ACCOUNTING AND THE CONSTRUCTION OF THE 'COST EFFECTIVE' PRISON

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Experiments with privatisation have been controversial. This is particularly true in the case of core government activities - such as prisons, defence, transport, and utilities (Funnell *et al*. 2009). Whilst there are some concerns over the validity of privatisation as a solution to emerging fiscal and policy dilemmas, it has remained popular with governments. Over the last thirty years, corporations and governments have promoted a view that the market should be mobilised to motivate and discipline the public sector but we know very little about the technologies that are deployed to make this possible. The push to expose public services to market pressures rests on a belief that the market represents a source of 'competitive' and 'innovative' standards that would not be possible within the public sector alone (Funnell *et al*. 2009). It is a belief that exists with the backing of carefully constructed empirical evidence which, in turn, reproduces itself as a form of truth around which public policy can be constructed.

Accounting information has made a significant contribution to these beliefs as it has the capacity to construct a rationality for the marketisation of public services, both within the policy setting arena and as a tool to communicate policy to the public (Miller 1990; Arrington and Schweiker 1992; Power 1992; Arrington and Francis 1993). Despite its centrality, accounting is rarely interrogated. This is a shame, as an interrogation of these numbers can shed light on *how* services that are core to government activity have been opened to the market. Without this kind of inquiry, accounting information is left to speak as though its pronouncements are final, conclusive and truthful representations of the complex decision making process that must be undertaken to develop and assess policy. The ideological commitments within policy solutions can be made opaque in light of the apparent 'objectivity of the numbers' that drive policy.

This article considers the role of accounting in the reconfiguration of prison policy. It highlights a number of important issues. Firstly, despite ample evidence of the ideological nature of market discipline, accounting techniques have continued to mask the depth of this relationship. Secondly, our reliance on accounting measures to 'speak the truth' in policy debates has provided additional legitimacy to market oriented policy outcomes. Thirdly, investigations into accounting numbers used within policy debates show a number of technical deficiencies that are overlooked in favour of the policy ideal. Specifically, this article explores the use of accounting information in the Office of the Inspector of Custodial Services (OICS) reports into Australia's 'best' private prison – Acacia Prison in Western Australia. This provides a unique opportunity to explore the importance of accounting numbers in public policy. It shows how accounting can help to legitimise and drive the pursuit of market oriented policies such as privatisation.

Private Prisons, Markets and Accounting

The global push to privatise prisons has been justified on many grounds. The introduction of market competition is claimed to improve the quality of prison services, spur innovation, gain access to expertise and services unavailable in the public sector, reduce costs, help overcome state prison overcrowding, improve accountability and enable better risk management and improve the efficiency and flexibility of the system (Harding 1992-1993; Perrone and Pratt 2003). Despite these arguments, the promised benefits have remained elusive (Andrew 2007; Andrew and Cahill 2009). Private prisons have been plagued with similar performance problems to prisons delivered by the public sector (Lippke 1997; Lapsley 1999; Camp, Gaes *et al*. 2002; Jackson and Lapsley 2003; Dolovich 2005) and the case for private prison cost-effectiveness has also remained ambiguous and inconclusive (Pratt and Maahs 1999; Perrone and Pratt 2003; Cooper and Taylor 2005; Taylor and Cooper 2008). These outstanding concerns have not stalled the prison privatization project. With each newly privatized prison there are new attempts to ensure cost effectiveness and performance quality and many of these newer projects have received little academic attention (English and Baxter 2010; English, Baker *et al*. 2010).

Accounting is critical to the construction of 'cost effectiveness', as its language of numbers provides a rationality through which policy can be assessed. Despite its limitations, it continues to be an important symbol of policy success. Although on the surface contemporary accounting practice is about measurement, classification and communication, much of its power resides in its claim to objectivity as a guide to 'responsible' decision making. The technical focus of much accounting research has promoted a view that accounting is able to communicate complex social realities via numerical truths – albeit imperfectly. As Morgan (1988: 477) argued:

> Accountants often see themselves as engaged in an objective, value–free, technical enterprise, representing reality "as is". But in fact, they are subjective "constructors of reality": presenting and representing the situations in limited and one-sided ways.

More recently Bayou *et al* (2011:122) have pointed out that 'people still refer to false, misleading, or fraudulent financial statements as if there could exist true, not misleading, and not fraudulent ones'. This image of accounting has endured despite some resistance on behalf of both users and practitioners (Mouck 2004; Inanga and Schneider 2005; Bezemer 2010). As a consequence, technical debates about accounting have dominated discussions; and this focus has marginalised deeper discussions about the purpose of practice, the consequences of the information communicated and the deeper ideological bias that emerges through accounting practice. In effect, accounting information provides visibility to certain types of information; and the presence and absences created in this process has decision making consequences. Even for those critical of accounting, there has been a resilient view that the problem with accounting lies in the failure to develop appropriate techniques to measure and represent organisations, rather than any underlying philosophical problems with the discipline itself (Williams 2004; Ferguson, Collison *et al.* 2009; Bayou, Reinstein *et al.* 2011).

Although still a minority, some accounting researchers have been critical of the overly technical focus of much accounting research. They have sought to explore accounting 'in practice' to highlight its impact on organisations, society and the environment (Roberts and Scapens 1985;

Arrington and Francis 1993; Scapens 2006; Jones 2010). This critical accounting project has been underway for at least thirty years and, despite its uneven development, the research has provided significant insights into the intended and unintended aspects of accounting information in a variety of settings (Hopwood 2009; Carter and Toms 2010). This has highlighted the constructed nature of accounting practice, revealing accounting to be partial and ideological. Despite this, accounting's claims to objectivity remain potent and, as such, it is a powerful activity with powerful consequences (Hines 1988; Hines 1992).

Cost Effectiveness and Acacia Prison

To explore these issues in more detail, the remainder of this article focuses on the Western Australian (WA) private prison known as Acacia. It maps how accounting information is used to construct 'cost effectiveness' and the impact this has had on the public policy debate.

Acacia Prison is a good case study because of its pioneering role in the development of private prisons as the first experiment of this nature in the WA corrections system**.** In the late 1990's the WA government undertook to introduce a range of reforms in the WA prison system. Most controversially, it made the decision to build a new prison east of Perth and to allow its management to be contracted to a private operator.

In 2001 Acacia Prison opened to accommodate 750 medium security male prisoners under the management of Australian Industry Management Services AIMS. Today, the prison has expanded to an 'operational capacity' of 1007 which includes the use of additional cells that were not originally designed to provide long term accommodation. Acacia's management is contracted to a private provider (currently Serco) but the facility itself is owned by the Department of Corrective Services, making it the only privately managed prison in WA. The prison is also WA's newest, and was designed as an 'open plan' 'campus style' complex to facilitate innovations in prison management. According to the WA government, the decision to privatise Acacia Prison was made to improve prison management; reduce recidivism; reduce costs; and to fertilise the public sector with emerging best practice from the innovations of the private sector (English, Baker *et al*. 2010).

There have been a number of innovations at Acacia Prison. These include the use of a 'smart card' to move around the prison and access bank accounts for the purchase of goods within the prison; a kitchen that allows some prisoners to cook and clean for themselves (also a cost saving measure); the use of first names for interactions between prisoners and guards; and prisoners are given greater choice of over their diet (through a pre-ordered menu plan), exercise (with a selection of equipment and activities) and work and education (through an individually tailored work plan). There is no doubt that prisons need innovative management to overcome many of the intractable problems within the system, but it is questionable whether there is anything about these management techniques that is unique to the private sector. It is feasible that they could be achieved in the public sector with appropriate directives and support from the department. It is also important to acknowledge that some of what Acacia has accomplished has been possible precisely because the prison was designed physically to support the adoption of new management techniques. Many of the management techniques used at Acacia could not be adopted at older prisons because of their entrenched cultures and because the physical structure of the prisons was designed to support the prevailing management techniques of the time (Consoli 2004).

Innovations in WA’s prison sector did not stop at the private management contract awarded at Acacia Prison. The WA government also adopted a range of strategies to address ongoing concerns about public accountability for the private delivery of prison services (Andrew 2007). These strategies included the establishment of the Office of the Inspector of Corrective Services (OICS) in 2000 to scrutinise all WA prisons. The OICS is described as an independent statutory body set up to provide external scrutiny of custodial services in WA. According to the OICS, it aims to contribute ‘directly and indirectly to: improving public confidence in the justice system; reducing reoffending in WA; and ensuring the justice system provides *value for money*’ (OICS 2009). WA’s model for the OICS is intended to provide statutory autonomy and Parliamentary access to support independent analysis of the sector. The stated objectives of the office offer an unproblematic acceptance of ‘value for money’ as a key determinant of what is in the public’s interest.

Although value for money assessments should include a balanced assessment of quality and costs, the OICS reports on Acacia Prison suggest the disproportionate significance of cost-effectiveness in these determinations. In this context, accounting information works to mask the ‘pro-market’ orientation of policy because it appears an objective and a natural consequence of meticulously collected empirical evidence. In order to facilitate this discussion on WA's prison privatisation experiment, the reports are considered chronologically.

Constructing the 'True Costs' of Acacia: 2003

One of the driving forces behind the establishment of a private prison was efficiency. In terms of costs per prisoner per day, the figures are impressive. However, to this point the services simply are not being delivered to an acceptable standard (OICS 2003:65).

The first report by the OICS into Acacia Prison sought to establish the 'real cost' of Acacia Prison. Although a number of performance related concerns were noted, these were set against the successful minimisation of costs brought about by privatisation. As a result, the performance concerns did not undermine the reports emphasis on the cost effectiveness of the prison.

The Inspector's opening discussion in the 2003 report clearly positions cost-effectiveness as the primary benefit of WA's experiment with private prisons claiming that 'the *true costs* of Acacia Prison's being run by the public sector *would be in the order* of an additional fifteen million dollars per annum, i.e. over and above the existing contract price' emphasis added (OICS 2003:ix).The report goes on to state that the costs of returning Acacia to public management 'would seem clearly to outweigh any possible benefits' (OICS 2003:85). The cost effectiveness of the prison is used to frame the report and the quality issues are set against the knowledge that there are still significant cost advantages to privatisation. Costs work to organise a hierarchical logic of analysis, in which performance is seen in the context of these cost advantages and not vice-versa. The primacy offered to cost in itself is problematic, but the problems are amplified by the opaqueness of the cost estimates within the report and the reluctance for the inspector to articulate the connection between cost efficiencies and poor performance in a way that may facilitate a meaningful assessment of the prison.

Although the report went to considerable lengths to provide details of costs, closer inspection suggests that much of these remain estimates and they create comparisons that are not meaningful. In essence, the assessment of cost effectiveness is founded on a comparison of total costs per prisoner per day which is made up of the direct and indirect costs of running the prison. The report states that 'Department of Justice head office costs with respect to the contract are currently running at *around* $7 million per annum' (emphasis added, OICS 2003:1) and '(t)he Department has *previously estimated* an average *direct cost* per prisoner per day of around $145 across the public sector' compared to $100 at Acacia (emphasis added, OICS 2003:57). For the public sector these are averaged across the prison sector (which means they include the costs of running the highest security prisons and prisons with costly ancillary services not provided at Acacia). For Acacia, the costs only relate to their medium security operation and include a departmentally determined allocation of overheads. The composition of these overheads is not made clear. In effect, the choice of cost comparisons and the calculations that underpin them create an image of significant public sector inefficiency. This image, despite its methodological flaws, frames the remainder of the discussion within the report.

Even if Acacia was to be more cost effective than a public prison, the nature of these cost savings is concerning. Prison labour within Acacia can be used to 'offset the costs of imprisonment (for example, by engaging prisoners in prison maintenance work and by developing partnerships with industry)' (OICS 2003:6) and staffing levels have fallen consistently below that of the public sector and also the level expected within the contract with AIMS:

> (T)he expectation was that Acacia's total staffing establishment would be in the region of 250 FTEs. That level of staffing would enable about 100 persons to be on the ground during the day shift on a normal weekday. Yet current staffing levels on the ground appear to fall far below this level. As noted earlier, our count on one weekday during the Inspection indicated that only around 61 operational staff were on-site, compared with Hakea's 140 staff for around 550 prisoners on the same day (OICS 2003:61).

The significance of these staff shortages on cost savings cannot be understated; and it would be useful to map the connection between these and the overall cost efficiency of the prison. Alternatively, the report could compare the costs of the prison running at full staff to that of a public sector prison working with similar levels of staff. In addition to the staff shortages experienced at Acacia 'CCA/AIMS initially recruited staff who had little or no previous custodial experience' (OICS 2003:62). The report represented this decision as being strategic in order to promote a new prison culture, but it also came with undeniable cost savings as less experienced staff would be paid lower wages. According to the report, 'Acacia's staff were initially recruited on workplace agreements, and it appears that remuneration levels were well below those in the public sector' (OICS 2003:63). Again, data that compares the experience level of staff and the associated costs across the public and private sector would provide an important context in which to judge cost-effectiveness. It is possible that Acacia does not need the level of expertise because of the nature of the prison population it houses, but greater light could be shed on its relative cost-effectiveness if the cost data were adjusted to include these areas of difference.

There are other areas of controversy that distort the cost comparisons outlined in the report. Acacia is a new prison, designed to facilitate a different style of prison management that relied more heavily on surveillance technology, thereby doing away with the need for the same level of staffing. Also the prison does not provide any high cost prison related services as it houses low to medium security prisoners. Moreover, of the higher cost programs required at Acacia, AIMS provided only 'limited sex offender programs' and the government had to 'wear the costs of more comprehensive programs for higher risk offenders' (OICS 2003:79). AIMS also refused to enter into a contract with Outcare[1] for its services because they viewed them as too costly.

In effect, the report paints a picture of a prison that has delivered significant cost savings suggesting the private model can achieve this key policy objective. Despite this 'success' the report also describes a prison that is struggling to meet the performance expectations of the department.

Cost Effectiveness as Responsible Policy: 2006

The OICS's second report into Acacia outlined sustained performance problems. According to the report, Acacia continued to run without enough staff, leaving the government responsible to provide some critical services within the prison. The report notes that given '(t)he cost of

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1 Outcare services can vary but are designed to support sustained family connections and provide guidance to support a prisoner returning to the community. They are seen to be an important part of the rehabilitation process.

labour…(is)…. the single greatest outlay in the prison business, it is no real surprise that this is how private operators keep their expenses down' (OICS 2006:v). As a result of performance problems, the Department decided not to renew the contract with AIMS and to re-tender the prison to a private contractor. Based on the cost assessments made in 2003, a return to public sector management was considered undesirable. Instead, the Department's preference was for a cost effective private provider with a tighter contract to address outstanding performance related issues. On this, the Inspector wrote that '(t)he new contract must – whoever is the successful bidder – be more prescriptive about the extent and range of human inputs, and if this drives the costs up to a point nearer to public sector costs, so be it' (OICS, 2006:iv). Although this may appear to signal a greater attention to service quality and to down play the significance of costs, the rationale underlying the decision to keep the prison in the hands of a contractor still rests in the logic of costs. In effect, the report is suggesting that an improvement in quality may mean the private/public differential is not as stark as it was in 2003/2006 but it is presumed it will still exist. In many ways, the preparatory work for the acceptance of this decision was done in the previous report because cost effectiveness was reported as an indisputable success of privatisation. None of this is 'true' by any accounting measure but this doesn't seem to matter as it reveals a commitment to the ideals of privatisation even in the face of evidence that may undermine this commitment.

This report also indicates that the source of savings arises from understaffing (OICS 2006: v and 67); employment that 'minimises the cost of imprisonment' (OICS 2006:42); innovations like the prisons family days being partially funded by the prisoners themselves (OICS 2006:27); and many high cost activities were borne by the Department:

> On a number of occasions the Department has also sent specialised staff to Acacia to facilitate the development of operating systems or, in some instances, to prop-up services where AIMS have not been able to secure staff.This has occurred, for example, in health related areas (such as dentistry and psychiatry), education and emergency response support. In most cases the Department has charged AIMS for these services, but in some instances it has borne these costs in what it identified as 'high risk' areas (OICS 2006:75).

Not only would this reduce the direct costs per prisoner per day of the private contractor, it would increase these costs for the Department, thereby distorting the comparative data. The report does not address the effect this may have had on the cost effectiveness of the private provider. Instead, the emphasis is placed on finding a ‘better’ private contractor who would resource the prison to the level required within the contract. Two months after the conclusion of the 2006 report, Serco was awarded the contract to run Acacia.

Acacia’s Cost Effective New Provider: 2008

> The Department estimated that it would have cost around $8 million extra per year for Acacia to be brought into the public sector and this office estimated that the figure would be around $15 million (OICS 2008:3).

The third report re-established cost-effectiveness as the most significant driver of the policy to keep Acacia under private management. These cost savings are identified as ‘the main reasons that the Labor Government chose to retest the market rather than ‘nationalising’ the prison’ (OICS 2008:3). The Inspector does not shy away from the problems of comparing costs in the prison sector, stating:

> It is surprisingly difficult to make precise calculations about the true costs of imprisonment. The easiest part of the equation is the private provider’s costs, because these can be determined by reference to the fees that were paid under the contract. However, this is not the total cost. The Department of Corrective Services also incurs costs at Acacia, primarily through its monitoring and contract management services (OICS 2008:6).

Although the public sector costs could be more clearly identified with reference to the requests made to the Public Expenditure Committee of the State Parliament, yet the report notes that it is still ‘very difficult to calculate the precise costs of any particular prison and to untangle the extent to which costs are incurred ‘onsite’ or by way of general services (such as corporate services and prisoner programs) that emanate from ‘head office’’ (OICS 2008:6). The report argues that ‘broad ‘ballpark’ figures will suffice’ and ‘(t)hese show that the total cost per prisoner per day at Acacia falls well below the public sector average‘ (OICS 2008:7).

It is claimed that this compares very favourably with the public sector figures. Even if the departmental overheads are added, the report suggests that the figure for Acacia is $163 whereas the 'average total cost in the public sector is around $255 per prisoner per day' (OICS 2008:7). Again, the report does not outline the nature of the overhead allocations to Acacia and the comparison of these two figures continues to produce significant distortions. Firstly, the Department must resource some of the state's most costly prisons. Secondly, there is a lack of transparency and perhaps a lack of a clear methodology by which overhead costs are allocated to the private provider – these should include a portion of all of these costs, including the costs borne by the state to run a prison system. Thirdly, the public sector data is based on past performance that has included the costs associated with providing under-resourced services within Acacia.

The sustained emphasis on the crude cost per prisoner per day comparator suggests the legitimacy of the privatisation policy depends on these ongoing claims to cost effectiveness. Accounting information in this context is both relevant (in that it provides 'objective' support for the policy) and irrelevant (in that it does not provide accurate cost comparators).

Acacia as a Cost-Effective, High Performing Prison: 2011

> Questions of value for money inevitably involve some comparison with service quality and costs in the public sector (OICS 2011:iv).

The fourth report into Acacia Prison sought to connect performance and cost in a way that had not been achieved in the past. The report included some continued recognition of the difficulty in comparing data across the sector:

> The previous inspection report acknowledged that there are a multitude of factors that contribute to the total cost of imprisonment, and this makes it difficult to calculate with complete accuracy. The figures below should therefore be taken as no more than approximations, but they are nevertheless sufficient to give a general sense of the relative costs (IOCS 2011:9).

Even so, a similar comparison of the private and public sector costs is reproduced – with the report estimating the Department's average costs per prisoner per day being $270 and Serco's costs being $182. As noted previously, these are not comparable figures but they lead the report to conclude that 'the cost of managing a prisoner at Acacia is 30 per cent less than at a public prison' (OICS 2011:9). After it has been established that the prison is significantly cheaper in the hands of the private contractor, the report goes on to detail the performance level at Acacia, with the Inspector reporting that:

> However, the key finding of this inspection is that at Acacia, corporate profits and savings to the state/taxpayer are not being achieved at the cost of service delivery. Whilst there are areas for improvement, and these are identified throughout this report, Acacia has reached a high base. It is very difficult to compare prisons because all of them are different but it is clear that Acacia's performance is at least equal to the best public sector prisons in the State and in many respects it is superior (OICS 2011:iv).

These conclusions suggest the tensions between cost effectiveness and performance quality have finally been resolved at Acacia to the betterment of the community and the sector. This final report offers legitimacy to the project by suggesting Acacia Prison is substantially cheaper to operate and that it performs at least as well as public sector prisons. Yet enduring concerns about the nature of both the performance and cost comparisons remain.

Implications

This reading of the OICS's inspections of Acacia Prison has helped to map the role costs play within WA's experiment with private prisons. The emerging issues can be divided into two broad areas.

Firstly, the costs used within the reports have been a powerful rhetorical device (Nahapiet 1988; Grønhaug and Ims 1991; Amernic and Craig 2009). The previous discussion has established that the cost data used within the reports was based on a series of assumptions and estimates that remained opaque to the reader (specifically the allocation of overheads). It also revealed that the private and public sector cost comparisons used within the reports failed to be adjusted for the size, age, location, role of the prison and classification type of prisoners.

Both of these issues have the capacity to distort the cost data enormously. Interestingly, the reports have acknowledged these problems but they are trivialised as unimportant, making it seem that the private sector operator is significantly cheaper.

Secondly, the idea of 'cost effectiveness' has been a powerful rhetorical device in WA's decision to maintain Acacia Prison in private management (Moerman and van der Laan 2007; Amernic and Craig 2009). 'Cost effectiveness' draws from 'costs' to create a discourse that works to determine whether or not a decision is justifiable in terms of its 'effectiveness'. In so doing, 'effectiveness' as an interpretation of cost obscures other possible criteria - such as the necessity or desirability of a decision. Identifying the cost-effectiveness of the private provider has been critical to the maintenance of a private prison in WA despite the significant performance problems. In addition, the OICS reports established the 'cost effectiveness' of the private provider before discussions of performance. This has had the effect of making performance a secondary concern to be understood in terms of the cost savings being made for the taxpayers of WA. The posited cost effectiveness of the private provider created the idea that it would be 'irresponsible' to return the prison to the public sector.

As the previous discussion has indicated, there is a range of ways in which cost data could be produced to compare public and private operators. None would be perfect, but many would support better comparisons. By way of an example, it is likely that, if Acacia Prison's direct and indirect costs were compared to the direct and indirect costs of a public sector prison that was paying equivalent wages with similar staff experience levels, the costs differences between the public and private sector would be reduced. It is likely that a comparison of average total costs between prisons with similar security classification would produce more useable data, but this data is likely to reveal less stark cost differentials. These comparators would be relatively simple to produce.

The reliance on crude aggregate comparators reflects a strong bias towards a data that would amplify the appearance of cost efficiency within the private prison. The accounting numbers used within the reports do not produce a 'real' comparative cost - instead, they work to produce a single numerical representation of an ideological position –

which is pro-markets. Much of the power of the numbers lies in their ability to reduce complex social processes to single numerical comparators, producing a sense of a ‘pure truth’ untouched by political or ideological bias, enabling the progression of ‘a responsibly cost-based’ policy outcome. This masks the political within the policy forum and has smoothed the process of marketisation of public services that warrant broader social and political discussion. This mirrors the findings of Taylor and Cooper (2008:7) that ‘the state is no mere cipher, no passive captive of corporate interest but rather, as many observe, is the initiator and driver of the wider capitalist project of neoliberalism, deregulation and globalisation’.

The story in WA warrants a further comment on the impact privatisation has on the labour force. This reading of the OICS’s reports also suggests that the claimed ‘cost effectiveness’ of Acacia arose from significant changes to the conditions of employment within the prison: wages, duties, staff numbers and hours. The discussion of comparative public/private sector costs was disconnected from the more detailed discussions about how private contractors minimise costs. This is particularly acute in the early reports where there were many notable problems with the level of staffing, the level of training of staff and morale within the prison. This impacted overall performance, not only in terms of the prison function itself, but it also presented a significant hurdle to the advancement of the privatisation project. These performance problems were constructed as contractor/contract specific and by extension, in the eyes of the government the problem could be resolved by retendering and improving the contract – a conclusion that was reached with little debate.

Given WA’s commitment to improving the prison sector, the absence of debate over the viability of the privatisation experiment in the face of performance concerns is notable. This suggests that part of Acacia’s role in WA has been to lower labour standards and costs by removing them from the public sector. In this sense, this paper reinforces the findings of Taylor and Cooper (2008:10) wherein a ‘leaner, cost-efficient and more flexible private model is held up as a virtuous comparator in order to discipline the public-sector workforce’.

Conclusion

For the last thirty years, critical accounting researchers have argued that the power of accounting lies in its ability to create visibilities and correspondingly invisibilities through the reporting process. Much of this research has explored the how accounting information reflects a partial and socially constructed reduction of vastly complex social options, information and possibilities into a digestible snapshot. As Miller (1990) argued, accounting is not a 'narrowly technical mechanism for recording transactions. It is understood as a process of attributing financial values and rationales to a wide range of social practices, thereby according them a specific visibility, calculability and operational utility'. Accounting information is reductionist and is based on a series of highly politicised assumptions within an organisational setting but it is abstracted and mobilised as if it truly reflects reality and is therefore protected from detailed interrogation. It does not just reduce a big 'truth' to a small 'truth': rather these reductions are the consequence of particular ideological logic and they change the appearance of the world.

The marketisation of public services is made possible, in part, because accounting information is mobilised to create the appearance that governments act 'responsibly' and *not* 'ideologically'. But accounting is 'not a neutral technical function ruled by its own technical rationalistic agencies, but part of the wider domination of society by the peculiar abstract alienation of capitalism' (Catchpowle *et al.* 2004:1050). Costs are always contested and although accounting researchers frequently consider the way that costs are created and communicated in the social context of organisations, we know little about the role costs play in the construction and communication of public policy. This gap must be filled – not because accounting in and of itself is interesting but because policy emerges *through* accounting. Cleverly, accounting information still appears as a truth within capitalism and as such, it is a powerful mobiliser of pro-market policy as we have seen in this case study.

According to Chiapello (2007:264), it is through accounting that 'rhetorical bond and a justification' for capitalism emerges because 'even when badly kept and useless as a decision aid, accounting contributes to the legitimacy of practices originally considered illegitimate'. In the story of privatisation, accounting information has played a strategic role because it makes policy a consequence of 'objective' logic and masks the deeply ideological nature of costs. Unlike private sector organisations, the development of public policy produces different pressures to balance costs and performance in a way that in an ideal world should optimise social welfare and the public interest. Of course, these ideas are highly contested making it important to understand the role that government cost data may play in balancing the competing demands facing the public sector.

In the case of prison privatisation in WA, accounting information has constructed the appearance of the cost-effective prison. In so doing, accounting information provided a rationale for privatisation that distanced the government and the inspector from their own ideological commitment. In this particular case, the OICS's reliance on crude cost-comparators helped to ensure the pro-market bias within government policy remained opaque. This reading of the OICS's reports into WA's prison privatisation experiment suggests that costs were used strategically to mask the pro-market bias of the policy architects. The way that costs were mobilised within these reports was no accident. There were a number of cost-oriented comparators that could have shed light on the cost of prisons both within the private and the public sector but these reports relied on crude aggregates that created stark cost differentials. These worked as a powerful framing device wherein costs offered a specific logic to privatisation that constitutes a 'responsibility to privatise' because it represents a responsible use of resources. The power of costs as a justification for policy was evident despite the many performance related concerns over the period of the OICS's reports precisely because it gave the WA government no option other than to proceed with the experiment because it had to be fiscally responsible.

To challenge accounting information on the basis of accounting logic is difficult enough, but to challenge the rationalities and logic that this forces into policy is a substantial task. This article contributes to the mounting calls for a deeper understanding of how the marketisation of core public services is made possible. Its findings are threefold. First, that the ideological nature of market discipline is masked through the use of accounting techniques to construct cost effectiveness as a seemingly unbiased reflection of reality. Second, that the belief that accounting measures 'speak the truth' in policy debates has provided additional legitimacy to market oriented policy outcomes. Third, the accounting numbers used within policy debates reveal a number of technical deficiencies that are overlooked in favour of the policy ideal.

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