strong indications that MWBA’s future will continue its cycle of trying to get its stadium. Indeed the cycles of business are such that changes are constant. Their initial rejection by the Warringah Shire Council, due to the council’s own questionable economic modeling, has now been overtaken by many significant economic events. These have included changes to the interest rates, and massive improvements in the fiscal management of MWBA and changes in government in the three tiers. The most recent change in Federal Government is anticipated to have
a significant impact on the development of community-based infrastructure and education.

**The Literal Personal Journey**

The journey in pursuit of this degree, including the research project, has been a fascination and change in lifestyle and attitude. There have been many significant risks taken which have included separation from the security of the employment in a public service position to learn and seek the experiences of an entrepreneurial existence.

Some of these risks have been worthwhile and others are regarded as situations whose true benefits are yet to be realised.

There has been an emotional roller coaster of thrills, disappointments, tragedies, confrontations, betrayals, epiphanies, and so on. These have brought some immense and unexpected challenges. Despite this there has been a drive not to fall victim to the psychological blockages that Snell speaks of (cited in Cherry 1999: 41) where the person sinks into psychological withdrawal, burnout, cynicism or chronic disillusionment rather than focusing on improvement. Patricia Maquire summed it up well in the foreword to Anderson and Herr’s book The Action Research Dissertation (2005: xi): “the journey through the required research component of doctoral education is particularly challenging, pushing them intellectually, philosophically, emotionally and even financially”. Indeed the pursuit of knowledge has given me an understanding into the notion of *emancipatory* knowledge that Reason speaks of in recognising the works of Friere and Habermas (2001: 9)

The study and life journey has taken me to many different physical places within three years: Australia, France, America, Indonesia, Bermuda, Bahamas, Dominica, Singapore and St Thomas. This has provided me the pleasure of meeting and talking with people from just about every walk and station in life. Discussions have been: held on board cruise ships with European entrepreneurs; with palliative care nursing staff whilst staying in their facilities; from multi-millionaires and aircraft salesman to canteen workers and cleaners; from specialist health professionals to farm workers.
They each had an intriguing story to share. Not all of them were part of this study, but they were all, at some stage, part of the overall learning for the doctoral degree.

It can be said that you may indeed learn more from what you get wrong than what you get right. Argyris’s (1993) notion that learning comes from achieving a match between intention and results has the understated aspect that there can be much anguish reaching the point of match and there are many mismatches along the way. In fact, sometimes the match remains elusive. Such was the case for one of the most beneficial interactions for doctoral students, the community of practice. I have learned that this is a primarily a self-organising system that needs to apply some fundamental team building practices to maximise the collaborative benefits. Unfortunately this was not the case on my journey as the community of practice seemed to languish due to unexplained lack of input and in its place a sense of competition between some members. Nonetheless, I remain a true believer in the worth of a community of practice.

There has been an intrigue with revisiting literature throughout the study. In particular to reread books and articles and now have a different interpretation from three to four years ago.

For me the research has been a learning journey second to none and the principles of action research have mentally helped me through an extraordinary period of my life. It is not insignificant that this research had been conducted and written up during my ongoing treatment for Chronic Myeloid Leukemia. I understand that opportunity can indeed come from adversity! Words cannot adequately express the gratitude I have to my family, friends and medical staff. Indeed, if it wasn’t for the breakthroughs in medical research I would not be here to write this thesis.

CONCLUSION

Einstein is now quoted widely through the online resources to have said: “If we knew what it was we were doing, it would not be called research, would it?” (www.einstein-quotes.com). There are many other aphorisms that fit the occasion of
concluding this thesis, however Kierkegaard’s sticks in my mind: “Life is lived forwards but learned backwards” (cited in Cherry 1999: xvii).

I believe that thinking is not solely based on what lies ahead, but on what has occurred in the past that is then recalled, examined and re-examined. The principle of this analysis is used in grounded theory. The analogy of the detective is based on a life experience, equally the skills from learning about Criminal Intelligence Analysis is used to assess reports of observed behaviour and past incidents to predict the likelihood of something happening in the future. This has relevance for organisational behaviour because what is learned from experience can be applied to improve the future.

The notion that history repeats itself is fitting to dwell on in the context that unless something new happens the mistakes of the past will be repeated. Equally though, the successes from the past can also be repeated and it is on this more positive note that the research into MWBA and NBISC found its focus.

In closing, John Wooden is regarded as the greatest basketball coach the sport has seen so far. His views on success have been documented in his book “My Personal Best” (2004). There is an element that I believe identifies well with action research and life:

I’m not what I ought to be
Not what I want to be,
Not what I’m going to be,
But I am thankful I am better than I used to be.

(Wooden J, 2004: 19)
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APPENDIX 1 – RESEARCH PROJECT CONSENT FORM

RESEARCH PROJECT CONSENT FORM

PROJECT: Public Participation in Public Private Partnerships

PRIMARY RESEARCHER: Mr Paul Manuell (Masters Degree in Public Sector Executive Management). Paul is a Doctoral candidate enrolled in the Doctor of Business Administration program at Charles Darwin University, Darwin, Northern Territory

PURPOSE OF THE STUDY: To focus on the level of public participation in Public Private Partnerships and what are the governance issues for the administration of a community based infrastructure.

BENEFITS OF THE STUDY: The results of this study will help in the managerial education of community focused Not For Profit (NFP) organisations and stakeholders. In particular it will address the administration of their business and financial aspects to assist in developing a successful organisation.

WHAT WOULD BE EXPECTED OF YOU? Your participation in a face to face interview with Paul to discuss your knowledge in any aspect of the creation, development, implementation and administration of the Northern Beaches Indoor Sports Centre Pty Ltd. It is envisaged that these interviews would be conducted at a venue of your preference and at a time that is convenient for you.

DISCOMFORTS/ RISKS: There are no specific risks associated with this study. This study is focusing on the issues involved and not looking at matters involving personalities, individual performance or responsibilities.

CONFIDENTIALITY: Full confidentiality of people you may inadvertently mention in your interview will be kept by the researcher. That information may be used by the researcher as a follow-up. Any personal opinions expressed during the interview will be kept confidential although those opinions may lead to further inquire of the issues in context.

YOUR PARTICIPATION: We would be grateful if you did participate in this study but you are free to refuse to participate. Even if you do decide to participate, you may withdraw from the research at any time.

RESULTS OF THE STUDY If you wish to read a copy of the completed Doctoral thesis at a later date, arrangements will be made for you to do so.

PERSONS TO CONTACT If you have any questions about the project, please contact the researcher, Mr Paul Manuell on mobile phone number 0405237339.

If there is an emergency or if you have any concerns before commencing, during, or after the completion of
the project, you are invited to contact the Executive Officer of the Charles Darwin University Human Research Ethics Committee on 08 8946 7064 or by e-mail: hemali.seneviratne@cdu.edu.au. The Executive Officer can pass on any concerns to appropriate officers within the University.
RESEARCH PROJECT CONSENT FORM

I, .................................................................................................................. of .......................................................................................................................

Hereby consent to participate in a study to be undertaken by Paul Manuell in conjunction with his Doctor of Business Administration studies through the Charles Darwin University, Darwin, Northern Territory.

I understand that the purpose of the research is:

To focus on the level of public participation in Public Private Partnerships and what are the governance issues for the administration of a community based infrastructure.

I acknowledge that:

• the aims, methods, and anticipated benefits, and possible risks of the study, have been explained to me by Paul Manuell

• I voluntarily and freely give my consent to my participation in such study.

• I understand that aggregated results will be used for research purposes and may be reported in academic journals.

• I am free to withdraw my consent at any time during the study, in which event my participation in the research study will immediately cease, and any information obtained will be returned to me or destroyed at my request.

Signature:  ...................................................................  Date: .........................................................
APPENDIX 2 – SAMPLES OF RESEARCH MEMORANDUMS

RESEARCH MEMO #2

TIME/DATE: 11:10 PM Friday 1 April 2005
LOCATION: Sydney
SUBJECT: 1st meeting of the Working Party

GROUNDED THEORY ANALYSIS:

Key Concepts: Business expertise
Strategic Planning
Behavioural interactions / profiling

Observed behaviour:

Generally an enthusiastic lot – well mannered and courteous to each other. Clearly experienced in business matters.

In general it will be interesting to observe how each person’s behaviour varies. It may be indicative of where they sit within their own organisation.

——— – tired of the demands of family life, association responsibilities – very competent and giving type of person. Obviously spread thin and giving a lot to his kids

——— – also getting tired (at present unwell) – enthusiastic about the working party – getting a lot of expertise for free – will be interesting to see how much she can let go so the wp can do its thing. Some of the questions she was asked showed a lack of understanding on her part of what is involved in strategic plans (non financial indicators/goals)

——— is an interesting character – very much an extrovert – a clear dislike of government and public service (also some interesting ideas about ——— and his college sex life – not sure how that would sit with ———, also his comments on his ‘Egyptian’ secretary and not doing much. His financial knowledge seems extensive and is a creative thinker –possibly a report advisor / maybe a creator innovator. A very inquiring mind – favourite saying: “Just one last question”.

——— seems gregarious – as CFO for ——— clearly has a significant position in regards to the grooming of MDs. He has a happy disposition and is clearly competent in financial matters. Possibly a thruster controller?

——— – a very interesting lady – extrovert. It was the same person I had found on the internet, previously of ———. Seems to embrace new ideas – possibly an assessor – developer, or a concluter producer.

I thought my performance was generally good – though lost the delivery of my own introduction – have to watch out for the fading out. Need to use my notes if I have to. The introduction of the enneagram seemed to be accepted well – I am wary that ——— and ——— may not be current with organisational behaviour – so I will have to work out how to explain the stuff to their satisfaction – hopefully they will have a buy in with it.

———

58 Names have been blacked out for privacy compliance..
In general the **strategic planning meeting** went okay. There are two ways to look at how it went – good or bad.

**Lets get the bad out of the way;**

- **Attendance was poor – not enough of the board were present.** Clearly there is dissension on the board with accusations from those present about the agendas of those who were not present – claiming they are only on the board to suit their own needs. The longevity of serving members such as [redacted] was evident tonight.

- There was not enough participation from everyone. **Some of the things we had agreed NOT to do for the session tonight were breached.** [redacted] obviously became frustrated with the direction it was going in.

- It raises the question of natural leadership? **If it isn’t going in the direction individuals want why do they feel compelled to speak up?**

The perils of extraversion.

- I think there was an oversight of the level of understanding of the board – forgetting it was a group of volunteers with a low level of knowledge about business. Our presence affected the way the meeting went and tended to take over.

- It got [redacted] into irrelevant topics and asides – I am not sure what this is an indicator of.

- I wonder if my introduction was adequate? What could I have said that I didn’t? Obviously the intro may have been underdone…

- **At what level was there a disconnection?** At what point? [redacted] seemed to be annoyed at not getting any say and toward the end asked the question “What is the purpose?” Is that or was that answered? If it was answered how was it answered? Does it need further attention? I think yes.

- What were the mental modes that were there? This is an important consideration because if it isn’t identified then the engagement will be lacking.

- Earlier we had talked about the [redacted] denominator, yet in [redacted] case he thought the whole process was crap. So what do you do to get a [redacted] to see where the fundamental thinking is in the first place.
Were there assumptions that some like Ron had business savvy? Is it a stereotype that because he is an American he will automatically have business savvy?

If we had agreed to stay out of it why did we jump in? Did it come across too much as consultants giving them the remedy? To a degree yes, but it wasn’t as bad as it could have been – there were checkins along the way to give it back to the Board.

There were some fundamental curios that occurred – the idea to now be discussing expectations caught me by surprise. Whilst I condone it as a necessary and good thing to do – it seemed strange that tonight they would start to find out. Better late than never. Is this an area that needs attention in the first instance? Team building? I think it does.

**Have we found an entry point too high up?**

What was my own performance like? Did I really get to the meeting ready to play? I don’t think I had given the meeting enough thought prior to it. I had not anticipated answering any of questions and should have known what she was going to ask – plain a day. I had been through the process development with her, yet still was left lacking. My answer about excellence was okay – but I thought that was able to explain it better and give it better context. It was an interesting observation for myself – I know what excellence is, and I know that it is a generic term that is big picture stuff, but was able to unpack it.

**What was GOOD?**

Okay the good things were abundant. There was an enthusiastic involvement for the most part. It has given the process a start. There may well have been ideas planted that might come to flourish more with further cultivation.

I think there is a clear message intended (and hopefully received) that it is their ownership – their reality we are dealing with). I don’t think anyone was telling one else how to think, just what to think about.

The level of genuine commitment is high and they are willing to play the game with us at the moment.

The level of assistance we are giving is high.

The next meeting will be sooner rather than later.

A lot was covered and achieved – the mission statement seems to be okay – some of the ideas perhaps may have been thrashed out more (not sure there was a consensus at the end – more an acceptance)

Interesting observation by in her comments – using an age consolidator (we) and using the standard of modern computers for the justification for vision mission statements – though it didn’t show a real connection with why we have them.

The level of presentation was very good – well paced and not overwhelming.

It came in on time and covered about where we had hoped to get to. The idea may have been understood that this is no a set in concrete process, but a process that is dynamic in how it can deliver and stay with the game.

comments about being On the business and not In the business.
In the planning for this working party I think it is going to be necessary to set some further contexts – am not sure how the overall thinking of mine is going to be received – at some point I think I am going to have be sure to illustrate my concepts with something that is tangible.

If there is too much concentration on the ‘theoretical’ and not enough of the ‘relevant’ then I think that some of these guys will turn off. Therefore the challenge is to illustrate the attributes of the concept (Argyris) – they will be looking for the benefits of thinking in a different way.

For example: what is the point of doing an exercise in making explicit expectations of each other? If they have a mechanistic paradigm then expectations are going to be irrelevant, almost to the point of being intrusive – perhaps with a reluctance to even disclose. Obviously this is going to make establishing the psychological contract rather difficult – or that the psychological contract will be weak. How do I get the buy in?

How do I get the buy in with an economy of words, in an articulate fashion? If I use a script then it looses the impact and I just don’t do well with scripts in any case. Even dot points, I tend to loose my place in – having said that, I need to believe in myself and take my time.

I alluded to the need for identity recognition during our first meeting – the diversity of our personalities and information processing, the worth of a whiteboard – so far there has been buy-in there to even agree to have a workshop to kick the working party off – so in essence things are moving on the right track.

Although this has not had a chance for wider discussion – the value that underpins it is to be able to recognize and appreciate the differences between us. The quote: “none of us is as smart as all of us” seemed to chime in with acceptance – but do I really know? For instance, what was ’s reaction? I have to make a note of reading the non-verbals closely.

In the past the model of sitting an issue on the floor between us has been powerful as an illustration. This makes the point of the different perspective, but needs to take it even further.

The underpinning idea is that we are a group of people with ideas and information to share – how are we going to do that to the satisfaction of all concerned? How are we going to ‘pace’ the information being exchanged? Singularly there is possibly the capability for each one of us as individuals to be able to make a valuable contribution to improve the situation for the MWBA – however, the task would be extensive and onerous – therefore, ideally, as a team the quality of what is produced will be of a higher quality.
RESEARCH MEMO #13

TIME/DATE:  5:35 Wed 20 April 2005
LOCATION:
SUBJECT:  Defining the finances
GROUNDED THEROY ANALYSIS:
Key Concepts:  Paradigms  
Expertise 
Organisation behaviour 
Finances

Reflection:
Restructuring is an old school way of problem solving. The linguistics indicate a mechanistic view. Functional? need to get the rest of the terminology accurate. It doesn’t address the real causes of the problem. It is as Nita Cherry would describe, a ‘wicked problem.’

The behaviours of the employees is what is causing the outcomes, what are the root issues for the employees? Where is the mis-match?

 does seem to be a good judge of character and there is no doubt she has a very high work ethic. As to whether , as to what she really does know seems to being up front – though said on a few occasions today phrases such as ‘what you’ll find out it’.

 complaining about the lack of processes within the org and that he had engaged a consultant who determined that there no processes but could implement them if was given a full time job.

For the most part today there were no glowing reports about the performance of any individuals with the exception of and some other lady (not much help to myself if I can’t recall the name).

Plan:
The interviews with the staff need to be carefully crafted – there needs to be some really sensitive approach to this. I think it would be a good job to do with ?

Action:

Observation:
Information has come to hand from that casts serious doubts on the competence of . The auditors have advised that there are mis-matches with the disks of figures sent to them.

It does vindicate some of the thinking of the working party as to qualifying/quantifying the actual extent of the business/financial woes of the MWBA.

I spent most of yesterday afternoon reading through the folder that had been provided to get a handle on what is going on within the organisation.
Interesting comment today from [Name] thinks the answer is to restructure right away to fix the problem.

[Name] information comes from [Name].

[Name] has been up since 2:30 AM today working on going through the figures, trying to balance the books. The aspects described to me are concerning need addressing.

On the one hand the bank figures reconcile with the MWBA accounts, but there is no way of knowing what the actual figure should be – to take stock of all that has been going on. A good illustration of this was the billing to St Lukes school – renown for amounts of $30K per competition – the comp started in Feb and the billing has yet to be commenced (mid April).

The main package being used is MYOB (Mind Your Own Business). There is a discrepancy between the versions that are being operated (from 12 through to 14 depending on whose computer is being used). There are aspects of the program that lend themselves to ‘customising’ the books.
## APPENDIX 3 –PROJECTS (AS OF FEB 2006)

**Projects Contracted (as at 3 February 2006)**

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<th>Projects Contracted (as at 3 February 2006)</th>
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<td>Lane Cove Tunnel</td>
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<td>Sunshine Electricity Company Co-generation Plants</td>
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<td><strong>Northern Territory Government</strong></td>
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<td>Regional Police Stations &amp; Courts Administration</td>
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<td>Echuca Rochester Wastewater Treatment Plan</td>
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<td>Correctional Facilities</td>
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<td>Wodonga Wastewater Treatment Upgrade Project</td>
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<td>CBD Courts Complex</td>
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APPENDIX 4 – NATIONAL COMPETITION POLICY

Excerpt from National Competition Policy Agreement

1) The Competition Principles Agreement

- sets out the obligations in the areas of prices oversight of State and Territory government business enterprises (clause 2), competitive neutrality (clause 3), structural reform of public monopolies (clause 4) and legislation review and reform (clause 5);
- applies the reforms to local government (clause 7);
- sets out a (non-exhaustive) list of 'public interest' factors that governments should consider when assessing the costs and benefits of a particular policy or course of action (sub-clause 1(3)); and
- establishes arrangements for access by third parties to services provided by significant infrastructure facilities (clause 6 and Part IIIA of the Trade Practices Act).

2) The Conduct Code Agreement

- commits State and Territory governments to extending the prohibitions against anti-competitive behaviour in the Trade Practices Act to virtually all businesses in Australia; and
- requires each government to notify the Australian Competition and Consumer Commission when it enacts legislation that relies on section 51 of the Trade Practices Act. Section 51 enables State and Territory Governments to exempt conduct from the prohibitions against anti-competitive behaviour in Part IV of the TPA.

3) Agreement to Implement the National Competition Policy and Related Reforms (Implementation Agreement)

- sets out the reform obligations covering national markets in electricity and gas, water reform and national road transport regulations; and
- provides for payments by the Commonwealth to the States and Territories where they achieve satisfactory progress with the implementation of the National Competition Policy and related reforms

(www.ncc.gov.au/activity.asp)
APPENDIX 5 - PRODUCTIVITY COMMISSION

TERMS OF REFERENCE TO THE PRODUCTIVITY COMMISSION TO REVIEW THE NATIONAL COMPETITION POLICY

Terms of reference

I, PETER COSTELLO, Treasurer, pursuant to Parts 2 and 3 of the Productivity Commission Act 1998, hereby refer the following inquiry to the Commission for inquiry and report within nine months of receipt of this reference. The Commission is to hold hearings for the purpose of the inquiry.

Background

1. In 1995 the Australian, State and Territory Governments agreed to a program of competition policy reform. National Competition Policy (NCP) and related reforms provide a timely, coordinated and comprehensive approach to reform across all levels of government. There has been substantial progress in the implementation of NCP over the past eight years, including in the related reform areas of electricity, gas, road transport and water. This has delivered significant benefits to Australia. The States and Territories have shared in these gains, including through competition payments made by the Australian Government.

2. In November 2000, the Council of Australian Governments (CoAG) agreed to a further review of NCP arrangements by September 2005.

3. It is therefore timely to undertake an independent review of these arrangements to consider the extent of the benefits the reform program has delivered to date and to inform an assessment of the most worthwhile competition related reforms that could be achieved in the future, including competition related reforms which could apply beyond current NCP arrangements.

Scope of Inquiry

4. The Commission is to report on:

a) the impact of NCP and related reforms undertaken to date by Australian, State and Territory Governments on the Australian economy and the Australian community more broadly. To the extent possible, such assessment is to include:
   i. impacts on significant economic indicators such as growth and productivity, and to include significant distributional impacts, including on rural and regional Australia; and
   ii. its contribution to achieving other policy goals.

b) at the Australian, State and Territory level, areas offering opportunities for significant gains to the Australian economy from removing impediments to efficiency and enhancing competition, including through
a possible further legislation review and reform programme, together with
the scope and expected impact of these competition related reforms.

Considerations

5. In conducting this review, and in recommending changes, the Commission
should take into account the desire of the Government:

a) to focus new review and reform activity on areas where there is clear
evidence of significant potential gains, in particular where clear gains are
possible in Australia’s international competitiveness, in the efficiency of
domestic markets or for Australian consumers; to ensure possible reform
activity considers appropriately the adjustment and distributional
implications and its contribution to achieving other policy goals.

b) to take into account but not replicate significant current and recent review
activity in areas such as the CoAG work on energy and water and the

6. In undertaking the review, the Commission is to advertise nationally
inviting submissions, hold public hearings, consult with relevant Australian
Government, State and Territory agencies and other key interest groups and
affected parties, and produce a report.

7. The Government will consider the Commission’s recommendations, and
the Government’s response will be announced as soon as possible after the
receipt of the Commission’s report. The report will inform the CoAG
review due to be completed by September 2005.

PETER COSTELLO

Received 23 April 2004

17 March 2006]
APPENDIX 6 – TIMELINE OF MWBA

TIMELINE OF EVENTS
MANLY WARRINGAH BASKETBALL ASSOCIATION’S
SEARCH FOR A STADIUM
/APRIL 1986 TO DECEMBER 1995/

The change in direction of the New South Wales (NSW) Academy of Sport (formerly known as the Narrabeen Fitness Camp) resulted in the MWBA unable to access the gymnasium with certainty. This led to MWBA’s proactive search for a new venue, ideally their own. MWBA combined their efforts with the Warringah Artistic Gymnastics Club (WAGC) for a substantial period of time (10 years) during their efforts to secure a stadium with the Warringah Shire Council’s Assistance. Late 1996 saw a shift to the development of the Northern Beaches Indoor Sports Centre (NBISC) with Pittwater Council. MWBA took a lead role in the early organisation for the formation of NBISC (See NBISC time line).

Referencing: The names of the authors have not been included in referencing this timeline, however there are on significant occasions quotes from the correspondence. The referencing assumption is that the correspondence is from the date of entry from the first mentioned entity.

30 April 1986

MWBA seek assistance from Warringah Shire Council (WSC) to apply for a lease on Crown land at Aquatic Drive (AD), Frenchs Forest (FF)

8 May 1986

WSC state their endorsement, support and commitment for the proposal.

June 1986

Submission from MWBA to Crown Lands Office for lease of AD FF.

October 86

NSW Basketball Association advise MWBA on stadiums.

19 May 1987

MWBA advises WSC of the official changes at Narrabeen Fitness due to the change to the NSW Academy of Sport. Request council assistant in obtaining a two court indoor facility with office space, a canteen area and change rooms.

August 1987

A proposal to “Establish an Indoor Sports Centre for Manly Warringah Basketball Association” prepared by Loxton Recreation Consultants Pty Ltd for the NSW Basketball Association and the Manly Warringah Basketball Association - contain
four basketball courts which can later be extended to six courts. The capital budget for the project is $1 Million and this loan will be secured by the NSW Basketball Association.

Proposed that a Company Limited by Guarantee be formed to manage the Centre and that it consist of two representatives appointed by the NSW Basketball Association, and two representatives appointed by the Manly-Warringah Basketball Association and one nominee of the Warringah Shire Council if they so wish.

10 August 1987

NSW Basketball Association advise MWBA the Board of NSW BA approved participation in development of a basketball stadium. NSW Basketball Association will be arranging finance of up to $1 million to finance the construction of the Centre.

NSW Basketball Association established a Development Fund in order to finance projects. Each Association which has a sponsored project to contribute 1.5% of the capital cost of the facility for costs incurred prior to construction. Contribution ($15,000) will be returned at the completion of the building programme at which time the Association then lends this amount to the Centre Management Company to be used as working capital until the centre becomes fully established. Hoping to have both the Development Approval and Building Approval completed this year and the Centre completed by middle of 1988.

8 September 1987

MWBA lodge detailed submission to WSC seeking assistance to develop a four court basketball stadium.

21 September 1987

Manly Warringah Volleyball Association (Treasurer) advise MWBA of their support and status as potential “tenants”.

9 October 1987

Councillor (Cr) Robert Dunn commits to the project – alludes to the concerns of the WSC’s issues with the expensive running costs of their Aquatic Centre. However Robert Dunn’s letter of support is the first record on (MWBA’s) file and the eventual ‘risk averse’ position taken by Council due to their experiences with the Aquatic Centre.

13 October 1987

Article in Manly Daily Newspaper (page number not known) “Grand plan for a new indoor sports centre”
17 June 1988

Minister for Sport, Recreation and Racing (Rowland Smith) advises WSC that: “given these requests represent a very significant percentage of potential community usage it is doubtful that the needs and desires of the Association can be fully satisfied”.

29 June 1988

WSC advise MWBA of the Minister’s position negating ongoing use of the NSW Academy of Sport at Narrabeen.

26 September 1988

WSC outline their support and proposal for the stadium and request assistance from NSW Government.

29 September 1988

MWBA write to Minister for Sport, Recreation and Racing (Rowland-Smith) and to the Minister for Natural Resources (Causley) seeking Government support for making land available.

17 May 1989

Metropolitan Lands Office (Regional Manager) advise MWBA that land in Frenchs Forest and Forestville has now been advertised and applications for interested organisations are called for.

29 June 1989

NSW Basketball Association Ltd (Executive Director) confirm to MWBA that they will arrange and guarantee a loan from their Bankers and will make a cash contribution from their Development Fund to offset the construction cost. Also make available the services and expertise of their consultants, Loxton Recreation Consultants Ltd., and the services and expertise of their Facilities Committee to assist in the design of the facility, overseeing the construction and the on-going management of the facility.

25 July 1989

WSC advise the NSW Government’s Department of Lands that Council fully support the submission by the Manly Warringah Basketball Association and Warringah Artistic Gymnastic Association. The proposed use of the leased area is also favoured by Council, fulfilling an established need within the Shire.

11 October 1989

Minister for Natural Resources (NSW Government - Causley) offers MWBA/WAGC a Permissive Occupancy for a period of up to eighteen months.
Once the Development Consent has been obtained the Permissive Occupancy will be terminated to allow the granting of a formal lease.

27 December 1989

MWBA request WSC for rezoning from Special Uses – Hospitals and Hostels to a zoning appropriate to permit construction of the proposed Sporting Stadium.

1 February 1990

Cr Green (WSC) advise MWBA of his support for the rezoning and the project.

1 February 1990

Cr Dunn (WSC) advise MWBA of his support for the rezoning and the project.

15 February 1990

WSC acknowledge MWBA’s request for rezoning (27/12/89).

23 February 1990

Department of Lands (Regional Manager) to MWBA conditional offer of Permissive Occupancy at Lot 2780: $50 per annum.

3 April 1990

Department of Lands (Regional Manager) to MWBA advise granting of the Permissive Occupancy of Portion 2780 Aquatic Drive, Frenchs Forest

1 March 1990

WSC instruct MWBA to pay $800 for rezoning application - $200 for Council charges and $600 for the Public Notice fee.

26 March 1990

Cr Paul Couvret (WSC) informs MWBA of his support and that the rezoning application will be dealt with at the Ordinary Meeting at the end of April.

August 1990


The next 6 months will see NSW basketball commence construction of 7 further projects – Campbelltown, Warringah, Windsor, Marrickville, Gunnedah, Gosford and Queanbeyan. A further 25 stadiums are on the drawing boards for the next 3-5 years.
21 August 1990

Cr Caputo (Shire President) to MWBA RSVP; unable to attend the cocktail party at Harbord Diggers Memorial Club, 5 September 1990.

21 August 1990

Cr Couvert to MWBA RSVP; unable to attend the cocktail party at Harbord Diggers Memorial Club, 5 September 1990. Reiterates support for the proposal and stated:

…the building of a basketball stadium is one of the last items on my list of facilities I would have liked to have built during my eighteen years in Local Government. It is quite exciting to know that we are getting very close now and I do hope that the dream will become reality in the near future.

27 September 1990

MWBA outline proposal and costing to WSC.

COST: estimated of the project is $1.7 m. Financed as follows:

- MWBA - $100,000 (already deposited in the interest bearing NSWBA development fund)
- WAGC - $100,000 (already deposited in the NSWBA Development Fund)
- NSWBA - $ 1.2M loan
- WSC – Requested site preparation - $200,000
- Requested Contribution towards cost of building - $100,000

Estimated costs associated with the provision of the site –

- Diversion of creek $130,000
- Supply of power $ 30,000
- Site excavation $ 40,000

The NSWBA Facilities Program utilises a co-operative funding arrangement of Association funds and its professional expertise to enable indoor sports stadiums with the major priority for the conduct of basketball activities to be developed and managed throughout the State. NSWBA has been able to negotiate loans from various banks and have obtained partial government guarantees from the Minister for Sport, Recreation and Racing. Five stadiums have been completed to date at Penrith, Bathurst, Dubbo, Cowra and West Wyalong. Campbelltown and Gosford are under construction and Warringah, Marrickville and Hills are scheduled for 1991.

NB: Gosford opened in 1993:
Hills Basketball Stadium opened in 1995
(confirmed via phone call to administration – Friday 2 June 2006)
MANAGEMENT: NSWBA is responsible for the ongoing management of the facilities under its control. From the experience gained from other centres up and running the centre will be able to cover maintenance, staff and repayment of the loan. If approval is obtained from Council for the funds as requested this will be an up-front once only request for Council contribution.

A company will be set up called Warringah Sports Stadium Ltd controlled by a Board of Directors comprising two from NSWBA, one from MWBA, one from the Warringah Gymnastics and one from the Warringah Shire Council.

The Development Application is being processed at the moment by the Council staff and will be before the Council for approval when rezoning is received from the Department of Planning.

4 October 1990

Cr Eric Green informs MWBA (cc Robert Dunn) claims the $300,000 is not reasonable. He cites other pressing issues within his Ward as priorities. Although is letter reaffirms his support for the project, the funding considerations effectively negates his support.

30 October 1990

Minutes of Ordinary Meeting WSC 30 October 1990

13 October 1987 – Council first considered a submission from MWBA requesting council assistance with the provision of suitable land, landscaping costs, site preparation costs, carparking facilities and utility connections for the establishment of a 4 court indoor basketball and gymnastics stadium.

Council subsequently resolved part “That the Divisional manager Community Facilities be requested to undertake a detailed analysis of the development proposal received from the MWBA with the intention of presenting a further report to Council”

19 April 1988 – Council considered a detailed report on the status of the investigations into potentially suitable sites and on the Basketball Association’s proposal. Also included with this report was a needs analysis of the demand for, and merit in establishing an indoor sports stadium within the Shire.

The summary to this report concluded:

It is considered the available data on the ratio of existing players to basketball courts within Warringah Shire, future projected growth in the sport, the relative lack of basketball facilities in the greater northern Sydney region and usage figures for other existing basketball facilities in Sydney, indicate a definite need for a complex as proposed.

Council subsequently resolved, in part:

1. That Council submit a formal application to the Department of Lands requesting a lease over designated Portion 2720 Aquatic Drive, Frenchs Forest for the purpose of establishing a Regional Indoor Sports Centre.
2. That the Minister for Sport and Recreation be requested to give consideration to the allocation of grant funds to assist with the construction of a Regional Indoor Sports Centre in Warringah Shire.

18 July 1989 – Council was advised that after repeated unsuccessful attempts to obtain a lease over Portion 2720 Aquatic Drive for the purpose outlined above the Department of Lands have decided to release the land in question and call for public expression of interest from non-profit community groups for tenure over the site.

Council resolved:

that Council advises the Department of Lands that the submission by the Manly Warringah Basketball Association and Warringah Gymnastic Association seeking a lease over Portion 2720 Aquatic Drive, Frenchs Forest for the purpose of establishing a Regional Basketball and Gymnastics Centre is fully supported by Warringah Shire Council.

Late 1989 the applicant Associations were notified by the Department of Lands they had been successful in gaining a permissive occupancy over the subject site for the purpose of pursuing the development of an Indoor Sports Stadium (1990: 159)

8 May 1990 – Council considered an application from the basketball and Gymnastics Associations to rezone the subject land to permit Council to grant development Consent to an Indoor Sports Centre.

Council resolved to approve the rezoning application.

30 October 1990: The Current status of this project is that the Draft Local Environmental Plan is currently with the Department of Planning awaiting the Minister’s consent. A Development Application has been submitted to Council for the proposed development and following receipt of some additional required details from the applicant and notification by the Minister of his concurrence to the rezoning, the Development application will be formally considered.

Note: 3.2 Experience with the management of the other facilities shows the proposed Manly Warringah Indoor Sports Centre will adequately cover the cost of staffing, maintenance and loan repayment.

- Warringah Shire Council will be invited to participate in the ongoing management of the proposed facility by nomination one representative to the Board of Directors.
- The facility will be made available to other sports such as volleyball, netball, indoor hockey, indoor soccer, judo, martial arts, table tennis etc.
- Apart from the one-off grant requested, no further financial support will be sought from Warringah Shire Council

Summary

Warringah Shire Council has actively supported the concept of an Indoor Sports Centre for the Shire for many years. The Initiative and persistence shown by the Manly Warringah Basketball and Warringah Artistic Gymnastics Associations in raising $1.4 Million of the required $1.7 Million capital funding for the establishment of the Centre is commendable.
In view of the significant benefits the facilities will bring to the Warringah Shire sporting and recreation fraternity, the anticipated financial benefit to the Warringah Aquatic Centre and the fact that Council will not be involved in any ongoing funding commitment whatsoever, it is recommended Council give consideration to a one-off grant of $300,000 to the Manly Warringah Basketball and Warringah Artistic Gymnastics Associations for the purpose of developing an indoor sports stadium in Warringah.

RECOMMENDATION OF DIVISIONAL MANAGER – COMMUNITY FACILITIES

1. That Council, having due regard to other funding priorities, list for consideration as part of the 1991 draft Estimates Building Improvements Program a sum of $300,000 for allocation to the Manly Warringah Basketball and Warringah Artistic Gymnastics Associations to assist with the successful development of an Indoor Sports centre adjacent to the Warringah Aquatic Centre.

2. That in the event of the matter being included in the 1991 Building Improvement Program, a further report be submitted to Council addressing the conditions under which Council may participate in the project.

RECOMMENDED TO COUNCIL by General Manager/Shire Clerk

13 March 1991

WSC issue MWBA a rates notice for prorated 1990 and 1991 = $7,013.55

14 March 1991

Department of Sport, Recreation and Racing approve a conditional grant of $75,000 for MWBA (must be fully expended by 30th June, 1992)

19 March 1991

WSC submit a motion to Special Meeting – Warringah Shire Council 19th March, 1991:

The Shire Clerk make urgent inquiries from the treasurer and other Divisional Managers to ascertain if there is a cumulative surplus of $300,000 which could be revoted to the Multi Sports/Basketball Stadium so as to compliment the finds already available to he Basketball Association. The funds sought would enable the project to go ahead and to take advantage of government monies for the money vote is rescinded.

20 March 1991

MWBA express concern to WSC at lack of communication from WSC. MWBA claim lack of action and approval of the Development Consent would see the financial support collapse.
25 March 1991

WSC approve the permissive occupancy of Lot 2780 Aquatic Drive, Frenchs Forest for MWBA and WAGC

26 March 1991

WSC (Shire President) acknowledge MWBA’s letter of 20 March – advising referral to the Parks and Recreation Manager for a direct reply.

8 April 1991

WSC inform MWBA of the status of development Consent approval and delays of considering the financial aspects of the stadium proposal until 7 May 1991.

WSC impose further restrictions on the application:
The development Application was formally considered by Council at its meeting of 26th March 1991 where the recommendations of the Development Unit, were adopted, as was an additional condition, viz:

… the granting of Development consent is accordance with B, above is conditional upon the Association and club entering into a suitable agreement with council for the utilisation of the adjoining Council carpark, including suitable financial arrangements for such use

9 April 1991

WSC instruct MWBA’s architect Lionel Krautz, Development Consent (91/98) approval has 43 specific conditions to be met. Also advise him that if Building is going ahead that a Building Approval Application needs to be lodged and approved prior to any work commencing.

11 April 1991

WSC inform MWBA that Council at its ordinary meeting on 26th March, 1991 resolved to grant development consent. Reiterate their requirement for an agreement on the financial aspects of the car parking.

9 May 1991

Internal Memorandum from WSC GM to Shire President and Councillors:
There is no cumulative surplus of $300,000 which could be revoted to the project, in fact, as reported to the council last Tuesday night, because of the recessional downturn in income, Council quite likely is facing a shortfall approaching $600,000, in addition to which, Council still has to make up the million dollars from the Plant reserve last year if it wishes to maintain the same size works program in 1992.

…. I can see no way that Council can make a donation of $300,000 to this project.

My second concern in regard to this project is that I am uncertain of the legal base on which Council could either make a donation or a loan to this project. I have sought
further legal advice on this point and trust that either myself of Mr Symons will be in
a position to advise Council further on Tuesday evening.

10 May 1991

Cr Robert Dunn informs MWBA of his continuing support but has doubts about the
Council’s financial commitment to the project.

10 May 1991

WCS Internal Memorandum to Shire Treasurer from Divisional Manager,
Community Facilities expressing the view that MWBA’s grant will reduce the
amount of money that council should commit to the project:

… the Manly Warringah Basketball Association has been granted $75,000 from the
NSW Department of Sport, Recreation and Racing for their indoor
Basketball/Gymnastic complex. The total cost of the project is $1,700,000. The
Association is contributing $1,400,000 leaving a shortfall of $300,000.

Council now needs to be aware that a proportion of this shortfall has been met by a
grant from the Government when considering this item.

29 May 1991

MWBA advise WSC they are pursing legal advise on Section 364A (1) and (2) of
the Local Government Act, 1919.

24 June 1991

WSC (Deputy Shire Clerk/Corporate Services) acknowledge MWBA’s letter of 29
May. Advise that they are waiting for their counsel’s advice on the legal issues.

8 July 1991

WSC inform MWBA Council has received advice from Mr. P D McCelland, QC, on
the question of whether it is lawful for the Council to effect arrangements that would
permit it to make a donation of $300,000 to MWBA or whether the Council may
make a loan of a similar amount with or without interest or whether the Council may
carry out earthworks to the value of $300,000 on the site for the same purpose.

The summary of that advice is that Section 504 of the Local Government Act does not
permit the Council to make a donation in the present case as the purpose of that
donation is for the benefit of one particular group and accordingly notwithstanding
that the facilities may be available from time to time public at large, they are
nonetheless private facilities. Further, the provisions of Section 364A of the Local
Government Act do permit the Council to lend money to sporting clubs for particular
purposes on the proviso that interest is charged at the nominated rates. The Queens
Counsel has advised that in his opinion any loan by Council to your club must be on
the basis that Council is satisfied that you have the capacity to repay the loan and
meet the interest payments as and when they fall due from time to time. In the
absence of Council being reasonably satisfied then the Council could not make such a
loan.
The option of the Council undertaking works in the leased areas to the value of $300,000, the Queens Counsel’s opinion is that such a scenario would not be possible as Section 521A of the Local Government Act requires that any joint undertaking be with an approved body, which approval is gained from the Minister and in the absence of that approval then such a joint venture could not be undertaken. However, that does not prevent your association and the gymnastic club from seeking such approval from the Minister and upon receipt of that approval, if forthcoming, then the Council could again consider the option of implementing works on the site. However, one problem with this option is that Sub-section 2 of Section 521A normally only permits Councils construct sporting facilities on public land by virtue of Section 348 of the Act and whilst S521A(2) may permit this joint venture arrangement it is not free from doubt.

The Queens Counsel has suggested that one obvious way of rectifying any problem is for the Council, obviously with the agreement of your Association, to request the Minister to lease the land to Council or appoint the Council as Trustee to permit the construction of the Indoor Sports Centre, hereby permitting the Council to do work on the site and or sub-lease it to your Association, etc.

Accordingly, Council requests your Association to give consideration as to whether you are prepared to seek a loan from Council pursuant to Section 364A of the Local Government Act which would be conditional on demonstration of an ability to repay, or whether you would support a submission from Council to the Minister of Lands seeking transfer of the land to Council under trust to permit the Council to authorize the development of an indoor sports centre on the site which would permit Council to joint venture the proposed development in accordance with the provision of Section 512A of the Local Government Act.

The Council’s calculation for MWBA to contribute to the car parking upkeep/access/utilisation is $2330 per annum.

7 August 1991

WSC’s reminder notice for payment of outstanding rates; $7,013.55 plus threat of a 19% interest per annum on unpaid rate debts.

9 August 1991

WSC (Deputy Hire Clerk / Corporate Services) instruct MWBA that WSC wants MWBA to contribute $2,330 per annum towards upkeep of the carpark.

19 August 1991

MWBA agree to the car park fees with a request that escalation is capped at 10% per annum. Also request a meeting with WSC and their legal counsel to discuss the QC’s advice to explore the alternatives suggested by the QC.

6 September 1991

WSC inform MWBA that the Council agree to meet the cost of the conference between the Council’s solicitors, the basketball Association, available Councilors
and Council Officers to discuss enabling the Association to prepare a detailed submission to Council for its consideration.

28 November 1991

[Baskcorp is the company set up by NSW Basketball Association to handle the construction/management/development of stadiums.]

Baskcorp advise MWBA that Council needs to enter into a Deed of Agreement with the Stadium Company prior to appropriation of the lease and that Deed commits Council to provide a sub-lease to the Stadium Company for a period no less than the number of years approved by the Department. Also that Council appropriates the funds already committed ($300,000), which Baskcorp believed was by way of a $200,000 grant and a $100,000 loan.

If Council agree to the proposal we can set about incorporating the Company. Once the structure of the Company is finalised (i.e. the number of representatives from each organisation) we can have the Company name registered then incorporated. This process will take no more than 2 – 3 weeks so I would appreciate suggestions from you as to the proposed name of the Company.

20 January 1992

MWBA submit to WSC subject to certain tendering arrangements the Council as Lessor could undertake side works in the order of $200,000 and could grant a loan repayable on a deferred basis of $100,000. Basketball and Gymnastics remain $300,000 short of the monies now required to construct the stadium, viz. approximately $1.85 million.

Lending institutions would approve this position and provide a share of funds subject to the lease being for a period of not less than 50 years, the lease to be issued by the Department of Lands would be for 50 years.

Request that on receipt of confirmatory advice from Council’s Solicitor that a grant of $200,000 be made to assist in the construction of a four court sports stadium and gymnastics centre and that a loan be granted to the Company formed to operate the stadium of $100,000 with repayments to be deferred for 5 years.

MWBA confident that that have now provided all the information and assistance necessary to enable council to assist in the construction:

Accordingly, we are now requesting Council to assist with the construction of the stadium by providing financial assistance of $300,000. This assistance could be by way of the provision of site works, by cash or by site works/cash and loan.

7 February 1992

WSC acknowledge MWBA’s letter of request and advise the matter is referred to their solicitors for further legal advice.
4 April 1992

Baskcorp’s financial troubles are emerging. MWBA write to the Minister for Sport, Recreation and Racing (Souris) seeking his help for the proposal and rescue of Baskcorp.

We were looking forward to commencing construction in the second half of 1992. Our plans are now in turmoil and we understand that without some support from your Government we may not see this badly needed complex in the Northern Beaches region for some years.

We look forward to your assistance to Baskcorp and if that is not possible then to individual associations who are able to establish their credentials.

28 April 1992

Federal Minister for the Arts, Sport, The Environment and Territories (Ros Kelly) advise MWBA that their grant application for 1991-92 was unsuccessful.

May 1992

Pittwater Council established as local government in its own right.

10 June 1992

Baskcorp advise MWBA of the status of their financial situation and efforts to rectify.

27 June 1992

MWBA respond to the Regional Director (Department of Sport, Recreation) letter of 9 March 1991 (note that the project has been delayed due to the financial difficulties of Baskcorp) and submit completed claim form on the basis of dollar for dollar expenditure.

However, as the delays which have occurred were beyond our control we consider it proper to submit the claim within the time required as payment of the claimed $97,650.00 has been made for the preparation of project documentation for the proposed sports centre.

August 1992

Baskcorp and NSWBA go into liquidation.

4 August 1992

WSC demand $12,724.61 for outstanding rates (and late charges) 1990-92.

6 August 1992

MWBA request WSC to provide information on the delays of their assessment of contribution. Also seek relief from the rates charges until the centre earning income.
10 August, 1992

Baskcorp advise MWBA that they received correspondence from the Minister for Sport and Recreation and Racing (Schipp) in relation to Government Guaranteed Loans.

The Original Guarantee on the construction of stadiums at Windsor, Marrickville, Warringah, Terrigal and Gunnedah was rescinded by the former Minister.

As a result of Baskcorp’s representation to the Government, applications for Government Guaranteed Loans submitted by Associations affiliated with Baskcorp, will in future be assessed on their merits.

11 August 1992

Minister for Conservation and Land Management and Minister for Energy (West) informs local member (Longley):

As you are aware, in an endeavour to obtain Council support and financial assistance, the N.S.W. Basketball Association Ltd. (Bask Corp) identified the need for Council to hold the “head lease” with the subsequent sub-lease arrangements being made. Naturally at the time Council was anxious to be informed of the terms and conditions of any lease which might be granted prior to making any commitment. In this regard however there has been no formal correspondence from Council and the Blacktown Office of the Department of Conservation and Land Management cannot be held accountable for any delays which may have been experienced in finalising the leasing arrangements.

Council in its letter dated 3rd April, 1992, which is the subject of your representations identified that it had deep concerns about the viability of the project and had sought detailed advice from the Manly Warringah Basketball Association. I have been informed that this advice is not to hand and understand that council has now distanced itself from the lease proposal until it can be satisfied that funding will be successfully arranged through Bask Corp.

Recent investigations reveal that Bask Corp has no funds and will be unable to raise the necessary bank loan for the balance of the building costs which now exceed $2 million. Accordingly I have directed that action towards the granting of the lease be suspended and that the decision as to whether this area should remain allocated to the Association be held in abeyance pending clarification by the Association that it has the financial capacity to proceed and completion of a feasibility study to confirm the viability of the operation.

18 August 1992

WSC respond to MWBA’s letter of 6 August 92.

A. The Council did not receive any correspondence from your Association dated the 15th of July 1992

B. It is confirmed that Consent 91/98 was issued on the 9th March 1991 to permit the erection of an indoor sport stadium on Lot 2780 DP 46992 Aquatic Drive, Frenchs Forest. That Consent was referred to Mr Lionel Krautz, Architect and was subject to 43 conditions. No Building Application has yet been lodged pursuant to that Consent.
C. The debt remains outstanding and arrangements for its payment will be required to be made. As a matter of policy, Council will not permit the abandonment of the outstanding rates nor will it make a donation in lieu of the payment of these rates. In addition to this outstanding debt, additional rates will be levied in 1993.

The council would be prepared to give consideration to waiving the interest charges on the debt so long as it is satisfied that a regime for payment can be agreed. It is suggested that such a proposal could involve the Associations agreeing to pay off the debt and the 1993 rates at, say, $1,000 per month in return for the Council agreeing to waive the interest components. I would be pleased to receive a submission from the Association’s [sic] within the next month concerning this debt and arrangements for its payment including the 1993 rates.

For your information, I annex a copy of a letter, which Council received from Mr Longley, MP from the Minister for Conservation and Land Management and the Minister for Energy. You will note the last paragraph of that letter questions the continued allocation of this land to your Association pending clarification of your Association’s financial capacity to complete and operate a viable operation. That advice from the Minister is consistent with the Council’s resolution of 25th February 1992, which was referred to your President by letter dated 13th March 1992, which specifically sought your Association to provide an independent financial analysis of the Association’s ability and capacity to financially repay the loan accommodation sought from Council. Your Association was requested to examine the capital cost of this project and determine whether any opportunity exists for less dependence on financial accommodation from Council for the project. Council’s Property Manager and Mr Causon have had several discussions since concerning this project but no formal response from your Association has been received addressing those resolutions of Council.

30 September 1992

WSC write the Minister for Conservation and Land Management (West) stating their position in the project. WSC cite legal reasons (based on their QC’s advice re the Local Government Act) and questionable financial viability of the project:

Council must be satisfied with the viability of the project to meet the repayments to both the principal and interest such that there is no possibility that such a loan is construed as a gift, which is beyond Council’s power. Council has not received any information from the Association at this time which has led Council to a conclusion that the project is not viable.

The Association remains confident that it will be able to satisfy all authorities reasonable requirements concerning that viability of this project. The Association advised me that their current investigations are distinct from any former involvement through Baskcorp which has recently, apparently, been placed into liquidation.

10 February 1993

Provisional Liquidator (John Star) of NSW Basketball Association (Baskcorp) advise Minister for Sport (Schipp) of a restructuring and a Deed of arrangement. Claim that monies held from Associations in the development fund will be paid back.
over a ten year period. Seeking an undertaking that the NSW Government will not disadvantage Associations who have monies tied up in the NSWBA problem when those associations are seeking financial assistance in the form of grants:

Those Associations that have lent money to Baskcorp prior to the appointment of the Provisional Liquidator, to assist their “fellow” Associations build Stadiums, are now disadvantaged two fold; as firstly, they have to wait for the seven to ten year plan to obtain repayment of the monies and secondly, they are ineligible for the grant. I believe that this is inequitable and unfair to those Associations and I would ask that consideration be given by the Government to waiving the requirement on the grant, so that the monies owed to those Associations can be deemed to be monies raised and saved aforementioned for the purpose of obtaining the dollar for dollar grant.

8 April 1993

Minister for Sport, Recreation and Racing (Schipp) acknowledges Star (Provisional Liquidator) letter of 10 Feb 1993 and gives an undertaking that no Association will be disadvantaged in their application for assistance.

27 April 1993

Baskcorp advise MWBA of the correspondence with the Minister for Sport.

3 July 1993

MWBA inform the Minister for Lands and Water Conservation (Souris) of Baskcorp’s financial problems; alternatives being sought to fund the project; Council’s legal advice needing an interest in the land to consider financial assistance, seeking rearrangement of the Permissive Occupancy to be leased to Council, then sub-leased from Council.

6 July 1993

WSC advise Minister for Land and Water Conservation (Souris) of their current position:

The MWBA Limited have requested I advise you of the Council’s position concerning the development of the subject site for a basketball/gymnasium stadium in the terms of their letter to you of 2nd July, 1993 and which should be clarified.

The Council is supportive of a basketball/gymnastic venue being developed on the site and believes there is a significant user demand and community support for such a facility. The Council has been unable to comply with the requirements of the Local Government Act in responding to the Association’s requests for financial assistance to the project to date.

The Council is in receipt of advice from Mr P. McClellan, QC, on this issue. The proposition of the Association to have the Council administer the land under trust from the Crown and by way of lease to the Association for provision and management of the facility, would satisfy the legal advice as to the council’s ability to be involved in the project.
The Council has made no financial commitment to the project and any consideration is unlikely in advance of its 1994 estimates and budget consideration. The Council has requested from the Association an independent analysis of its ability to financially repay any loan and the viability of the project is still to be scrutinized by the Council. However, if your Government is prepared to alter the tenure arrangements covering the site to satisfy the proposal outlined by the Association, then the barriers permitting this Council’s involvement will be removed and the Council can consider what financial support, if any, it is prepared to commit itself to.

9 July 1993

MWBA lobby Minister from Community Services (Longley) to help with subleasing applications so that WSC can legally provide funding support by going guarantor on MWBA’s loans by WSC having an interest in the land.

19 July 1993

Basketball NSW enter into a Deed of Company Arrangement under the management of administrator, Star Dean Wilcox, to clear debts incurred after the Stadium Development arm of the then “Baskcorp” collapsed under the impact of debts that it had guaranteed prior to the soaring interest rates of the early 1990’s and the subsequent recession.

30 July 1993

MWBA outline to WSC the current problems preventing the proposal from progressing.

- Transfer of lease of land to council and sub-lease back to association
- Grant of $275,000 from the Department of Sport, Recreation and Racing
- Guarantee by council of a loan facility

We have received written advice from M Longley that, for the lease of land to be transferred to the council, the department of Lands must have a written commitment from the council that it will support the project to enable it to proceed. We note that the Department of Lands have indicated that they will only grant the lease to council on the same tenancy basis as proposed for the association.

We also understand that the Department of Sport, Recreation and Racing is unwilling to commit to a grant to our organisation unless it has assurance that the project can proceed.

Accordingly, we are now requesting council to support the building of an indoor sporting facility by guaranteeing a loan facility from a bank. Obviously this commitment can be made conditional on council accepting the financial estimates accompanying this proposal and the transfer of the lease to the council to meet the requirements of the council’s legal advisers. Council is requested to give most urgent consideration to this proposal to ensure that the grant from the Department of Sport, Recreation and Racing is not allocated to another project.
We have enclosed:

- Financial estimates for the proposed indoor sporting facility with loan arrangements costed on a conservative basis. It is anticipated that a significantly better financing package could be arranged that which is shown for illustrative purposes.

- Copies of the two most recent audited financial statements of the Manly Warringah Basketball Association Limited.

- Unaudited results for the company for the six months to June 1993.

As you can see from the projections the facility is a viable proposition that will provide a badly needed indoor sporting facility for the residents of the Warringah Shire. The projections do not include the gymnastics facility, although necessary amenities for a gymnastics hall are provided. No significant increase in funding would be required for this addition.

As you are aware, our association has been successful in:

- Obtaining permissive occupancy of the land required
- Obtaining a Capital Assistance Grant of $75,000
- Having plans for the facility approved to the Development Application stage
- Obtaining verbal assurance from a local bank that the funds required would be made available conditional upon council’s guarantee of the loan
- Obtaining a Regional Facilities Grant of $275,000 from the Department of Sport, Recreation and Racing conditional upon council support of the project.

5 October 1993

WSC’s Internal Memorandum from Khairul Bashir (Management Accountant) to Ashley Lindsay, Assistant Treasurer – Expenditure (File PF 0188/L2780 Part 3)

Subject: Request for Guarantee for $1.8 Million Loan – Basketball Stadium Project ($1.5 Million) and Gymnastic Centre Project ($0.3 Million)

A lengthy 8 page analysis for the proposal:

Therefore the objective of our financial analysis is to see whether the borrowers (projects) will be able to generate sufficient cash from operations to comfortably meet the loan liability on time. Council’s decision to provide guarantee should be based on sufficient buffer in projects cash generation as:

Financial projections of projects have been prepared by borrowers themselves (MWBA & WAGC)
Long period of loan ie. 15 years
Amount of loan and high rate of interest
Monthly payment mode.
Analysis done on a two part process. Gym and Gym and basketball Stadium Believed the appropriate debt service coverage ratio would be greater than 1.5.

**Conclusion (Gym Centre)**

The financial projections prepared by WAGC shows that the project is viable and would be able to service the proposed loan ($0.3 Million) although it needs to borrow or support from the existing club $4,624 in the first month of operation to pay loan installments. The safety margin in the project’s cash generation is moderate which is indicated by the debt service coverage ratio of 1.26 times and 86% breakeven level of income to service debt.

In addition, the sensitivity analysis indicated the gym operations is highly dependent on the use of the gym facilities by clubs and school children. A 10% reduction in the use of gym facilities by them indicates that the Centre would be able to service the loan (1.11 times debt service coverage ratio).

Considering the level of safety margin in cash generation it could be concluded that the Gym project is moderately viable. But the position could be different if the gym project is not constructed in one complex with Basketball. In that case capital and operating costs of gym centre [sic] is expected to increase.

However, it would be wise to conduct an independent feasibility study of the project before formal commitment for proposed loan guarantee ($0.3 million). In order to minimize financial risk to Council, a mortgage or security measures such as financial support from WAGC need to be determined.

**Conclusion (Combined project)**

Like basketball stadium project, the financial projections show that the combined project is marginally viable and would be able to service the proposed loan ($1.8 million) though they need to borrow $13,564 in the first month of operations of new projects to pay loan installments. But the safety margin in the combined project cash generation will be very negligible which is indicated by debt services coverage ratio of 1.09 times and 96% breakeven level income to service debt. This highlights the combined project would be able to service the proposed loan liability until there was a 4% fall in calculated revenue. The debt service coverage ration of the combined project has not improved significantly from basketball project [sic] though higher coverage ration works out for gym centre [sic]. The gym centre will not be able to pull up basketball project [sic] as latter project possess 83% of total combined loan.

Considering the level of safety margin in cash generation it could be concluded that the combined project is only marginally viable. Therefore, it would be risky for Council to provide guarantee for $1.8 million loan for the combined project.

As the sponsors/promoters of the two projects are not the same group, it would be very unlikely that one project will extend financial support to another project if they face difficulty in servicing loans. Therefore, Council’s decision should be based on the merit of individual projects separately.

**7 October 1993**

WSC Internal Memorandum to General Manager, property manager and finance manager (PF 0188/L2780 Part 3)
Based on the financial information provided by both groups Khairul’s analysis indicates the project is only marginally viable and the risk that the Council may have to financially support the project is high.

The inclusion of the WAGC has only marginally improved the finances and there are still a number of factors which Khairul has raised which need to be addressed before a definitive recommendation can be made.

Accordingly, as previously discussed I suggest that you convene a meeting with both parties and the relevant Council staff to examine the proposal further.

15 October 1993

MWBA seek improved cooperation from WSC claiming that financial information had been supplied as requested - lack of correspondence from WSC – advice that new architectural plans for the facility will be available – these link the facility with the Aquatic centre.

16 November 1993

Minister for Land and Water Conservation (Souris) informs the local member for Pittwater (Longley) of the need for land tenure of the lease to be finalised to satisfy the lending provisions of the Local Government Act. The Minister provides a conditional support, pending proof of the project’s viability.

I would have no objections to the offer of a lease to Council, subject to Council’s assessment of the feasibility of the project and funding arrangements proving to be satisfactory.

Warringah Council has been asked to forward the details of its analysis of the viability of the project to the District Manager, Blacktown District Office of the Department of Conservation and Land Management.

23 November 1993

WSC inform MWBA that Council will not be in a position in 1993/94 to supply the loan guarantee sought in MWBA’s submission. This position primarily occurs as a result of Council’s liabilities to Pittwater Council in accordance with the judgment of the District Court and the need for Council to maximize its loan borrowing opportunities as a mechanism of continuing a program of improvement works. Council state they have reviewed the financial aspects of the submission and determined that the project is marginal. They suggest MWBA review the feasibility.

January 1994

MWBA assess their current situation and develop the following strategy:

MWBA and WAG Club Inc have made application for and been granted permissive occupancy of land at Aquatic Drive Frenchs Forest.

MWBA and WAGC Inc have had plans for the stadium on the site and have been granted a Development Application (now lapsed)
MWBA and WAGC Inc have been advised the State Government grants of approximately $350,000 will be made available if the projects proceed.

Manly MWBA and WAG Inc have been advised that a bank loan of $1.8 million could be made available for the construction of the stadium if the loan was supported by a guarantee from Warringah Council

MWBA and WAG Inc have requested Council to provide a guarantee of the loan of $1.8 million.

Present Position:

If Warringah Council resolves to provide the guarantee the project will proceed.

If Warringah Council is unable to provide the guarantee, Manly Warringah BA and WAG Inc advise the department of Conservation and Land Management that it will not be necessary for the land to be leased to Council but should be retained by MWBA and WAG Inc and advise the Department of Sport Recreation and Racing that two grants will unlikely be used in the short term

FUTURE ACTION:

Council has requested that a feasibility study be undertaken to determine the financial viability

21 February 1994

Local member for Davidson (Humpherson) lobby WSC on behalf of MWBA in an attempt to revitalise the project and states that Council is only playing lip service to its support for the stadium proposal. It is suggested establishing an ad-hoc Committee of Councillors and representatives from the Associations. This could focus on getting the feasibility study underway.

27 April 1994

WSC propose that a Feasibility study be formally conducted at a cost of $24,000 and that MWBA and WAGC jointly pay one third and that the funds should come from the Sport and Rec grant.

5 May 1994

MWBA & WAGC agree to paying (one third) the Feasibility study and advise Council that because the company intended to manage the proposed centre has not yet been formed the MWBA Limited and the WAGC Inc will be jointly engaging the services of the study consultants.

21 September 1994

Council host a community meeting to discuss: Future Indoor Recreation and Sport Needs in Warringah.

The following points noted as a result:
**Current Demand/Need**

**Manly Warringah Netball Association**
- 1st Division currently play indoors travel some distance
- 3 state league teams
- 4500 members - winter (main games), slimmer nights and training
- Could also run smaller competitions
- Could easily use 2 indoor courts 3 nights per week (high demand)
- Used Cromer High (lighting and floor poor/not suitable) and Narrabeen High

**Netball Academy Club**
- Use indoor and outdoor courts at NSW Sports Academy -
- Tuesday evening all year round - 3rd year of operation
- Cater for 500 seniors and 250 juniors - 2 indoor courts and
- 4 outdoor courts
- Age group 10 yrs to 40+ mainly social focus - 50% over 25 years
- $8 registration and $6 game, 50% juniors, $42 team fee

**Manly Warringah District Table Tennis Association**
- 114 registered players
- currently use league clubs, RSL - restricts young players
- Use Lidcombe on Sundays
- Halls require $22 per hour - high cost
- Considering school competitions but use of school facilities an issue (security, access)

**Futsal - Indoor Soccer**
- 500 players in Northern area
- Currently use Avalon (younger), Davidson High, St Pius (Chatswood)
- Currently play 6 nights per week, twice at each centre
- Use Basketball size court - same markings. International comps require a larger facility (43 metres) 2 courts
- Soccer also played at Five Dock 5 nights per week
- Fees $31 registration per season - game fee $30 - $40 per team - half hour games
- Facility cost $25-$30 per hour, plus renovated floor St Pius. 28 teams at each centre over 2 nights

**In Line Skating**
- Rollerblading, roller hockey, also racing/competitions - based in northern beaches
- 350 members - all adults, northern beaches area
- Use Brookvale Indoor Sports Centre, indoor cricket centre/ space really too small
- National level sport - require 2 court area. Surface requirements can vary - concrete, wood, astro turf

**The Main Issues**
- Inadequate facilities exist. Lack of facilities vs high demand
- Lack of land in Warringah - where can we build facilities?
- No facilities for large tournaments - spectator involvement
- All non profit organisations - lack of available funding
- Most facilities designed for basketball not large enough for netball
• Question - Will proposed Basketball facility cater for netball and others? It appears that the facility will be fully used by basketball. Access is an issue.

**Future Requirements**

• Netball have desperate need for indoor facilities. Association keen to cater for indoor sport. Academy Club can expand.
• Indoor soccer - growth sport, need indoor facilities, spectator seating.
• Table tennis need centre to hold large competitions - also facility not linked to service clubs to enable youth development.
• Volleyball and badminton need to consider height requirements.
• In line skating require 2 court area, surface can vary (have own boards).
• In general, facilities required to cater for range of sports.
• Registration players each
• 20 per year, competition $36 per team - 6

**21 October 1994**

Baulkham Hills Shire Council announce to the President of Hills District Basketball Association Council approved funding - $150,000 loan (to be sourced from the Community Buildings Reserve) with the loan to be paid in the manner requested by HDBA, with an interest rate to be in accordance with the requirements of the Local Government Act (1993). Provide a grant of $150,000 from working funds which is possible due to budget savings achieved in 1994/95. In the event that HDBA require further financial assistance to complete the building, Council will give further consideration to providing an additional $50,000 loan.

**31 October 1994**

MWBA and WAGC forward WSC the invoices from Phillip Gray & Associates re payment for the Feasibility Study - $24,447.40

**December 1994**

Phillip Gray and Associates release their final report: “Indoor Recreation and Sports Centre Feasibility Study”. The report determined that based on their financial analysis the proposed stadium was not viable:

4. **Financial Analysis**

   Individual budgets were prepared for the four court sports hall and the gymnastics hall, which were then combined into an operating budget for the total centre.

1. The MWBA will pay $220,616 in court hire fees to the Centre.

2. The WAGC will pay $92,585 for hire of the gymnastics hall.

3. After payment of all expenses, the MWBA will generate a profit of $62,659 in Year 1, $66,895 in Year 2 and $71,131 in Year 3.

4. The gymnastics hall will generate $247,779 in its first year rising to $298,089 in Year 3.
The capital cost of the proposed Centre has been estimated at approximately $3.018 million. A grant from the State Government of $375,000 has been obtained, and the balance of the capital cost is proposed to be funded by commercial loans. If a loan, with an interest rate of 11% is obtained, it could not be serviced from operating revenues of the Centre.

The Centre can service a commercial loan of approximately $1.8 million. Thus the Centre could be developed and be financially viable if either an additional grant of at least $650,000, or a grant of $300,000 and a low interest (5%) loan of $1.14 million was obtained.

Based on these projections, the proposed indoor recreation and sport centre will only be viable if additional financial assistance is provided. The main reason why the project is not financially viable under this funding scenario is the lack of equity contributed by the MWBA.

The projections suggest that the development of a stand alone gymnastics centre would be financially viable.


28 February 1995

Peter Hunt (Architect) contact MWBA Advising that they are currently the architects for two stadiums under construction – Castlehill Basketball Association (Hills) and Hawkesbury Multi-purpose Centre, Windsor. Provide an estimate for a four court stadium including gymnasium to not exceed $2.5 million on a pro rata allowance plus an allowance of $150,000 (6%) to cover all professional fees. This would include a reasonable allowance to channel the water course but is subject to expert opinion on the method.

3 April 1995

MWBA write to WSC Councillors expressing concern over the position taken by Council Re: The Feasibility Study Report at their meeting of Tuesday 28 February 1995.

The proposal which you put forward was both practical and practicable. I am sure that with a little bit of creative accounting the General Manager and his staff could have enabled the proposal to proceed. In discussions after the meeting, our Department of Sport, Recreation and Racing representative said that he thought that his Minister would have found the proposal to have merit and at least provide room for a fresh approach.

In thanking you I should also say that we remain concerned at the very negative report put forward by the staff in providing their recommendations on the Feasibility Study. I would urge you to ensure that any similar feasibility study undertaken, as discussed by Council on Tuesday night, is undertaken by an independent organisation.

The Community needs to be served in accordance with its requirements and not in satisfaction of the ambitions or beliefs of the staff alone.

Again thank you for your assistance, your support is well recognised by all members.
of our Association.

April 95

MWBA design and commence new Stadium Strategy Plan 1995-96

16 July 1995

Board of Directors meeting of MWBA agreed in principle to proceed with negotiations with the Department of Sport and Recreation to plan for a four court addition to the existing two court stadium at the Narrabeen NSW Academy of Sport. Proposed to deliver a presentation the NSW Academy of Sport.

18 July 1995

MWBA meet with Executive of Academy of Sport.

August 1995

MWBA’s Stadium Proposal for NSW Academy of Sport, Narrabeen

MWBA undertake to commit $375,000 as equity to the project. Guarantee usage of 6 courts 5 nights per week – February to December and three courts on the majority of weekends. Estimate of hire fees is 6 courts x 5 nights (9402 hours) x $20 per court = $188,040.

The court hire figure of $20 for evening use to increase annually according to the CPI figure.

Seeking a five year contract to include:

- The right to subcontract, if the need arises
- Day hire rate at a very preferential rate
- Preferential hiring of accommodation (for tournaments and residential programs)
- MWBA to lease the canteen
- A Management Committee
- Signage to be allowed in order to satisfy sponsorship arrangements.

The Management Committee Structure made up of hirers and the NSW Academy of Sport – meeting monthly in the first year and then quarterly.

3 August 1995

MWBA submits proposal to Academy of Sport Narrabeen.

11 August 1995

NSW Academy of Sport respond to MWBA stating they have interest in the proposal and intend to convene a staff meeting at the Academy to discuss the proposal with a
view to enable further discussions to take place between your Association and the Academy.

13 December 1995

WSC inform Crosswhite Consulting (MWBA) of their views re: “Position paper on Facility Need” by MWBA. Again they acknowledge a demand for access to an indoor sports centre in Warringah (or the wider region). Council cite the Phillip Gray Feasibility study and the fact that the study found that the facility as proposed was not financially viable and a further grant of at least $650,000, and preferably a low interest loan, would be required. Support from Council was rejected on this basis, as it claimed it did not have the funds to contribute. Council expressed concern the feasibility study raised other recreation facility management issues which would need to be addressed if an indoor sports centre were to be developed in Warringah. These included addressing the demand from other sporting groups, particularly netball, volleyball, indoor soccer and badminton. Future planning will need to cater for this demand given the lack of land available for such facilities.

Council stated the facility proposed by basketball and gymnastics and its intended management did not adequately address the demand expressed by other sporting groups at the peak times required, with most peak times for courts being used by basketball. Also, the costing indicated that the centre would not be adequately staffed or programmed during the day and access to the wider community would therefore be limited. Having a centre which ‘sits idle’ during the day is unacceptable where the population and a lack of similar facilities could, with professional and creative management, sustain use throughout the day and evenings.

The Council now raise the issue of environmental concerns of the site:

The site would need to be almost completely cleared of its native vegetation and the creek diverted to allow the development. As found with Council’s recent dealings relating to the nearby Spastic Centre site, the community is much more aware and concerned about the potential environmental impacts of development compared to when the now elapsed development application for the proposed indoor sports centre was approved by Council.

Council’s Community Resources Division is recommending that any future indoor sports centre developed in Warringah and contributed to by Council be multi-purpose and able to cater for a range of sporting groups. In addition, potential sites will need to be reviewed to ensure indoor facility provision is in the best possible location.

Council advise they about to undertake a “Strategy Plan and Feasibility Assessment Study” for the Warringah Aquatic Centre and a broader “Strategy for Indoor Facility Provision” will be developed in early 1996, input will be sought from all related sporting groups to determine existing and future needs and identify opportunities for achieving shared access.
Appendices

APPENDIX 7 – TERMS OF REFERENCE

TERMS OF REFERENCE
Business/Financial Taskforce
Manly Warringah Basketball

ESTABLISHED: 22nd March 2005

OBJECTIVES:
To investigate the business and financial history and structure of MWBA
To recommend to the Board of MWBA short term and long term business and financial strategies of the Association as a whole as well as its sub-divisions.
To oversee implementation of the recommended strategic measures adopted by the Board.

TASKFORCE MEMBERS:
Paul Manuell, Chairman
Peter McLean
Owen Evans
Rick Westmoreland
Angela Perverell

MWBA OFFICIALS & STAFF
(To Assist Committee as required and requested):
Mary Greenberg, President
Nigel Wagstaff, Financial Director/Junior Rep Controller
Cathy Penning, Junior Rep Director
Simon Dunn, Senior Rep Controller
Carol Lynch, Senior Rep Administrator
Brad Batterham, Business & Operations Manager
Eileen Thompson, Registrar
Any Director of MWBA whose portfolio deals with Business/Financial matters.
Any MWBA committee representative whose input is required by the Taskforce.

MWBA RESOURCES
(To be used in research as required and requested):
Financial Records from 2001 forward
Minutes of Board and AGM Meetings
Minutes and reports of Sub Committees
Contracts & Agreements including, but not limited to
    Staff and Services
    Hiring Agreements
    Rental Agreements
    Player Agreements
    Sponsorship Agreements
Notices of terms of player fees, registration fees, rep fees etc.
Registration Records
Hobbyist scales of payment (Refs, Court Controllers etc)
Duties list for staff and hobbyist not under contract
Insurance policies
Articles of Incorporation & other official documents
Constitution, bylaws and Registration rules of BNSW
Any other business or finance related data available from staff or officials.

**TIMEFRAME:**
Stage 1 – Investigation should commence in April and take 2-3 months.
Stage 2 - Interim report foreshadowing recommendations should be made to Board meeting in August, 2005.
Stage 3 – Final Recommendations due to the Board at meeting in October 2005.
Stage 4 – Implementation as directed by the Board after adoption of recommendations as a whole or in part.

Additional time required for any stage may be applied for

**CONFIDENTIALITY:**
Each Committee member will be required to sign a confidentiality statement to cover the deliberations of the Taskforce and information obtained from MWBA directors, officials, staff and resources.

It is understood that one of the members of the Taskforce may not remain in Sydney. The Board may replace any resigned member either independently or upon advice from the other members of the Taskforce.

(quoted from MWBA internal memorandum dated Thursday 24 March 2005)
APPENDIX 8 – STRATEGIC PLANNING PRESENTATION 1

The initial Power Point presentation for the board of directors
Slides with notes page displayed.

This was revised to a more simplified version in Appendix 8
For this stage of the initiative, I am using **business planning** and **strategic planning** interchangeably, they will be further defined as we work through the process.

This work draws on several sources and personal experience, the work of Kaplan and Norton and the Balanced Scorecard are the biggest drivers.

This presentation is inclusive, as I have tried to have all the points in the presentation, so it can be used as a reference and for those not able to attend and for the reproduction to association members within the various business units. All designed around the concept of ‘shared vision’ and knowledge management.

I would like to acknowledge that the business principles that are published are there to be put into action.

Years ago Manly Basketball used to have a sticker which said ACTION BASKETBALL. It might be time to revitalise that.
The challenge is how to take ideas (vision) and get them into action?

Best practice says you do it with the collective thinking of those who are working within the organisation.
A lot is expected of Board of Directors – keep in mind the context and purpose. 
**Conformance** – sometimes in regards to governance – within the values of the organisation and that which is prescribed by contract and law. 
**Performance** – for stakeholders – getting the work done: be it on or off, in or around the court
This model shows that achieving the ‘vision’ is essentially a matter of putting people and systems together. An alignment and an attunement – you can’t leave people out of this business.

Learning new things + putting them into action = behavioural change.
This document/presentation will address a system that might be new knowledge for some of you.

This model shows a cascade of processes. Each step leads into the following one.

The entire model sits in the context of ongoing review.
Currently the MWBA is experiencing the consequences of change. There are many things that have been changing within the organisation that have gone unnoticed and unaddressed.

There are aspects of the business of running MWBA that can be examined and improved. What are the systems of governance for the organisation for example? What are the monitoring systems that can quickly tell the people running the organisation exactly what is going on and where it is headed, good and not so good.

Player and game statistics are vital – how else would you know who won the game for starters without a score-sheet? How do you know what the player performance is without stats: turnovers, rebounds, field goal percentages, steals, points scored. Not only for the individual, but for the team.

Similarly what does a company know about its performance, apart from the bank account? This is known as single bottom line reporting. What this presentation is about is expanding this to a ‘Balanced Scorecard’ approach – something that takes in far more than just the dollars aspect of running an organisation.
Success in team sport and business are closely aligned – winning team just don’t go sign up for competition to make up the numbers to create winners elsewhere. They set their goals, usually to win the comp. This is the same as setting a vision for an organisation.

The team then has to develop a plan, a strategy, of how they are going to achieve it. We have all seen teams that are out on the court with no idea,: no offense, no cohesiveness, poor skills and basically no idea other than the desire to play basketball – and sometimes that desire is questionable.

Is it a long term or a short term goal, can it be done with the resources (players). Where are the main problems? Do we have the players? Do we have the Coach? How good are they in comparison to the competition? What do we need to do to achieve? These are both internal and external perspectives, important aspects of the Balanced Scorecard approach, which we will look at more closely soon.

Teams learn and practice to get it right! Businesses learn and practice to get it right – the practice comes from introspection – learning what works and what doesn’t – what doesn’t work is a great opportunity for learning! Failure is never punished, it is viewed as an opportunity to learn and improve! If human beings didn’t learn, we would have died out millions of years ago!

Equally, long term success can ultimately lead to failure.
Currently there is little evidence of a business or strategic plan

Best fit first time gives you a starting point – the strategic planning cycle is a system that has ongoing review designed into it. We live in a changing world, so we need systems that allow us to monitor and position with change.

May take several years to get it right, best to start and learn than try and get 100% first time

Will take a team based approach and ideally should include as many people within the various pats of the organisation as possible. Some of that involvement may take the form of survey participation.

KPIs will be monitored by the Board
There is a common theme amongst business gurus and commentators – the need to plan.

Planning is thinking! Thinking is learning and improving.

As you can see here from the quotes from Fortune Magazine, strategies work if they are executed properly. Plan your work and work your plan, review how your plan is regularly. Adjust it if you need to.

If you have a game strategy and the opposition is flogging you, what do you do? Change the strategy – change defense from man to man to a zone, half court or full court traps. If a shooter goes cold what is the alternative offense? If a player is injured who is the substitute? If a sponsor pulls out who is the replacement?

If you don’t run an offense properly what are your results? Costly turn-overs and embarrassment usually.
What good is an offense if no one of the team knows it. What good is it if players don’t know what they are supposed to be running, two in man to man and three in a zone defense for example.

The issue of the financial aspects is where there is an opportunity to see the big picture of the organisation and the interrelationship. It is therefore vital that a process has a financial perspective to its operations.

Everyone likes recognition for a job well done – whether it is a good pass to a team mate to score from, whether it was a great rebound to start a converted fast break. Managers need motivation to excel – some of that is devotion and belief in the task – in any case recognition is important. That is one of the reasons why incentive schemes can be popular.

Of course this is not to overlook an incentive, that if you don’t perform you may not have a place on the team.
What is the game of basketball designed for – granted it is a subjective view – however it is largely intangible.

Intangibles are worth considering and some can become tangible. Often the intangible issues are regarded as non financial outcome/indicators

For example however if you consider fitness as intangible, yet has tangible consequences – if you are fit you don’t have to spend money going to the Doctor for example. The physical ability to shoot a 3 pointer is intangible, you can’t buy it, yet the effect can be tangible because the skill has an assigned value – 3 points. If the player has good stats, can perform at a level of shooting 60% or more of 3 pointers then the skill is sought after, the intangible can go as far as to be offered a contract. – Quite tangible.

A great many aspects of the management of basketball players involves intangibles. A lot of motivation lies in the realm of intangibles. Why do people want to play basketball in the first place?

The consideration of intangibles has it place in planning.

Planning relationships

- Two types – tangible and intangible
- Tangible usually relates to financial considerations
- Intangible is more to do with people aspects
- Not for profit organisations (MWBA) We are dealing with both types
- Intangible assets are dependant on the human, information, management, systems and educational assets of the organisation
If we always do what we have always done we will get what we have always got!

Einstein said that insanity is applying the same method to a problem every time and expecting a different solution.

He also said that imagination is more valuable than knowledge.

Strategic planning allows you to be creative and the more ideas from different perspectives that you can get on the table to start with the better!
A word of caution

The unmeasurable is important because it is unmeasurable!

Alistair Mant

The reason for a suit of measurement tools, quantitative as well as qualitative, the “Balanced Scorecard” approach favoured as the final model, slides at the end on BSC.

If you have a view that everything is based on fiscal rationalisation then the chances are your systems put people second. Is basketball about putting people second?

There is no doubt that in organisations (be it a basketball team or global corporation) leadership is important. Concepts like pride, team spirit – unmeasurable, but important! Taking a charging foul – whatever it takes it is unmeasurable – but how important it is!

The people aspects are vital in designing your organisation.
1. **Creating the climate for change** (arguably this change need has already be identified)
   - Unfreeze the organisation (allowing for change to be considered)
   - Show the need for change
2. **Creating the Leadership team** (the Board sits in the position)
   - Breaking down the functional bias – this is where the Directors become the leaders – the organisation is a ‘leaderful’ one and each Director has design input for their area of responsibility.
3. **Creating the Vision and Strategy** (there seems to be an absence of this)
   - To confirm/create the vision
   - To clarify the strategy
4. **Creating team accountability** (which comes with setting the Key Performance Indicators)
   - Accountability for cross-functional strategic themes at executive team level
5. **Changing the Culture**
   - From little/ad hoc strategic and business planning to this being a significant focus
   - Accountability to published values underpins this – often comes out of the SWOT analysis
It is important that reasons and benefits of strategic planning is understood by everyone involved.

It should be made clear that this isn’t an exercise to create failure, or something that is too hard, too time consuming or too onerous. But it will create something that will help you learn more about your business, what is successful and what isn’t so effective.

Once the planning phase has moved to implementation, the systems will be place for the benefit of better management.

What are we talking about?

- *It is not a metrics project, it’s a change process*
- *Measurement is the language that gives clarity to vague concepts*
- *Measurement is used to communicate, not to control*
- *Strategy can be described as a series of cause and effect relationships*

David Norton
Don’t forget, there are some obligations and reporting requirements.

This is under a broad banner of Conformance. Some of you may be more at home with the term Governance.

The governance issues, such as paying bills, BNSW registrations, NBISC contractual obligation etc needs to be factored in.

The risk management issues such as insurance premiums are part of the overall corporate governance.
MWBA Planning Outcomes

- Integrated strategic planning and resource (budget) allocation process
- Linked data collection/reporting requirements
- Monitoring Key Performance Indicators
- Planning and reporting linked to director’s areas of responsibility
- Improved insight into overall direction of the organisation

Common database used, so the audit trail is strong and no duplication. Level of detail reduces as aggregated up.

Feedback back up and down is critical, not a one way process
This is a step by step process modified to get the MWBA started as there is no evidence of a business or strategic plan, it will be refined next time, steps can be combined, but this is the way to ensure we get a reasonable outcome first time.

The data from good business planning has many uses, also for bids to Government, annual report, external presentations, interview questions, labour force planning and benchmarking.
The working party has considered a draft vision statement:

Organisational values are also vital as they set the behaviour of the people of the organisation. Hills (Sutherland?) Basketball Stadium, possibly an exemplar of basketball Associations has a code of conduct published on a large notice board as you enter the stadium.
If you already have one then ask yourself: “How many staff know what it is, have had course to use it or refer to it?”

Again if you think in terms of a successful basketball team – think about the aspects that each player needs to know to be able to contribute to the best of their potential. Basketball isn’t a game where you get turned around at half time and pointed in the other direction. It is a thinking game as well as a game of physical skill. Teams that are successful do simple things well. They play percentage basketball and they all know what they have to do and why they are there.
Step 3
Stakeholder Identification

- Our stakeholders are
- Define into two groups, big “S” and small “s” stakeholders
- Agree and identify which are critical to the operation of the MWBA and the achievement of the Mission Statement

We have chosen stakeholder rather that customer or client

The external and internal communications plans also identify stakeholders
Be expansive to start with, can be reduced after. As a first time exercise look to prioritise the list. You’ll be surprised at the data this process can produce and the change in thinking it can generate. Especially when you start looking at relationship you have with the stakeholders.

What do you really know about them, who they are, what they want etc.

It is important NOT TO MAKE ASSUMPTIONS when you are dealing with your stakeholders.
This is an example of how a stakeholder map can look.

The value of this is that you question how the relationships are and who they are with.

It also looks at the important aspects of the relationships with in the network in general.

There are many more stakeholders than are shown here. For the first plan try to prioritise the most important stakeholders.
Step 4
SWOT

• Strengths "What strengths does the MWBA have i.e. what does it do particularly well or possess of special value?"
• Weaknesses "What weaknesses is the MWBA currently experiencing (or likely to experience), i.e. what things is the MWBA not particularly good at doing which may inhibit or limit us?"

This is the internal and external environmental scan, it sets the context.
Step 4
SWOT

- Opportunities......"What opportunities is the MWBA likely to have in the near future i.e. factors which may be utilised to deal with key issues?"
- Threats.............."What threats face the MWBA in the near future, i.e. factors which may jeopardise the likelihood of success?"
- Use the SWOT matrix to undertake this.
- Use the strategies identified in the SWOT matrix to inform step 8

<table>
<thead>
<tr>
<th>Internal factors</th>
<th>Strengths (S)</th>
<th>Weaknesses (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities (O)</td>
<td>List 5 or more internal strengths here</td>
<td>List 5 or more internal weaknesses here</td>
</tr>
<tr>
<td>Threats (T)</td>
<td>ST Strategies</td>
<td>TW Strategies</td>
</tr>
<tr>
<td>List 5 or more external opportunities here</td>
<td>Generate strategies that use strengths to avoid threats</td>
<td>Generate strategies that minimise weaknesses and avoids threats</td>
</tr>
</tbody>
</table>

SO Strategies
Generate strategies that use strengths to take advantage of opportunities

WO Strategies
Generate strategies that advantage of opportunities to overcome weaknesses

[No notes for these two slides – self explanatory]
**Step 5 Vision and Mission Statements**

- Revisit the Vision and Mission statements, stress test them against what you have identified in the SWOT analysis (step 4)
- Stress test them against the expectations of the Stakeholder groups you have identified (step 3)
- Change if necessary

**Step 6 Outcomes**

- List the broad key result areas in which activity is required to achieve the Vision and Mission Statements
- These can be described as outcomes.
- Use your statutory requirements as the starting point as these are non negotiable, even if not outcomes as such.
- Make sure you have listed all the outcomes to enable you to achieve your Vision and Mission Statements

[No notes for these two slides – self explanatory]
Outputs and Outcomes

- **Outputs** – are the goods and services produced/purchased for external use, whereas outcomes are “why” outputs are produced/purchased.
- **Outcomes** – can be defined as the effects, impacts, results on or consequences (intentional or unintentional) for the membership, community (or target clients) of the services (“outputs”) produced by the units.

TBS Output Based Management reporting
- Quantity
- Quality
- Timeliness
- Cost
Not all have to have a measure, but have to be working towards one.
Use the information identified in the SWOT analysis to help

**Step 7 Helps and Hindrances**

- Identify the positive and negative forces for each outcome
- This can be people, financial, skills, systems, data

**Step 8 Outputs**

- Write down specific statements about what will be done to achieve each of the outcomes listed in step 6, use work from SWOT Matrix (step 4)
- Test the statements, “If we do this successfully will we succeed in achieving each outcome we have set?”
- This will give you a list of Business Improvement projects

[No notes]
What are your current indicators? Are they all just financial and win loss records – or do you look to more insightful issues?

How many players are registered, what are the crowd attendance figures, what is the attendance rate at practices, how players are making it into the state teams, what is the average time a player stays with MWBA, what are the injury rates, what are the patterns in court hire, what are the seasonal peak attendances and the season lows, player attendance at coaching clinics, number of referees etc etc.
### The MWBA Business Plan Template

<table>
<thead>
<tr>
<th>Outcome:</th>
<th>Action/Strategy</th>
<th>Responsibility</th>
<th>Timeframe</th>
<th>Budget</th>
<th>Salaries: OG &amp; S:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output:</strong></td>
<td>Describe what the initiative/s are, more detail than above so staff know what is expected</td>
<td>Who</td>
<td>When</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Action/Strategy</strong></td>
<td>Performance Measures</td>
<td>Result/Indicators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Explain the performance measure/s</td>
<td>Quantity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Timeliness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Clean template, next overheads with examples, will use handouts at this stage, to small to read
This template is designed to frame the thinking and can then become a communication tool – it is used here in suggestion context only. Obviously the content will be defined during the strategic planning process.
<table>
<thead>
<tr>
<th>Performance Measures</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explain the performance measure/s chosen i.e.</td>
<td></td>
</tr>
<tr>
<td>All reports/advice letters are accurate</td>
<td>Quantity</td>
</tr>
<tr>
<td>Ethical practice and legal obligations are observed</td>
<td>Quality</td>
</tr>
<tr>
<td>External working groups are attended by the most appropriate officer and the AMBA position is advanced</td>
<td>Timeliness</td>
</tr>
<tr>
<td>Internal communication systems ensure all staff are aware of relevant policy and other matters</td>
<td>Cost</td>
</tr>
<tr>
<td>Process/budget reports</td>
<td>For example</td>
</tr>
<tr>
<td>Databases established by XXXXXXXXXX</td>
<td>Target % meet</td>
</tr>
<tr>
<td>Ready access to trades and accurate information</td>
<td>Number of members increased</td>
</tr>
<tr>
<td>New processes implemented with minimal disruption</td>
<td>Satisfaction levels achieved/ increased</td>
</tr>
<tr>
<td>Consultation with stakeholders</td>
<td>Number of favourable press articles increased</td>
</tr>
<tr>
<td></td>
<td>Budget achieved</td>
</tr>
<tr>
<td></td>
<td>Rep player turnover reduced</td>
</tr>
<tr>
<td></td>
<td>Staff satisfaction increased</td>
</tr>
<tr>
<td></td>
<td>100% compliance with financial management</td>
</tr>
</tbody>
</table>

Again, this is a suggested framework.
It is worth looking at other associations that have been doing strategic and business planning longer, especially those that win awards! See what they do, to pick up good ideas and improvements in presentation – all part of the organisational learning process.
Considerations are determined – a good idea to be across their views. Aggregation of teams business plans to make the one Strategic plan

There may be some stated outcome from Basketball Australia as the peak governing body as well as whatever the State and Federal Sporting Departments/Ministers have indicted – that is where there is a possible grant.
What is next?

• Using the Business Plan, construct the budget
• Establish the reporting against budget and business plan process
• Ensure evaluation of process is undertaken and improvements made for next time
• Make the budget, business plan, strategic plan and reports against the achievement of the outcomes available to all staff, Directors and people involved within the programs each Director has responsibility for

Balanced Scorecard, an introduction

The balanced scorecard provides a medium to translate the vision into a clear set of strategies. These strategies are then translated into a system of performance measures that allows managers to look at the progress of an organisation from four important perspectives:

Just a brief introduction, as this is what I would recommend to work towards in year two.
BSC Quadrants

- **Financial perspective** - how do our owners/stakeholders see us?
- **Customers** - how do customers see us?
- **Internal capability** - what must we excel at?
- **Innovation and learning** - can we continue to improve and create value?
Think of the balanced score card as the dials and indicators in an airplane cockpit. For the complex task of navigating and flying an airplane, pilots need detailed information about many aspects of the flight.

They need information on fuel, air speed, altitude, bearing, destination, and other indicators that summarise the current and predicted environment. Reliance on one instrument can be fatal. Similarly, the complexity of managing an organisation today requires that managers be able to view performance in several areas simultaneously.
APPENDIX 9 – STRATEGIC PLANNING PRESENTATION 2

The Power Point presentation for the board of directors
Slides with notes page displayed.

This was revised to a more complex version in Appendix 7
Would like to introduce some new ideas for you

A fresh approach to make a real difference

Years ago Manly Basketball had a sticker which said ACTION BASKETBALL. It might be time to revitalise that.
The challenge is how to take ideas (vision) and get them into action?

Best practice says you do it with the collective thinking of those who are working within the organisation.
This document/presentation will address a system that might be new knowledge for some of you.

This model shows a cascade of processes. Each step leads into the following one.

The entire model sits in the context of ongoing review.
Currently the MWBA is experiencing the consequences of change. There are many things that have been changing within the organisation that have gone unnoticed and unaddressed.

There are aspects of the business of running MWBA that can be examined and improved. What are the systems of governance for the organisation for example? What are the monitoring systems that can quickly tell the people running the organisation exactly what is going on and where it is headed, good and not so good.

Player an game statistics are vital – how else would you know who won the game for starters without a score-sheet? How do you know what the player performance is without stats: turnovers, rebounds, field goal percentages, steals, points scored. Not only for the individual, but for the team.

Similarly what does a company know about its performance, apart from the bank account? This is known as single bottom line reporting. What this presentation is about is expanding this to a ‘Balanced Scorecard’ approach – something that takes in far more than just the dollars aspect of running an organisation.

Why?

- The MWBA is potentially a great organisation; it has the people, the resources and the enthusiasm
- Opportunities are here to run it better
- Why am I on the board?
- Winning in Basketball and business success have lots in common
Success in team sport and business are closely aligned – winning team just don’t go sign up for competition to make up the numbers to create winners elsewhere. They set their goals, usually to win the comp. This is the same as setting a vision for an organisation.

The team then has to develop a plan, a strategy, of how they are going to achieve it. We have all seen teams that are out on the court with no idea,: no offense, no cohesiveness, poor skills and basically no idea other than the desire to play basketball – and sometimes that desire is questionable.

Is it a long term or a short term goal, can it be done with the resources (players). Where are the main problems? Do we have the players? Do we have the Coach? How good are they in comparison to the competition? What do we need to do to achieve? These are both internal and external perspectives, important aspects of the Balanced Scorecard approach, which we will look at more closely soon.

Teams learn and practice to get it right! Businesses learn and practice to get it right – the practice comes from introspection – learning what works and what doesn’t – what doesn’t work is a great opportunity for learning! Failure is never punished, it is viewed as an opportunity to learn and improve! If human beings didn’t learn, we would have died out millions of years ago!

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KPIs will be monitored by the Board
What is the game of basketball designed for – granted it is a subjective view – however it is largely intangible.

Intangibles are worth considering and some can become tangible. Often the intangible issues are regarded as non financial outcome/indicators.

For example however if you consider fitness as intangible, yet has tangible consequences – if you are fit you don’t have to spend money going to the Doctor for example. The physical ability to shoot a 3 pointer is intangible, you can’t buy it, yet the effect can be tangible because the skill has an assigned value – 3 points. If the player has good stats, can perform at a level of shooting 60% or more of 3 pointers then the skill is sought after, the intangible can go as far as to be offered a contract. – Quite tangible.

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The consideration of intangibles has it place in planning.
Einstein said that insanity is applying the same method to a problem every time and expecting a different solution.

He also said that imagination is more valuable than knowledge.

Strategic planning allows you to be creative and the more ideas from different perspectives that you can get on the table to start with the better!

How do we know we’ve scored?

- Results motivate
- Strategy needs to be known by everyone
- It is how we will get where we want to be
- As Coach what do we look for in team performance?

If we always do what we have always done we will get what we have always got!
1. Creating the climate for change (arguably this change need has already been identified)
   • Unfreeze the organisation (allowing for change to be considered)
   • Show the need for change
2. Creating the Leadership team (the Board sits in the position)
   • Breaking down the functional bias – this is where the Directors become the leaders – the organisation is a ‘leaderful’ one and each Director has design input for their area of responsibility.
3. Creating the Vision and Strategy (there seems to be an absence of this)
   • To confirm/create the vision
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4. Creating team accountability (which comes with setting the Key Performance Indicators)
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   • From little/ad hoc strategic and business planning to this being a significant focus
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Don’t forget, there are some obligations and reporting requirements.

This is under a broad banner of **Conformance**. Some of you may be more at home with the term **Governance**.

The governance issues, such as paying bills, BNSW registrations, NBISC contractual obligations etc. need to be factored in.

The risk management issues such as insurance premiums are part of the overall corporate governance.
The working party has considered a draft vision statement:

Organisational values are also vital as they set the behaviour of the people of the organisation. Hills (Sutherland?) Basketball Stadium, possibly an exemplar of basketball Associations ha a code of conduct published on a large notice board as you enter the stadium.
If you already have one then ask yourself “How many staff know what it is, have had course to use it or refer to it?”

Again if you think in terms of a successful basketball team – think about the aspects that each player needs to know to be able to contribute to the best of their potential. Basketball isn’t a game where you get turned around at half time and pointed in the other direction. It is a thinking game as well as a game of physical skill. Teams that are successful do simple things well. They play percentage basketball and they all know what they have to do and why they are there.

**Step 2**

**What Do We Have To Do?**

- The Mission Statement for the MWBA - the Vision is what we WANT the strategy is the HOW
- How do we get what we want?
We have chosen stakeholder rather that customer or client

The external and internal communications plans also identify stakeholders
Be expansive to start with, can be reduced after. As a a first time exercise look to prioritise the list. You’ll be surprised at the data this process can produce and the change in thinking it can generate. Especially when you start looking at relationship you have with the stakeholders.

What do you really know about them, who they are, what they want etc.

It is important NOT TO MAKE ASSUMPTIONS when you are dealing with your stakeholders.
This is an example of how a stakeholder map can look.

The value of this is that you question how the relationships are and who they are with.

It also looks at the important aspects of the relationships within the network in general.

There are many more stakeholders than are shown here. For the first plan try to prioritise the most important stakeholders.
This is the internal and external environmental scan, it sets the context.
Step 4
SWOT

• **Opportunities**….."What opportunities is the MWBA likely to have in the near future i.e. factors which may be utilised to deal with key issues?"

• **Threats**………….."What threats face the MWBA in the near future, i.e. factors which may jeopardise the likelihood of success?"

• Use the SWOT matrix to undertake this
• Use the strategies identified in the SWOT matrix to inform step 8

Step 5
ACTIONS

• List the broad key result areas in which activity is required to achieve the **Vision** and **Strategy**
• These can be described as **ACTIONS**.
• Use your statutory requirements as the starting point as these are non negotiable, even if not outcomes as such.
• Make sure you have listed all the outcomes to enable you to achieve your Vision and Action
Step 6
Helps and Hindrances

• Identify the positive and negative forces for each outcome
• This can be people, financial, skills, systems, data

Use the information identified in the SWOT analysis to help
What are your current indicators? Are they all just financial and win loss records – or do you look to more insightful issues?

How many players are registered, what are the crowd attendance figures, what is the attendance rate at practices, how players are making it into the state teams, what is the average time a player stays with MWBA, what are the injury rates, what are the patterns in court hire, what are the seasonal peak attendances and the season lows, player attendance at coaching clinics, number of referees etc etc.

Step 7

Business Plan

• Be patient near the end, do not rush to a hasty conclusion
• For each Action identified in step 8, address the following questions;
  • What initiative
  • Who will be responsible
  • When
  • How/Resources
• Determine what Key Performance Indicators will be used that can measured and reported
Step 8
Review Game Plan

- Right team
- Right action
- Using strengths
- Achieving goals

Step 9
The Strategic Plan

- Gather the information from;
  ✓ Vision Statement (step 1)
  ✓ Mission statement (step 2)
  ✓ SWOT analysis (step 4)
  ✓ Action (step 8)
- Combine into a one page Strategic Plan

[No notes for these two slides]
What is next?

- Using the Business Plan, construct the budget
- Establish the reporting against budget and business plan process
- Ensure evaluation of process is undertaken and improvements made for next time
- Make the budget, business plan, strategic plan and reports against the achievement of the outcomes available to all staff, Directors and people involved within the programs for which each Director has responsibility
APPENDIX 10 – STRATEGIC PLANNING PROPOSAL

Plan on a page (1) – presented on day two of the strategic planning workshop with the Board of MWBA
Vision Statement

We are the best sporting association on the Northern Beaches. We encourage everyone to have fun and realise their potential through participating in basketball and contributing to a successful community.

Pillars of Success

1. Run a profitable organisation
2. Fun Organisation
3. Grow the organisation
4. Efficient organisation (do what we do well)
5. Coaching centre of excellence
6. Players centre of excellence
7. Referees centre of excellence
8. Leading facility (Control) on the Northern Beaches
9. Events Management/Tournament
10. Relationship development with stakeholders (existing, build new)
11. Daytime Basketball
12. Slogans/advertising – sponsorship
13. Communication (who, what, how & when)

Important players to our court (stakeholders)

- Media
- Parents
- Sponsors
- Local government
- Coaches
- Players
- Volunteers
- Staff
- Referees
- Spectators
- Team managers
- BNSW
- NBISC
- Basketball Australia

The plan check list

- ✔ Building a Vision for MWBA
- ✔ Stakeholders – Who and what do we value?
- ✔ Goals and Objectives for MWBA
APPENDIX 11 – STRATEGIC PLAN ON A PAGE

Plan on a page (2) – presented on day two of the strategic planning workshop with the Board of MWBA
# Scoresheet for the Success Game

<table>
<thead>
<tr>
<th>Pillar of Success</th>
<th>Strategy to succeed</th>
<th>What &amp; how do we score?</th>
<th>How often do we check?</th>
<th>How will we know when we achieve?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Run a profitable organisation</td>
<td></td>
<td></td>
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APPENDIX 12 – STRATEGIC PLANNING HANDBOOK

Manly Warringah Basketball Association

Strategic Planning Report
A process to succeed

MWBA's Vision Statement
We are the best sporting association on the Northern Beaches. We encourage everyone to have fun and realise their potential through participating in basketball and contributing to a successful community.
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1. INTRODUCTION

The process that you have been an active contributor is a starting point to build a better Basketball Association. We hope you are enjoying it and have confidence that you are learning new things about business and management.

*When you hear something you will forget it*

*When you see something you will remember it*

*But not until you do something, will you understand it.*

This strategic planning process can be used on a regular basis. It will help you to refine, improve, review and continue to learn about the game you are in. Practice makes perfect. Imagine where you will be in three years time!

Change wont happened overnight, but it will happen. The alignment of thinking (playing as a team) and resources of your organisation will provide you with excellent results in achieving your newly defined goals.

**Remember: none of us is as smart as all of us.**

As you progress don't be afraid of speed bumps and mis-matches. Look to learn from mistakes, rather than punish or hide them. Just like basketball, if you wallow in the missed shot or turnover; if you look to blame your team mate(s) the game will pass you by. Don't ignore the mistakes or beat yourself up over them. Learn from them. They will make you a better player, manager and leader.

Strategic planning gives everyone a chance to stop and assess how the team is playing and what needs to be done to achieve the collective goals of the organisation. This is achieved through you as a decision making representative of the basketball association's membership.

Don't seek certainty from rigid control. Hogging the ball is just like not sharing information. Instead, help your team mates learn the game they are dedicated to. Your motivation will be as individual as you are and therefore different for each of your teammates on the Board of Directors. Harness the fact that you are different and work together. Not everyone is a guard and not everyone is a centre but everyone has a role to play on the well oiled team. Without a team you cannot cover everything you need to do on behalf of the organisation and the community that it is vital part of.

*Failing to plan is planning to fail*
2. **SO WHAT DOES THIS PROCESS INVOLVE?**

The easiest way to explain this is with the following illustration (technically known as a model).

The process cascades through different issues as each concept is defined. Stage 3 is to identify the stakeholders. This remains running in the background as they are always a vital consideration in this type of business (that is people oriented and 'Not For Profit').

As you see in the other areas of this 'game plan' (eg *Scoresheet for Success*) that strategies are a crucial area on your pathway to success. From there the organisation needs to identify or allocate which people/team/individual will be responsible for each part of the various strategies you decide on. The President has the main job of looking at the big picture and co-coordinating the strategies overall.

It is suggested that you then work on formalising the structure. This means you align the tasks with the people. It is suggested that in recognition of the fact that you are all volunteers you look to create something that is networked, rather than 'silod' in a formal organisation chart. Aligning your people (and strategies) with your structure will help maximize the overall performance of the people and communication and therefore the organisation. The model here shows the difference between chain of command type model ① and relationship (networked) model recommended ② & ③.
In the successful modern organisation knowledge sharing and open communication is regarded as the most important aspect. If you do away with notions of hierarchy then you'll find people will be able to free up the thinking and challenge the status quo. After all people have good ideas and the more good ideas that you let your organisation develop the better off you'll be.

Your life experiences reminds you that you can’t expect to have a high performing team if only certain players know what is going on.

3. THE JOURNEY SO FAR

**Vision Statement**

We are the best sporting association on the Northern Beaches.
We encourage everyone to have fun and realize their potential through participating in basketball and contributing to a successful community.

This is the major check-in point for the game plan. This statement has been thought up by you the Board members and represents what you want the organisation to stand for and become. It represents a change of thinking from years gone by and you deserve congratulations! (See appendix A)

This *vision statement* becomes your maxim - as if everyday when you step onto the court for practice you remind yourself of what you want to be. It gives everyone on your team something they can identify with and a purpose for the team.

Decisions you make should be tested against the concept of the *Vision Statement*. 
If, in the future, your team decides to redefine the goals then revisit the vision statement and brainstorm the changes - but make sure everyone is on deck for the discussion. It won't work if only one or two people decide because everyone needs to know what is going on. It is a bit like having a practice session with only three of the team showing up to learn a new offence just before the playoffs begin.

4. STAKEHOLDERS

For an organisation to be successful it needs to have an excellent understanding of who its key people and businesses are. We call these stakeholders - people that have an interest in the organisation. We like to concentrate on the positives, but beware: in some cases the interest is akin to a vulture waiting to pick over the bones if everything goes belly up (think of how delighted the indoor soccer people would be for instance).

In the first workshop we identified the people that play on our court (including around the court):

```
Important players to our court (stakeholders)

- media
- schools
- kids
- coaches
- sponsors
- players
- parents
- referees
- local govt
- spectators
- community
- volunteers
- staff
- team managers
- BNSW
- NBISC
- Basketball Australia
```

You may want to have a closer think about your stakeholders to identify more and prioritise them. They will be different for each aspect of the business. For instance in junior player development Basketball Australia may not be as important as kids, parents and schools. In the case of tournament development then Local Government and Sponsors may well become far more important stakeholder considerations.

5. SCORESHEET FOR THE SUCCESS GAME

The 13 pillars you have developed and agreed to focus on are the foundations of your new direction. Some of them have been a focus in the past, but now you are making them explicit. Publishing them here is a first step to 'knowledge management' - so everyone knows what is going on and what to expect.

Remember it is a Scoresheet - not a Scaresheet. In any game you need to know what the score is, who is scoring what and the stats in general. This part of the strategic planning is no different. Think of it as your game stats sheet. (See appendix B)
### Pillars of Success

<table>
<thead>
<tr>
<th>Strategy to succeed</th>
<th>What &amp; how do we score?</th>
<th>How often do we check?</th>
<th>How will we know when we achieve?</th>
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In order to see how your business is performing you need to have some minimum indicators. This has been likened to flying a plane; what are the basic indicators you need in your cockpit? Fuel, altitude, direction and airspeed. As you can see aspects always vary (you use up your fuel and need more from time to time, your direction always changes with each new journey, your altitude will vary throughout your flight as does your airspeed).

Of the four columns, the *strategy to succeed* question is the most involved. This is the heart of strategic planning.

When starting out with developing a strategy it is easiest to focus on a couple of aspects to start with. These should be the most important and urgent matters. We have highlighted four key Pillars to get started on (arrowed and shaded in the table above). As a Board you should discuss these and reach a consensus on the starting point.
6. STRATEGISING

Strategising is fun. It is effective and it works. A few simple steps need to be done to work out what your objectives are (your goals - such as focusing on which particular Pillars of Success are the most important at this point in time and need to be addressed first - we suggest Communication to start with).

Once you have worked out which Pillar you want to focus on, look to see what you know about it. This is best achieved through using a SWOT Analysis because you can all look at the issue from several different perspectives.

Remember: None of us is as smart as all of us
You each have something to offer your team.

7. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS - THE SWOT ANALYSIS

All too often proactiveness is reactiveness in disguise. If we simply become more aggressive fighting the ‘enemy out there’ we are reacting, regardless of what we call it. True proactiveness comes from seeing how we contribute to our own problems. It is a product of our thinking, not our emotional state.

S.W.O.T. ANALYSIS

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
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<tbody>
<tr>
<td>OPPORTUNITIES</td>
<td>THREATS</td>
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</table>

This process seeks to have an in depth, "warts'n all" honest look at the organisation in the context of issues (not personalities):

Strengths: what it does well, the really good things it has going for it
Weaknesses: where it is not doing as well as it could, things that really need some attention to improve
Opportunities: areas where there is a chance to improve performance, to start something new and beneficial to the organisation
**Threats**

things/issues that are looming 'wicked' problems - issues that can have at worst fatal prospects for programs etc.

From a strategic planning benefit these different perspectives interact. The **strengths** (1) can create **opportunities**, can negate **weaknesses** and counter the **threats**.

The **opportunities** (2) can also counter the **threats** and negate **weaknesses**.
Weaknesses (3) can become opportunities and these opportunities can then eventually become strengths. The key is to approach weaknesses and threats optimistically - remember - 'opportunity comes from adversity'.

If not acted on the threats (4) can become realities and undermine all that is good in the organisation. Threats need to be appraised in an honest and sincere fashion. When considering these nasties remember - it is about issues, not personalities.

NB: These aspects can and do change all the time. SWOTs should be reviewed on a regular basis, at least twice a year. They can also be applied to each pillar of your of your game plan/scoresheet for success to test out if the pillars are holding up your ideas the way you envisaged when you first agreed to them.

Appendix C has the table of the SWOT results. You will notice that the list is not prioritized and has not been organised into a cross referencing, to align the inner
relationships to sort out which issues are in the same context to each other. Therefore as a Board you should read through it and familiarise and understand the contents and how they need to be cross referenced with the Pillars of Success.

This is the exciting part of strategic planning. It is hard work at the front end because it takes time. It is time well spent if you think about the big picture of the organisation in its completeness (system thinking).

For example: In the context of Communications these were the ideas that were mentioned during the workshop and have been singled out of the overall table.

<table>
<thead>
<tr>
<th>Communication</th>
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<tr>
<td><strong>Strengths</strong></td>
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<td>Friendly</td>
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<td>Large membership</td>
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<td>Happy members and their families</td>
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<td>Long term loyal contributors</td>
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<td>Love of the game</td>
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<td>Family involvement</td>
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<td>Customer relationship management</td>
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<td>Website (?)</td>
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<td>Volunteers</td>
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<td>More cohesive than before</td>
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<table>
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<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
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<tr>
<td>Sponsorship Committee</td>
<td>Human resources (experienced)</td>
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<td>Website development</td>
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<td>Youth league promotion</td>
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<tr>
<td>Relationships with schools – especially public</td>
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<td>New channels for promotions – media etc</td>
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<tr>
<td>Newsletter – new writer?</td>
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<tr>
<td>Strategies for transfer of knowledge and experience</td>
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<tr>
<td>Know growth in numbers but not retention rates</td>
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If you were to do a SWOT just for this particular aspect then the ideas would probably be different and there would be more of them as you could look at the more complete picture of communication in general. For example, listing of the threats would be greater if for no other reason than people would not know what is going on.

However with what has been discussed on this matter so far there are some trends that are emerging. Issues such as the website and a newsletter and who to target/include in the circulation have emerged here. They work their way to become important aspects of the strategy (or Communication playbook).
8. STRUCTURE - MAKING IT HAPPEN

So *who* is going to do *what*, with *who*, *when* and *how* will everyone on the team know what is happening and when the goal is achieved? What a mouthful! Simply put, *Strategy* develops because *action* is needed.

Designing your structure is like working out what type of offence, or defence, you want your team to run. You have to pick the right people to play the right position and you need to keep track of your team's *statistics* (stats). If you don't have *indicators* you are not going to have a clue about how your business, your team, is performing (we look at indicators in more detail in the next section).

*Who*: work doesn't get done by itself, after all it is a people business. The *who* aspect is about recruiting/picking your team. The *who* can be from within the Board, or in conjunction with particular members of the board (such as a taskforce or committee), or it can be from outside the organisation altogether if you think that is best for achieving the strategic goals.

*How*: becomes similar to putting a team into a new competition, working out what you have to do, who you have to speak with, how much it is going cost and how much it might earn (even better) in order to get a particular strategy operational (implemented).

*When*: setting a target date has an incredibly powerful way of actually making things happen. By setting the *when* you are creating a commitment. It is a *vision* in itself that you work towards and everyone can focus on. It might come in exactly on the day, it might happen sooner or slightly later. It is an identifiable goal and everyone knows what the team is working towards.

9. READING THE SCOREBOARD

Just as important as in a game of basketball, you need to know what the score is for your business and strategies. These are commonly known as Key Performance Indicators (KPIs). They are not all that different to the stat sheets in basketball.

Lets look a little closer at some simple examples.

*Field Goal percentage (FG%)* the usual thing is to see how an individual is shooting and how the team is shooting (how many attempts at scoring baskets are actually going through the hoop). Similarly you can set up to record and keep track of how many people are playing and how many of them have paid their registration fees. The higher the percentage, the better the management team is performing.

*Win-loss records* are great indicators of a team's success. Let's say you are trying to secure tournament rights from BNSW, the win loss record is how many applications you submit and how many of them are successful. Or you might look at the number of schools you have contacted to enter teams and how many of them joined and how many didn't. These indicators (also known as metrics) can be very important. From there you can do further analysis of what factors these schools have in common. Another example is perhaps publishing an admission voucher and working out how many vouchers...
were presented at the door by spectators. If you analyse the cost of advertising and compare it to the returned vouchers; who brought them in; were they new customers or regulars getting a discount on the entry fee; you can work out if the strategy achieved what it set out to do.

Points scored for and against in a game is a vital performance indicator. The similar thing is business would be to consider your financial position - are the points for i.e the money you are making/collecting greater than amount you are having to spend?

The time clock is another important indicator in a game. Similarly it is important in business. You are going to be setting objectives in your strategies and you are going to set time frames, it is important to know how you are progressing timewise.

As you decide on your KPIs don't try and set too many or make them too complex. Try and make them as accurate as you can. Try and keep them to a necessary minimum or you will spend too much time reading the scoresheet and scoreboard and not enough time playing the game.

10. BUDGETING

Once you have developed the strategies in principle, you then need to assess and align the budget of the organisation. It is really important that you tie the two together. It will also help develop a greater understanding of the business for each person responsible for a 'Pillar of Success' strategy.

11. REPORTING

It is important that you work out what format the Board wants to record the information and in what format it will report on the performance of the strategies to the membership of the organisation in general.

12. RULES OF THE GAME

You have worked out your new rules for your game of business. Don't lose sight of the number one rule you have all agreed on; the vision statement. When considering what to do, keep your thinking with the context of the vision statement in mind. Kicking the basketball from one of the court to the other might be a great way to get the ball down court quickly or making a steal from an opponent, 'but it ain't in the rules'.

So when you are considering new ideas, or monitoring your performances, always keep the vision statement in mind. Ask yourself: "If we take this course of action is it in accordance with our vision statement?" You might find that your President, as the leader, saying 'No' to your requests - but it will be because the notion is not in accordance with your vision statement. But a 'Yes' answer is a great green light to go ahead!
13. **REVIEW**

In a game of basketball you call time outs as needed to reassess or make changes to the direction or performance of the team. Similarly in business, as time goes on you will want to change your strategic plan because you will have achievements behind you, new goals ahead of you or ideas that for whatever reason get overtaken by other events. It maybe to address new threats, or capitalise on new found strengths or opportunities. Revisit your strategic plan at least twice a year. Keep aware of the changes that are happening around you all the time and look to capitalise on these new opportunities as they arise.

14. **STAY COURAGEOUS - BELIEVE IN YOURSELF AND YOUR TEAM**

A well recognised authority in business leadership (The Center for Creative Leadership) recently had this timely advice to leave you with:

*Strategic leaders invest in uncertainties. You typically don’t get immediate feedback about the wisdom of your decisions. The impact of those choices may not be clear for months or even years. It takes strength and courage to stay the course.*

John Wooden coached UCLA and established a winning dynasty in college basketball. He is without a doubt the best Coach the USA has ever had. In his 2004 book ‘**My Personal Best**’ he shared his insights into winning and success.

*Before casually discounting the potential of any individual or team, give them a chance to succeed - give them your sincere belief and full support.*
Vision Statement

We are the best sporting association on the Northern Beaches.

We encourage everyone to have fun and realize their potential through participating in basketball and contributing to a successful community.

Pillars of Success

1. Run a profitable organisation
2. Fun Organisation
3. Grow the organisation
4. Efficient organisation (do what we do well)
5. Coaching centre of excellence
6. Players centre of excellence
7. Referees centre of excellence
8. Leading facility (Control) on the Northern Beaches
9. Events Management/Tournament
10. Relationship development with stakeholders (existing, build new)
11. Daytime basketball
12. Slogans/advertising – sponsorship
13. Communication (who, what, how & when)

Important players to our court
(stakeholders)

- schools
- kids
- coaches
- players
- sponsors
- referees
- spectators
- local govt
- volunteers
- staff
- team managers

BNSSW NBISC Basketball Australia
### Scoresheet for the Success Game

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<th>Pillar of Success</th>
<th>Strategy to succeed</th>
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APPENDIX B PAGE 16
### Strengths
- Refereeing expertise
- Improving financial management
- Relationship with new president of BNSW
- Women’s programs
- Effective collection of fees
- Friendly
- Great facility
- Great coaching – professional
- Large membership
- Happy members and their families
- Offer different levels of competition
- Long term loyal contributors
- Love of the game
- Location – capture membership
- Family involvement
- Recruit schools/groups not individuals
- Expand basketball through schools
- Boys and girls and grownups
- Kiosk with mugs (?)
- Food in general is good
- Segregation of duties – sports op/finance
- Customer relationship management
- Location for tournaments
- Website (?)
- Volunteers
- More cohesive than before
- Have proven that when we are committed to change we can (Board)

### Weaknesses
- Financial management not optimal
- No financial goals agreed
- Serving own interests and agendas
- Promote Reps not local comp
- Newsletter
- Water dispenser for teams/public to access
- Communication between stakeholders
- Volunteer availability
- Not sharing (protecting turf)
- Venue to able to expand
- Usage times
- Cost of playing
- Office facilities – limited
- No bench marks for success with sponsorship or advertising
- We are not completely united in what is our core business
- Efficiency – not!
- Number of courts available
- Lack of control of facility and hired facilities
- We don’t own it (NBISC)
- Collection of fees
- Cost of running tournaments
- Quality of website
- Competition structure (dependency on schools)
- Referees – quality and quantity
- Coaching in local comp needs development
- Limited documented processes
- Volunteer resources
- Lack of control over external financial imposts
- ABA teams drawn on local comp
- Board need to develop strategies for cohesiveness and efficiency
- Risk if Eileen were to leave (no backup for experience)

### Opportunities
- Sponsorship Committee
- We could buy NBISC
- BNSW events
- COE for referee development
- Website development
- Youth league promotion
- Relationships with schools – especially public
- Transport alternatives
- Control of NBISC
- Skills development
- New channels for promotions – media etc
- Newsletter – new writer?
- Strategies for transfer of knowledge and experience
- Know growth in numbers but not retention rates

### Threats
- Financial viability of rep comps
- NBISC isn’t ours – we could lose the facility
- Referee resource
- Human resources (experienced)
- Players changing schools or progressing in life
- Heavily weighted in certain schools
- NSW Basketball “control”
- Other sports
- Increasing cost of ABA membership
- Increasing costs overall (petrol)
This report has been produced as a result of the strategising of the MWBA 2004/05 Board of Directors under the stewardship of the then President, Mary Greenberg. The Board decided in February 2005 to engage the assistance of a taskforce. Its objectives were:

- To investigate the business and financial history and structure of MWBA
- To recommend to the Board of MWBA short term and long term business and financial strategies of the Association as a whole as well as its sub-divisions.
- To oversee implementation of the recommended strategic measures adopted by the Board.

The Board envisaged recruiting a small group of business-minded people who had an interest in the MWBA but were not directly involved with the activities of the Board.

The taskforce was established on 22nd March 2005. Its members were:

Angela Peverell
Owen Evans
Paul Manuell, Chairman
Peter McLean
Rick Westmoreland

As Chair of the taskforce I would like to take this opportunity to thank my friends for their generous and sincere efforts to make our task not only effective, but enjoyable. This is a reflection of their professional expertise and respective leadership qualities.

PAUL MANUELL
Chair
APPENDIX 13 – NBISC TIMELINE

NBISC TIME LINE
(Abbreviated)
October 1994 to December 2001

October 1994
Recreational Needs study conducted by Pittwater Council. Identified a strong need for an indoor sports centre and aquatic centre.

July 1995
Pittwater Council commission a second study (conducted by LRM Australia) which examined the case for, and the siting of, a proposed multi purpose recreation and aquatic facility (Leisure Centre).

January 1996
LRM Australia release their report on the Leisure Centre (including: Entry Area, Sports Hall - 4 Court, Aerobics, Child Care Centre, Carparking, Indoor and Outdoor Swimming Pool, outdoor basketball courts, Senior Citizens Centre, Meals-on-Wheels) The preliminary suggested budget was $15,840,000.

LRM Australia concluded:
Due to Council's present financial circumstances, the recommended facility on the Jacksons Road Reserve is not a feasible proposition in terms of the capital cost. However from an operational perspective, the project is feasible.

In order to proceed with the proposed development, Council will need to meet the shortfall in capital. It has been demonstrated that some capital may be available from a variety of sources including the centre's ability to service borrowings in the order of $2 million if developed in its entirety.

A strategy for consideration would be to stage the proposed leisure centre by developing the sports hall and fitness components before the indoor pool. However there is still a significant capital shortfall albeit, slightly less than that for the total development. ($5.8 million compared with $7.4 million).

As a result of this feasibility assessment, it is recommended that:

Council adopt this report and the recommended concept plan as a basis in principle for the future provision of a multi-purpose indoor leisure centre for the Pittwater community.

Council continue to investigate the possible sources of capital funding identified in this report with a view to assessing its ability to meet the capital cost of the recommended development.

(LRM Australia 1996: 42)
December 1996

Sometime prior to 5 December discussions were held to facilitate a community interest meeting. The first identifiable date of correspondence was 5 December 1996 when invitations were sent to an extensive group of people to attend a meeting on 16 December 1996. Prior to November 1996 discussions were being held by different groups under different auspices. Narrabeen Sports High School had been in discussion with Manly Warringah Junior Rugby League about developing facilities on the school’s grounds. Manly Warringah Basketball Association had a long history of trying to construct a stadium. Academy Netball had been in discussion with other sporting entities to secure long term facilities. This time line represents a history of documented events. It is not considered a complete record, but it is as comprehensive as possible for materials that were made available during research.

5 December 1996

Invitations sent from Manly Warringah Basketball Association (MWBA) regarding the information and initial planning meeting for the proposed Pittwater Indoor Sports Centre for 16 December 1996.

**Invitees List**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Funnell</td>
<td>Principal</td>
<td>NSHS</td>
</tr>
<tr>
<td>Robert Dunn</td>
<td>Mayor</td>
<td>Pittwater Council</td>
</tr>
<tr>
<td>Angus Gordon</td>
<td>General Manager</td>
<td>Pittwater Council</td>
</tr>
<tr>
<td>Andrew Hill</td>
<td>President</td>
<td>MWBA</td>
</tr>
<tr>
<td>Janice Crosswhite</td>
<td>Vice President</td>
<td>MWBA</td>
</tr>
<tr>
<td>Richard Garland</td>
<td>Board Member, Facilities</td>
<td>MWBA</td>
</tr>
<tr>
<td>Graham Wright</td>
<td>Manager Sports Facilities and Services</td>
<td>NSW Department of Sport, Recreation and Racing</td>
</tr>
<tr>
<td>Jacqui Picker</td>
<td>Central and Northern Region Manager</td>
<td>NSW Department of Sport, Recreation and Racing</td>
</tr>
<tr>
<td>Gus Aitken</td>
<td>Manager</td>
<td>Academy Netball</td>
</tr>
<tr>
<td>Phillip Dean</td>
<td>Executive Director</td>
<td>MW Volleyball Association</td>
</tr>
<tr>
<td>Coralie Newman</td>
<td>President</td>
<td>MW Netball Association</td>
</tr>
<tr>
<td>Mark Forrest</td>
<td>Head Coach</td>
<td>Northern Beaches Gymnastics</td>
</tr>
<tr>
<td>Denzil Joyce</td>
<td>Chairman</td>
<td>MW Sporting Union</td>
</tr>
</tbody>
</table>

16 December 1996

Meeting convened at the Narrabeen Sports High. Minutes reflect the flowing:

* A 4-court complex is the goal
* At NSHS
* Work towards that goal
* From the perspective of current needs only on existing population
* Steering Committee to report back to main group

**Nominations for Steering Committee**

Peter Funnell refers to Department policy to involve representative of school parent body. Parent body may nominate Steve Simpson.
Robert Dunn recommends a council engineer to be included (Mr Hunt or Mr Tomkins).

Each group to liaise at their own level to nominate a representative for the committee.

Nominations at the meeting:

- Gus Aitken  Academy Netball
- Coralie Newman  MW Netball Association
- Phillip Dean  MW Volleyball Association
- Denzil Joyce  Sporting Union who may nominate Ron Dean (Deputy)
- Graham Wright  Dept Sport & Rec

Next meeting of larger committee to be held on date to be advised early in February at the school.

Council wishes to play their part. Finances have turned around at Pittwater Council

(Record of Meeting held at Narrabeen Sports High, Monday 16 December 1996)

May 1997

Minister for Urban Affairs and Planning announced the release of 110 hectares for urban development for the Warriewood Valley. The Environmental Planning and Assessment Act 1979 Section 94 funds from this project would help make the NBISC possible.

27 May 1997

Steering Committee record the following concerns about involvement of Councils and commitment levels of those involved

R Dunn commented on cooperation from both Pittwater and Warringah Council may be required. He commented further that this type of facility is required for the children of this area. Peter Funnell supported this comment saying no other site existed of this size and with access available to such a variety of users in our local area. He expressed reservations about involving Warringah Council as this could lead to delays and that they had previously procrastinated in respect of MWBA attempt to develop a facility at the Aquatic Centre.

Angus Gordon comment that success or otherwise depends on user groups. User groups must be behind this idea and a formal commitment is required from participating groups. Andrew Hill observed that user groups had been “burnt” before and would also require commitment from the council as well to support the project.

Steering committee release their status report Pittwater Indoor Sports Centre, Status Report, May 1997

PRELIMINARY FINDINGS

- There is a strong demand within the Manly Warringah region for a facility of this type. Based on the usage profile it is expected that the facility will be used up to 16 hours a day, 7 days a week. A variety of community groups would be able to utilise the facility.
• There is an appropriate site for the facility within the NSHS land adjoining Pittwater Road. The Narrabeen Sports High School supports the project and anticipates support from the Department of School Education.

• It is expected that a Department of Sport & Recreation grant of approximately $370,000 to the Manly Warringah Basketball Association can be re-negotiated for this facility and there is the potential to increase the grant to $500,000.

• Preliminary estimates of the cost of the facility are $2M.

• Supplementary funding including a loan would be necessary in order to fund the facility. It is considered that as a community facility any loan should be underwritten by Council.

• It is expected that Pittwater Council will offer tangible support through waiving of development and other fees and by assisting with road access, parking and landscaping.

• It is considered feasible to complete the facility by the end of 1998 if there is no delay in obtaining funding. This would allow the facility to be available by teams for acclimatisation prior to the 2000 Olympics.

NEXT PHASE
A detailed feasibility study including a concept design (pre Development Application (DA) standard) needs to be prepared. The study would confirm the demand, estimate revenues and operating and capital costs, evaluate management options, procurement strategy and funding sources. The cost of the feasibility study is estimated at $30,000, Council funding of the study is sought. The completion of the study will then allow an informed decision to be made on the project.

12 August 1997

The steering committee’s meeting minutes state several key decisions being made. These include finance and the formation of a company.

Discussion on likely costs of construction of this facility and different systems. Accurate costing at $2.2 to $2.5M for a 4-court facility. The money will come from $800,000 to $1M in loans. There is the possibility of achieving somewhere in the area of $1M from various different sources. Basketball hold capital extended from Dept of Sport & Recreation. School's donation and Council bring the total to the area of $1M. Shortfall of $200,000 short is achievable through various different methods. What we have to do is firm up on the $1M that can be available from different sources. $1M loan - an issue of how this may be guaranteed. Schools Education may offer Council a 20x20 lease for the site and Council may guarantee the loan. This must go to Council and the Dept of Local Government (DLG).

Council would contribute in the area of $300k, giving shortfall of $500k.

Need to create a properly constituted organisation with a concept plan, using the school land.

It was proposed to obtain quotes and concepts from three companies within the week. This will cost maybe $5,000, with each organisation liable for about $2,000.
17 August 1997

Steering Committee move to form NBISC Pty Ltd. Invitations sent to interested Associations with a requirement of paying $3,000 to help defray developmental accosts. (Administration of the correspondence from MWBA)

8 September 1997

Pittwater Council Minutes (p. 8) reflect that:

C9.16 Narrabeen Sports High – Proposal for Regional Multipurpose Indoor Sports Centre

Council Decision

1. That Council note the progress achieved in the provision of a new regional multi purpose indoor sports facility at Narrabeen Sports High School.
2. That Council resolve to provide in principle support for this project through the establishment of a “heads of agreement”.
3. That in order to formalise the next stages of the project, Council support the formation of a company on a limited by guarantee non profit basis in conjunction with other stakeholders with Council being a member of the Board of Management, subject to ministerial approval.
4. That Council allocate $5,000 from existing Section 94 Funding reserves to the company trust to take up a position on the Board and to progress concept plans and preliminary investigations, subject to 3. above.
5. That Council note that the suggested mechanism would be for the school to contract the land to the company and the company through a lease agreement (say 20 + 20 year) would provide, operate and maintain the facility on a pro-rata basis linked to community usage/access.
6. That Council nominate Cr S Phelps to represent it on the Board and alternate delegates be Cr J Hegarty or Cr L Czinner, should Cr Phelps be unable to attend meetings from time to time. It is further noted that the General Manager or his nominated staff officer would be present at all Board meetings.
7. That Council support in principle the allocation of $300,000 in the 1998/99 Budget as Council’s contribution toward this project subject to the Management Plan review process and result of loan application.
8. That Council authorise the attached correspondence to be sent.

(Cr Dunn/Cr Giles)

17 September 1997

Probably the last meeting en masse of the steering committee. The minutes record a shift to the company, NBISC. Also firming up the financial arrangements and funding sources.

Narrabeen. Sports H.S. (Dept of Education) $400K + land
(funding not confirmed, but looking good for 98/99 Budget)
M.W. Basketball Association (fees from court hire) $100K
Dept of Sport & recreation grant ($350K already granted, looking for an extra $400K) $750K
Pittwater Council (“in principle” support subject to next Management Plan review for 98/99) $300K
Loan Funds $500 – 750K
Other (incl. Possible funding from Warringah Council) $150K
TOTAL $2.2M - $2.4M

An upfront contribution of $3,000 will be provided by each of the participating sporting groups to add to Pittwater Council’s $5,000, which will result in a funding base of $14K to commence the Company. These funds will be used to pay for concept drawings and a costing for the sports centre. This proposal would have to include seating capacity, lighting detail, etc.

**Proposed Company**

The Steering Committee decided to proceed to the formation of a new company, limited by guarantee. Ms Crosswhite (M.W. Basketball Assoc) set out the requirements for a Company to be set up to replace the Steering Committee:

- **Company Name:** Northern Beaches Indoor Sports Centre
- **Registered Office:** [Not recorded in the minutes]
- **Board of Directors:**
  - Cr S. Phelps (Chairperson)
  - Ms Janice Crosswhite (Secretary)
  - Ms Clara Loughland (Treasurer)
  - Mr Gus Aitken (Public Officer)
- **Member Signature:**
  - 2 X Netball
  - Basketball
  - Pittwater Council – GM or staff nominee
  - Narrabeen Sports High – Headmaster
  - Table Tennis
  - Gymnastics
- **Company Auditor:** Pittwater Council’s Auditor

3 November 1997

Pittwater Council Minutes reflect that (p. 18): Council formally endorse Cr Phelps’ appointment as a director on the Board of the Northern Beach Sports Centre, authorise the administrative requirements to establish that role and approve the drawdown of funds in relation to Director & Officer Insurance, if required.

4 May 1998

9 May 1998

Media reporting (Manly Daily 9 May 1998, p. 2) the outcome of the Council decision.

**Indoor sports centre planned for Narrabeen**
by Tim Rumble

A MULTI-million dollar indoor sports centre catering to both schoolchildren and adults is being planned for Narrabeen….

29 June 1998

Development application lodged by the Department of Public Works for the owner, recorded as the Department of Education.

21 September 1998

Pittwater Council Minutes (p. 15) reflect that Councillor Phelps as delegate and Councillors Hegarty and Czinner as alternate delegates to the Narrabeen Sports High – Indoor Sports Centre Board for the 1998/99 Mayoral Term

2 November 1998

Pittwater Council’s Section 94 Plan for the Warriewood Valley as presented in Agenda for the Council’s meeting. This facilitates the funding for the development of community infrastructure in the area

The basis that underpins the Warriewood Valley Section 94 Contributions Plan is reflected in the Planning Framework objective for community facilities and infrastructure in the Warriewood Valley Urban Land Release area:

“To ensure that the existing community to be accommodated within the release is provided with suitable transport and traffic facilities, retail and service facilities, community facilities, and recreation and open space facilities.”


27 November 1998

Pittwater Council’s Environment and Planning Committee recommend Council approve the development application for NBISC.

14 December 1998

Pittwater Council approves recommendation from the Environment and Planning Committee – Development Approval granted.

16 December 1998

Northern Beaches Indoor Sports Centre Pty Ltd is formally registered with the Australian Securities and Investment Commission (ASIC) Australian Public
Company, Limited By Guarantee (Extracted from ASIC's database at AEST 14:56:48 on 19/06/2006)

21 December 1998

Development Approval granted by Pittwater Council to the Department of Public Works: Development Application No. 137/98 at Lot 2, DP 122560, No 4A Namona Street, North Narrabeen for an indoor sports complex. Consent No 98/136.

21 December 1998

The Australian Securities and Investment Commission give NBISC an ‘exception to the requirement to use “limited” in the name.

3 May 1999

Pittwater Council’s agenda (p 58) for Council meeting of above date reflect in the financial reporting to date: Job no J00286 – funding allocated $50K expenditure to date was $9,571 representing 19% of proposed spend.

The capital improvement amended program showed a commitment to spend $300K on the project and subsequently a forecast revote for 1999/2000 of $250K.

12 May 1999

Political pressure through the media (Manly Daily 12 May 1999, p. 3):

Sporting Complex ‘in doubt’
by Danielle Teutsch

PLANS for a multi-purpose indoor sports complex at Narrabeen Sports High are in jeopardy because of a $400,000 funding shortfall, Pittwater councillor Shirley Phelps said…

6 July 1999

Funding grant of $50,000 to Pittwater Council from Federal Government – Minister for Art and Centenary of Federation, Peter McGauran – towards the Northern Beaches Indoor Sports Centre. Grant was from the $30 million Federation Community Projects program.

2 August 1999

Pittwater Council Minutes (p. 12) reflect that a grant was received from the Federal Government Federation Community Projects Program for $50,000 towards the erection of the Northern Beaches Indoor Sports Centre project to be located at Narrabeen Sports High School.
1 October 1999

Pittwater News report (1 October 1999, p. 2):

The Northern Beaches Indoor Sports Complex to be built on Education Department land adjacent to Narrabeen Sports High and Narrabeen North Public has finally received guaranteed funding.

The NSW Department of Sports and Recreation is providing a low interest loan of 5% for $600 000 over ten years, this now completes the funding requirements for the complex, and will allow tenders to be called for….

The Board of Directors had originally asked the Department to act as guarantor for a commercial loan, and the news of the low interest loan was not only unexpected but most welcome.

The complex has been very carefully planned, and is expected to be financially viable from the day of opening, as are similar complexes operating in Gosford, Sutherland and the Hills.

The project is being looked upon as a fine example of co-operation on all levels between Federal, State and community sporting organisations, and is to be built on Department of Education land in the grounds of Narrabeen Sports High School.

It is a good example of better public asset management - combining everyone's needs into one professionally managed facility. Narrabeen Sports High School will use the complex for the sports that it caters for free of charge, but every other organisation will pay.

The booking facility will be the key to an efficient administration, some of funding bodies have already made known their booking preferences.

The project has received funding from the Federation Fund of $50 000, NSW Academy of Netball - $50 000, Pittwater Council - $300 000, Manly Warringah Basketball Association - $100 000, NSW Dept of Sport and Recreation - $365 000, NSW Dept of education - $400 000, which has also donated the land.

Pittwater Council has also donated the time of two staff members, who have been dealing with the project for over two years.

19 October 1999

Committee Meeting minutes reflect that the Public Works division of Pittwater Council had offered their services to be project managers. This offer is accepted by the Committee.
1 November 1999

Pittwater Council agenda for the above date reflect that the Sports Centre has an allocation of $300K and is listed under the category of Partnership Projects in the Capital Works Program (p. 112) for the quarter ending 30 September 1999.

3 November 1999

Minutes of the NBISC Committee meeting reflect that the tenders had been sent out with a closing date of Friday 10 December 1999.

15 November 1999

Pittwater Council’s Urban and Environmental Assets Committee resolve a motion that subject to a favourable response from the Narrabeen Sports High Indoor Sports Centre Board, staff bring a report to Council in regards to the selection criteria and implementation process for the Sports Hall of Fame.

7 February 2000

Pittwater Council agenda item (p. 93) reflects that Capital Improvements Program note that the line item for the Sports Centre has “Funding in Place; Tenders being Reviewed”. J0286 — the balance of the Council contribution to the Multi-Purpose Indoor Sports Centre project, ie $270,000, be deferred to the 2000/2001 budget (p. 107).

5 April 2000

NBISC Committee Meeting discuss funding issues; the minutes reflect that:

4.0 General Business

It was queried of Council whether Council was going to supply the carpark and landscaping requirements.

Chris Hunt advised that this would need to be ratified by Council.

Steve Garth advised that there would be approximately $500,000 shortfall.

The question was put to David von Schill whether the loan repayments on the low interest loan could be deferred until the facility was up and running.

David advised that this would be at the Minister's discretion.

It was decided that the Committee, through the Council's General Manager, should lobby the Minister for Sport and Recreation and the Minister for Education and Training to basically give their support for the
concept of the open space land for Warriewood Valley at the School. Chris Hunt to pursue this through the General Manager.

10 July 2000

Pittwater Council meeting consider agenda item C10.1 being presented with a confidential Mayor minute addressing the land submission to the Department of Education and Training.

12 July 2000

Delegation from NBISC Committee visit Maitland basketball Association to inspect stadium and works by GWH Building Pty Ltd.

18 July 2000

NBISC Board meeting report confirms the funding and land transaction from Department of Education and Training:

The Committee met last week and it was confirmed in writing that the Minister for Education and Training has approved Pittwater Council acquiring 4.497HA of NSHS's site for a certain sum and has also approved the allocation of $500,000 from the proceeds of the sale towards NBISC.

10 August 2000

Correspondence from Pittwater Council to NBISC to formalize the transfer of the grants to the Council for the project management/administration, including the grants from the Department of Sport and Rec that had been previously allocated to MWBA’s stadium pursuits.

4 September 2000

Pittwater Council considered Item C7.1 (p. 1) at the Council meeting - report on the Warriewood Sportsground Acquisition - Contract for Sale/Purchase.

…formally seek Council's approval for Pittwater Council (as purchaser) to enter into a contract for sale with the Minister for Education, Training and Youth Affairs (as vendor) to acquire proposed Lot 4 from Narrabeen Sports High School and to also enter into a Licence Agreement to licence the sportsground to DET during school times.

The purchase price for proposed Lot 4 is $2.5M to be funded from the Warriewood Valley Open Space s94 Contributions Plan in installments of $500,000 as per the payment schedule with the first installment due within 2 months of exchange and final payment due on 31 December 2004.

The Minister for Education, Training and Youth Affairs agreed to the sale of the site and agreed to contribute the first $500,000 installment toward the cost of constructing the Northern Beaches Indoor Sports Centre as per DET letter dated 4 July 2000. It is
understood that the bulk of the money from the sale will be utilised to upgrade both Narrabeen Sports High School and Narrabeen North Primary School.

The acquisition of proposed Lot 4 meets, in part, the Open Space acquisition requirements associated with the Warriewood Valley Urban Land Release.

**Council Decision**

2. That Council endorse the purchase of the proposed Lot 4 (Narrabeen Sports High) from the Minister for Education, Training and Youth Affairs for the purpose of providing part of the public open space requirements associated with the Warriewood Urban Land Release.

3. That Council endorse the agreed purchase price of $2.5 million to be funded from the Warriewood Valley Open Space Section 94 Contributions Plan and paid in $500,000 installments as scheduled in the Contract.

4. That Council enter into a Contract for Sale as per the tabled contract (subject to minor drafting amendments as appropriate).

5. That Council resolve to classify the land as Operational pending the adoption of a Plan of Management which permits Council to enter into a Licence with the Minister for Education, Training and Youth Affairs for use of the land. Note: This classification is in accordance with a suggestion made by the Director-General of Local Government in light of the anticipated lead time for the preparation of a Plan of Management.

6. That Council enter into and endorse the Licence Agreement between Pittwater Council and the Minister for Education. That Council enter into and endorse the Licence Agreement between Pittwater Council and the Minister for Education, Training and Youth Affairs for use of the Sportsground during school times and that this be actioned at the relevant time noting the need for a Plan of Management.

**5 September 2000**

Academy Netball deliver their cheque for $50,000 to Pittwater Council as part of their agreed contribution to the project.

**6 September 2000**

GWH submit final pricing on tender:

<table>
<thead>
<tr>
<th>Separable Portion</th>
<th>Phase</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Design &amp; Documentation Phase</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>B</td>
<td>Construction Phase</td>
<td>$1,981,000.00</td>
</tr>
<tr>
<td><strong>TOTAL OF PROJECT</strong></td>
<td></td>
<td><strong>$1,993,500.00</strong></td>
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</tbody>
</table>

**6 September 2000**

NBISC accept/advice GWH’s tender for the design and construction of the Northern Beaches Indoor Sports Centre. Pittwater Council is the project manager. The date for practical completion of the works defined by Separable Portion A is 18 October 2000. The
date for practical completion for Separable Portion B is 20 weeks from the date of issue of the Construction Certificate.

7 September 2000

Local newspaper the Northern Beaches Weekender reports (7/9/00 p. 10):

Pittwater Council will enter into a contract to acquire 4.5 ha of land from the Narrabeen Sports High School at a cost of $2.5m paid in $500,000 installments.

The land will be sold on the provision that it will be rezoned as Existing Recreation to prevent development, and that it be leased back to the Department of Education and Training during school times.

$500,000 from the sale will go towards development of a four court multi-purpose indoor sports centre, while the remaining $2 million will be used for school upgrades.

A council report described the sale as a way to provide schools and the community with improved active sports opportunities.

The acquisition of land will meet the open space needs of the incoming Warriewood Valley population.

Narrabeen Sports High School P & C president, Steve Simpson, said the acquisition would allow the community to full and open access to a resource.

Pittwater Mayor, Patricia Giles, said the sale showed other councils how to achieve something for the community without going bankrupt.

18 September 2000

Pittwater Council’s Environment and Planning Committee approve the Development Application to subdivide Lot 4A Namona Street. Allowing for the sale to proceed and subsequent land acquisition to be completed.

7 October 2000

Manly Warringah Basketball Association’s press release published in the Pittwater News:

Northern Beaches Indoor Sports Centre
(Pittwater News 7 October 2000, p. 15)

Fifteen years of hard work is about to come to fruition as construction of the Northern Beaches Indoor Sports Centre (NBISC) is finally about to start.

The stadium, to be built on vacant land adjacent to Narrabeen Sports High School, will house four basketball courts and give competition on the peninsula the shot in the arm it has been crying out for.

According to Manly-Warringah Basketball Association General Manager David Watts, this latest chapter in the saga is, "a culmination of dreams of the past 20 years or so".
The NBISC is a unique example of cooperation between sport, the community and all levels of government. Funding has been provided by the Pittwater Council, NSW Department of Education and Training, NSW Department of Sport and Recreation, a Federation Grant, Manly Warringah Basketball Association and Academy Netball.

The good news came early in September when the NBISC Company accepted a tender from GWH Building Pty Ltd to design and construct the complex. The tender process has taken almost six months.

With the detailed design due for completion later this year, construction is expected to commence early in 2001 and completion by mid year.

According to Watts the completed stadium will enable basketball on the peninsula to be rated one of the top areas in the state.

“Manly-Warringah will be able to take its place in the metropolitan basketball competition with other major regional associations. Not having a suitable home stadium has been a distinct advantage in the past”.

In tangible terms, all of this means that more competitive and social basketball will be played on the northern beaches. Major regional events, such as junior and senior representative games, will find the NBISC an attractive venue. The stadium will go hand in hand with MWBA's plans to improve on all aspects of the competition.

"Really high on our list of priorities is the human infrastructure", said Watts. "The real value of the facility to our sport will only be realised when we add sufficient trained referees, court controllers and management to bring it to life. We have been addressing this challenge and will be recruiting both officials and players in the coming months".

"While much of our competition will be played at the NBISC, other venues we use in the area will not be abandoned including the NSW Academy of Sport where the MWBA is currently based. More courts will provide the opportunity for community based social competition for juniors, senior male female and unisex competitions"

10 October 2000

Manly Daily report the first sod is turned to mark the start of construction:

**Ceremony marks start of a dream**
by Amanda Sheppard
(Manly Daily 10 October 2000, p. 7)

AFTER decades of dreaming and planning, the $2.3 million Northern Beaches Indoor Sports Centre moved a step closer to reality last week.

Education Minister John Aquilina turned the first sod on the site, in the grounds of Narrabeen Sports High School and behind Narrabeen North Primary School….

27 October 2000

Minutes of the NBISC Meeting held 27 October 2000 state that the funding is confirmed:

5.1 Confirmation of Funding
The funding for this project is as follows:
Dept of Education & Training Grant $400,000
Dept of Education & Training Contribution from sale of land $500,000
Dept of Sport & Recreation Grant $365,000
Pittwater Council $300,000
Manly Warringah Basketball contribution $100,000
Academy Netball contribution $ 50,000
Federation Grant $ 50,000
Dept Sport & REC low interest loan $600,000

TOTAL $2,365,000

The Dept of Education & Training is also providing the land under lease at no cost to NBISC.

Pittwater Council is providing in kind assistance including facilitator role and project management at no cost to NBISC.

12 December 2000

MWBA present presented NBISC with a cheque for $50,000 being the first installment of the $100,000 contribution.

12 February 2001

Pittwater Council agenda item (C8.1 p.26) reflects that that NBISC is under construction in the financial quarter ending 31 December 2000. Budgeted cost is $2,340,904. $351,135 equating to 15% of total had been expended.

20 February 2001

NBISC minutes reflect the flowing managerial issues being discussed:

5.9 BUSINESS PLAN

Council's Finance Manager provided comments on the Company's Provisional Financial Model. Items of concern raised include:

1. No maintenance costs provided - even new buildings have wear and tear, vandalism, graffiti, etc.
2. Wages seem low for 2 staff, needs cover for holidays, overtime.
3. No allowance for depreciation, approximately $23,000pa.
4. No rental fees for Netball/MWBA court hire.
5. No interest component for loan repayment.
6. No overdraft interest,
7. Budget does not recognise any seasonality, school holiday use, etc.
8. No sponsorship income, naming rights.
9. No allowance for furniture and fittings.
10. No allowance for computer hardware and software (bookings and receipting).
11. GST needs to be properly identified and incorporated into the budget projections.
12. Income Tax provisions need to be established.

The company resolved to form a marketing sub-committee to include Angus Gordon, Steve Simpson, David Watts, Janice Crosswhite, Shirley Phelps and Chris Hunt; this subcommittee will also look at issues to do with the opening and other matters associated with the initial set up of the facility.

9 April 2001

Pittwater Council agrees to provide a third party guarantee for the lease between the Minister for Education, Training and Youth Affairs and the NBISC Company.

3 May 2001

NBISC minutes states that a cheque for $366,000 from DSR has been received by Pittwater Council. This amount covers the original DSR Regional Facilities grants to MWBA from the 1991-1992 financial year.

10 May 2001

NBISC minutes state MWBA pay their second cheque of $50,000 to finalise their $100,000 contribution.

Nikki Griffiths appointed General Manager of NBISC

14 May 2001

Pittwater Council agenda item (C8.3 p. 102) reflects that NBISC is 65% complete with an expenditure of $1,521,588

1 July 2001

Manly Warringah Basketball Association enter the first official NBISC user agreement. [The Academy Netball Club and the Northern Beaches Netball Company followed on 31 July 2001 and Manly Warringah Volleyball Association signed on 10 August 2001]

23 July 2001

Unofficial opening – NBISC opened for use.

13 August 2001

Pittwater Council agenda item (C8.2 p. 109) reflects the carry forward of NBISC construction into the 2001/2002 Financial Year. [J0673 and J0286]

15 August 2001

First international basketball game held at NBISC - Duke University versus AIS (Women) at NBISC.
31 October 2001

Stadium is officially opened by Sport and Recreation Minister John Watkins. (reported in the local newspaper, the Manly Daily, 1 November 2001, p 6)

MWBA website newsletter stated:

On Wednesday October 31, the Northern Beaches Indoor Sports Centre held its Official Opening Ceremony. Dignitaries from many different organisations attended. The Centre was officially opened by the Minister for Sport and Recreation Mr. John Watkins MP, also in attendance was the Hon. Bronwyn Bishop, Mr. John Brodgen MP and officials from Pittwater Council and Pittwater RSL.

Executive Director of the Sydney Kings and Panthers, Bob Turner was Master of Ceremonies. The Manly Warringah Basketball Association was delighted to hear that Bob had been chosen to host the event. MWBA has had a close association with the Sydney Kings and Panthers organisation this year and it was thought fitting to have Bob as MC for such a significant event.

NSW Basketball officials were also in attendance Don Pollock (President), Richard Boyle (Financial Director), Daniel Martinez (CEO), John Martin (Technical and Operations Manager), Tom Moore (IT & Registration Manager) and Tony Jackson (Sydney Development Officer)

There was a basketball display during the ceremony with Michael Kingma (Sydney Kings), Belinda Snell (Sydney Panthers), Manly Youth League team members Daniel Houden, Daniel Hobin, Rade Radan and Luke Oxley as well as Narrabeen Sports High School students.

Students from North Narrabeen PS and NSHS also demonstrated the variety of uses of the facility with dancing, volleyball and netball.


December 2001

Pittwater Life article (Dec 2001, p. 55)

Sports Centre already making profits (Pittwater Life, December 2001)

The Northern Beaches Indoor Sports Centre is a private company in which the Council has a share, is already running at a profit. A confidential memorandum to Councilors said that the first quarter trading, on an accrued basis and including repayments to the Department of Sports and Recreation for a low interest loan and to the Council for management costs showed a surplus of $5,725.

The September revision of the budget showed that the Centre is anticipating a budgeted operating surplus of about $20,000.

The report notes that the Council made a cash contribution of $300,000, as well as in-kind contributions of staff time during the construction phase and management staff. It notes that the Council will receive full cost recovery for staff management time in the first year of operations.

Because the centre is already running at a surplus. Council is billing the Company for recovery of costs for management staff
## APPENDIX 14 - GLOSSARY OF ACRONYMS

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<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ABA</td>
<td>Australia Basketball Association</td>
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<tr>
<td>ABL</td>
<td>Australian Basketball League</td>
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<tr>
<td>ACCC</td>
<td>Australian Competition and Consumer Commission</td>
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<tr>
<td>AGM</td>
<td>Annual General Meeting</td>
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<tr>
<td>AL</td>
<td>Action Learning</td>
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<tr>
<td>ALAR</td>
<td>Action Learning Action Research</td>
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<tr>
<td>ALARPM</td>
<td>Action Learning Action Research Process Management</td>
</tr>
<tr>
<td>ANC</td>
<td>Academy Netball Club</td>
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<tr>
<td>AR</td>
<td>Action Research</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investment Commission</td>
</tr>
<tr>
<td>BJE</td>
<td>Board of Jewish Education</td>
</tr>
<tr>
<td>BNSW</td>
<td>Basketball New South Wales</td>
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<tr>
<td>BOM</td>
<td>Build Own Maintain</td>
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<td>BOO</td>
<td>Build Own Operate</td>
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<td>BOOT</td>
<td>Build Own Operate Transfer</td>
</tr>
<tr>
<td>BOT</td>
<td>Build Operate Transfer</td>
</tr>
<tr>
<td>BSC</td>
<td>Balanced Scorecard</td>
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<tr>
<td>CHOAG</td>
<td>Commonwealth Heads of Australian Governments</td>
</tr>
<tr>
<td>CIE</td>
<td>Centre for International Economics</td>
</tr>
<tr>
<td>CN</td>
<td>Competitive Neutrality</td>
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<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
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<tr>
<td>CPA</td>
<td>Competition Policy Agreements</td>
</tr>
<tr>
<td>CT</td>
<td>Critical Theorist</td>
</tr>
<tr>
<td>DBO</td>
<td>Design Build Operate</td>
</tr>
<tr>
<td>DET</td>
<td>Department of Education and Training</td>
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<tr>
<td>DSR</td>
<td>Department of Sport and Recreation</td>
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<tr>
<td>DSR</td>
<td>Department of Sport and Recreation</td>
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Appendices

HR  Human Resource
IPA  Institute of Public Administration
K  Thousand
KM  Knowledge Management
KPI  Key Performance Indicator
LOO  Lease Own Operate
MWABA  Manly Warringah Amateur Basketball Association
MWBA  Manly Warringah Basketball Association
NBISC  Northern Beaches Indoor Sports Centre
NBL  National Basketball League
NCC  National Competition Council
NCP  National Competition Policy
NFP  Not for Profit
NPM  New Public Management
NSHS  Narrabeen Sports High School
NSW  New South Wales
OECD  Organisation for Economic Co-operation and Development
OH & S  Occupational Health and Safety
P & C  Parents and Citizens
PC  Pittwater Council
PE  Process Enneagram
PPP  Public Private Partnership
PSC  Public Sector Comparator
SWOT  Strengths Weaknesses Opportunities Threats
TF  Taskforce
TOR  Terms of Reference
TPA  Trade Practices Act
UK  United Kingdom
VFM  Value for Money
WC  Warringah Council
WNBL  Women’s National Basketball League
WSC  Warringah Shire Council
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