

Submission to Agricultural Competitiveness Green Paper

December 2014

This submission is based on as yet unpublished research into the important role accounting practitioners undertake in small communities across rural and remote Australia.

As stated in the Green Paper, the Australian Government is focused on an agricultural policy that is concerned with a range of key objectives. Two of these objectives are particularly relevant to the study:

1. increases returns at the farm gate, and
2. supports strong and vibrant regional communities

Rural communities are vital to Australia's long term strategic, economic and cultural sustainability, and small accounting practices, as part of a diminishing group of professionals operating in these locations, perform a crucial role in the ongoing sustainability of these rural communities. The motivation for the research was based on the need to more fully understand the complex and challenging environment of the rural and regional space in the Australian context, and in particular, the accounting professionals who operate within the complex interwoven fabric of rural society, adding real value to rural communities through their interaction, engagement, connection and support.

The stratified networks of association that develop in rural and remote communities require strong leadership, and this leadership is usually expected to emerge from a community's resident professionals. The study broadly considered the interaction between small or sole practice rural and remote accountants and their socio-economic environment in order to convey the experiences, perceptions and conceptions of the research participants, giving a voice to their lived experience. The study sought to reveal specific aspects of how these accountants in rural and remote areas of Australia perceive the importance of social capital in their engagement with the local community.

Key research findings saw the rural and remote professional accounting practitioner as a significant catalyst for collaborative action and change within a rural community, as well as a nexus for leadership, knowledge and information exchange. Findings also bring to light the rural and remote accountant's ability to act as 'bridging agent' across a wide range of stratified associative groups working to foster a range of positive and adaptive collaborative action that achieved successful community based outcomes. This research also uncovered the perceived importance of the reciprocal relationship based on trust that exists between accountant and community, in particular the critical nature of the face-to-face relationship in rural society.

Although relatively few, previous research studies into accountants in rural communities have focused on organisational and workplace issues, the exploration of reasons for an accountant's choice in operating across these areas, or exploratory studies considering the range of issues that affect the practice of accounting in regional Australia. Through an intensive, idiographic process of open co-present interviews, rural and remote accounting practitioners operating across the eastern states of Australia provided rich, insightful and contextual information regarding their lived experience of professional rural life. The research makes an original contribution to knowledge and understanding of the social aspects of accounting practice, particularly in the realm of social capital and the contribution it makes to the sustainability and growth of rural communities in Australia. Existing conceptions and norms of professional behaviour and standards fall short when considered against the duality of an accountant's role in the unique rural cultural milieu. Further, the findings contribute to the current policy debate around sustainability in the agriculture sector, one of the government's five key pillars of the Australian economy.

One of the most important issues for farmers in Australia today is profitability, particularly in relation to their returns 'at the farm gate'. In this regard, access to the services of a trusted local accounting professional who understands the challenging environment in which the agricultural sector in this country operates appears of paramount importance. If, as the rural accounting practitioners perceive, farmers demand a relationship with their accountant that is based on co-present, face-to-face

communication, the withdrawal of these services from rural service centres may have a detrimental effect on the ability of the agricultural sector to meet their needs.

Recommendation

The study is based upon the proposition that the ongoing sustainability and development of rural and remote communities is an essential component of Australia's overall economic, cultural and social framework. The findings of this study support the contention that within this framework small professional accounting practices are a vital component of those rural and remote communities. In this, it is hoped that the research will bring about an increased awareness of the need to support these rural professionals through both government support and greater recognition by the professional accounting bodies.

Support for health professionals in rural areas of Australia is comparatively substantial. While the need to directly support medical and allied health practice in these isolated areas is recognised as of vital importance, there is little, if any support for other key community stakeholders such as accounting practitioners. As an example, the Practice Incentives Program (PIP) administered by Medicare on behalf of the Department of Health is aimed at supporting General Practice (GP) in regional areas of Australia. This program aims to encourage continual improvement, quality care, capacity enhancement, and improvements to access and health outcomes for patients. Currently PIP is made up of ten individual incentives, ranging from procedural and teaching payments to quality prescribing and indigenous health incentives, and available to any rural general practice that meet program guidelines. The application of a Rural Loading Incentive similar to the one offered under PIP to GP's appears to offer the potential for a positive policy option to actively support rural and remote accounting practitioners and thus rural communities. General Practices participating in the PIP with a main practice location situated outside capital cities or major metropolitan centres are automatically paid a rural loading. This rural loading recognises the difficulties of providing services, often with little professional support, in rural and remote areas. The PIP rural loading is higher for practices in

more remote areas, in recognition of the added difficulties of providing professional services in these locations.

A similar scheme under the auspices of the Commonwealth Department of Infrastructure and Regional Development is recommended as a first step to recognising both the value that rural and remote accountants make toward sustainable rural communities as well as the difficulties they face in providing professional accounting and community services in rural and remote Australia. Rural policy development as part of a wider regional policy strategy into the future must make a priority of understanding how best to target and deliver support to rural accounting practitioners. If a similar rural support program to the PIP, and in particular the Rural Loading Incentive can be put in place for rural and remote accounting professionals alongside a wider understanding of both the challenges and potential for successful broad-based community sustainability outcomes in the rural accountant's engagement with their local community, a significant contribution toward the goal of supporting strong and vibrant regional communities will have been met.

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8 December 2014