

Thursday, 15 December 2022

Future of the Migration System Review Panel
Dr Martin Parkinson AC PSM, Dr Joanna Howe and Mr John Azarias
c/o Department of Home Affairs

Lodged online

Dear Dr Parkinson, Dr Howe and Mr Azarias

Review of the Future of the Migration System

There are at least four broad ways to grow the nation's productive capacity:

1. Increasing and supporting the participation of underrepresented groups in the labour market, such as women, Aboriginal and Torres Strait Islander Peoples and mature aged workers;
2. Developing the skills and education of current and future workers;
3. Investing in innovation and better use of data, digital technology and cyber security; and
4. Attracting and retaining globally mobile talent.

These are not policy alternatives but rather they should form complementary and mutually reinforcing elements of a cohesive strategy. Both Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia have separately and constructively engaged with the government on these and other matters, including in connection with the Jobs and Skills Summit earlier this year.

The focus of this submission is on growing the economy through the migration system - and how this can support and complement opportunities for jobs and skills for Australians. With a global talent shortage, rarely has it been more important to be strategic about how Australia attracts and retains global talent, including accounting and finance professionals.

Together CA ANZ and CPA Australia represent more than 300,000 accounting and finance professionals in Australia and around the world. We make this submission on behalf of our members and in the public interest. Our members work in and support the viability and growth of businesses, organisations and communities, and the economy in general, across all sectors.

Our submission is structured around the key questions for the review in the Discussion Paper which cover the challenges and opportunities Australia faces, how migration can contribute, current and potential barriers to migration, and recommended reforms to ensure Australia's migration system is fit for the future. The findings outlined below draw on the more detailed analysis in the Attachment, which integrates data and experiences drawn from the accounting and finance profession.

1. What challenges and opportunities does Australia face in the coming decades?

Challenges and opportunities include:

- The skills shortage is the most immediate and pressing issue;
- Population ageing and sluggish productivity create challenges for the future;
- The future of work is being reshaped by job transformation and structural change;
- The return to strong growth of many of our Asian neighbours is an opportunity.

Many other economies are facing the same challenges and are competing with Australia for solutions.

2. How can migration contribute to these challenges and opportunities?

Migrants can bring in skills in short supply, support structural change, offer a solution to problems associated with population ageing, help improve productivity, introduce new ideas and innovations, complement domestic labour and business, strengthen international relations, and grow one of Australia's key competitive advantages – its diversity.

3. What are the current and potential barriers in allowing migration to play these roles?

A number of assumptions must hold in order for the identified contributions from migration to be realised. The Table below, which is copied across from section 3 in the Attachment, lists these assumptions and identifies the current and potential barriers to their realisation.

Assumptions	Barriers
Skill shortages are accurately identified and projected	<i>Current</i> <ul style="list-style-type: none"> • Occupations are listed not skills.
Emerging areas of skill needs are accommodated	<i>Current</i> <ul style="list-style-type: none"> • Classification of occupations has not kept pace with job transformation.
Migrant numbers are sufficient to address current and emerging needs	<i>Current</i> <ul style="list-style-type: none"> • Quantity constraints risk limiting the entry of global talent. <i>Potential</i> <ul style="list-style-type: none"> • Demand-side approaches are prioritised by default over supply-side.
Migrants with the skills and experiences that provide the greatest productivity uplift are prioritised	<i>Current</i> <ul style="list-style-type: none"> • Insufficient weight is given to the objective of increasing human capital. • Offshore applicants are prioritised over those onshore. • Shorter form credentials are not recognised. • Fallacy that all international students are 'genuine temporary migrants'. <i>Potential</i> <ul style="list-style-type: none"> • A wage threshold is an inferior indicator of quality.

Assumptions	Barriers
Global talent wants to come to Australia	<p><i>Current</i></p> <ul style="list-style-type: none"> • Visa processing delays, costs and unfavourable experiences. • System complexities make it difficult to navigate. • System instabilities foster applicant uncertainty. • Constrained mobility, as migrants are pushed to the regions and/or tied to employers. • Ill treatment of migrants has tarnished Australia's reputation. • Australia is falling behind overseas competitors in the global war for talent. <p><i>Potential</i></p> <ul style="list-style-type: none"> • Permanent damage to Australia's reputation as a destination of choice for overseas workers.
Migrants are engaged in roles that make best use of their talents	<p><i>Current</i></p> <ul style="list-style-type: none"> • Migrants may have no pre-existing social network in Australia to help them find suitable jobs. • Migrants may have little prior exposure to the practices, norms and values of Australia's workplaces. • Employer distrust of overseas qualifications. • Employer perceptions of the compliance difficulties and inflexibilities of sponsorship.

Our conclusion from this analysis is that:

- The current use of occupation lists is sub-optimal;
- Quantity and other constraints are undermining quality;
- A wage threshold would create more barriers than it would overcome;
- Recent and prospective migrant experiences potentially bode ill; and
- Best use is not being made of migrant talent.

4. What reforms are needed to ensure the migration system can meet the challenges and opportunities that lie ahead?

Set out below are our recommendations for the Government including priorities for immediate action, medium to longer term reforms which will require further consideration and/or a managed transition, things to keep doing as they are going well, and things to not start doing as they risk having unintended consequences. Each point is expanded upon in detail in Section 4 in the Attachment.

Immediate actions

- Clarify that the purpose of migration is to grow the productive capacity of the nation and to play an important role in nation building through the economic, social and cultural contributions of migrants;
- Clarify that skilled migration serves two primary objectives: to address skills shortages *and* to increase human capital;

- Within the Skills stream, preference prospective migrants following points-tested pathways;
- Continue to preference the migration of accounting and finance professionals;
- Implement the commitment to extend the post-study work rights of graduates from fields where there are verified skills shortages, including accounting;
- Continue to look for opportunities to introduce processing efficiencies;
- Abandon the practice of prioritising migrants based offshore;
- Cease the requirement that prospective international students verify they are 'genuine temporary migrants';
- Abolish any requirement for prospective migrants based onshore to resit English language proficiency tests; and
- Extend disaster support to temporary Australian residents.

Medium to longer term reforms

- Focus more on the quality, and less on the quantity, of migrants by designing arrangements where the main policy lever is points and not caps or ceilings;
- Shift the focus of skilled migration from occupations to skills by transitioning from occupation lists to a skills list;
- Review the criteria used to assess the quality (or human capital) of migrants, including recognising shorter form credentials and prior learning;
- Strengthen and clarify the core principles of Australia's migration system that will guide future reform, in consultation with key stakeholders;
- Advance desired regional growth and development outcomes by doing more to attract onshore and offshore migrants to settle in the regions;
- Reduce visa categories and simplify conditions by dispensing with those that 'push' migrants to the regions;
- Tackle migrant exploitation and wage theft;
- Increase flexibility in the migration system;
- Plan for population growth;
- Support the work readiness of recent and prospective migrants by extending the Professional Year Program;
- Support migrants to integrate into Australian workplaces and culture through professional mentoring.

Keep doing

- Maintain a high overall Migration Program ceiling;
- Maintain the preference for skilled migrants in the Migration Program;
- Maintain the increased level of resourcing required to address the visa processing backlog; and
- Implement a public education and communication campaign to build confidence and understanding of the motivation for, and integrity of, Australia's migration system and the benefits that migration can provide.

Don't start

- Do not introduce a wage threshold.

If you require further information or would like to discuss the views expressed in this submission, please contact Sarah Davidson, Australian Government Affairs Leader at CA ANZ or Mitchell Ajduk, Senior Manager, Recognition Standards at CPA Australia. We would also be pleased to participate in your targeted direct consultations in January-February 2023.

Sincerely,

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Chartered Accountants Australia and New Zealand

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A Migration System for Australia's Future

1. What challenges and opportunities does Australia face in the coming decades?

A range of geopolitical, economic, social, technological and environmental factors are impacting Australia's people, businesses and governments, creating both challenges and opportunities. Key challenges and opportunities are discussed in this section 1 below, with the following section 2 discussing how a well-designed migration system can assist in rising to the challenges and capitalising on the opportunities.

Skills shortage is the most immediate and pressing issue

The Australian economy has recovered from the impacts of COVID-19 faster than many predicted. In the 2021-22 financial year, Gross Domestic Product (GDP) grew by 3.9 percent – a rate of growth not seen for ten years.¹ This has been driven by a resurgence in household consumption as increasingly emboldened households dip deeper into savings built up over the pandemic. With both Treasury and the Reserve Bank of Australia forecasting that the economy will slow in 2023 and 2024, the opportunity is to return to high rates of growth once inflation is brought back under control.

However, the supply-side of the Australian economy is struggling to keep up with the demand-side. This is due to the combination of a net loss of migrants during the peak of the lockdowns, more recent inflows trending being well below the pre-pandemic norm, and supply-chain disruptions variously due to staff illness, natural disasters, transportation issues and Russia's invasion of Ukraine.

The resultant immediate and most pressing challenge now facing Australia is the skills shortages. The National Skills Commission's Skills Priority List released in September 2022 revealed the vast extent of Australia's skills shortage. The number of occupations looking for skilled workers has almost doubled in 2022, rising to 286 from 153 in 2021.²

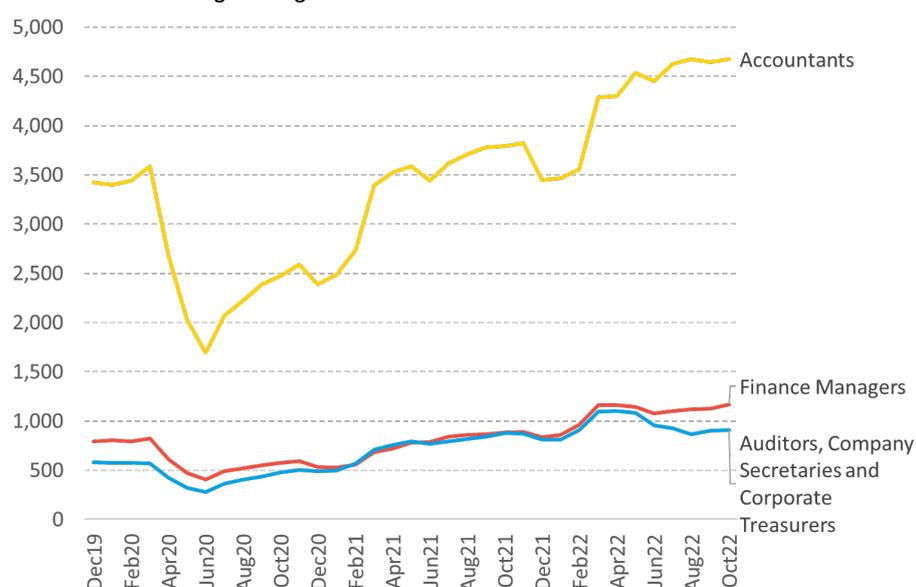
The skills shortage was nominated as the number one issue by Australia's top 100 accounting firms for two years running.³ As Australia rebounds, vacancies in accounting and finance roles are high. The latest Jobs and Skills Australia data on the number of advertised job vacancies for Accountants (October 2022) is three times the level recorded during the peak of lockdowns in June 2020 (refer to **Figure 1**).

¹ Australian Bureau of Statistics (ABS) (2022) [Australian National Accounts: National Income, Expenditure and Product, June](#).

² National Skills Commission [2022 Skills Priority List](#).

³ Wootton, H (2022) [The No. 1 problem for accountants \(for the second year in a row\)](#), Australian Financial Review, 14 November.

Figure 1 Vacancies for accounting and finance professionals are running high
Three month moving average level of advertised vacancies



Source: Jobs and Skills Australia (October 2022) Internet Vacancy Index IVI Detailed Occupation Data, published in November.⁴

In CA ANZ's recruitment and skills survey of 382 Australian member organisations, conducted in late November to early December 2022, respondents identified current skills shortages across each of the following ANZSCO occupations – Finance Managers (60.2 percent), Accountant (General) (80.4 percent), Management Accountants (64.5 percent), Taxation Accountants (88.4 percent), Corporate Treasurers (63.7 percent), External Auditors (85.9 percent) and Internal Auditors (52.4 percent). The highest number of job vacancies were for External Auditors (1,069), Management Accountants (1,511), Taxation Accountants (258) and Accountant (General) (142).

In an earlier survey in July this year, CA ANZ also separately captured the experiences of 18 Australian professional services and audit firms, both large and small. The survey found that there were close to 1,000 audit job vacancies, up from 888 in 2021, and almost 2,000 non-audit / consulting vacancies across all firms surveyed. The roles were mostly for junior and intermediate level professionals, and on average the roles were taking three to six months to fill.⁵ Tight labour market conditions are manifesting in employers offering higher remuneration packages to attract and retain talent. CA ANZ's latest remuneration survey, completed by more than 7,700 members and released earlier this month, calculates that median total remuneration grew by an astounding 11 percent in both Australia and New Zealand.⁶ A FY22/23 Hays survey of Australian employers found that 91 percent are experiencing a skills shortage, 77 percent in accounting and finance have offered higher salaries than planned, and almost four out of five (78 percent) expect that skill shortages will impact their operations or growth.⁷ This echoes what we are hearing from the profession.

⁴ Jobs and Skills Australia, [Internet Vacancy Index IVI Detailed Occupation Data \(October 2022\)](#), published in November.

⁵ Source: [CA ANZ Survey on recruitment challenges and visa delays](#), July 2022.

⁶ [CA ANZ Member Remuneration Survey](#), December 2022.

⁷ FY22/23 [Hays Salary Guide](#).

Another area of pressing skills shortages, which is highly relevant to the accounting, is for data and digital skills. Demand is outstripping the supply of skills in automation, AI, data analytics and cyber security. If Australia can better meet the demand for these skills, it opens up new opportunities, as data and digital skills are amongst the fast growing emerging skills⁸, they are transferrable across a range of occupations and sectors and are core to solving some of our biggest problems.

Failure to address shortages in accounting, finance, data, digital and the hundreds of other areas skills shortages is to help drive inflation to levels not seen since the 1990s.⁹

Failure to act now to quickly build Australia's productive capacity increases the risk of a deeper economic slowdown than the one currently forecast. GDP growth has been revised down to 1.5 percent in 2023-24.¹⁰

Population ageing and sluggish productivity create challenges for the future

Australia's aging population is an immediate problem. If inadequately addressed, it is a problem that threatens to go from bad to worse over the medium to longer term due to the implications of an aging population for the future workforce, and sluggish productivity growth. The experiences of the accounting and finance profession help to bring to life how they are being impacted by this problem.

Population ageing

Last year's Intergenerational Report found that Australia's greatest demographic challenge is its ageing population, caused by increasing life expectancies and falling fertility rates.¹¹ As the population ages, there will be fewer people of working age relative to the number of older Australians.

The demographics of the accounting and finance profession provide a lens on what is happening Australia-wide. Four Censuses ago, in 2006, the average age of those who marked down their occupation as either a Finance Manager, Accountant, Auditor, Company Secretary or Corporate Treasurer was 39.9. The equivalent average derived from the latest 2021 Census is 42.6. The ageing of the accounting and finance workforce is evident by the progressive movement to the right of its age distribution over successive Censuses, as is apparent in **Figure 2**.

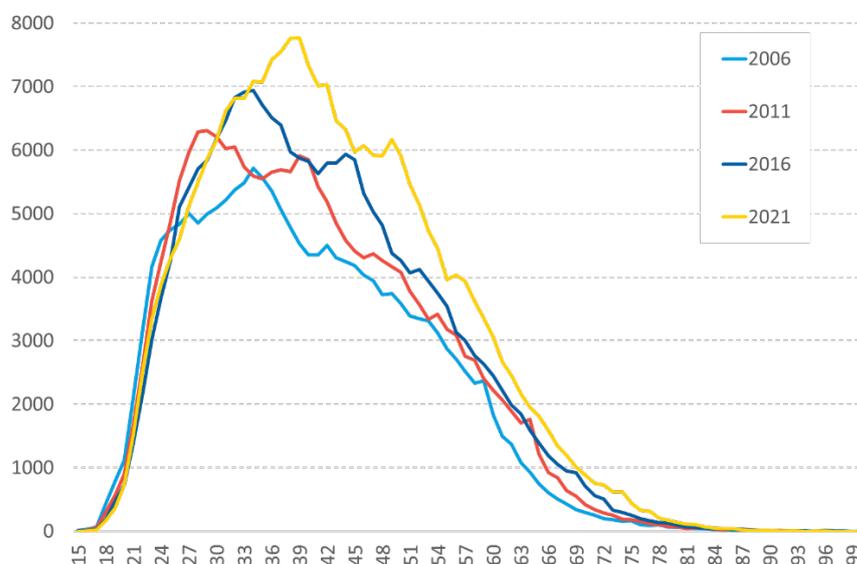
⁸ National Skills Commission, [The State of Australia's skills 2021: now and into the future](#).

⁹ ABS (2022) Consumer Price Index, Australia, October.

¹⁰ Commonwealth of Australia (2022) [Budget Strategy and Outlook, Budget Paper No 1](#), Budget October 2022-23, p 6.

¹¹ Commonwealth of Australia (2021) [2021 Intergenerational Report](#), p 13.

Figure 2: Ageing of the accounting and finance profession
Number by age



Source: Derived from Census data for the years shown using ABS's TableBuilder Pro.

In 2021, the number of accounting and finance professionals aged 66 or older, and therefore at or close to retirement age, was more than 10,000. Over the next 15 years around another 50,000 will approach retirement age. Domestic graduate numbers are insufficient to counter to this leakage from the profession. Particularly given that the demand for accounting and finance professionals is not static; it is projected to grow.¹² The majority of respondents to CA ANZ's survey of 382 Australian members in November-December 2022 found increased demand for workers expected over the next five years in the occupations of External Auditor (71.9 percent), Taxation Accountant (64.4 percent), Management Accountant (54.8 percent), Accountant (General) (53.8 percent) and Internal Auditors (38.1 percent).

This will have negative impacts on business and the economy. Businesses use accountants in many ways, including helping them make decisions on the allocation of resources. This includes where and how much to invest. This in turn impacts job creation and productivity.

Sluggish productivity

Productivity growth has slowed in Australia since the mid-2000s. It has averaged around only 1.2 percent over the past two decades. The slowdown is broad-based across all industries. The October 2022-23 Budget is premised on the assumption that low growth will continue as structural change towards service industries provides less room for productivity gains, and due to the costs of a changing climate and diminishing returns from past reforms.¹³ The challenge is to prove this pessimism wrong.

A recent Productivity Commission interim report¹⁴ on innovation stated that "there is a large group of Australian businesses whose management practices, uptake of technology and productivity are below

¹² Based on the projections of the National Skills Commission, demand for accounting and finance professionals is projected to grow at a compound annual average rate of 2.2 percent over the five years from 2021 to 2026.

¹³ Commonwealth of Australia (2022) *op cit*, Box 3.3, p 83.

¹⁴ Productivity Commission (2022) 5 Year Productivity Inquiry: Innovation for the 98% - Interim report page ix

their best practice peers.” It went on to state “incrementally improving the performance of those businesses, higher rates of diffusion of best practice could significantly lift aggregate productivity growth.” Accountants play an important role in improving the performance of business and with the diffusion of good ideas. A decline in the accounting population could also have detrimental impacts on Australia’s already low productivity growth.

The future of work is being reshaped by job transformation and structural change

The future of work is being reshaped by job transformation and the structural impacts on the economy caused by factors such as climate change and the energy transition.

Job transformation

Jobs are not a constant. They come, they change, and they go as global engagement shifts, consumer preferences evolve, technology advances, employers adopt new and innovative ways of doing business, regulatory requirements change, public expectations surrounding environmental, social and governance (ESG) increase, and workers alter their work habits.

Using the jobs filled by accounting and finance professionals as a case study for the purpose of illustration, some jobs that these professionals traditionally filled are being phased out as technological advances and new ways of working displace routine, highly repeatable tasks. Research commissioned by CA ANZ calculates that over the decade to 2028, 27 percent of traditional accounting jobs will disappear from the labour market or be significantly reshaped.¹⁵

Other accounting and finance jobs are changing. CA ANZ research predicts nearly half (48 percent)¹⁶ will require reskilling. While titles may remain unchanged, expectations regarding tasks performed will not. For instance, higher emphasis on cognitive abilities and data skills have become a critical element of new and reshaped accounting roles. Indeed, to be more ‘future-proof’ both the accounting workforce and individuals need to augment their technical skills with the ability to be flexible, innovative, and adaptive to maintain resilience in the face of significant turbulence.¹⁷

Importantly, with this technology, many new accounting and finance jobs are emerging. CA ANZ research foresees that 22 percent of roles filled by accounting professionals over the decade will be new.¹⁸ Internal research by CPA Australia, undertaken in conjunction with what was Burning Glass Technologies (now Lightcast), identifies finance business partners, advisors, business intelligence analysts and data visualisation experts as rapidly emerging new jobs within the profession. On the CA ANZ list are data scientists, cybersecurity architects, service delivery analysts, agile project managers, financial analysts and systems accountants.¹⁹ What sets these jobs apart is that they

¹⁵ Hann, S and Bowles, M (2020) What was really happening pre-COVID19? Presentation to AFAANZ Conference, July. Note that accounting jobs are more narrowly defined in this research finding than elsewhere in this presentation. Included are Accountants, Auditors, Company Secretaries and Corporate Treasurers Finance Managers are not included.

¹⁶ Hann and Bowles (2020) *op cit*.

¹⁷ Bowles, M, Ghosh, S, and Thomas, L (2020) Future-proofing accounting professionals. *Journal of Teaching and Learning for Graduate Employability*, 11(1), 2–23.

¹⁸ Hann and Bowles (2020) *op cit*.

¹⁹ *Ibid*.

encompass tasks that previously did not exist or, if they did, were not considered the domain of accounting and finance professionals.

Accounting and finance skills will continue to provide a strong foundation for these new emerging jobs that sit outside traditional accounting and finance roles. Change is a constant which will need to be accommodated in the development of Australia's skills and education system, and a complementary migration system that is agile enough to meet the evolving needs of the future

Structural change

Accounting, audit and finance professionals have a significant role to play in supporting both climate change mitigation and adaptation efforts.

Skilled professionals are needed to enable organisations to respond to increasing stakeholder demand for sustainability-related disclosures, as well as the assurance of these disclosures. As this area is continually evolving, so too is the skillset needed to be able to respond to stakeholder demand. In Australia, individuals and organisations are working to develop these capabilities. However, domestic capability will take time to develop.

Currently, there is an ongoing and critical shortage of these professionals in Australia, and also globally. Skilled migration may be able to provide an immediate solution to this shortage, particularly while domestic talent develops, acknowledging however that Australia will be competing with other jurisdictions for these skillsets.

This is just one small example of the many new skillsets that employers will need to access or develop in a structurally changing world. The challenge is how to do this quickly and at scale.

The return to growth of our Asian neighbours is an opportunity

An important opportunity to not lose sight of is the return to growth of Australia's Asian neighbours.

Although the COVID-19 pandemic caused hardship for all countries, Asian economies have proven to be resilient. As **Table 1** suggests, such economies are forecast to rebound strongly over coming years, growing at rates that outpace the rest of the world.

Table 1 Growth in Asian countries expected to outpace the world

Real GDP, percent change from previous year

	2019	2020	2021e	2022f	2023f	2024f
East Asia and Pacific	5.8	1.2	7.2	4.4	5.2	5.1
China	6.0	2.2	8.1	4.3	5.2	5.1
East Asia excl. China	4.8	-3.7	2.6	4.8	5.4	5.4
Europe and Central Asia	2.7	-1.9	6.5	-2.9	1.5	3.3
Central Asia	4.9	-1.3	5.1	2.4	4.3	4.1
Latin America and the Caribbean	0.8	-6.4	6.7	2.5	1.9	2.4
Middle East and North Africa	0.9	-3.7	3.4	5.3	3.6	3.2
South Asia	4.1	-4.5	7.6	6.8	5.8	6.5
India	3.7	-6.6	8.7	7.5	7.1	6.5
South Asia excluding India	5.7	3.0	2.6	5.7	4.0	4.7
Sub-Saharan Africa	2.6	-2.0	4.2	3.7	3.8	4.0
World	2.6	-3.3	5.7	2.9	3.0	3.0

Source: World Bank (2022) Global Economic Prospects, June.

Australia is fortunate that this growth is occurring in its region. However, fortune alone is insufficient. Fortune favours the economic and geostrategically astute. For Australia to share in the growth, it needs to maintain positive and strong relations with its regional neighbours. This is where migration has an important part to play.

2. How can migration contribute to these challenges and opportunities?

A well-functioning migration system can bring in migrants that help alleviate the challenges and capitalise on the opportunities described above. Migrants can:

- bring in skills in short supply;
- support structural change;
- offer an antidote to population ageing;
- help improve productivity;
- complement domestic labour and business;
- strengthen international relations;
- introduce new ideas and innovations;
- grow one of Australia's key competitive advantages – its diversity.

Migrants can bring in skills in short supply and support structural change

The previous section identified skill shortages as the most immediate and pressing issue. There we found that there is a dearth of people with accounting, audit, finance, digital, data and hundreds of other skills. A well-functioning migration system brings in people with skills currently in shortage.

It also anticipates and is part of the solution to skills expected to be in shortage over the medium to longer term. It would, for example, recognise that, in the absence of migration, the current shortage of accounting and finance professionals is destined to get worse. This is because demand for their

talents is increasing, while supply is decreasing, due to declining student enrolments in university degrees that typically lead to a career in the accounting profession, retirements and other leakages.

A well-functioning migration system is attuned to where there are new and growing skill needs, such as data analytics, sustainability and digital skills, as technology evolves and jobs transform due to the structural impacts on the economy caused by climate change and the energy transition. Such a system provides access to these skills from countries who are leading the way. This both buys time for Australia to develop specialised courses, and enables local workers to learn from working alongside global experts.

For these claims to hold true requires a migration system that can accurately pinpoint and project where the skills shortages are, and has the agility to accommodate emerging areas of skill needs. In the next section we outline the barriers in the current system which, if not addressed, will mean that Australia falls short of this ideal.

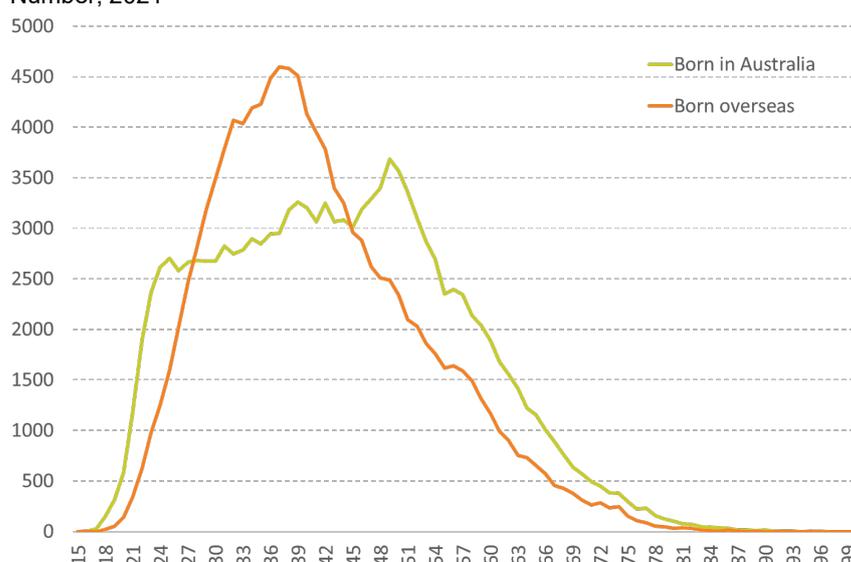
Migrants offer an antidote to population ageing

In the previous section, we discussed how accounting and finance professionals are ageing. Keeping with the same example here for the purpose of illustration, if we now separate the 2021 Census data shared in section 1 into those professionals born inside and outside of Australia, we find that those born overseas are on average a couple of years younger than their Australian born colleagues – at 41.5 and 43.6 years old respectively. More significantly, as is apparent **Figure 3**, the first is an average concentrated around the mean, while the second is the average of a more spread population. This is because close to two thirds (65 percent) of overseas born accounting and finance professionals are of a 'prime working age' (18 to 44 years old),²⁰ well ahead of the just over half (53 percent) of their Australian born counterparts who fall into the same category.

In other words, migrant accounting and finance professionals have provided a partial antidote to the profession's ageing in Australia. But not a complete antidote. To completely counter the effects of ageing, more young Australians need to be attracted into the profession *and* migrant numbers need to be increased. On the first point, the professional accounting bodies are collaborating to grow the pipeline. Regarding the second point, barriers to their migration in larger numbers are identified and discussed in the next section.

²⁰ The suggestion that people aged between 18 and 44 years are of 'prime working age' reflects the age of primary applicants allowed under the Skills Stream.

Figure 2 Migrant accounting and finance workers slow ageing
Number, 2021



Source: Derived from Census 2021 data using ABS's TableBuilder Pro.

Migrants help improve productivity

The previous section lamented that productivity is sluggish and referenced official projections which anticipate that this is not about to change any time soon. But it could. Which is why the Productivity Commission is currently progressing its second Five Year Productivity Inquiry, to review Australia's productivity performance and recommend an actionable roadmap to assist governments to make productivity-enhancing reforms. Interim report 6, on a more productive labour market, finds that skilled migration into Australia is a key determinant of productivity growth.²¹ CA ANZ and CPA Australia agree.

Migrant accounting and finance professionals bring in valued skills. Supporting their productivity is the fact that they are highly credentialed. In 2021, more than nine out of ten (91 percent) accounting and finance professionals of working age²² who were born overseas held a Bachelor or higher qualification, well ahead of the 79 percent of their Australian born peers.²³ This is unsurprising as it is a prerequisite for migration. Further, depending on which six-digit Australian and New Zealand Standard Classification of Occupations (ANZSCO) code for Accountants is selected, a positive assessment verifies the occupation-specific skillsets of prospective migrants. Employer expectations of a professional designation (either a CA or CPA) as a prerequisite for employment, raises the bar even higher.

Accounting and finance professionals further bolster productivity through the diffusion of good ideas within businesses, and through the support they provide to businesses (discussed next) and through their networks (discussed towards the end of this section).

²¹ Productivity Commission (2022a) [5 Year Productivity Inquiry: A more productive labour market](#), Interim Report 6, Canberra, October.

²² Working aged is defined as between 15 and 64 years old.

²³ Derived from Census 2021 data using ABS's TableBuilder Pro.

And it does not stop there. Interim report 3 of the Productivity Commission's 5 Year Productivity Inquiry, on innovation, finds that skilled migration policy should be reframed as a way of diffusing innovation and best practice among Australian businesses. An interim finding is that skilled migrants transmit knowledge and the know how to practically implement it from all over the world²⁴.

To maximise the productivity gains from accounting and finance professionals and other skilled migrants variously requires that:

- the migration system is inviting of the skills and experiences that provide the greatest uplift; and
- migrants are engaged in roles that make best use of their talents.

In the next section we discover that the reality falls short of these requirements.

Migrants complement domestic labour and business

CEDA modelling demonstrates that recently arrived migrants have not had a negative impact on either the wages or participation rates of Australian-born workers. To the contrary, the results indicate that, in some cases, an increase in migrant concentrations in certain levels of qualification and experience is associated with a positive impact on wages and employment.²⁵ The implication is that a well-functioning migration system that attracts high quality talent will create more jobs.

For these outcomes to be optimal and sustained necessitates that the 'best' global talent can come to Australia and that Australia is a place they wish to go.

The talents of accounting and finance professionals rank amongst the 'best' as they are particularly complementary. Recent history provides a compelling demonstration of this as Australia's businesses relied on these professionals for their survival. Accounting and finance professionals variously advised businesses on how to: access grants and loans, extend and restructure their credit, seek tax waivers and deferrals, and otherwise manage their financial stress. By keeping businesses alive, job losses were less than what they otherwise could have been. Now businesses are seeking the advice of their accountants on managing through a high inflation environment, a slowing economy and how to take best advantage of the growth opportunities. By helping to grow businesses they are helping to grow jobs.

As we discuss next, just under half of Australia's accounting and finance professionals were born overseas. Their diversity means that they are uniquely placed to understand and cater to the diversity in Australia's businesses and communities and to support international trade.

Migrants can strengthen international relations

The previous section finds that the return to growth of Asian countries is an opportunity and Australia is fortunate that this growth is occurring in its region. For Australia to share in the growth, it needs to maintain positive and strong relations with its neighbours, supported by its migration system.

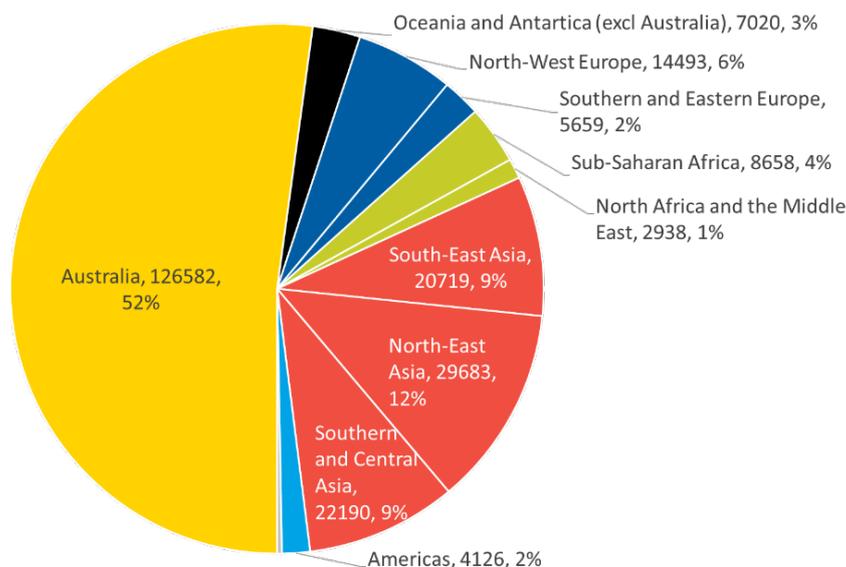
²⁴ Productivity Commission (2022b) 5 Year Productivity Inquiry: [Innovation for the 98%](#), Interim Report 3, Canberra, September p. ix-x.

²⁵ D'Souza, G (2020) [Immigration and COVID-19](#), CEDA, September, p 6.

A large and increasing share of Australia’s migrant community comes from Asia. This is particularly true of accounting and finance professionals. Nearly half (48 percent) were born overseas. Thirty percent were born in Asian countries.

Figure 3 breaks down the profession by place of birth. This diversity means that migrants can help further support growth by strengthening relations in the region, and by leveraging their cultural and linguistic capabilities and networks.

Figure 3 30% of accounting and finance professionals were born in Asia



Source: Derived from Census 2021 data using ABS’s TableBuilder Pro.

3. What are the current and potential barriers in allowing migration to play these roles?

In this section, we identify the current and potential barriers undermining Australia’s ability to fully realise the potential of migration. **Table 2** shares a summary.

Table 2 Barriers are undermining the migration potential.

Assumptions	Barriers
Skill shortages are accurately identified and projected	<p><i>Current</i></p> <ul style="list-style-type: none"> Occupations are listed not skills.
Emerging areas of skill needs are accommodated	<p><i>Current</i></p> <ul style="list-style-type: none"> Classification of occupations has not kept pace with job transformation.

Migrant numbers are sufficient to address current and emerging needs	<p><i>Current</i></p> <ul style="list-style-type: none"> Quantity constraints risk limiting the entry of global talent. <p><i>Potential</i></p> <ul style="list-style-type: none"> Demand-side approaches are prioritised by default over supply-side.
Migrants with the skills and experiences that provide the greatest productivity uplift are prioritised	<p><i>Current</i></p> <ul style="list-style-type: none"> Insufficient weight is given to the objective of increasing human capital. Offshore applicants are prioritised over those onshore. Shorter form credentials are not recognised. Fallacy that all international students are 'genuine temporary migrants'. <p><i>Potential</i></p> <ul style="list-style-type: none"> A wage threshold is an inferior indicator of quality.
Global talent wants to come to Australia	<p><i>Current</i></p> <ul style="list-style-type: none"> Visa processing delays, costs and unfavourable experiences. System complexities make it difficult to navigate. System instabilities foster applicant uncertainty. Constrained mobility, as migrants are pushed to the regions and/or tied to employers. Ill treatment of migrants has tarnished Australia's reputation. Australia is falling behind overseas competitor in the global war for talent. <p><i>Potential</i></p> <ul style="list-style-type: none"> Permanent damage to Australia's reputation as a destination of choice for overseas workers.
Migrants are engaged in roles that make best use of their talents	<p><i>Current</i></p> <ul style="list-style-type: none"> Migrants may have no pre-existing social network in Australia to help them find suitable jobs. Migrants may have little prior exposure to the practices, norms and values of Australia's workplaces. Employer distrust of overseas qualifications. Employer perceptions of the compliance difficulties and inflexibilities of sponsorship.

The current use of occupation lists is sub-optimal

There are at least three advantages to using lists as a basis for skilled migration:

- By design, they address shortages. Separate lists target migrants in occupations assessed to be in shortage over the short term, the medium and longer terms, or in regional areas;²⁶
- The lists facilitate labour market matching by tying assessment to listed occupations. For instance, CA ANZ and CPA Australia assess on behalf of the Government the skills of prospective migrant

²⁶ Respectively labelled as the Short Term Skilled Occupation List (STSOL), the Medium and Long Term Strategic Skills List (MLTSSL) and the Regional Occupation List (ROL).

accountants. A positive assessment of their accounting qualifications, relevant work experience and other characteristics provides employers a level of confidence that migrant accountants have the qualities that match their needs.

- The lists manage demand for skilled migration and channel it to where the need is assessed to be greatest. The counterfactual of no lists would make the visa processing backlogs of recent history appear tiny by comparison.

However, current practice is hampered by at least four shortcomings:

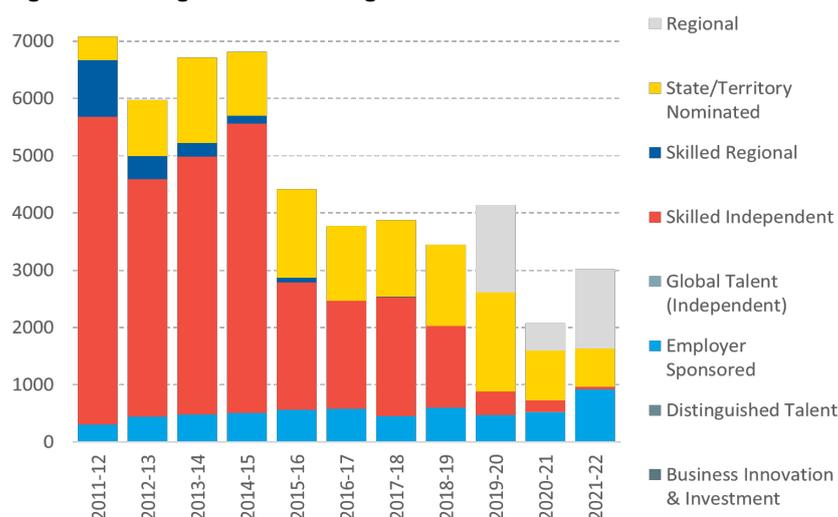
- **The use of multiple lists adds to the complexity of Australia's skilled migration settings.** Different temporary and permanent visa subclasses link to one or more lists in different ways, not all of them obvious. This creates navigational difficulties for prospective migrants, necessitating the use and expense of agents.
- **The lists are outdated.** They draw from the occupations listed and described in the ANZSCO. Since its development in 2006, ANZSCO has undergone little change and is therefore out of date compared to the current labour market.²⁷ Given the extent and speed of job transformations, illustrated by reference to the experiences of the accounting and finance profession in section 1, unless action is taken, ANZSCO will become even more outdated and, with it, the skilled migration occupation lists. Australia may be depriving itself of talent in areas of growing need.
- The basis for determining which occupations make it onto or come off the skilled migration occupation lists reflects only the objective of the migration system to address skills shortages. **There is only cursory consideration of the objective to increase human capital.** For instance, while there is currently a dire need for accounting and finance professionals, their contribution is so much greater than filling skills gaps. The previous section shared evidence of their productivity enhancing skills and the roles they play in facilitating investment, jobs creation and enabling businesses to not just survive, but to thrive.
- The frequency with which the skilled migration occupation lists were updated in the recent past is a source of uncertainty for all. As assessors, CA ANZ and CPA Australia have first-hand experience of the panicked behaviours of applicants if there are whispers of accountants being dropped from the MLTSSL. We also see the negative impact on the pipeline of future accounting and finance professionals if prospective migrants have little confidence that their chosen field of study may not provide them the option to migrate permanently. And, as membership bodies, we hear from our employer members and stakeholders about their struggle to factor migrant accounting and finance professionals into their workforce planning strategies.

Quantity and other constraints are undermining quality

The fall in the number of accountants migrating to Australia each year, evident in **Figure 4** illustrates the hazards of any approach to migration that is little more than a zero-sum numbers game. That is, the migration of accountants has suffered disproportionately in the recent past as the Migration Program planning levels were lowered, as the Skills Stream contracted to make room for an enlarged Family Stream, and as the option to migrate independent from an employer or a state diminished. The declining numbers of migrants on Skilled Independent visas are highlighted in red in **Figure 4**)

²⁷ ABS (2022) ANZSCO Maintenance Strategy, June.

Figure 4 Falling numbers of migrant accountants

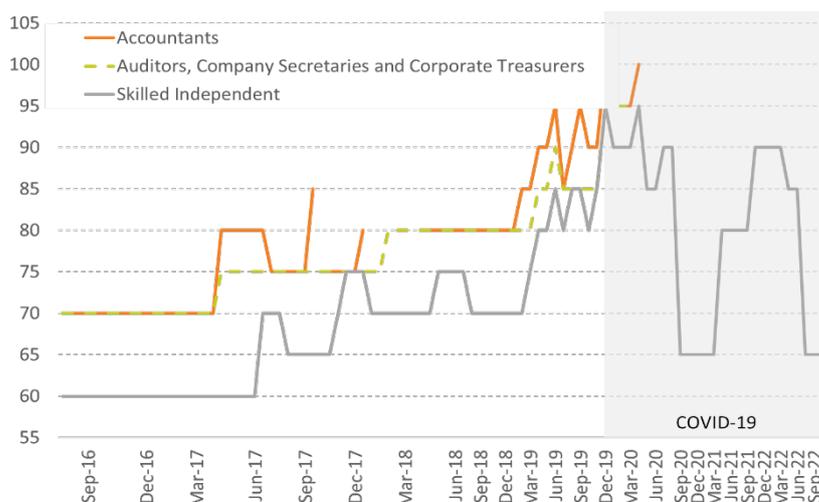


Source: Department of Home Affairs (DHA) (2022) Migration Program, Expert Panel (Family) and Child Outcomes since 2011-12 pivot table and DHA (2022) Migration Program 2021-22 Report.

As we comment in the next section, some of the **recent initiatives** announced at the Jobs and Skills Summit and, subsequently included in the October Budget, have enabled a reversal of these trends, **easing capacity constraints on the Migration Program, skilled migration and on points-tested pathways**. The initiatives are welcome. The previous section shared evidence of the quality of accounting and finance professionals and how they are contributing through their human capital to productivity and growth. Recent initiatives also matter because points-tested migration pathways provide greater confidence that migrants who follow them not only provide skills aligned with current labour market needs but possess the human capital to do well in future roles. The caveat on this is that we are testing for the right things, which is a matter we will shortly return to.

Nonetheless, **these changes matter little to prospective migrants if they are not confident that they can migrate permanently**. Accounting and finance professionals have not been invited to migrate permanently following the Skilled Independent pathway since early in the pandemic. Prior to that, the points threshold had risen to insurmountable levels. **Figure 5** portrays the case of a fast rising and disappearing pathway.

Figure 5 Skilled Independent – the case of a disappearing pathway
Migration points thresholds over successive invitation rounds



Source: DHA website.

A related concern is **the recent policy change to prioritise the migration of applicants based offshore**. The papers that accompanied the October Budget²⁸ confirmed this policy, which had been evident in practice since the August migrant invitation round. While we understand that the Government is motivated to bring in badly needed new talent to address skill shortages, prioritising offshore applicants **gives rise to at least a couple perverse outcomes**. The first is that onshore applicants, frustrated that they have not received any invitations, when friends and family back home have, may look elsewhere to migrate. This risks exacerbating rather than addressing the skills shortage. The second is that by prioritising location over quality, the uplift in Australia's human capital is less than it would otherwise be. For instance, a prospective migrant accountant based offshore who just scrapes together 65 migration points may be let in ahead of an onshore prospect with 100 points and a better understanding of the local business and regulatory environment (and potentially more employable).

Circling back to the question of whether the right things are being taken into account **when assessing for quality, the standout omission is shorter form credentials**. Current assessment practices recognise and reward (with migration points) traditional qualifications that are typically broad in scope, take a long time to acquire, and are offered by recognised education institutions. For example, for applicants to migrate to Australia as accountants they must hold formal qualifications that are at least comparable to an Australian Bachelor degree, and evidence coverage of defined core competency areas. This approach has served Australia well historically. But that does not mean it will continue to serve Australia well into the future. Increasingly, learners are preferencing opportunities to either signal skills already gained and/or to newly acquire or grow their skills in digestible chunks that support rather than pause their career aspirations. Both traditional and non-traditional providers are responding to these preferences by offering shorter form credentials that verify their technical and professional skills. Both CA ANZ and CPA Australia are examples of non-traditional providers offering micro-credentials to their members that span soft skills, technical skills, public practice or a combination. If the practice of assessing traditional qualifications is rigidly maintained, it risks doing Australia a significant disservice.

²⁸ Commonwealth of Australia (2022) *op cit* p 89.

A final barrier that falls under this quality heading is that there is no supported pathway for international students. The practical effect of current policy settings is that permanent migration is more a determinant of the pipeline of temporary skilled migrants than it is for students. Analysis by the Grattan Institute²⁹ finds that only 16 percent of people who first came to Australia on a Student visa have transitioned onto a permanent visa. By way of contrast, more than half of previously Temporary Skilled Workers end up staying permanently.

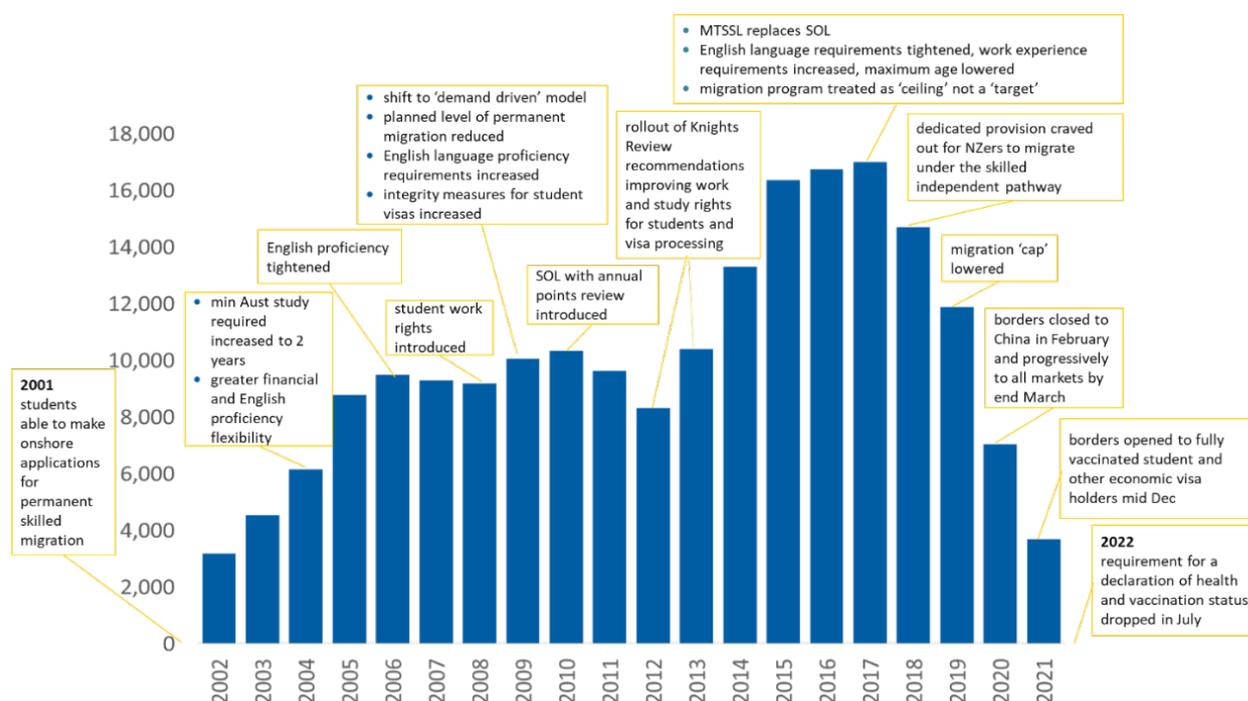
This is despite the potentially large contribution that prospective migrants who have been educated here could make to the Australian economy. By definition, they are highly skilled, are likely to have worked in Australia, have a better understanding of Australia's regulatory environment and have a developed understanding of Australia's workplace culture and norms. Not to mention the benefits they bring in terms of their cultural and linguistic skills and international networks. They add to the diversity and reach of Australia's workplaces and community.

The extension announced at the Jobs and Skills Summit to post study work rights in selected fields where there are verified skills shortages is of course a good thing. An even better thing would be to provide international students greater confidence that they can stay. We understand that a major reason why students leave Australia after completing their studies, is that current settings for Student visas emphasise their 'temporary' nature: **would-be students have to demonstrate they are 'genuine temporary entrants' or else not be eligible for a Student visa**. In the next section we recommend that it is time to reconsider this policy setting.

It is a fallacy that all international students are 'genuine temporary migrants' and have no intention to migrate. **Figure 7** tracks changes in both temporary student and graduate and permanent skilled migration settings over time and the corresponding ups and downs of international students commencing Australian Bachelor or above programs of accounting. While many factors will be in play, it is hard to deny that the option to migrate permanently is not high on the lists of many.

²⁹ Grattan Institute (2021) [Rethinking permanent skilled migration after the pandemic](#), May.

Figure 6 Migration settings matter to international students of accounting
Numbers of international students commencing Bachelor and above studies in accounting (calendar years)



Source: Derived using Austrade (2022) Market Information Package.

A wage threshold would create more barriers than it would overcome

CA ANZ and CPA Australia note that a wage threshold has been recommended by the Grattan Institute³⁰ and was a focus in the Productivity Commission's previously mentioned sixth Interim Report released in connection with its 5 Year Productivity Inquiry.³¹ Three points made in favour of implementing an income threshold are that it:

- facilitates labour market matching and avoids the need for occupation lists, as wages increase in response to labour shortages;
- avoids the need for assessment as employers' willingness to pay reflects their assessments of migrant capabilities; and
- protects against migrant exploitation.

In our view, none of these points stand up to scrutiny. Regarding the first, for a variety of reasons labour markets are sticky and do not adjust quickly. For instance, accountants and other professionals take time to earn their stripes, which may keep a lid on the wages they command until they do. Once they achieve their professional designation, CAs and CPAs can confidently look forward to strong earnings growth.

Regarding the second point, while, as discussed above, the skilled migration occupation lists are less than optimal, their intents are to manage demand and target shortages. In the next section we

³⁰ Coates, Sherrell and Mackey (2021) Rethinking permanent skilled migration after the pandemic, Grattan Institute.

³¹ Productivity Commission (2022a) *op cit*.

advocate that a better approach is to transition to a skills list. We do not advocate that there be no list. The practical effect of no list but an income threshold would require all prospective migrants to first secure a job. However, what matters more is prospective migrants' abilities to fill roles over their working lives in Australia and their lifetime earnings potential. In the absence of a crystal ball, assessment is the best indicator of both.

A further counterpoint is that labour shortages are in occupations that command salaries across the spectrum. A wage threshold may rule out migration as an option to fill shortages in a sector.

With regard to the third point that has been made in favour of a wage threshold, CA ANZ and CPA Australia recognise that migrant exploitation is gravely concerning. International students are particularly vulnerable. But there are better ways than a wage threshold to protect against their exploitation, which we address in the next section.

Recent and prospective migrant experiences bode ill

In the discussion above we have already touched on how some of the issues with the current use of skilled migration occupation lists can be off-putting for prospective migrants. Specifically, that multiple lists link to multiple visa types in ways that are not often obvious, thereby creating system complexities that make it difficult and costly to navigate, and how the ever-present threat that occupations may drop off lists with little prior forewarning can foster applicant uncertainty.

Here we pick up on four further matters that are likely to colour prospective applicants' views about migrating.

Studies have repeatedly pointed to quality of life and current and future employment opportunities in destination countries as major drawcards for attracting and retaining global talent.³² Therefore, **current settings that 'push' migrants to the regions, constraining their geographic mobility and freedom to settle in locations that put their talents to best use** may give prospective migrants cause to think twice about settling in Australia.

Turning again to the situation for accounting and finance professionals, four out of five live in New South Wales, Victoria and Queensland. When considering Australia amongst their destination choices, prospective migrants will likely prefer to settle in either Sydney, Melbourne or Brisbane, simply because that is where most of the jobs are and they may have local support networks. In the face of greater hurdles to migrate to these major centres than elsewhere, there are three potential outcomes. The first is that while high quality migrants might be able to muster the points necessary to gain entry and secure employment in the major centres, they may be small in number. The second is that migrants are enticed by the relative ease of settling in locations outside of the major centres but struggle to find roles that put their accounting and finance skills to good use. Some may settle for roles that fail to make best use of their talents. This is a matter we return to under the next heading. The third is that prospective migrants turn their attention to other destination countries. All but the first outcome are sub-optimal for the potential migrant and the economy. That is, the contributions to

³² Tuccio, M (2019) [Measuring and assessing talent attractiveness in OECD countries](#), OECD Social, Employment and Migration Working Papers No. 229 provides a summary of past research and a relatively recent assessment of the global attractiveness of major destination countries, including Australia.

Australia's productive capacity from these prospective migrants will either be foregone or less than what they could otherwise be.

The second of the aforementioned four matters that are likely to colour prospective applicants' views about migrating is **the condition of Employer Sponsored visas that migrants are tied to their sponsors for at least two years. This is ill-fitted to an environment where jobs are transforming at speed and where the ability to move out of roles that do not make best use of incumbents' talents into roles that do is central to productivity and real wage growth.** It is a barrier to both employers and prospective migrants. However, as discussed in the next section, redressing this situation is not simple and, if not thoughtfully and carefully managed, could lead to unintended consequences.

The third barrier is the **reputational damage done as a result of the poor treatment of temporary migrants, based onshore and offshore, as Australia sought to deal with a global pandemic.** Temporary migrants in Australia were told its time to go home, experienced racism, had their jobs impacted by lockdowns and restrictions, and received no Commonwealth Government support. Those based offshore have had to contend with the uncertainties and frustrations as the date of border reopening kept pushing out, found entry conditions which differed by state and over time to be confusing, and, prior to corrective action being taken, had their post study work rights put at risk.

They also had to deal with the frustration of long wait times to learn of the outcomes of their applications for alternative temporary or permanent visas. The fourth barrier covers the well-known **visa processing delays and the experiences of prospective migrants based onshore and offshore** as they waited and waited for an outcome. The delays impacted both migrants and employers. The previously referenced survey of professional services firms in Australia by CA ANZ in July this year found that both audit and non-audit vacancies were taking on average three to six months to fill roles, with many candidates being lost due to visa processing delays. CA ANZ and CPA Australia support the efforts and investment by the Government to resolve the visa backlog and implement processing efficiencies.

But it is important to recognise that, while this was a big part of the problem, it was not the only part. Recent research into the disruptive impacts of pandemic restrictions on Australia's international students uncovered a multitude of related frustrations.³³ Two that resonate with what we are hearing from prospective migrant accounting and finance professionals seeking visa assessments relate to the unnecessary time and cost of resitting English language tests, and the uncertainty and mental health repercussions of months if not years of an information void on the status of applications.

The former was an irritant to onshore-based applicants whose first test had expired through no fault of their own, yet they had to pay for and resit a test again, despite working and living in Australia.

On the latter, a young graduate of an Australian program of accounting was so frustrated that he felt compelled to share his story with CA ANZ. Having heeded the former Government's calls to 'go home', he was keen to return permanently to the place he had come to call home over several years. Yet, despite his many positive attributes earning him numerous migration points, a two year wait on a migration outcome, and repeated attempts to seek a status update from the government, at the time of

³³ Thomason, R (2022) "COVID-19's disruptive impacts on student and graduate migration pathways," presentation to the AIEC 2022: Beyond Borders conference, Gold Coast, 19 October 2022.

sharing his story he was still none the wiser regarding his status. He and his wife have since moved to New Zealand, where he is working in tax advisory. Having received a much more favourable reception there, they are now considering making New Zealand their home.

This example is a convenient segue to the fourth additional barrier under this heading: the **risk of falling behind competitor destinations**. Pre-pandemic, in 2019, an OECD assessment of alternative destinations³⁴ identified Australia as a leader in the race for global talent. The good news was that before migration policies and practices were factored into the analysis, Australia ranked second place behind the United States in terms of its attractiveness to highly educated workers. Australia scored marks in its favour for its inclusiveness and quality of life. The even better news was that after adjusting for migration policies and practices, Australia leapt ahead to first place. If the same study was repeated today the risk is that the findings would not be as favourable. The reasons why are many. Two are that: major competitor destinations – the United States, the United Kingdom and Canada – opened their borders ahead of Australia; and many, including the United Kingdom, Canada and New Zealand, extended the same welfare supports to migrants stuck onshore as they did to their citizens.

Best use is not being made of migrant talent

We have all heard the stories of well qualified migrants driving taxis or ubers. Migrant accounting and finance professionals are no exception. Nearly one in four permanent skilled migrants in Australia are working in a job beneath their skill level.³⁵

This, is not a reason for ceasing to bring in similarly skilled migrants. Particularly when the nation is crying out for talent. It is however a reason to obtain a better understanding of what lies behind these skills and labour market mismatches.

Barriers include:

- Migrants may have no pre-existing social network in Australia to hear of job opportunities through word of mouth;³⁶
- Migrants may have little prior exposure to Australia's work practices, norms and values of Australia's workplaces;
- Employer distrust of overseas qualifications;³⁷ and
- Employer perceptions of the compliance difficulties and inflexibilities of sponsorship.

With regard to the third dot point above, in theory this should be less of an issue for migrant accounting and finance professionals given the vetting we do as professional accounting bodies. But that does not mean that there are instances where this does not happen.

With regard to the fourth point above, the NSW Small Business Commissioner's latest small business survey canvassed respondents' experiences with skilled migration. The survey found that 23 percent of small businesses need staff but have never considered hiring a skilled migrant, while 19 percent have considered hiring a skilled migrant but never applied. For small businesses that fell into either of

³⁴ Tuccio, M (2019) *op cit*.

³⁵ CEDA (2021) [A good match: Optimising Australia's permanent skilled migration](#), March.

³⁶ Shelton, T (2022) [Census reveals migrants tend to be more highly educated. So why do they find it harder to land jobs?](#) ABC News, 24 October.

³⁷ *Ibid*.

those two categories, the top two reasons stopping them from nominating or sponsoring a skilled migrant were that they did not know where to start (34 percent) and that the process seemed to difficult or confusing (30 percent). One interpretation of these results is that employer-sponsored skilled migration programs do not meet the needs of time and resource-poor small businesses.

The barrier of employer sponsored visa programs for small businesses is also reflected in CA ANZ's previously mentioned survey of 382 Australian member organisations, both large and small, in November to December this year. The survey found that the majority of respondents have not used an employer sponsored visa program in the past 12 months, and would not be willing to use employer sponsored visa programs in the future. Furthermore, the results showed that the smaller the size of the organisation, the less likely it is to have used employer sponsored visas, with over 93 percent of respondents with under 20 employees saying they had not used employer sponsored visas in the past 12 months, and over 52 percent saying they would not be willing to use them in the future.

4. What reforms are needed to ensure the migration system can meet the challenges and opportunities that lie ahead?

Our recommendations for the Government to help overcome the barriers to ensuring that the migration system can meet the challenges and opportunities ahead include:

- Immediate actions;
- Medium to longer term reforms which will require further thought and/or a managed transition;
- Things to keep doing, as they are going well; and
- Things to not do, as they risk having unintended consequences.

Immediate actions

- **Clarify that the purpose of migration is to grow the productive capacity of the nation and to play an important role in nation building through the economic, social and cultural contributions of migrants.**
- **Clarify that skilled migration serves two primary objectives: to address skills *and* increase human capital.**
- **Within the Skills stream, preference prospective migrants following points-tested pathways.** This is because assessment of the quality of those migrants provides greater confidence regarding their contribution to the nation's human capital. CA ANZ and CPA Australia commend the Government for increasing the planning levels for Skilled Independent and State Sponsored migrants. We suggest that there is room to go, and a case for going even further.
- **Preference the migration of accounting and finance professionals,** given the important role they play in supporting post-pandemic growth and the inability to fill roles from an exhausted domestic labour market. In the absence of migration, this is a situation that is destined to go from bad to worse as the workforce ages, retires (refer to section 1) and is inadequately replenished by domestic graduates of accounting. Occupation ceilings should be lifted and Accountants and Auditors, Company Secretaries and Corporate Treasurers should be invited to apply.

- **Implement the commitment to extend the post-study work rights of graduates from fields where there are verified shortages, including accounting and audit.** This Jobs and Skills Summit commitment would provide a positive point of difference between Australia and competitor destinations for this talent. CA ANZ and CPA Australia understand that the report of advisory groups appointed to flesh out the detail of this undertaking has been received by the Government. If accounting has not been identified within that report as a field where there are shortages, we urge that it should be.
- **Continue to look for opportunities to introduce processing efficiencies**, such as automating those parts of the visa application and assessment process that lend themselves to automation, and removing unnecessary steps, just as the Government did when it recently waived the requirement for health examinations for temporary visa applicants who have been onshore for a significant period. There is also an opportunity to address applicant uncertainties and improve their experiences by providing feedback on the status of their applications. The more than two year wait for some, such as the international graduate of an Australia program of accounting whose story we shared in the previous section, is a long time to be kept in the dark – especially when they are planning their lives around such decisions.
- **Abandon the practice of prioritising migrants based offshore.** As explained in the previous section, the current practice risks exacerbating rather than improving skills shortages. And, by prioritising location over quality, the uplift in Australia’s human capital will be less than it could otherwise be.
- **Cease the requirement that prospective international students verify they are ‘genuine temporary migrants’**, particularly when, as argued in the previous section, many would make ideal permanent migrants. What matters more is whether they are ‘genuine students’.
- **Abolish any requirement for prospective migrants based onshore to resit English language proficiency tests** if the original tests expired due to processing delays and no fault of their own. This is a small reform that could go a long way to ease costs and frustrations, repair reputational damage and introduce efficiencies. The rationale is that if prospective migrants are living and working onshore, their English language proficiency is unlikely to have gone backwards.
- **Extend disaster support to temporary Australian residents.** The lesson from the previous section is that failure to do so during the pandemic, when other countries did, has tarnished Australia’s reputation as a destination that is welcoming of migrants. Ignoring the plight of temporary migrants during more recent weather events is also rendering well-intended messaging around how welcoming Australia is as hollow.

Medium to longer term reforms

- **Focus more on the quality and less on the quantity of migrants by designing arrangements where the main policy lever is points and not caps or ceilings.**
- **Shift the focus of skilled migration from occupations to skills, by transitioning from occupation lists to a skills list.** Skills are the currency of jobs. The language ‘skills shortages’ and not ‘occupation shortages’ is no accident, as it is skills that employers are seeking. In the context of rapid job transformation, past jobs are increasingly secondary to the skills gained or developed in them. The Australian Skills Classification (ASC), originally developed by the National Skills Commission and now the responsibility of Jobs and Skills Australia (JSA), is an open skills taxonomy. It distinguishes between core competencies, which are transferrable across all jobs, technology tools, which are used by many, and specialist tasks, which are the domain of just a few. The initial intention was to support employers by providing a common language and understanding when advertising vacancies, preparing job descriptions and developing workforce strategies. Two former and well-regarded Australian Vice Chancellors, one of whom is about to take up the helm at

JSA, recognised the potential for the ASC to inform the design of post-secondary education and training.³⁸ Here we go one step further to suggest its potential to be used in the future to identify the skills judged important to grow a competent and agile labour force suited to an uncertain future of work. In this way it could facilitate a common language between all – employers, educators and trainers and assessors. This is an important change that is dependent on: finessing the ASC and the method of maintaining its currency; the continuation and improvement of assessments to assure migrant quality (see the next recommendation below); and transition arrangements that prioritise stability and certainty.

- **Review the criteria used to assess the quality (or human capital) of migrants, including recognising shorter form credentials and prior learning.** Assessors, including professional bodies, are well placed to independently assess the Australian Qualifications Framework (AQF) level equivalency of shorter form credentials and of prior learning. Guidance is provided by the National Microcredentials Framework and the Joint Statement of Principles for Australian Professions' Micro-Credentialing, which is being developed by the Australian Council of Professionals (ACoPs). The intention of the ACoPs principles is to provide a professional/ industry/ employability lens on shorter form credentials, with a focus on how they can be used in reskilling, upskilling and skill recognition. There is a significant opportunity for accounting bodies to set the standard in this space around accounting and finance capability and skill.
- **Strengthen and clarify the core principles of Australia's migration system that will guide future reform, in consultation with key stakeholders** These principals may cover the importance of prioritising permanent residence pathways, where appropriate, the respectful treatment of migrants and visa applicants, and the enhanced security settings required in a digital age to protect the national interest from risks such as identity substitution and false documents. These principles will guide future reform of the migration system, support a consistency of approach by the government, provide greater clarity, stability and certainty for migrants, employers and assessors
- **Advance desired regional growth and development outcomes by doing more to attract internal and external migrants to settle in the regions.** Rather than 'pushing' prospective migrants to the regions through migration policy settings (please refer below), a better way is to 'attract' them by informing and supporting their choices. Just as domestic 'migrants' have been attracted to the regions in the wake of COVID-19, with the right information and support, so too might overseas migrants. This approach has worked well in Canada, where provinces put a strong emphasis on ensuring that economic migrants receive a notable welcome on arrival and are provided with support programs, including education, access to local migrant community networks and assistance to find a job for those who are not sponsored by employers. Its approach has seen the share of newcomers settling in locations outside of Ontario, Quebec and British Columbia grow from 10 percent in 1997 to 34 percent in 2017. The benefit of this approach is that it encourages retention.
- **Reduce visa categories and simplify conditions by dispensing with those that 'push' migrants to the regions.** As argued in the previous Section, constraints on migrant mobility risks having the unintended effect of deterring highly talented globally mobile individuals who are spoilt for choice regarding where they might migrate. Or it may cause migrants to wind up in roles that do not make best use of their talents. As argued above, a better and more sustainable approach to regional development would be to 'pull' global and local talent to the regions.

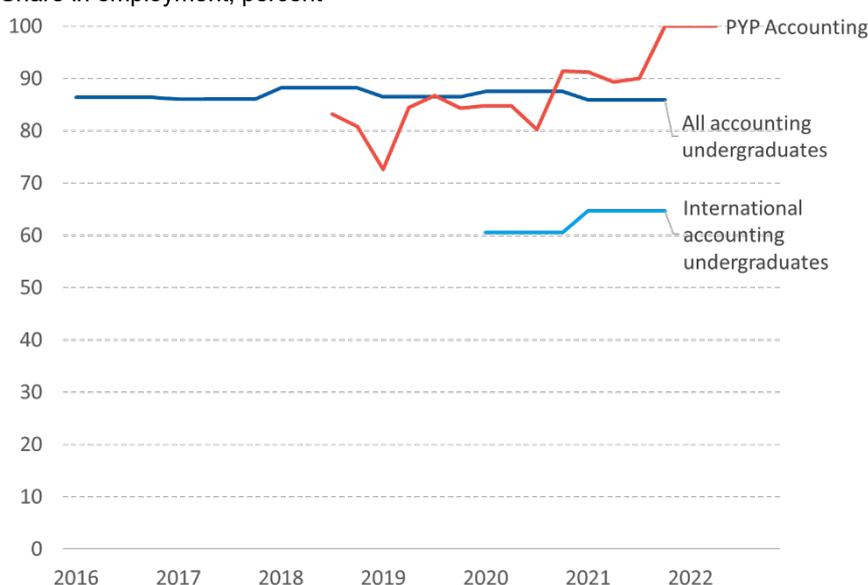
³⁸ Bean, M and Dawkins, P (2021) [Review of University-Industry Collaboration In Teaching and Learning](#), supported by the Department of Education, Skills and Employment.

- **Tackle migrant exploitation and wage theft**, such as educating migrants that they have the same rights as citizens under the Fair Work provisions. CA ANZ and CPA Australia encourage the Government to give due consideration to the findings and recommendations of the Senate Inquiry³⁹ into this important issue.
- **Increase flexibility in the migration system.** Evolve visa rules to better reflect the more flexible, hybrid post-COVID world of work. Flexibility could be introduced in key areas such as the requirement for temporary work visa holders to work full time hours and be tied to the same employer for the duration of the visa term. Or the condition of employer sponsored permanent visas that nominees are tied to their employer sponsor for at least two years. This recommendation is located under this medium term reform heading and not the alternative of areas for immediate action, as we recognise that this will require a longer timeframe to implement, and if not well designed, it could have unintended consequences. For instance, the current restrictions are a deterrent to arrangements where migrants accept lower wages from employers, or even pay them, to facilitate their entry, which would have otherwise not been possible following points tested pathways. This is another reason why we call for a greater preferencing of points tested pathways. Indeed, one way around this which is worthy of careful consideration would be to make all pathways to permanent residency points tested.
- **Plan for population growth.** Opponents to an expanded migration intake typically cite the negatives of population overcrowding, spiralling house prices and environmental concerns in the major urban centres. However, these are not issues with Australia's migration system, they are the symptoms of inadequate planning. Governments at all levels should plan for growth and this should be well coordinated across the three tiers of government.
- **Support the work readiness of recent and prospective migrants by extending the Professional Year Program.** We know that with the right support, the employment outcomes of prospective migrants can be just as good, if not superior to, their Australian born counterparts. We know this because CA ANZ and CPA Australia, together with the Institute of Public Accountants (IPA), provide oversight of the Professional Year Program for Accounting (Accounting PYP). This is a work readiness program, approved by the Department of Home Affairs, which is available to overseas students with an accounting degree from at least two years of study at an Australian university. The professional development and practical learning focus is on preparing for work including culture, ethics and expectations. Accounting PYP consists of at least 44 weeks training split into classroom study for 32 weeks and a 12 week internship placement with an approved host employer. Those who complete this Accounting PYP enjoy employment outcomes far superior to their international peers who do not, and on par with, if not ahead of all who complete undergraduate programs of accounting. **Figure 7** provides a comparison.

³⁹ The Senate Standing Committee on Economics (2022) [Systemic, sustained and shameful. Unlawful underpayment of employees' remuneration report](#), March.

Figure 7 Accounting PYP candidates enjoy superior employment outcomes

Share in employment, percent



Sources: Social Research Centre, Graduate Outcomes Survey for years shown, with data for years prior to 2020 sourced via a special data request, and Accounting PYP, destination survey outcomes for quarters shown.⁴⁰

Accounting PYP provides a model that could be extended in different ways. One would be to make the program, or a version of it, available to other prospective and recent migrants. Another would be to make it available to other areas of skills shortages. There are currently equivalent programs for Engineering and IT.

- **Support migrants to integrate into Australian workplaces and culture through professional mentoring.** The accounting profession uses mentoring programs to enable more experienced professionals to guide and support younger accountants. These programs could be extended to new migrants who work in accounting and other professions, regardless of their age or career stage.

Keep doing

- **Maintain a high overall Migration Program ceiling.** A pleasing outcome of the Jobs and Skills Summit was the Government's commitment to lift the overall Migration Program ceiling by 35,000 to 195,000 places. CA ANZ and CPA Australia feature amongst the many who advocated for an increase of this magnitude. A large increase is necessary as Australia replenishes its labour shortfall after two years of border closures. There is a case for supporting a more expansive migration intake over the longer term, as it is the quality of migrants that matters most to Australia's future growth prospects.
- **Maintain the preference for skilled migrants in the Migration Program.** Having advocated for a rebalancing of the Program towards skilled migrants, CA ANZ and CPA Australia were pleased when the planning level for the Skill stream for 2022-23 was initially increased from 79,600 to 109,900 places. We were even more pleased that an immediate outcome of the Jobs and Skills Summit was to increase that number again by another 32,500 to a total of 142,400 places. This is a positive bias that should be maintained.

⁴⁰ Note: The outcome for PYP Accounting is the number of respondents who responded 'Yes' to a question on whether they are currently employed relative to all responded either 'Yes' or 'No'.

- Maintain the increased level of resourcing required to address the visa processing backlog.** CA ANZ and CPA Australia were thrilled when the government announced \$36.1 million to accelerate visa processing and resolve the backlog as an outcome of the Jobs and Skills Summit. The previous section shared stories of how the lengthy processing backlogs were acting as a significant deterrent for prospective migrant accounting and finance professionals. There is more that can be done to improve the experiences of applicants and, thereby, Australia's attractiveness to globally mobile talent.
- Continue to implement a public education and communication campaign to build confidence and understanding of the motivation for and integrity of Australia's migration system and the benefits that migration can provide.** Not identified as a barrier in the previous section was negative public perceptions regarding the value of migration. This is because, in the context of crippling skills shortages, there is little dispute. The latest Social Cohesion survey of the Scanlon Foundation⁴¹ found that the public perception of migration, migrants and multiculturalism is not only positive but improving. There is strong and growing disagreement that migrants take jobs. And even stronger and also growing agreement that migrants are good for the economy. However, that has not always been the case. Past surveys undertaken when unemployment was high, find a public less amenable to migrants and more fearful that they will take their jobs. Thus, current economic conditions create a window to capitalise on the positive sentiments and receptiveness of the public. A public education and communication campaign could profile real stories of migrants who have made a strong contribution. CA ANZ and CPA Australia would happily assist with this by sourcing the stories of migrants who work in the accounting and finance profession who have made a difference to business and the community. This is key to building the community understanding, buy-in, and social cohesion necessary to create a 'social licence' for migration.

Don't start

- Do not introduce a wage threshold.** The discussion in the previous section, in our view, debunks arguments made in its favour that it facilitates labour market matching and avoids the need for occupation lists, circumvents the requirement for assessment, and protects against migrant exploitation and wage theft. A list is still needed (please refer above); assessment remains the best way of determining quality and a migrant's lifetime earnings potential; and there are better ways to protect against migrant exploitation and wage theft (as discussed above).

⁴¹ Scanlon Foundation (2022) Mapping Social Cohesion 2022.