

# Submission on the Migration Program 2022-23

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Joint Chartered Accountants Australia and New Zealand and CPA Australia submission  
to the Department of Home Affairs

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## 1. Overview

In the September quarter 2021 the Australian economy shrank by 1.9 percent. The hope is that this is just a blip in Australia's return to growth following a pandemic-inflicted recession in 2020. The fear is that it might indicate a more serious underlying condition.

Population growth is near zero as more people are leaving Australia than arriving and fertility rates are at an historic low. In addition, the recent prolonged lockdown of Australia's largest states saw labour force participation step back down, undoing the ground reclaimed following the 2020 lockdowns. These two Ps – Population and Participation – together with a third – Productivity, which has long been a challenging issue in Australia – suggest an unfavourable diagnosis for future growth.

Commonwealth and State governments have understandably been focused on protecting the health of Australians. Following a slow start, Australia's rollout of vaccines has seen vaccination rates surge ahead of the early starters, notably Israel, the United Kingdom and the United States. We are well placed to live with COVID-19.

With the health of Australian's now better protected, governments are turning their attentions to protecting the economic health of the nation. We, Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia, would like to see a renewed focus on skilled migration to support economic growth.

It is not uncommon for migration levels to fall during times of crisis. This is due to both push factors – tighter migration settings and, in the current crisis, border closures – and pull factors – low demand from prospective migrants and/or more attractive opportunities elsewhere. Similarly, it is not uncommon for migration to be seen as the solution that helps Australia recover from crisis conditions and go on to thrive. "Populate or perish" was the rallying call of Australia's first Minister of Immigration in the post-WWII era. He viewed migrants as central to expanding the productive capacity of the nation and creating jobs for all.<sup>1</sup> His comments were prescient, as then followed an economic boom that was sustained into the early 1970s. Our view is that 75 years on from those comments, skilled migration remains critical to ambitions to "build back better".

**This submission calls for a significant increase in the provision for skilled migration within the Migration Program, recognising the central role of quality migrants to supporting Australia's recovery and growth.**

While it continues our sustained effort to work together to urge reform, rarely has it been more important to attract quality migrants, which includes accounting and finance professionals, to help speed the nation's return to sustained economic health.

Together we represent more than 300,000 accounting and finance professionals<sup>2</sup> in Australia and around the world, and make this submission on behalf of these members and in the public interest. Our members work in and support the viability and growth of individuals and businesses, in all sectors of the Australian economy.

This submission is structured around the questions posed in the Department of Home Affairs discussion paper, Planning Australia's 2022-23 Migration Program. The sections that follow provide comments about the size and composition of the migration program and potentially, how to make Australia a destination of choice for a diminished pool of globally mobile talent. Responses to some of the supplementary questions are addressed under these broad headers. To bring to life key arguments a case study of accounting and finance professionals is integrated throughout.

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<sup>1</sup> A A Caldwell (1946) Immigration means more – not less- work, Information for the Sydney Standard.

<sup>2</sup> Defined here and elsewhere in this submission, unless expressly stated to the contrary, as Finance Managers, Accountants, Auditors, Company Secretaries and Corporate Treasurers.

## Recommendations

CA ANZ and CPA Australia recommend that:

1. the Migration Program for 2022-23 and future years
  - a. provides for a substantive increase in the Skill stream;
  - b. preferences skilled migrants entering through quality assessed pathways, particularly points tested visas; and
  - c. preferences the migration of accounting and finance professionals;
2. the approach to skilled migration be reviewed with the intent of
  - a. disbanding measures that colour prospective migrants' views about whether and where within Australia they settle;
  - b. shifting the focus from occupations to the skills judged important to grow a competent and agile labour force suited to an uncertain future of work; and
  - c. recognising and rewarding shorter form credentials alongside traditional formal qualifications;
3. the Government
  - a. opens borders to overseas students, graduates and other skilled temporary and permanent visa holders; and
  - c. better supports skilled migrants choosing to live in the regions.



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## 2. Size

### Questions addressed

- **Should the Australian Government increase/reduce/maintain the size of the Migration Program in 2022-23 and why?**
- How can the Skill stream of the Migration Program effectively address workplace shortages while boosting efforts to upskill and reskill Australians?
- How can the Migration Program help address the change of uneven population growth and economic development between urban and regional Australia?

There are often three arguments put forward for a quantity constrained Migration Program, namely:

- since the advent of COVID-19, capacity constraints within quarantine facilities;
- the perception that skilled migrants take jobs; and
- population overcrowding, spiralling house prices and environmental concerns in the major urban centres.

However, **provided migrants are of high quality there are strong arguments, from an economic perspective, to significantly increase the cap on their numbers.**

### Health considerations

During this current pandemic entry into Australia by migrants and travellers has been restricted in order to mitigate identified health risks. The numbers of overseas arrivals into Australia have been dictated by political decision, as well as—in a very practical way—capacity constraints within existing quarantine facilities. Preference has been given to supporting the migration of prospects already onshore and to enabling the entry of migrants who addressed verified shortages of skills critical to supporting the health of Australians and, more recently, the health of the economy. The latter imperative saw Accountants and Auditors added to the Priority Migration Skilled Occupation List (PMSOL) in June this year.

The situation continues to evolve with the increasing vaccination numbers. As at the time of writing this submission, around 88 percent of people in Australia aged 16 and over were double vaccinated, as were 68 percent of people aged between 12 and 15. Approval had recently been given to making vaccinations available to children aged five and over. Evidence indicates that the likelihood of serious illness and death is significantly reduced by vaccinations. While the country's quarantine capacity is potentially likely to be expanded, with existing facilities being repurposed and new facilities being purpose built, quarantine free entry (with isolation and testing requirements remaining in certain situations) is being trialled for the fully vaccinated. While new variants of the virus create some uncertainty, governments in Australia appear to be committed to avoiding long lockdowns and are keen to find alternative solutions that save livelihoods and lives.

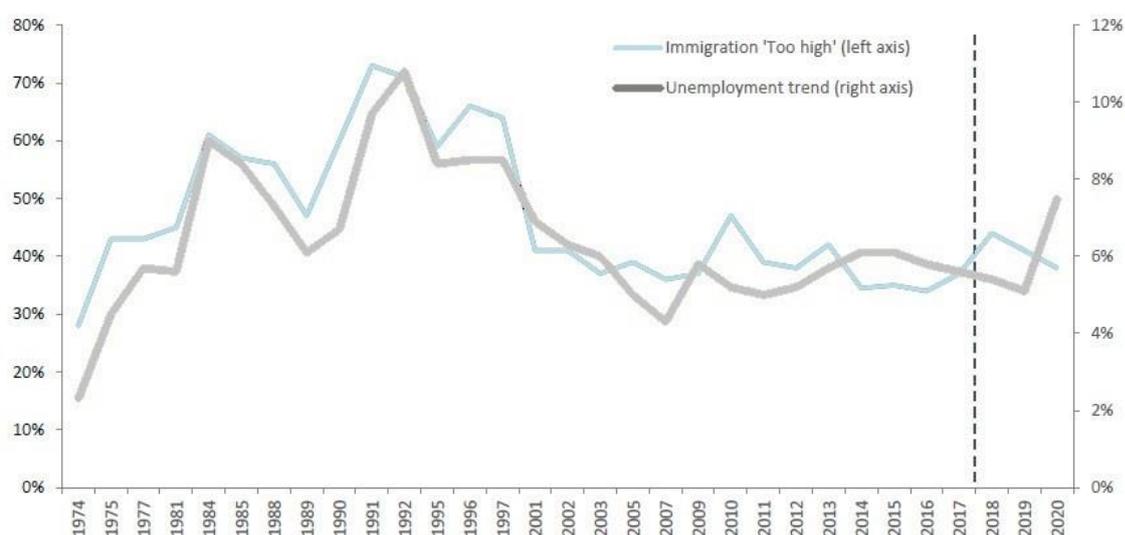
## Quality migrants make jobs

We note that sections of the public and some policymakers argue that migrants take jobs that would have otherwise gone to locals.

This concern is not new. Historically there has been a strong correlation between changes in the level of unemployment and shifts in attitudes to migration.<sup>3</sup> When unemployment was high the Australian public were less welcoming of migrants. This is demonstrated by the Scanlon Foundation's annual survey results shared in Figure 1 below. In recent history, the share of respondents who indicate that the migration intake was 'too high' climbed ten percentage points from 37 percent to 47 percent between 2009 and 2010 in the aftermath of the Global Financial Crisis as the unemployment rate increased from 4.2 percent to 5.6 percent over a one year period.

With COVID-19 restrictions in place – in particular, lockdowns which impacted jobs in selected sectors of the economy – the unemployment rate soared to over seven percent in June 2020.

**Figure 1 Unemployment and the view that migration is 'too high'**



Source: Scanlon Foundation (2021a) Mapping Social Cohesion 2020, February, p 63.

However, as evidenced in Figure 1, the relationship that has existed between these two measures for over three decades appears to not be holding true in recent years: it suggests that very few continue to hold to the perception that migrants take jobs.

In the most recent years shown in the chart above, as unemployment has climbed, fewer people have judged the level of migration to be too high. The most recent Scanlon Foundation survey conducted in July of this year, and not captured in the chart, finds that the share surveyed who were of the view that migration was too high has fallen even further (from 34 percent to 31 percent).<sup>4</sup> Indeed, when explicitly asked the question, less than one in four respondents (24 percent) agreed that 'immigrants take jobs away' - a substantially lower proportion than the 30 percent in 2020, and 35 percent the year prior.<sup>5</sup> A possible explanation is that when the numbers entering the country are so small, few will view them as either 'too high' or likely to impact jobs.

<sup>3</sup> The Scanlon Foundation calculate a Pearson correlation of 0.854 ( $p < 0.0001$ ),

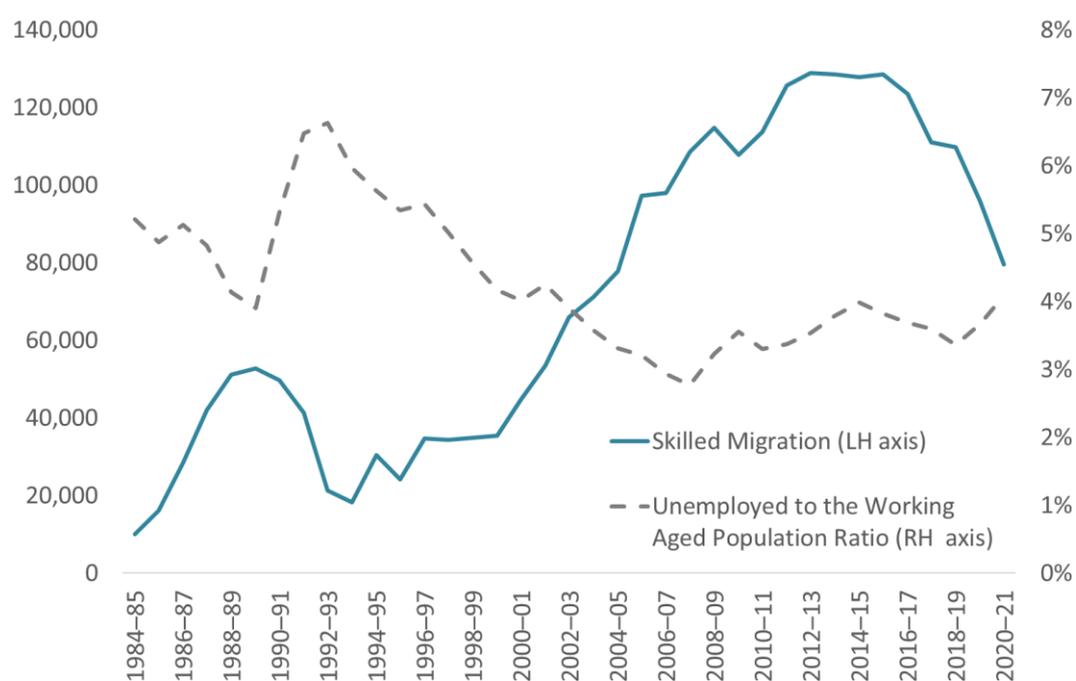
<sup>4</sup> Scanlon Foundation (2021b) Mapping Social Cohesion 2021, November, p 53.

<sup>5</sup> *Ibid*, p 55.

Second, public perception does not always accord with the reality. 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.<sup>6</sup> This finding is consistent with previous research conducted in Australia, which shows no evidence that the entry of migrants has had a negative effect on the labour market outcomes of incumbent workers.<sup>7</sup>

By extension, the implication is that if migrants are high quality, through their contributions to the productive capacity of the nation, the likelihood is that they will create more jobs than they take. This point was powerfully illustrated in the presentation by Australia’s representative to the Groningen Declaration Network’s<sup>8</sup> 2019 annual meeting. His chart, replicated and updated in Figure 2, demonstrates that as the number of skilled migrants has gone up, the share of the working-aged population that is unemployed has gone down.

**Figure 2 Skilled migration and unemployment**



Source: Thomason, R (2019) Attracting Global Talent, Groningen Declaration Network Annual Meeting, updated.

Job shortages has clearly been an issue during the pandemic, especially in areas impacted by lockdowns. It is remarkable how quickly it would appear that the labour market has bounced back following the end of lockdowns. Typically, unemployment takes considerably longer than the economy to recover. For example, as shown in Figure 3, following the 1990s recession, the equivalent low rates of unemployment seen at the end of 1989 were not seen again until 2003.

<sup>6</sup> D'Souza, G (2020) Immigration and COVID-19, CEDA, September, p 6.

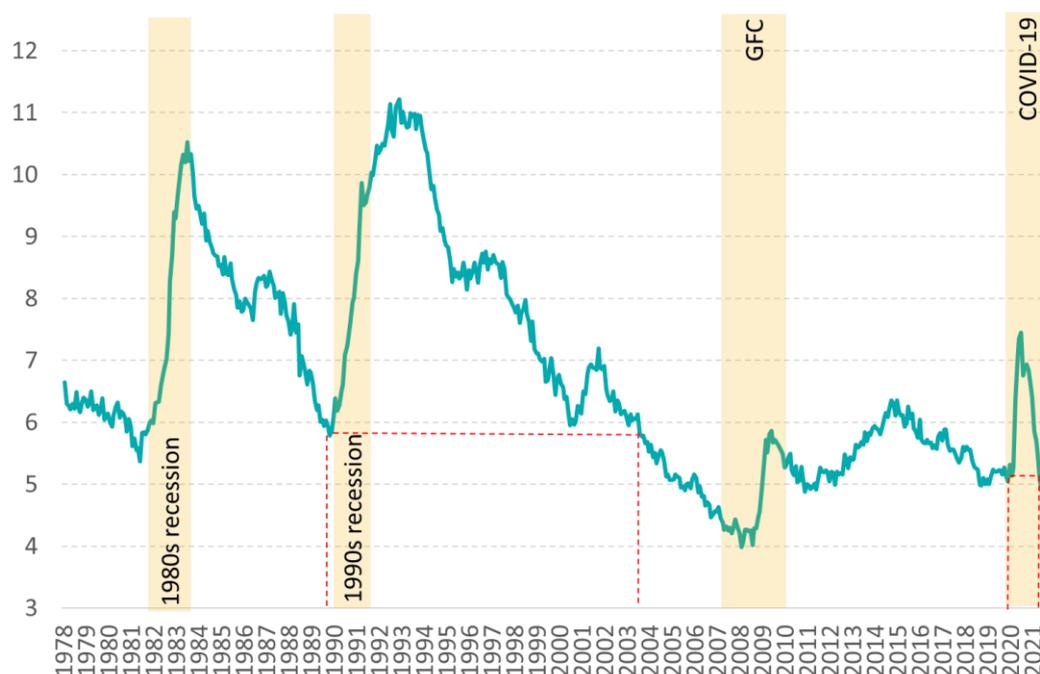
<sup>7</sup> Breunig, Deutscher and To (2017) The relationship between immigration to Australia and the labour market outcomes of Australian-born workers, Economic Record, 93(301), pp 255-276.

<sup>8</sup> The Groningen Declaration Network consists of participants and signatories of over 29 countries worldwide who have come together for the purpose of making digital student data portability happen.

The impacts of COVID saw unemployment rates skyrocket. Expectations in 2020 were that it may take a long time (perhaps until 2023-24) for unemployment rates to fall comfortably below six percent. However, unemployment rates fell back to or below pre-COVID rates, much more quickly.

### Figure 3 Unemployment rate

Seasonally adjusted, percent



Source: Australian Bureau of Statistics (ABS) (2021) Labour Force, Australia.

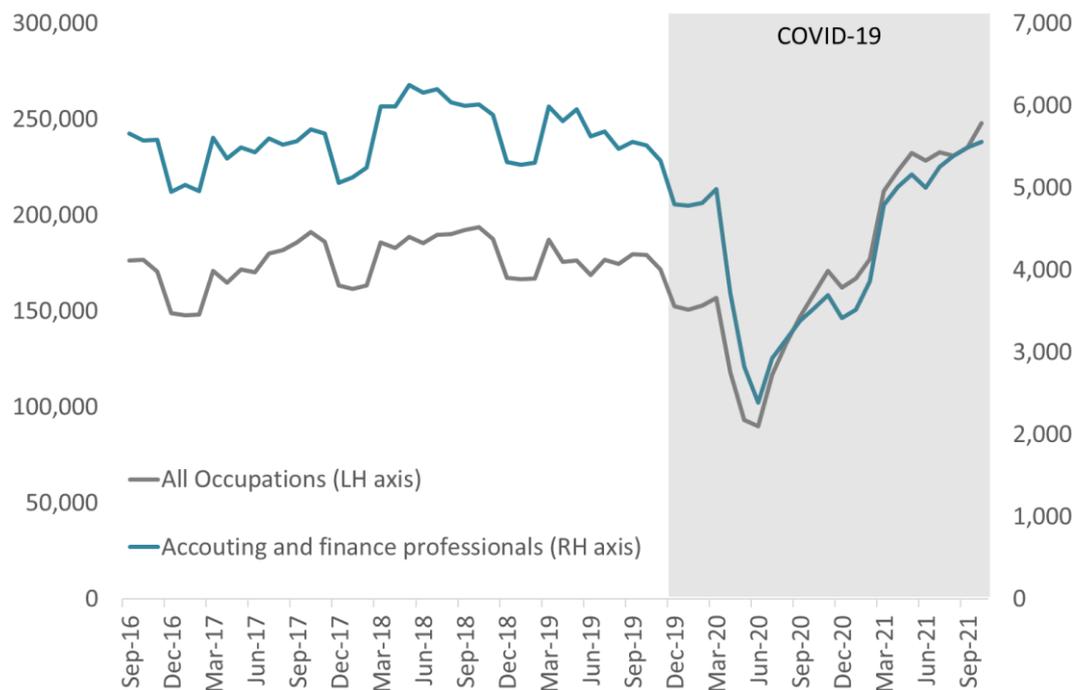
Advertised vacancies dropped markedly when Australia first locked down in 2020. By October 2021 job advertisements reached a 13-year high. As the demand for accounting and finance professionals is a derived demand, driven by conditions in the sectors the profession serves, it is unsurprising that the number of vacancies advertised for accounting and finance professionals has increased in concert with the rest of the economy (refer to Figure 4).

In its “Better Australia” strategy the Australian Chamber of Commerce and Industry (ACCI) has called for skilled migration to increase to 200,000 per year to address “severe” skill shortages and to promote post-pandemic recovery.<sup>9</sup> We similarly call for a major increase in the Skill stream. Our arguments are grounded in the human capital development potential (discussed in the next section), in addition to the role migrants play in addressing shortages (discussed here).

<sup>9</sup> ACCI (2021) Better Australia – Securing the foundations for a stronger and smarter future.

**Figure 4 Advertised vacancies**

Three month moving average

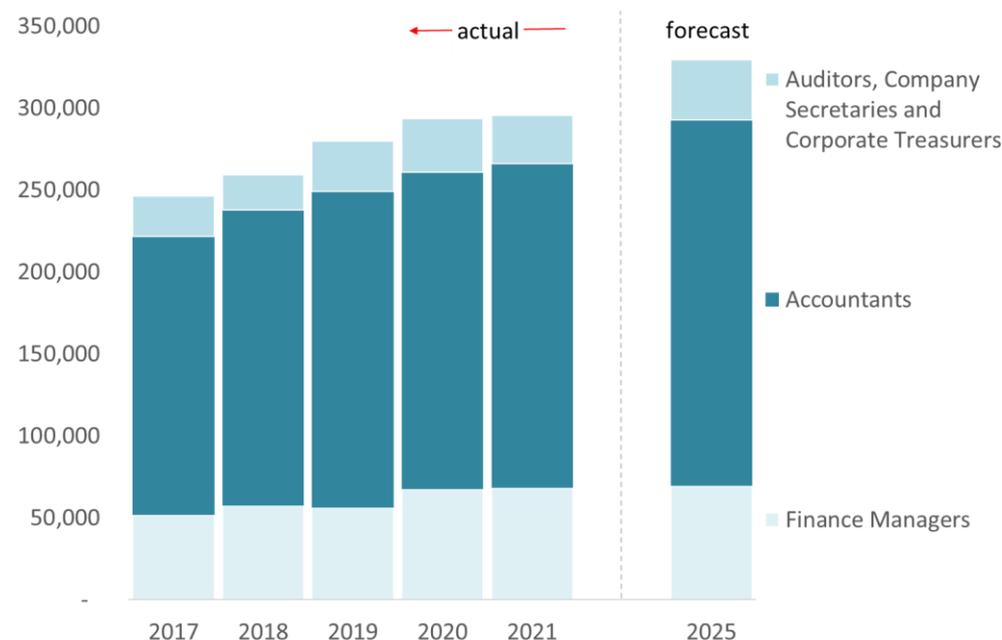


Source: National Skills Commission (NSC) (2021) Vacancy Report, October.

The demand for accounting and finance professionals has continued to grow over the last two years. It grew by an annual average rate of 4.6 percent over the five years to August 2021, and is forecast to continue to grow at rates that outpace all occupations.

**Figure 5 Employment of accounting and finance professionals**

Actual – as at August in the year shown, forecast – as at November 2025



Sources: ABS (2021) Labour Force Australia Detailed, November and NSC (2021) 2020 Employment Projections - for the five years to November 2025.

In our submission on the Migration Program 2021-22 we explained why, when restrictions were first put in place in response to the pandemic, the demands on the profession have been great. That is because accounting and finance professionals have been in huge demand as individuals and businesses sought to access support measures offered by all levels of government, apply for loans and extend their credit, defer their financial obligations, and otherwise resolve their financial stress. Professional accountants have been an integral cog in the implementation of governments' support initiatives.

They continue to play a critical role. Accounting and finance professionals provide a crucial source of advice to individuals and businesses on risk management, and how best to recover and reinvent themselves in the new COVID normal, as well as advising on how to capitalise on opportunities as the economy opens up.

The homegrown supply of accounting and finance professionals falls short of meeting this growing demand. The continued downwards trajectory of domestic students commencing programs of accounting, as shown in Figure 6, means that it will be challenging to replace those exiting the profession due to retirement or mid-career changes, or to accommodate growth.

**Figure 6 Domestic commencements in Bachelor and above Accounting programs**

Calendar years



Source: Department of Education, Skills and Employment (DESE) special data request.

Strong demand plus declining home-grown supply means that, in the absence of migration, shortages are inevitable. The National Skills Commission (NSC) records shortages in most occupations within the profession in all states and territories and no shortages in just a few.

**Table 1 Skills Priority List**

Occupation	AUS	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Future Demand
Finance Manager	NS	NS	NS	NS	NS	NS	NS	NS	NS	Strong
Accountant (General)	S	S	S	S	S	S	S	S	S	Strong
Management Accountant	S	S	S	S	S	S	S	S	S	Strong
Taxation Accountant	S	S	S	S	S	S	S	S	S	Strong
Company Secretary	NS	NS	NS	NS	NS	NS	NS	NS	NS	Strong
Corporate Treasurers	NS	NS	NS	NS	NS	NS	NS	NS	NS	Strong
External Auditor	S	S	S	S	S	S	S	S	S	Strong
Internal Auditor	S	S	S	S	S	S	S	S	S	Strong

Source: NSC (2021) 2021 Skills Priority List.

The shortage of auditors is so severe that it was reported that the corporate regulator, the Australian Securities and Investment Commission (ASIC), took the rare step of allowing some companies to defer reporting their results.<sup>10</sup>

In April 2021, CA ANZ surveyed 16 of Australia’s largest professional services firms, mostly employing 1,000 or more auditors, for the purpose of shedding light on the reported auditor shortages. Prior to the border closures, these firms averaged 671 secondees recruited annually from overseas member network firms, for periods ranging from three months to two years. The survey identified 888 audit vacancies, ranging from junior to senior manager and director level auditor roles. The professional services firms surveyed reported that it was taking between three and six months to fill roles. Professional service firms indicated that it is difficult to recruit from outside of the audit profession due to the absence of the specialised technical skills required for audit staff.

Potential delays in companies meeting their reporting obligations are not the only fallout. Auditor shortages are impacting staff and their clients and are leading to other potential reputational issues. Figure 7 shares insights of survey respondents. Increased working hours for existing staff is leading to staff burnout, wellbeing and mental health issues. It has also led to further attrition from the already limited pool of audit talent. Senior staff are exiting in favour of more general finance roles. Staff shortages are leading to potential risks with respect to audit quality which are being carefully managed by the firms. The importance of high audit quality cannot be overstated in terms of investor confidence in reported results and the overall reputation of Australia’s capital markets.

**Figure 7 Impact of the auditor shortages**



Source: CA ANZ (2021) Audit recruitment challenges: survey results, April.

<sup>10</sup> Tadros, E (2021) “Firms struggle to fill audit positions”, Australian Financial Review, 12 May.

## Demographic considerations

A third argument sometimes used for supporting the restriction on migrant numbers relates to the negative externalities of unconstrained population growth in the major urban centres. Pre-COVID, as the populations of Sydney, Melbourne and Brisbane increased, some residents had become concerned about population overcrowding and its associated impacts. In 2019, the Scanlon Foundation, (the Social Cohesion survey referenced earlier), reported high levels of concern about overcrowding in the big cities, and the perceived impacts of migration on house prices and on the environment. It was identified as the biggest concern by 10 percent of respondents.<sup>11</sup> Thirty-nine percent of respondents who viewed the migration intake as 'too high' were also likely to be critical of the Government's handling of population policy.<sup>12</sup>

However, in 2020 only two to three percent of respondents identified immigration and population growth as their top concern.<sup>13</sup> In 2021 it did not even make the list.

A possible reason for this change in sentiment is that since the June quarter 2020 more people have left the country than arrived.<sup>14</sup> The estimate for the 2020-21 financial year is that Australia will experience a net outflow of 96,600; the forecast for the current financial year is for a net outflow of 77,400.<sup>15</sup>

Another possible reason, which is likely to make a more sustained impact, is that the market was already taking corrective steps and COVID-19 has accelerated this process. Signs of people seeking a sea-change, or a tree-change were evident prior to the pandemic. Interstate migration statistics for the 2019-20 financial year record net outflows from the large capital cities and net gains by the regions.<sup>16</sup>

COVID-19 provided a potent accelerant. Working from home arrangements, which many employers and employees have continued post lockdowns, have made it easier for people to move away from the major centres. While there are currently no official statistics to back up this assertion, house price rises provide a strong indicator. One real estate agent estimates that over the 2020-21 financial year house prices in the regions grew by around 12.5 percent, continuing the strong growth witnessed the year prior.<sup>17</sup>

### Recommendation:

That the Migration Program for 2022-23 and future years a substantive increase in the Skill stream.

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<sup>11</sup> Scanlon Foundation (2019) Mapping Social Cohesion 2019, p 33.

<sup>12</sup> *Ibid*, p 50.

<sup>13</sup> Scanlon Foundation (2021a) *op cit*, p 24.

<sup>14</sup> ABS (2021) National, state and territory population, September.

<sup>15</sup> Commonwealth of Australia (2021) Intergenerational Report.

<sup>16</sup> ABS (2021) Regional population, March.

<sup>17</sup> Domain (2021) House Price Report – June 2021.

### 3. Composition

#### Questions addressed

- Should the Australian Government increase/reduce/maintain the size of the Migration Program in 2022-23 and why?
- **What is the ideal composition of the Skill and Family streams of the 2022-23 Migration Program?**

The current approach to determining the size of the Migration Program each year can be characterised as a series of cascading quantitative constraints – from the overall planning level, to how this is divided by Streams, through to how this impacts visa pathways. This has negatively impacted the migration of accounting and finance professionals and other quality migrants.

Skilled migrants are quality migrants. **To turn away quality migrants merely because a low ceiling has been hit is equivalent to depriving Australia of these potential economic gains;** especially where that ceiling has arguably been arbitrarily determined. **The ceiling should be high.**

#### Skilled migrants are quality migrants

The professional accounting bodies submission on the Migration Program 2021-22 included an extended discussion on why skilled migrants in general, and migrant accounting and finance professionals in particular, are quality migrants. The discussion was framed around the 3Ps of economic growth foreshadowed in the Overview – Population, Participation and Productivity. When combined, Population and Participation determine the number of hours worked in the economy. By adding in Productivity, the total quantity of goods and services produced in the economy, real GDP, is derived.

We argue that the relative contributions of skilled migrants to employment and growth are greater than the average contributions for all permanent migrants and the general population; and the contributions of skilled migrant accounting and finance professionals are relatively greater than the contributions for the skilled migrants group. The evidence to support these assertions, shared in our submission on the 2021-22 Program, is summarised in Table 2. It draws on 2016 Census data for general and migrant populations aged 18 and over. We will update this analysis with data from this year's Census once it becomes available."

Skilled migrant accounting and finance professionals are filling critical skill shortages that are forecast to grow as the economy rebounds. That is, they are taking jobs that locals are not.

The argument that skilled migrants take more jobs than they make is further countered by the data contained in the last two columns of Table 2. This data shows how skilled migrants, especially migrant accounting and finance professionals, have bolstered Productivity through their human capital and consequently, have arguably grown the economy.

**Table 2 Migrants and the 3 Ps**

3 Ps	Population	Participation			Productivity	
	Share of population aged 18-44	Average weekly hours worked <sup>3</sup>	Unemployment rate	Labour force participation rate	Share with a Bachelor or above qual	Average wages
General population <sup>1</sup>	37%	35 – 39	6.5%	66%	26%	\$650-\$799
All permanent migrants <sup>2</sup>	72%	36.4	6.8%	79%	51%	\$800-\$999
Skilled migrants <sup>2</sup>	77%	38.4	4.1%	93%	68%	\$1000-\$1249
<b>Migrant Accountants<sup>2</sup></b>	<b>89%</b>	<b>37.8</b>	<b>0.0%</b>	<b>100%</b>	<b>93%</b>	<b>\$1250-\$1499</b>

Notes: The data for migrants is for primary applicants only.

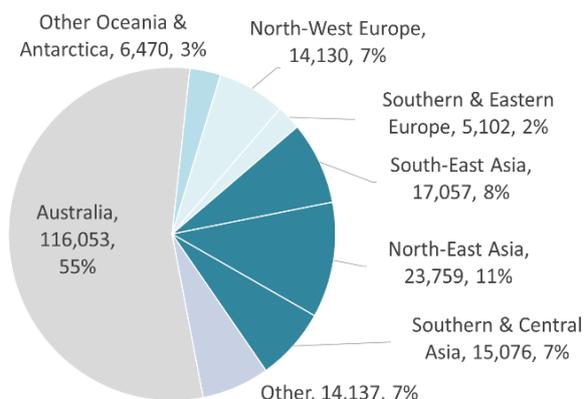
Sources: 1. ABS, Census 2016, derived using Census TableBuilder Basic.

2. ABS, Australian Census and Migrants Integrated Database 2016, derived using TableBuider for Migrant microdata.

Supporting their productivity is the fact that migrant accounting and finance professionals are highly credentialed, with over nine out of ten holding a Bachelor or higher qualification. This is unsurprising as it is a prerequisite for migration. Further, depending on which six-digit level ANZSCO occupation codes 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.

Migrant accounting and finance professionals also add value through links to their networks. Figure 8 segments the accounting and finance profession by birthplace. Nearly half (45 percent) of accounting and finance professionals residing in Australia were born outside of the country. Asian nations are the birthplace for over a quarter (26 percent).

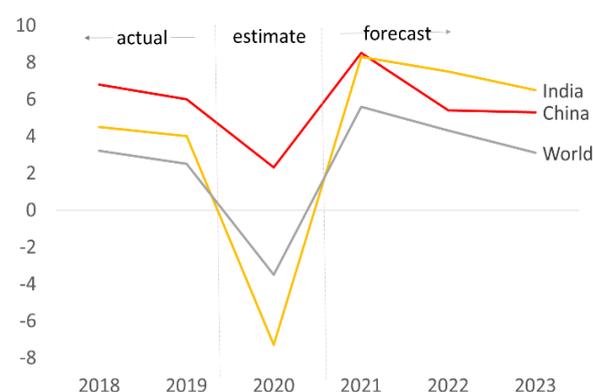
**Figure 8 Birthplace of accounting and finance professionals**



Source: Derived from ABS Census 2016 data using Census TableBuilder.

**Figure 9 Real GDP growth**

Selected countries, percent



Source: World Bank (2021) Global Economic Prospects, June.

This diversity of accounting and finance professionals means that, in addition to growing the businesses skilled migrants work in and with, through their accounting and finance expertise, they can help them grow by leveraging their networks in their home and neighbouring countries. Businesses who value and make good use of the cultural and linguistic capabilities of skilled migrants are more likely to capitalise on the return to growth in the region. Figure 9 indicates that it will be particularly strong in key markets.

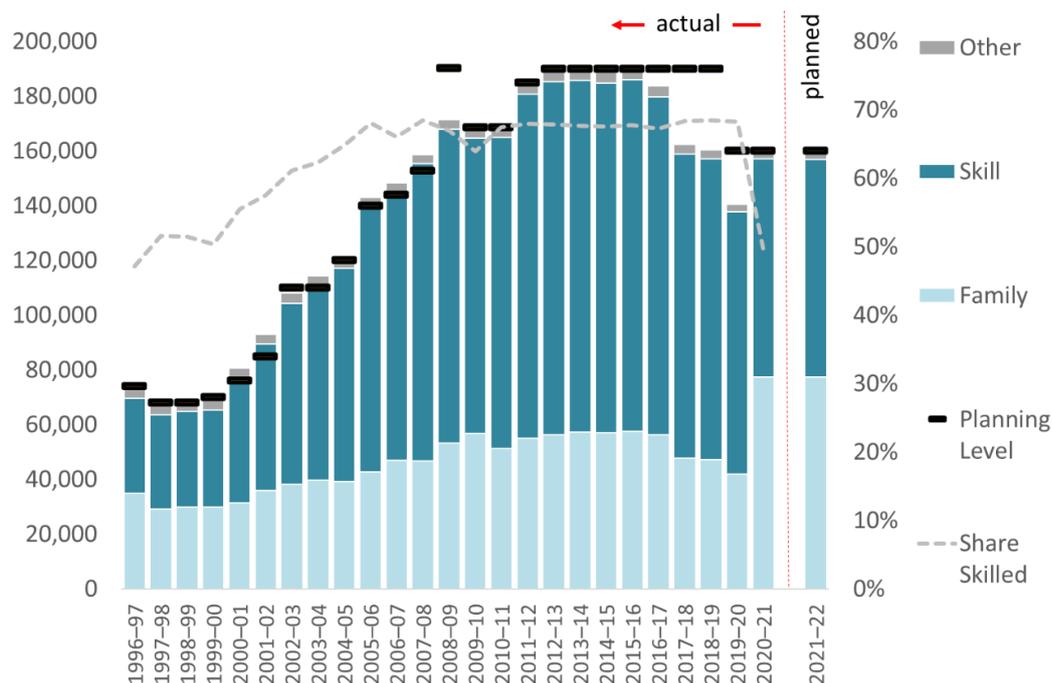
The final column of Table 2 shows average weekly earnings of general and migrant populations. Earnings provide a proxy measure of the combined impact of population groups on productivity. In theory accounting and finance professionals' high levels of education, global networks, and centrality to the survival and growth of businesses should position them well to command high wages. The evidence provided in Table 2 is that they do.

### Declining numbers of quality migrants

In recent years skilled migrants have made up absolutely, and proportionally, less of the permanent migrant mix. Moreover, the annual migration of accounting and finance professionals is continuing to decline.

In 2016-17, the Migration Program outcome was in round numbers 184,000 permanent migrants. Since then, with the exception of the last financial year and planning levels for the current financial year, the general trend has been down.

**Figure 10 Permanent migration planning levels and outcomes**



Source: Department of Home Affairs (DOHA), various.

Skilled migrants, which since the early 2000s have accounted for around two thirds of the total, fell proportionally as the intake reduced. However, in the current and last financial year, this reduction in skilled migrants has not been proportionate with the total migration intake. The provision for skilled migrants was sliced to just under half of the Program planning level in the last financial year to transfer capacity to the Family stream. This was to accommodate the large backlog of unprocessed migration applications for people already in the country. We were

hopeful, and urged, that this be a temporary situation. However, it continued into the current financial year.

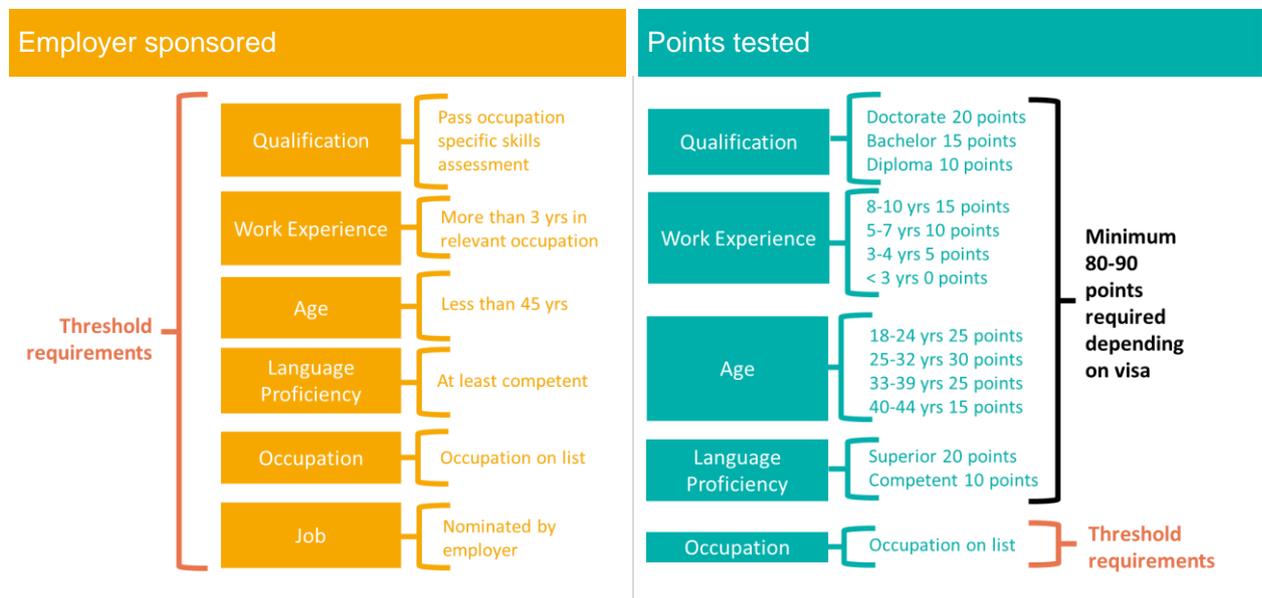
This need not be a zero-sum game. An increased allowance for migrants under the Family stream need not eat into the provision for migration under the Skill stream.

### Assuring quality

**The best way to assure quality is to assess for quality.**

Traditionally the two major entry pathways for migrants under the Skill stream have been employer sponsored and points based. While the former provides greater confidence that migrants will be employed on arrival, it provides less confidence than the latter that migrants are of high quality. This is because the assessment process for the former merely ensures that threshold requirements are met. Points tested pathways preference applicants who score well.

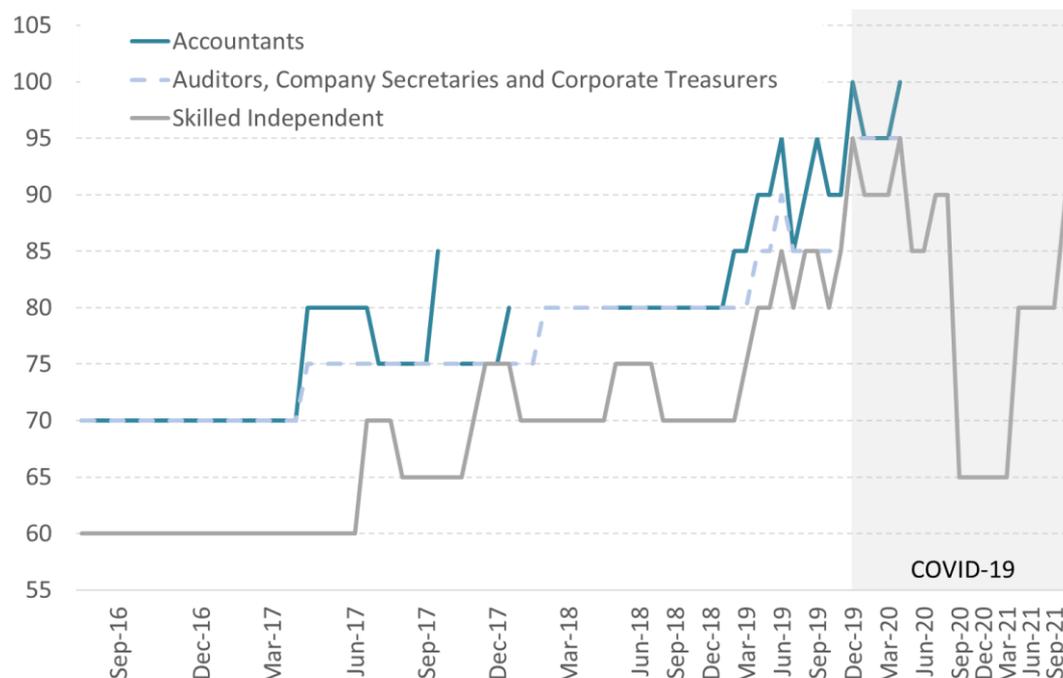
**Figure 11 Skilled migration pathways**



Source: Adapted from Thomason, R (2019). Attracting Global Talent, Groningen Declaration Network Annual Meeting.

Currently the minimum number of points required to be considered for migration is very high. While the aim is to attract quality, when the bar is set too high it potentially becomes unattainable, and risks depriving Australia of migrants that would have otherwise benefited the economy.

For occupations within the accounting and finance profession, the situation is even more challenging. The discontinuation of the series for accountants and auditors, in Figure 12 does not indicate missing data, it indicates missing invitations. That is, for much of the period since the advent of COVID-19 accounting and finance professionals have not been invited to express their interest in migrating under the skilled independent points tested pathway. This is despite these occupations being included on the PMSOL, as this List is restricted to employer sponsored temporary and permanent migration.

**Figure 12 Points thresholds for skilled independent visas**

Source: DOHA website over time.

In our view, points tested pathways provide the best means of assuring the quality of migrants as they attest to migrants' human capital and likely productivity. **Points thresholds should not be held artificially high or withheld in order to achieve quantitative outcomes.**

Sponsored pathways provide some, but lesser, assurance of quality. While the intention is that they support the needs of employers, the transaction costs of sponsorship, whether real or perceived is a deterrent.

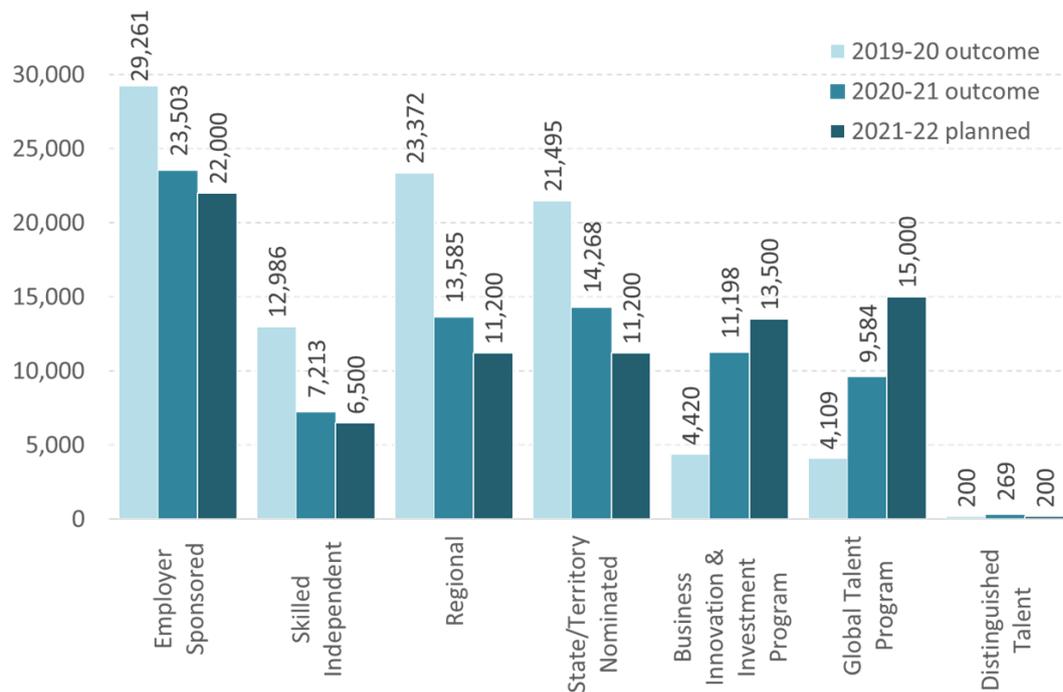
While the benefit of state and territory nomination is that it facilitates jurisdictional flexibility to respond to place-based conditions and priorities, from a skilled migrant perspective it adds to the complexity of navigating options as eligible occupations and other criteria differ.

It is disappointing to observe the effective restructuring of skilled migration options that has occurred during the pandemic. Figure 13 captures migration movements and shows that there has been a move away from points tested pathways, employer sponsored pathways and state and territory nominated migration, towards the Business Innovation and Investment Program (BIIP) and the relatively recent Global Talent program.

The BIIP works to a different set of criteria altogether. A recent report by the Grattan Institute<sup>18</sup> called for its abolition as few investors are financing projects that would not otherwise occur or are providing entrepreneurial acumen that will benefit the Australian community. BIIP visa-holders bring fewer benefits to Australia than points tested and employer sponsored migrants, because they tend to be older, speak little English, and earn lower incomes.

The same report called for the Global Talent program, which has expanded rapidly, to be scaled back and reviewed. While the program provides a streamlined visa pathway for highly skilled professionals to work and live permanently in Australia, we share the Grattan Institute's concern that it does this at the expense of independent assessment against transparent criteria.

<sup>18</sup> Coates, B., Sherrell, H., and Mackey, W. (2021). Rethinking permanent skilled migration after the pandemic. Grattan Institute.

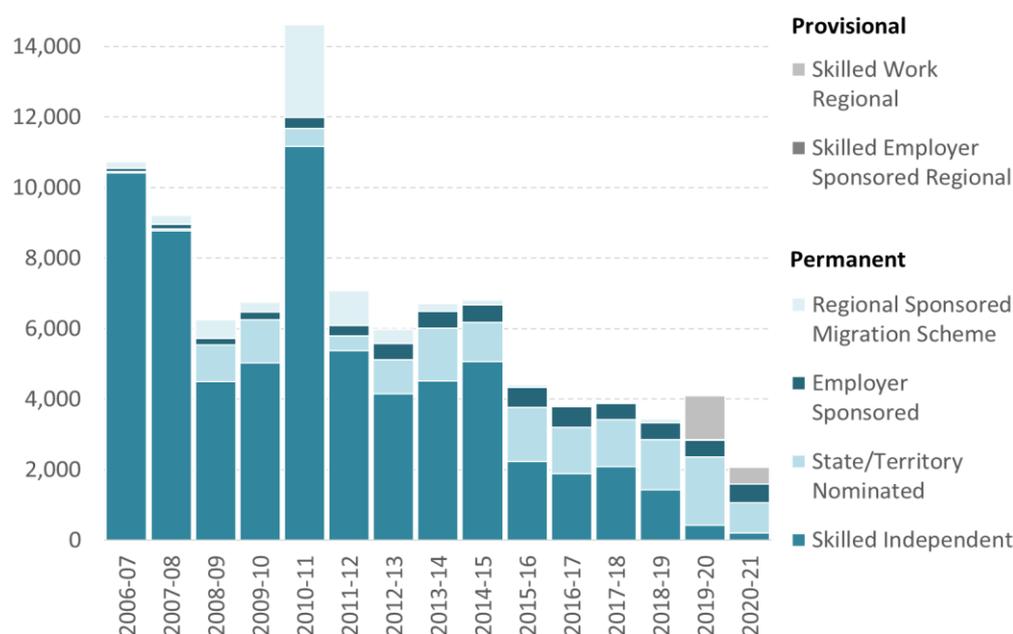
**Figure 13 Actual and planned skilled migration mix**

Sources: DOHA, various.

### Significant impacts on the migration of accounting and finance professionals

Cascading quantitative constraints have disproportionately impacted the permanent migration of accounting and finance professionals. Data on the skilled migration for Accountants illustrates the sharp declines. From a peak of over 14,000 migrant Accountants in 2010-11, their number in 2020-21 was around 2,000, if provisional migrants are counted, or 1,500 if they are not. Figure 14 provides a graphic illustration of these shrinking numbers.

Most of this reduction is attributable to the progressive lowering of the occupation ceiling for Accountants and the corresponding rise in, and eventual irrelevance of, the points threshold.

**Figure 14 Permanent migration of accounting and finance professionals**

Source: DOHA special data requests over time.

State and territory nominated migration has become the pathway trodden by most migrant Accountants, but even that pathway has narrowed in the most recent year shown. As an illustration of the point made earlier regarding the complexities of prospective skilled migrants navigating the alternatives provided, Table 3 indicates how opportunities for foreign Accountants aspiring to migrate permanently differ by jurisdiction.

**Table 3 Accounting roles on state and territory skilled occupation lists**

	Accountant (General)	Management Accountant	Taxation Accountant	Notes
NSW	✓	✓	✓	
VIC	✓	✓	✓	provided using STEMM skills in target sectors
SA	✓	✓	✓	only available through SA's Talent and Innovation program
QLD	✓	✓	✓	preference given to applicants employed in an accounting firm must be a CPA or are studying towards a CPA currently closed to migrants based offshore
ACT	✓	✓	✓	monthly limits on available places
TAS	✗	✗	✗	
WA	✓	✓	✓	Management and Taxation Accountants on Graduates list only
NT	✓	✓	✗	offshore applicants must provide evidence of an offer of employment by a NT employer in their nominated or a closely related occupation (Accountants (General) only) and a min IELTS of 7 or equivalent

Sources: The skilled occupations lists of each state and territory.

**Recommendation:**

That the Migration Program for 2022-23 and future years preferences:

- skilled migrants entering through quality assessed pathways, particularly points tested visas; and
- the migration of accounting and finance professionals.

## 4. Attracting Talent

### Questions addressed

- **How can Australia remain attractive to prospective migrants to support our recovery from the impacts of COVID-19 in the short term and support a future Australia for 2030 and beyond?**
- How can the Migration Program help address the change of uneven population growth and economic development between urban and regional Australia?
- How can migration policy settings support social cohesion in Australia?

There is much that is good about Australia's approach to skilled migration. In particular, until recently, its historical preferencing of skilled migrants, people of prime working age, and highly credentialed and experienced workers. Australia's approach has led the way as other nations have sought to emulate what we do.

The challenge is to continue to stay ahead of the game and maximise the economic outcomes from migration. This is critical in an environment where Australia competes for the best and the brightest from around the globe.

In our view skilled migration policies can be re-designed to attract quality migrants most conducive to growth by:

- Nurturing the pipeline of permanent skilled migrants as prospects transition from temporary to permanent visas. The case study of overseas students of Australia's higher education accounting programs illustrates the risks of ignoring these prospective migrants.
- Not directing migrants to specific regions, as this will both deter quality migrants from our shores and fail to make best use of those who do come.
- Shifting the focus away from occupations to transferable skills that grow a competent and agile labour force suited to an unknown future of work.
- Rewarding shorter form credentials alongside traditional formal qualifications.

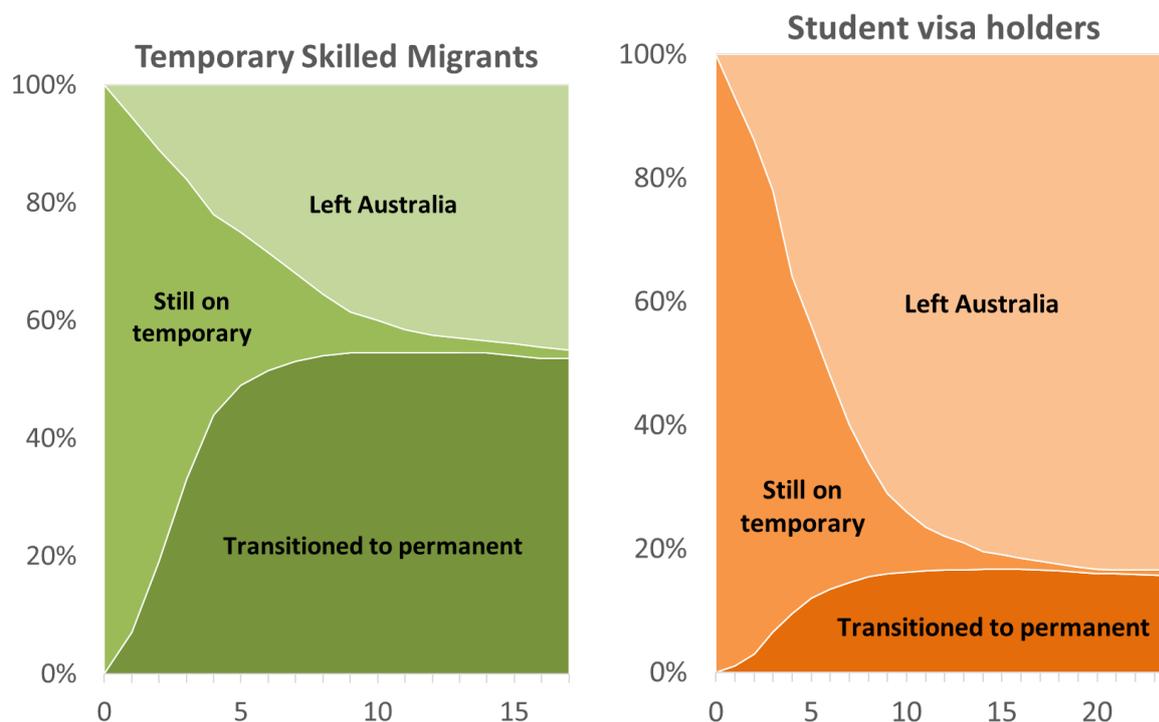
The following discussion draws on the experiences of the accounting and finance profession.

### Nurture the talent pipeline

Temporary migration provides a pipeline for permanent skilled migration. An option to migrate permanently matters to the pipeline.

The practical effect of current policy settings is that permanent migration is a more important determinant for the pipeline of temporary skilled migrants than it is for students. Over the period mapped in Figure 15 only around 16 percent of people who first came to Australia on a student visa will transition to a permanent visa. By way of contrast, more than half of previously temporary skilled workers end up staying permanently.

**Figure 15 Temporary migrants become permanent residents or they leave**  
Share of visa holders years after arrival



Source: Grattan Institute (2021) Rethinking permanent skilled migration after the pandemic.

These transitions occur despite the potentially large contribution that prospective migrants, who have been educated in Australia, could make to the Australian economy. By definition, they are highly skilled, may have worked in Australia, and may have a developed understanding of Australia's workplace culture and norms. Furthermore, they bring benefits in terms of their cultural diversity and international networks, and add to the diversity and reach of Australia's professions.

We understand that a major reason why students leave Australia after completing their studies, is that current settings for education visas emphasise the 'temporary' nature of student visas.

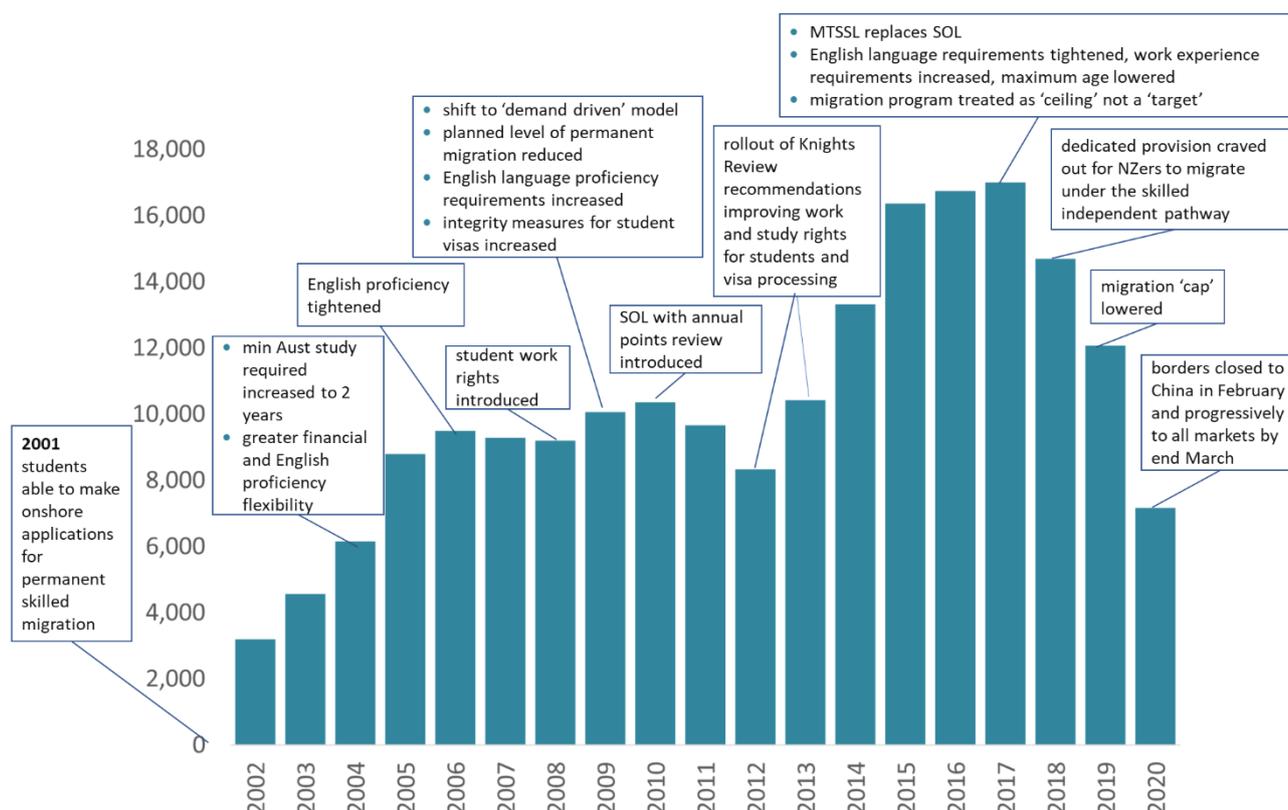
**Would-be students have to demonstrate they are 'genuine temporary entrants' or else not be eligible for a student visa. It is time to reconsider this policy setting.** While there are many reasons why international students choose to study in Australia, we understand that the option to migrate permanently is high on the lists of many.

By way of contrast, two of Australia's biggest competitors in the international education market - Canada and the United Kingdom - actively aim to convert their international students into permanent skilled migrants. The Canadian Government has a clear student pathway to permanent residency, which includes recently introduced extensions to post-graduate work permits. In 2020 the United Kingdom's new student immigration route was launched, streamlining the immigration process for international students. It also introduced an extension of its post-study work rights program.

The option to work and live in Australia matters to the pipeline of temporary migrants, particularly overseas students. Overseas students studying Australian bachelor and higher degrees of accounting provides a compelling illustration of this point. Figure 16 overlays overseas commencements in bachelor and higher level programs of accounting with changes in migration conditions. While other influences are at play, it is hard to escape the conclusion that migration conditions matter.

**Figure 16 The international education – skilled migration nexus**

Overseas commencements of bachelor or above programs of accounting, calendar years

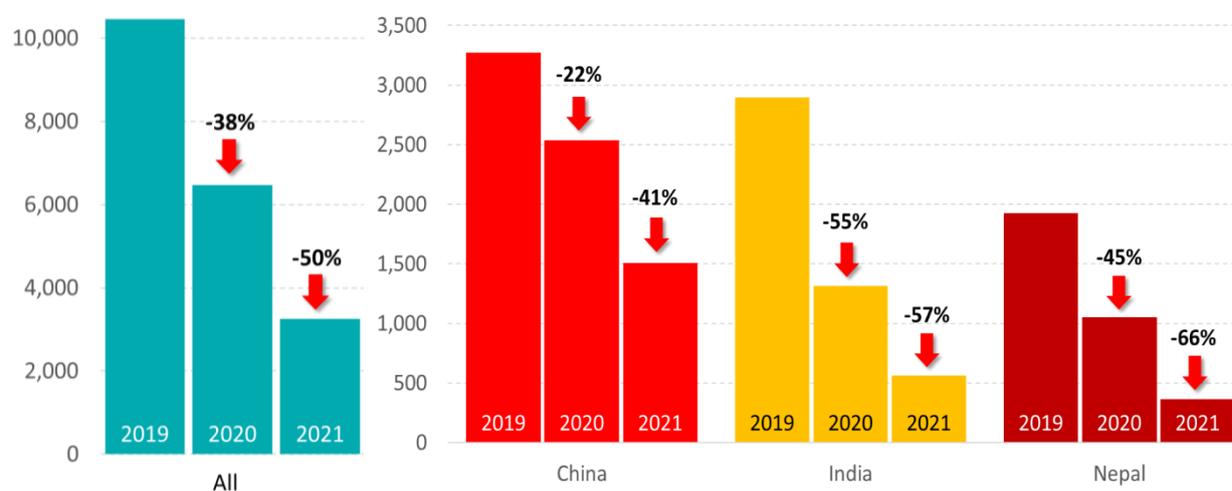


Source: Austrade (2021) Market Information Package.

It is also apparent that the pessimism regarding the opportunity to work and live permanently in Australia was already negatively impacting the pipeline of international students of accounting before COVID-19. Pandemic conditions have further accentuated this situation. In the calendar year 2020 overseas commencements of Australian programs of accounting fell by 41 percent on already reduced numbers.

**Figure 17 Recent trends in overseas commencements in major source markets**

Bachelor and above accounting programs, top 3 source countries, Year To Date August 2021



Source: Austrade (2021) Market Information Package.

Over the eight months to August 2021, compared to the same period a year prior, overseas commencements of Australian programs of accounting have fallen by half again. The primary reasons for this continued fall are the fact that the borders have continued to stay closed and that uncertainties persist regarding when they might open.

Three countries – China, India and Nepal – are the source of three quarters of overseas enrolments in accounting programs. The timeline of border closures saw the number of Chinese students commencing programs fall immediately in the first quarter of 2020. This continued a downwards trajectory of Chinese commencements already in play, explained by a broader range of considerations (including political tensions, highly publicised racist incidents, and study and work opportunities in China). Despite this, Chinese students have been relatively more resilient than some other major markets, as many continue to value the currency of a qualification from a prestigious Australian university.

Commencements from India, Nepal and other South East Asian countries have plummeted in recent times. Many of these students value an on-campus experience, which Australia has not been able to provide for nearly two years.

Even under a best-case scenario where Australia's current overseas students are permitted to return, and new students can commence their studies, on-campus in 2022, there will be much lost ground that will take Australia potentially years to recover.

An historically big attraction that drew students and other temporary migrants to Australia was that it was seen as a great place to live. When COVID hit, overseas students in Australia were made to feel unwelcome as they were advised to return home. Some students also endured racist reactions to the pandemic. The latest Scanlan Foundation survey of social cohesion records a rise in Asian residents and migrants experiencing incidents of racism in Australia.

Many of the students who were unable to return often struggled to get by as they had been laid off from their jobs in hospitality and other impacted sectors. Governments provided limited support for these students, as often support measures were reserved for citizens and permanent residents only. For students stranded offshore they have endured a long period of uncertainty regarding when they might be able to return to Australia.

**The experiences of students, both on- and off-shore, do not play well into their decisions about where to study.**

Meanwhile, competitor countries – Canada, the United Kingdom and the United States – have been taking advantage of Australia's situation. In the United States, travel restrictions have lifted and there is a renewed focus on the importance of international education. Students have been allowed to return to the United Kingdom since the third quarter of 2020 and have enjoyed relative freedoms. Canada reopened its borders in October 2020 and has been issuing study permits since that time. For students and graduates already in the country, emergency financial support was made available to all impacted by COVID-19 restrictions, regardless of whether they were living in Canada on a permanent or temporary basis.

**Recommendations:**

That the Government opens borders to overseas students, graduates and other skilled temporary and permanent visa holders.

## Better support settlement in the regions

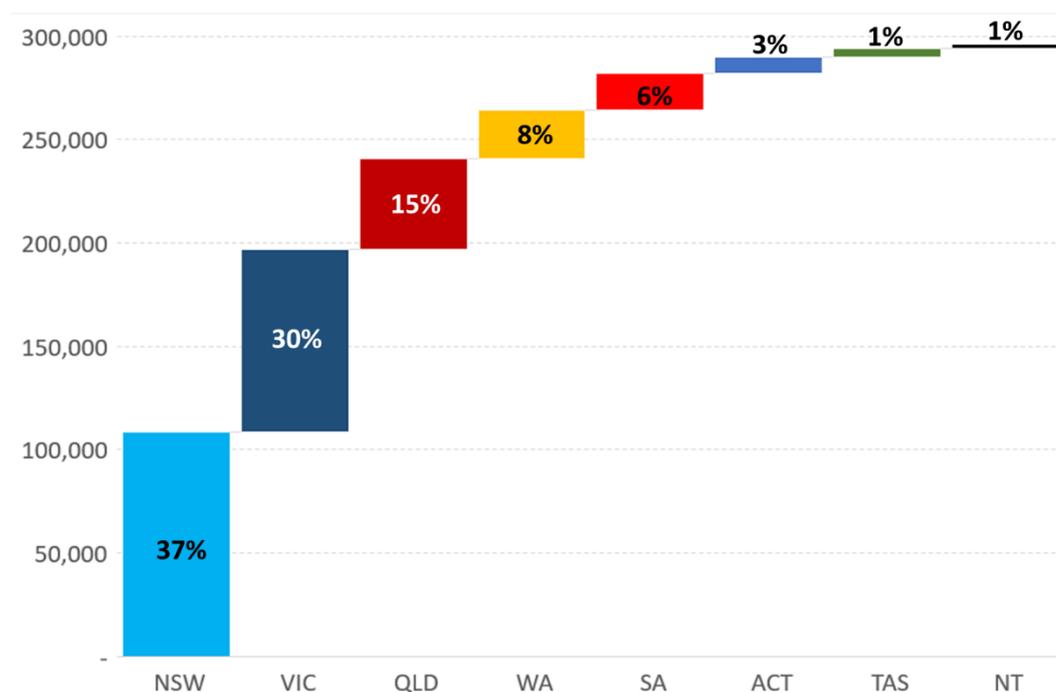
Location matters to prospective migrants. Studies have repeatedly pointed to quality of life and current and future employment opportunities in destination countries as major drawcards for attracting and retaining global talent.<sup>19</sup> Therefore, when policies in destination countries attempt to influence the choices of where prospective migrants settle within those countries, the risk is that high quality migrants look elsewhere. This is the risk Australia faces by attempting to direct migrants away from the major centres towards regional locations.

We recognise that there may remain a regional growth and development impetus for migration but believe there are better means to achieve stated objectives.

When considering Australia amongst their destination choices, prospective migrants from the accounting and finance profession will likely prefer to settle in either Sydney, Melbourne or Brisbane, simply because that is where most of the jobs are and where job numbers have been growing. Four out of five accounting and finance professionals live in New South Wales, Victoria and Queensland. Figure 18 maps the distribution of accounting and finance professionals.

### Figure 18 Distribution of accounting and finance professionals

As at August 2021

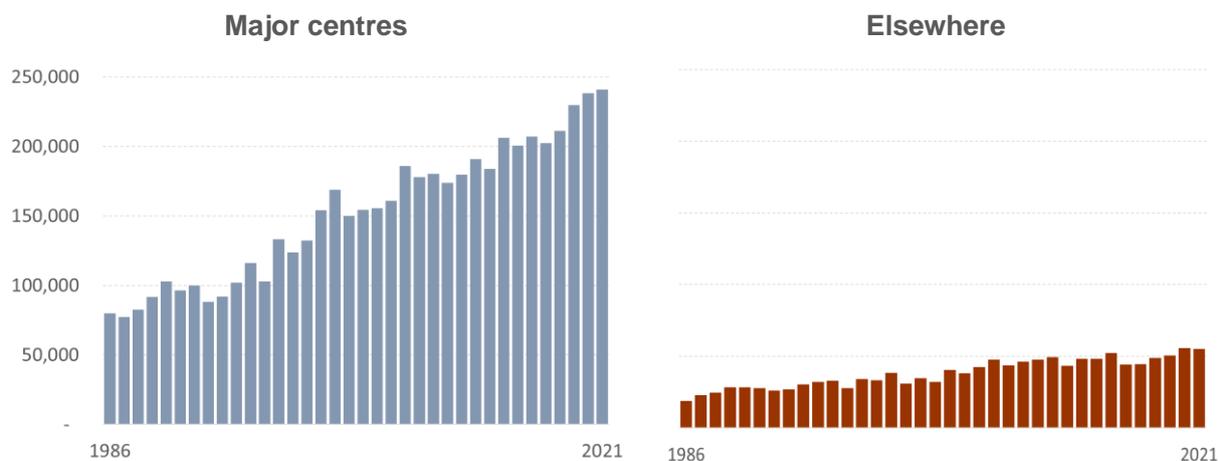


Source: ABS (2021) Labour Force Australia, Detailed.

Historically, there has been fairly strong growth in the profession's labour market in the same three states has over the 35 years shown (refer left hand side of Figure 19). Growth elsewhere has been less strong (refer right hand side of Figure 20).

<sup>19</sup> See Tuccio, M (2019) Measuring and assessing talent attractiveness in OECD countries, OECD Social, Employment and Migration Working Papers No. 229 for a summary of past research and a relatively recent assessment of the global attractiveness of major destination countries, including Australia.

**Figure 19 Employment of accounting and finance professionals by broad location**  
As at August in the years shown



Source: ABS (2021) Labour Force Australia, Detailed.

Given the geographic distribution and growth in accounting and finance roles, when prospective migrants face greater hurdles to migrate to major centres than elsewhere, there are three potential outcomes. The first potential outcome is that while some high quality migrants might be able to muster the points necessary to gain entry and secure employment in the major centres, they will 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. The third is that prospective migrants turn their attention to other destination countries. All bar the first outcome are sub-optimal from the perspective of the prospective accounting and finance migrant.

They are also less than optimal from an economic perspective. That is, the contributions to Australia's productive capacity via the 3Ps from these prospective migrants will either be foregone or less than what they could otherwise be.

To advance desired regional growth and development outcomes we advise that rather than 'push' prospective migrants towards the regions it is better to 'pull' them by informing and supporting their choices. Just as internal 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 finding a job for those who are not sponsored by employers. This 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.<sup>20</sup>

The benefit of this approach over the current incentives-based approach is that it encourages retention. The current approach may succeed in luring migrants to the regions, but they may stay only as long as necessary, particularly if they struggle to find a job in their field of expertise.

<sup>20</sup> Collins, J (2019) Why Canada's immigration system has been a success, and what Australia can learn from it, The Conversation, 23 November.

### Recommendation:

That:

- the approach to skilled migration be reviewed with the intent of disbanding measures that colour prospective migrants' views about whether and where within Australia they settle; and
- the Government better supports skilled migrants choosing to live in the regions.

## Shift the focus from occupations to skills

Based on the foregoing discussion, it would be incorrect to conclude that the nature of the demand for accounting and finance professionals is unchanged. The reality is that some traditional accounting roles may be phased out as technological advances and new ways of working displace routine, highly repeatable tasks. Research commissioned by CA ANZ calculates that over the course of a decade, by 2028, 27 percent of traditional accounting jobs will disappear.<sup>21</sup> Research supported by CPA Australia finds that the impact has been greatest for roles that have historically been the preserve and steppingstone of early career accounting and finance professionals.<sup>22</sup>

Many roles are changing. CA ANZ research predicts nearly half (48 percent)<sup>23</sup> will change, with so called 'stable roles' being anything but 'stable'. Titles may remain the same; expectations may not. For instance, just as advances in data analytics are underpinning rapidly emerging roles, it has become a critical element of existing roles, such as business and financial analysts. One estimate is that two thirds of hiring for data analytical skills will be in existing jobs.<sup>24</sup>

Importantly, new roles are appearing. CA ANZ research foresees that 22 percent of roles filled by accounting professionals over the next decade will be new.<sup>25</sup> Research by CPA Australia in conjunction with Burning Glass Technologies, identifies finance business partners, advisors, business intelligence analysts and data visualisation experts, as rapidly emerging new roles within the profession. On the CA ANZ list are data scientists, cybersecurity architects, service delivery analysts, agile project managers, financial analysts and systems accountants.<sup>26</sup> Apart from the obvious overlaps, what most jobs on these lists hold in common is that they are roles that blur professional boundaries. They demand agile workers with transferrable skills.

The net effect of job births, deaths and changes is that accounting and finance professionals are moving out of knowledge-intensive, process-oriented roles to become strategic partners that collaborate, solve problems and facilitate transformation.

While in some ways accounting and finance professionals may be seen to be unique, their experiences parallel those in other professions. Pre-COVID-19, jobs in all sectors across the economy were already being created, disappearing and morphing at breakneck speeds. The

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<sup>21</sup> 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 here than elsewhere in this paper. Included are Accountants, Auditors, Company Secretaries and Corporate Treasurers. Not included is Finance Managers.

<sup>22</sup> Jackson, Michelson and Munir (2020) The impact of technology on the desired skills of early career accountants. CPA Australia.

<sup>23</sup> Hann and Bowles (2020) *op cit*.

<sup>24</sup> Sigelman, S, Skills not Jobs Pathway to Success in the Emerging Job Landscape, Presentation, Burning Glass Technologies, 2018.

<sup>25</sup> Hann and Bowles (2020) *op cit*.

<sup>26</sup> *Ibid*.

effect of COVID-19 has been to turbo-boost change and move it in directions not previously contemplated.

In other words, the future of work has never been as uncertain as it is now, and the progress of time will serve only to bring greater murkiness, not clarity. An approach to skilled migration premised on shortages in fixed occupations is of limited utility in this future.

To future proof skilled migration the focus needs to shift from occupations to skills. After all, it is called 'skilled' migration not occupation migration. Jobs are changing and people are adapting. While they may be qualified in certain disciplines, they may use and extend their skills and credentials as they switch roles and exploit opportunities to continuously develop over their working lives.

At CA ANZ and CPA Australia we see this firsthand. While our members have the advanced technical and professional skills<sup>27</sup> expected of accounting professionals, they work in diverse roles across public practice, commerce, the not-for-profit sector, government and academia. They are not all 'Accountants' in the narrow statistical sense of the word. Our growing memberships are in large part reflective of the value members place on the designation for supporting their labour force mobility, both vertically and horizontally, within Australia and internationally.

Having an agile labour force poses policy challenges in determining which occupations belong on 'lists'. Shifting the focus from occupations to skills recognises the importance of a competent and agile labour force to the future of work in Australia. If done well, it can preference technical and professional skills that are transferable over multiple occupations, including those that do not currently exist.

#### **Recommendation:**

That the approach to skilled migration be reviewed with the intent of shifting the focus from occupations to the skills judged important to grow a competent and agile labour force suited to an uncertain future of work.

### **Recognise credentials both long and short**

The current approach to skilled migration recognises and rewards (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.

If rigidly maintained going forward, the focus on traditional qualifications risks doing Australia a disservice. 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 and not 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.

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<sup>27</sup> 'Professional skills' takes on a particular meaning in the accounting profession and includes intellectual skills, technical and functional skills, personal skills, organisation and business management skills, and interpersonal and communication skills. (Refer <https://www.cpaaustralia.com.au/academics/accreditation-guidelines-for-higher-education-programs/professional-accreditation-guidelines/section-3-professional-skills-competency-areas-and-learning-outcomes>).

The professional accounting bodies are examples of non-traditional providers adding shorter form credentials to their suite of offerings to support the employability of members. The motivation is to recognise professional and academic success through globally portable micro-credentials and thereby unlock the potential of members and raise their employability.<sup>28</sup> CPA Australia's micro-credentials span soft skills, technical skills, public practice or a combination, and align to its Accounting and Finance Capability Framework. A CPA Australia micro-credential is represented by a digital badge or, for a stack of micro-credentials, a digital certificate detailing skills obtained and verifying authenticity.<sup>29</sup> Last year CA ANZ launched its Capability Model as a tool to support its members to move seamlessly into emerging and new careers or modes of working. The intent is that the Model becomes the underpinning of all CA ANZ's learning and assessment offerings, including the basis upon which micro-credentials are awarded and/or recognised.<sup>30</sup>

An important outcome of the Review of the Australian Qualifications Framework was recognition of the importance of shorter form credentials and the development of guidelines to support their recognition. The challenge for skilled migration policy is to likewise recognise a broader suite of credentials from both traditional and non-traditional providers.

**Recommendation:**

That the approach to skilled migration be reviewed with the intent of recognising and rewarding shorter form credentials alongside traditional formal qualifications.

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<sup>28</sup> Hann and Bowles (2020) *op cit*.

<sup>29</sup> For more information visit <https://www.cpaaustralia.com.au/training-and-events/micro-credentials>.

<sup>30</sup> For more information on the current Model and future directions visit <https://www.charteredaccountantsanz.com/learning-and-events/learning/capability-model>.

## 5. The Economic Security of Women

### Questions addressed

- **How can migration policy settings better support the economic security of women in Australia overall, and migrant women in particular?**
- How can migration policy settings better support social cohesion outcomes in Australia?

It is recognised that the COVID-19 pandemic and its economic fallout are having a negative effect on gender equality. One reason why there have been relatively greater impacts on women is that the virus has significantly increased the burden of unpaid care for children and elderly dependents, which is disproportionately carried by women. Women either reduced their hours or stepped away from their jobs. Furthermore, the pandemic impacted sectors, such as retail and hospitality, where there are high concentrations of women, particularly migrant women, in casual and fixed term roles.

The situation for women in Australia on temporary visas was particularly dire as many of the financial supports made available to citizens and permanent residents were not extended to temporary migrants.

It is worth posing the question: who better to advise migrant women on managing their finances than migrant women accountants? More than half (52 percent) of the applications to migrate assessed by CPA Australia are from women. Facilitating the migration of these women expands the opportunity for them to advise and support the financial security of others.