

Taking account of the Australian Refugee Crisis: An exploration of social and economic accountability

Abstract

Accounting is a complex social phenomenon existing in a wide environmental context. The role of accountants is changing to incorporate a broader public interest of sustainable, social and environmental business practices into its projects, financial planning, and decision-making (United Nations, 2015). This case presents an exploration of social and economic accountability within the broader social context of the Australian Refugee Crisis. This explorative case aims to provide students with an opportunity to apply previously learnt accounting evaluative techniques and methodologies in a broader more holistic context. The primary objective of the case is to expand students' awareness of the broader societal demands of and business responsibility for sustainable social practices. A secondary objective is to expose students to a complex business activity requiring high order analysis and communication skills.

Keywords

Economic and Social Accountability, Refugee Crisis, Financial Analysis, Sustainable Business, Contextual Appreciation in Accounting/Business Education.

Background Context

Australia is a multicultural country with a rich and diverse migrant history dating back to the arrival of European settlers in the late 1780s. This emigrational history continued through the gold rush era of the 1850s, two world wars in the earlier half of the 20th century, and is experienced today in political upheaval and poor economic conditions in many countries of origin.

Australian immigration policy began to evolve in response to the arrival of the first wave of boats carrying people seeking asylum from the aftermath of the Vietnam War. Where refugees were welcomed previously with a sympathetic ear (McMaster, 2001), increasing numbers of 'boat people' caused descent amongst the Australian public concerned with rising unemployment and the impact of people 'jumping the immigration queue' (Phillips and Spinks, 2013).

The enactment of the *Migration Legislation Amendment Act 1989* introduced changes to the way Australian migrants were processed, allowing officers the ability to arrest and detain anyone suspected of being an 'illegal entrant' (Joint Standing Committee on Migration, 2013). These changes brought into effect a non-mandatory policy of 'administrative detention'. Mandatory detention was introduced 3 years later with the introduction of the *Migration Amendment Act 1992*. This act was initially seen as a temporary measure to address a particular group of designated persons - Indochinese unauthorised boat arrivals. The Keating Government was keen to send a strong signal, where the then Minister for Immigration, Gerry Hand stated:

The Government is determined that a clear signal be sent that migration to Australia may not be achieved by simply arriving in this country and expecting to be allowed into the community ... this legislation is only intended to be an interim measure. The present proposal refers principally to a detention regime for a specific class of persons. As such it is designed to address only the pressing requirements of the current situation. However, I acknowledge that it is necessary for wider consideration to be given to such basic issues as entry, detention and removal of certain non-citizens (Hand, 1992, p. 2390).

Mandatory detention was subsequently extended to incorporate all unlawful non-citizens. In the subsequent 23 years successive governments have argued the need to 'retain mandatory detention to support the integrity of Australia's immigration program' and 'ensure the effective control and management of Australia's borders' (Evans, 2008; Ruddock, 2001). As a result, while both sides of politics have introduced many changes and reforms since the 1990s, Australia's mandatory detention policy remains predominantly unchanged.

Since the early 1990s, the Australian government has worked with neighbouring governments to setup offshore processing centres on the islands of Manus and Nauru. In order to manage these detention centres the Australian government placed applications out to tender. Broad Spectrum, an infrastructure and resource services firm, was one such contractor.

This case aims to explore accounting in a wider socio-political context. As such, this case is designed to provide students with the opportunity to explore accountable

decision-making in business, and to be aware of the broader environment that associated ethical judgement impacts. Further, the case aims to assist in the development of students' independent research, teamwork and written communication skills. Research skills involve the synthesis of information and communication of students' independent research findings.

The case is designed to place students at the centre of exploration and discovery – offering them the opportunity to engage in an active exploration of an organizations financial, social and economic activity. The case is broken up into three sequential components. Part 1, asks students to develop a financial analysis of Broad Spectrum, part 2, requires a reflection on organizational activities and part 3 follows with an application of judgement in balancing accountability through informed research.

Teaching Context

The case represents thirty per cent of students' internal assessment for the final year 'Global Issues in Accounting' accounting capstone course. Variations of this case have been used in both undergraduate and postgraduate advanced capstone units.

The case is comprised of three parts, distributed over a number of weeks and requires students to work independently and in groups. The blended delivery of the case between individual and group is important to ensure students have the ability to discuss and reflect with their peers and independently. The staging of the case enables students to reflect on each component and draw their own connections. Students are provided with each component of the case separately and this is revealed to them at different points in the semester. This element of surprise and slow unveiling is an important component of the case pedagogical design. Very little information is given to students in advance to further assist in the explorative design of the case study.

Part one of the case provides students with a copy of the financial statements of BroadSpectrum (the organisation responsible for the operation of Australia's offshore detention centres) and are asked to complete an evaluation of the organisation's performance, under the following four headings: profitability; efficiency; liquidity; investment. Within this analysis students are asked to identify anything outside of the financial statements that might be important to consider when investing in the company. This concise business report is turned in for grading in week three of the semester.

Secondly, in week three students view the film 'Chasing Asylum', a documentary produced in 2016 to expose the impact of Australia's offshore detention policies depicting how people are being deprived of their basic human rights. Part two asks students to individually reflect on what they have just seen, comparing this to their group analysis of the organisation's financial statements previously completed. These reflections are submitted for grading in week four.

Finally, in groups again students are required to integrate their learning across both prior activities, coupled with their introduction to sustainability and theoretical viewpoints of accounting discussed within seminars, by critically discussing the question - "Is current business immoral?" In doing so, students are required in part three, to undertake independent research, considering the role accounting and/or accountability plays in business. What it accounts for and equally what it does not? Students are therefore encouraged to think more widely about the context in which accounting operates. This discussion is due for submission in week six.

Corporate Social Responsibility – Australian Refugee Case Components

Part 1 - Taking a Financial Account

Broad Spectrum is an Australian-based organisation operating across Australia, New Zealand, Canada, the United States, Chile, Brunei, New Caledonia, and The Philippines. The company provides asset management solutions across diverse industries, including property and facilities management, defence, transport, utilities, mining and chemical processing.

The company's vision is to *deliver safe, efficient and sustainable services, supported by robust systems and processes and a commitment to proactively managing our environmental, social and governance responsibilities*. Thus, good corporate citizenship is an essential part of their business strategy and narrative.

Broad Spectrum provides operations and maintenance, asset management, project and capital management outsourcing and infrastructure development services to major national and international companies, as well as all levels of government.

As a listed company Broad Spectrum release half-yearly reports in accordance with section 302 of the Corporations Act 2001. The Half Year Report 2016 for Broad Spectrum is included.

Required:

Using the provided *Broad Spectrum Half Year Report, 2016*, your prior knowledge of financial ratio analysis and accounting evaluation techniques and any independent research – within your case study group complete an analysis of the organisation's performance under the following four headings:

- Profitability
- Efficiency
- Liquidity
- Investment

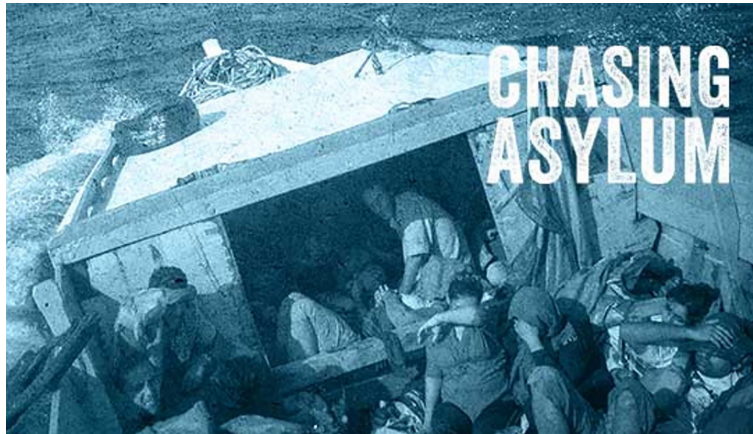
Your report should use the appropriate ratio analysis for each area above and discuss this within the context of the organisation's relevant stakeholders. In particular your report should:

1. Provide a brief overview of the organisation's strategy and external impacting factors. This should be a maximum of half a page.
2. Using ratio analysis, analyse at least three (3) items for each of the areas provided above, that would be important to relevant stakeholders, and discuss whether the company's performance related to these items appears to be improving, deteriorating, or remaining stable. Justify your answer. (You should refer to previous years financial reports to determine any relevant trends)
3. Based on your analysis completed in 2. above, provide an overall opinion on the future sustainability of the organisation.
4. Identify two (2) items not included in (or derived from) the financial statements that you think would be important to someone considering whether to invest in

this company. Discuss your reasons for believing that these two items about the company would be important in making an investment decision.

Part 2 - Reflecting on a Social Accountability

The mandatory detention and associated treatment of refugees in Australian off-shore detention centres has received national and international attention. Various arms of the United Nations have repeatedly condemned Australia's offshore regime as being in breach of human rights, breaking more than 150 resolutions of the Refugee Convention (Doherty, 2016).



Credit: Cinema Plus / Hot Docs Chasing Asylum 2016

In 2016, director Eva Orner commenced a film project to *explore the mental, physical and fiscal consequences of Australia's decision to lock away families in unsanitary conditions hidden from media scrutiny*. The documentary film – Chasing Asylum – asked medical professionals to wear hidden cameras and record footage from inside Australia's offshore detention camps, revealing the personal impact of Broad Spectrum's integrated solutions.

Required:

After watching the documentary Chasing Asylum¹ in class you are required to submit a two-page reflection on your experience.

This reflection should relate your perception of what you have viewed in the film, with your previously completed financial analysis report of Broad Spectrum Half Year Report 2016. Your reflection should include a discussion of:

1. Your overall feelings and reaction towards the content of the film
2. Anything you may have learnt when making a comparison between your financial analysis and the content of the film
3. Anything you found difficult to process or comprehend when comparing both activities
4. Anything that may have struck you as unexpected in comparing both activities

¹ Written permission was obtained from the film's distributor to present this film in an educational context. The film is available to purchase for this purpose from the following website: www.chasingasylum.com.au.

Part 3 - Balancing Economic and Social Accountability

An organisation operates in society and is therefore accountable to society for its actions. Being directly associated with the 'Australian Refugee Crisis', Broad Spectrum increasingly lost favour in the public eye until the company was bought out by Ferrovial in 2016.

Legal proceedings were brought against the Australian government by Slater & Gordon in 2017. The government was forced to pay \$70 million dollars in compensation for the gross maltreatment of refugees seeking asylum in offshore detention centres (Doherty & Wahlquist, 2017).

Required:

Using the material provided (Including, BroadSpectrum Half Year Report 2016, your prior analysis, your reflective learning from the film *Chasing Asylum* and the relevant media coverage provided) coupled with your introduction to sustainability and theoretical frameworks of accounting for sustainability, critically discuss the following question:

“Is current business immoral?”

Some considerations in completing this assessment:

- You may consider the different stakeholder roles present.
- You might start to explore the purpose of business and any tension/s that may arise.
- You could consider the role accounting and/or accountability plays in business. This may require a broader approach to the context/s in which accounting operates.
- You might consider the relationship (or lack of) between social and economic accountability.
- Making use of theoretical frameworks of accounting and ethical reasoning you may consider the morality of business?
- A scientific approach should be adopted. This means demonstrating a logical and reasoned argument.
- Independent research will be of significant importance. This will require you to locate suitable evidence to assist shape your discussion.

Impact of Case on Students

This case has made a strong impact on students. By constructing a case-based learning resource that blends film with company accounts and is focused on a real-world issue that is happening on the student's 'doorstep', the learning becomes personal and contextually relevant to students:

“The film Chasing Asylum personalises the experiences these refugees detained in the facilities on Manus and Naru, and truly captures what life is like for these people. By actually capturing the stories of so many, and putting faces to some of them we feel as though we know them and a sense of responsibility to understand their stories and try to help” (Student 1).

Students in turn begin to see the complexity present in such real-world issues and begin to critically question the values of the organisation:

“what I found particularly shocking and difficult to understand was how Broadspectrum’s mission or strategy essentially contradicts their actual business activities” (Student 3).

The disparity between positive financials and operational activity was highlighted and made all the more powerful by visual imagery that evokes emotion and thought. Students began to view accounting in a whole new light, that of accountability:

“This film invoked feelings of anger and surprise, sadness and compassion and finally frustration within me. Being faced with actual people sharing their real life experience in a detention centre was confronting and a completely different experience to analysing financial reports and the company’s stated strategic direction” (Student 2).

“We can see a lot of regulations and rules in regards to finance and reporting, if anything was to go wrong then it will be addressed by the regulators and ATO. But at the detention camps, any sexual abuse by guards would be ignored and any incidents regarding violence to the refugees will not be reported truthfully and witnesses are threatened to say otherwise. Hence it is unexpected to see the abuse of power Australia and Broadspectrum has in comparison to the financial analysis” (Student 7).

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