

Monday, 9 January 2023

The Director
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Sent by email: migration.policy@homeaffairs.gov.au

To whom it may concern

Australia's 2023-24 Permanent Migration Program

Migration is central to Australia's story and success as a nation. Australia continues to build on the foundation of migration, with over half of the nation's population either born overseas or having a parent born overseas. The Permanent Migration Program is essential to our diversity and prosperity.

Chartered Accountants ANZ (CA ANZ) and CPA Australia call on the government to embrace an approach to permanent skilled migration that is based on the quality and not the quantity of migrants, which prioritises merit-based pathways, and preferences the migration of 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, communities and economies, across all sectors.

This submission responds to the two questions in the Australia's 2023-24 permanent Migration Program discussion paper (the discussion paper):

1. What is the ideal size and composition of the 2023-24 Permanent Migration Program? And why?
2. How can we improve our migration planning process so Australia remains attractive to prospective migrants against the backdrop of widespread workforce shortages and aging populations across migrant-receiving countries?

CA ANZ and CPA Australia's key recommendations are:

Immediate actions

- Determine the composition of the Skill stream based on the objectives of both addressing labour market shortages *and* developing the nation's human capital.
- Do not introduce a wage threshold.
- Continue to preference skilled migrants in the Permanent Migration Program using merit-based, points-tested pathways.
- Continue to invite prospective skilled migrants based both onshore and offshore.

- Feature accounting, audit and finance professionals prominently in Australia's skilled migrant intake.
- Maintain the increased level of resourcing required to address the visa processing backlog.

Medium to longer term reforms

- Remove and replace annual caps on the quantity of migrants in the Skills stream with an approach based on migrant quality.
- Plan for longer-term growth in permanent skilled migration. This includes coordination between all levels of government to provide the infrastructure and services required to support a growing population.
- Make all migration pathways merit-based, including employer sponsored pathways.
- Reduce skilled visa categories and simplify visa conditions by removing those conditions that 'push' migrants to the regions.
- Support regional growth and development by doing more to 'pull' or attract migrants to settle in the regions.

Section 1 of the Attachment to this submission considers how we can improve Australia's migration planning process by focusing on the Skill stream, and how the size and composition of the different migrant streams can be enhanced. Composition by visa type and the locations and destinations of prospective migrants is addressed in Section 2. The migration of selected occupations – accounting, audit and finance professionals – is explored in Section 3. Further measures to improve the migration planning process are outlined in Section 4 and discussed in more detail in CA ANZ and CPA Australia's joint submission on *A Migration System for Australia's Future*¹.

For any questions on this submission, please contact Sarah Davidson, Australian Government Affairs Leader at CA ANZ or Mitchell Ajduk, Senior Manager, Recognition Standards at CPA Australia.

Sincerely,

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Australia's 2023-24 Permanent Migration Program

1. Quality unlimited

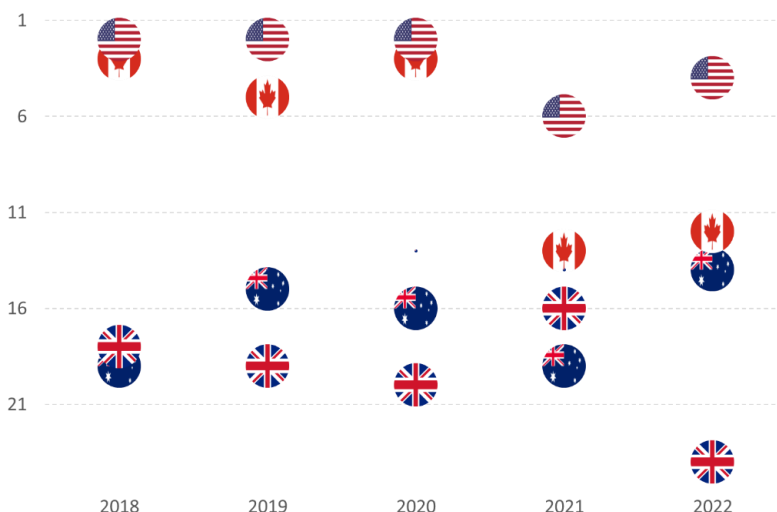
By focusing on the Skill stream, Australia's permanent migration planning process can be improved to remain attractive to prospective migrants, and the size and composition of the program under the different migrant streams can also be enhanced.

Australia is not alone in looking to migration to help grow its productive capacity and economy, and contribute to a more diverse, multicultural society. Like other comparable nations, Australia is facing significant skills shortages, population ageing, sluggish productivity, and jobs transformed by technology, innovation and structural change.¹ Migration can assist in overcoming these challenges.

Australia lost some of its appeal to global talent as a result of its response to the pandemic. According to the International Institute for Management Development's (IMD's) World Talent Rankings, Australia fell from 15th place in 2019² to 19th by 2021³ when ranked based on its 'appeal', which is the extent to which an economy attracts foreign and retains local talent. Australia has improved its appeal ranking to 14th place in the IMD's latest 2022 ranking. Comparatively, Canada ranks in 12th place and the United States in 4th.

Figure 1 compares Australia with competitor destinations.

Figure 1 COVID conditions impacted Australia's appeal
Rankings for the appeal component of IMD's World Talent Ranking



Source: Based on the IMD World Talent Ranking 2022 for appeal.

¹ Refer to CA ANZ and CPA Australia's joint submission to the Department of Home Affairs on 15 December 2022, [A Migration System for Australia's Future](#), for an extended discussion of these challenges.

² [IMD World Talent Ranking 2019 p 15.](#)

³ [IMD World Talent Ranking 2021 p 43.](#)

⁴ [IMD World Talent Ranking 2022](#) Press Release p 7.

While the annual cap is only one of many considerations that play into Australia's relative appeal, it is an important consideration, and something that the government determines. When considering their options, prospective migrants will factor in what allowance will be made for permanent newcomers and whether that is likely to change.

In the discussion paper, the approaches taken by competitor destinations are shared, and we are asked how can Australia improve its processes? The alternative approaches shared are:

- annual planning levels for the total Migration Program intake and the Family and Skill streams but no quantitative restrictions on who can enter on Humanitarian grounds (Australia)
- a multi-year plan with generous targets and ranges over a three-year horizon (Canada)
- a legislated worldwide permeable cap (United States)
- no quantitative restrictions on who can enter through its points-based system for skilled migrants and other existing routes (United Kingdom).

There are pros and cons associated with each approach.

From the perspective of prospective migrants, Australia's approach is the most uncertain as it can change annually. The shortcomings of this approach were starkly illustrated during the pandemic. As the government sought to provide certainty to the large number of applicants under the Family stream based onshore when the borders closed, it reduced numbers from the Skill stream. This was despite the importance of skilled migrants to the pandemic response and to the economic recovery. Raised planning levels for 2022-23 and increased provision under both the Skill and Family streams has improved the situation, but future policy settings remain uncertain. This uncertainty negatively impacts Australia's attractiveness as a destination of choice for prospective skilled migrants.

The Canadian approach is generous and minimises change while its plan is current. Its generosity may be warranted in the Canadian context where its population is ageing faster than Australia's population. However, it may still foster uncertainties as the three-year timeframe draws to an end.

The approach taken by the United States is certain and stable. Some flexibility is enabled by the permeability of its cap. However, it would require legislative change to substantively lift or lower the cap.

By relying on migration points as its main policy lever, the United Kingdom has effectively a quality-based approach, as distinct from the quantitative approaches of Australia, Canada and the US. There is much in favour of this approach, particularly for skilled migrants.

Medium to longer term reforms recommended

- Remove and replace annual caps on the quantity of migrants in the Skills stream with an approach based on migrant quality.
- Plan for longer-term growth in permanent skilled migration, including resource allocation and coordination at all levels of government to provide the infrastructure and services required.

The aim of this recommended approach is to help grow Australia's productive capacity and improve its fiscal position and diversity.

Removing the annual cap on the numbers of skilled workers who can come into Australia will be important for the 2023-24 financial year to address continued workforce shortages and skills needs that cannot be met by the domestic talent pool. It will also improve Australia's competitive position relative to other countries competing for the same skilled labour.

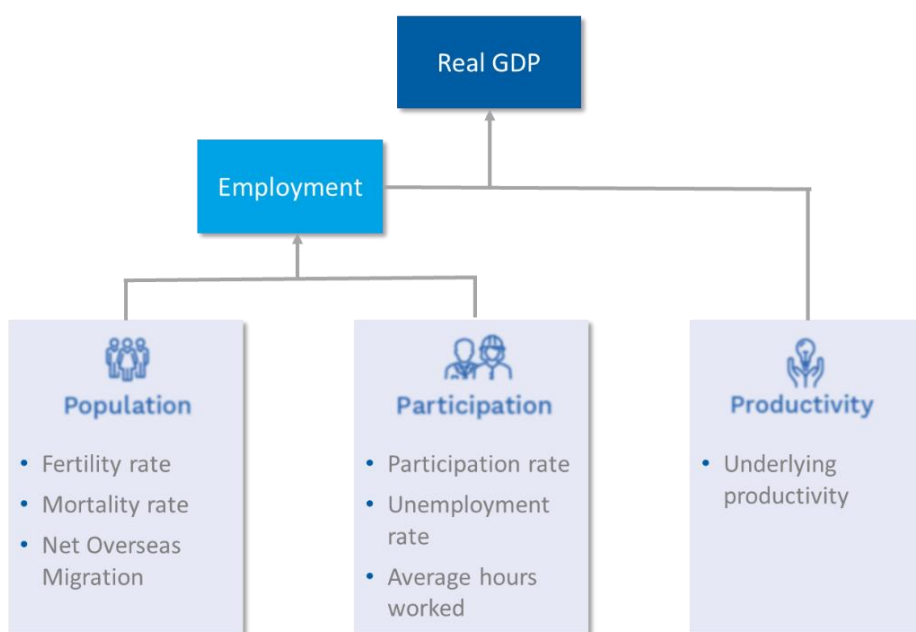
Avoiding planning targets that can change annually will also increase certainty for prospective skilled migrants and employers, reduce visa processing times, and demonstrate the government's commitment to fixing and simplifying the migration system.

In addition, a move away from annual permanent skilled migration planning allows greater focus on the longer-term planning and resource allocation required at all levels of government to ensure the infrastructure and services needed for a growing population.

Skilled migrants grow the nation's productive capacity

To understand how the different streams contribute to the productive capacity of the nation we have referenced the '3Ps' framework from the Intergenerational Report. The Australian economy will be shaped by three drivers: the number of people in the working-age population (population), the proportion of those who work and their working hours (participation), and the amount of output produced per hour worked (productivity). **Figure 2** illustrates the transmission mechanisms.

Figure 2 Growth is driven by the 3Ps – Population, Participation and Productivity



Source: Adapted from Commonwealth of Australia [2021 Intergenerational Report](#), p 3.

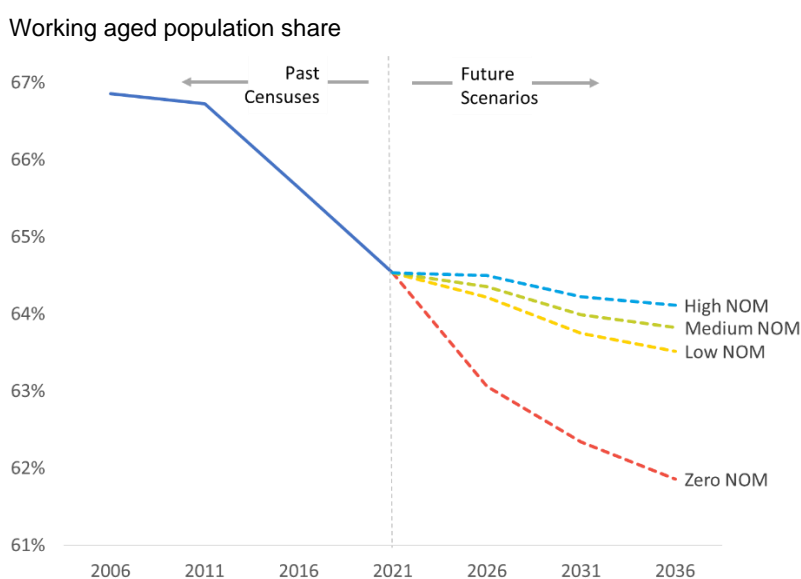
All migrant streams differentially impact the 3Ps. Migrants have helped to slow Australia's shrinking working aged population, while skilled migrants have the greatest positive impact on participation and productivity and, thereby, the nation's productive capacity.

Population

The 2021 Intergenerational Report found that Australia's greatest demographic challenge is its ageing population.⁵ As the population ages, there will be fewer people of working age relative to the number of older Australians. Four censuses ago, in 2006, 66.9 percent of the population were of working age, and 13.3 percent were aged 65 and older. Fifteen years on, 2021 Census data calculates the equivalent population shares at 64.5 percent and 17.2 percent. **Figure 3** illustrates Australia's declining working age population.

Figure 3 illustrates the choices Australia faces. If the number of people coming to and staying in Australia and those leaving the country net out to zero, then Australia's working age population is forecast to fall to 61.5 percent by 2036. Over 2020-21, Net Overseas Migration (NOM) was less than zero: Australia suffered a net loss of 85,000 people - the lowest level since World War 1.⁶ While NOM was positive last financial year, the 171,000 figure is less than the 175,000 modelled under the low NOM scenario, which is associated with a working age population share of 63.5 percent by 2036. Even under the high NOM scenario, a net intake of 275,000 has the effect of only slowing and not reversing the ageing of the population. Pre-pandemic, the long-term annual trend NOM was 235,000, which is what Budget projections assume Australia will return to in the current and future financial years.⁷

Figure 3 A large NOM is necessary to slow the decline of Australia's working age population



Sources: Past Censuses: Derived from Census data for 2006, 2011, 2016 and 2021 using the Australian Bureau of Statistics (ABS) TableBuilder Pro. Future Scenarios: Derived from ABS (2018) Population Projections, Australia.⁸

⁵ Commonwealth of Australia (2021) [2021 Intergenerational Report](#), p 13.

⁶ ABS (2022) [Net overseas migration recovers to 171,000 in 2021-22, Media Release](#), 16 December.

⁷ Commonwealth of Australia (2022) [Budget Strategy and Outlook, Budget Paper No 1](#), Budget October 2022-23, p 47.

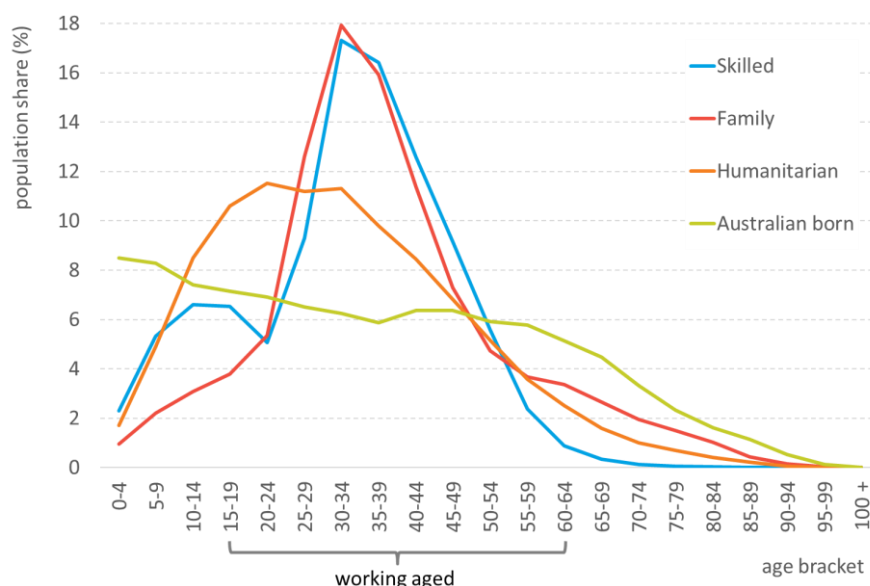
⁸ Figure 3 Notes: Future scenarios assume low fertility and medium mortality. The alternative NOMs modelled are: 0 (Zero), 175,000 (Low), 225,000 (Medium) and 275,000 (High).

Given that, by itself, even a high NOM is insufficient to counter population ageing, *prima facie* it makes sense to ask whether the migrant streams differentially increase Australia's working age population.

Figure 4 shows that at the time of the 2016 Census, 85.2 percent and 86.0 percent of migrants under the Skill and Family streams respectively were of working age, while the Humanitarian stream was slightly less at 80.9 percent. This compares to 62.3 percent for the Australian-born population.

In the absence of discernible differences in the working age populations of the Skill and Family streams, the more relevant question becomes: are migrants of working age working?

Figure 4 Migrants from all streams add to Australia's working aged population



Sources: Skilled Family and Humanitarian migrants: ABS Australian Census and Migrants Integrated Dataset, 2016. Australian born: ABS Census 2016.⁹

Participation

Table 1 below captures data on indicators of participation for recent migrants and for the Australian-born population. Recent skilled migrants have better outcomes against all indicators. They on average put in a longer working week, are less likely to be unemployed, and have higher rates of labour force participation.

Table 1 Recent skilled migrants have high rates of labour force participation

Main applicants only, November 2019

	Skilled	Family	Australian-born
Unemployment rate	2.1%	14.9%	4.8%
Labour force participation rate	91%	67%	68%
Average weekly hours worked	35-39 hours	30-34 hours	

Sources: Skilled and Family migrants: ABS (2020) Characteristics of Recent Migrants. Australian-born: ABS (2022) Labour Force Australia, Detailed, LM5 - Labour force status by age, major country group (subcontinent) of birth (SACC), and sex, January 1991 onwards (pivot table).¹⁰

⁹ Figure 4 Note - Calculated as the sum of population shares for each five year age bracket for the working age population.

¹⁰ Table 1 Notes: Recent migrants refer to migrants who have arrived over the last 10 years. Figures for Humanitarian migrants are not recorded due to large standard errors of estimates.

Productivity

An interim finding of the Productivity Commission's second five yearly Productivity Inquiry is that migration can promote productivity growth, particularly where it contributes to the supply of valued skills.¹¹

Table 2 shows that permanent skilled migrants who have recently arrived in Australia are highly credentialled, with four out of five holding a Bachelor or higher qualification. This is an important but unsurprising outcome, as holding a relevant non-school qualification is a prerequisite for entry. Interestingly, recent migrants under the Family stream are on average also more highly credentialled than their Australian-born counterparts.

Table 2 Recent skilled migrants are highly credentialled

Main applicants only, 2019

	Skilled	Family	Australian-born
Share with Bachelor or higher qualification	81%	45%	28%

Sources: Skilled and Family migrants: ABS (2020) Characteristics of recent migrants. Australian-born: ABS (2020) Education and work Australia, May 2020.¹²

Skilled migrants can clearly help grow the nation's productive capacity, which is why we argue for an approach to migration that recognises and attracts quality migrants unconstrained by caps on quantities.

Skilled migrants improve Australia's fiscal position

Migration typically results in a period of net fiscal benefit while migrants are of working age, followed by a period of net fiscal cost, after migrants retire.

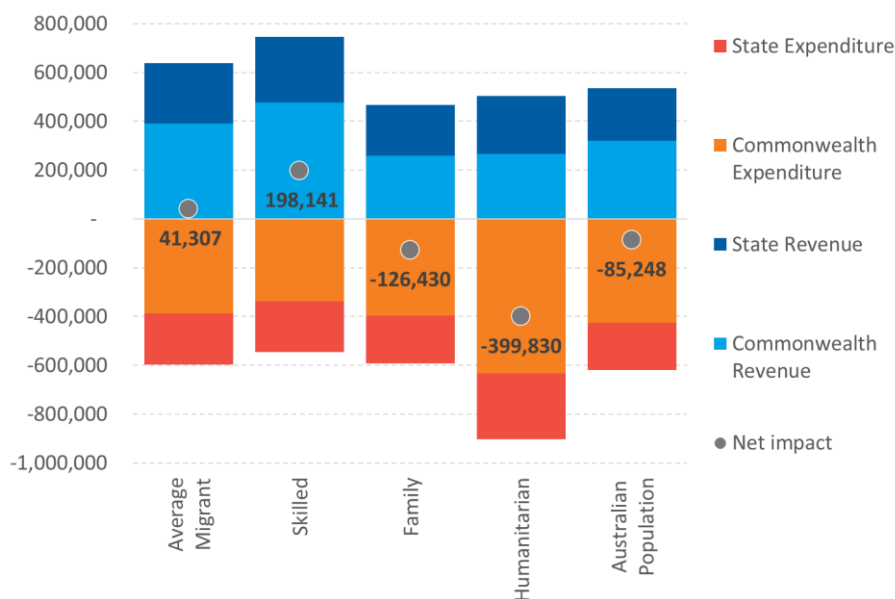
The relevant question is: what is the fiscal impact over time of the alternative migration streams? Modelling by the Federal Treasury considered the combined Commonwealth and State fiscal impact of the 2018-19 migrant intake over their remaining lifetimes in Australia. **Figure 5** compares Treasury's estimates for the different streams – Skill, Family and Humanitarian – and equivalent estimates for the Australian population. It finds that, unlike the Australian population, on average migrants have a net positive fiscal impact over their lifetimes. This average is being improved by the large net positive fiscal impact of skilled migrants.

¹¹ Productivity Commission (2022) [5 Year Productivity Inquiry: A more productive labour market](#), Interim Report 6, Canberra, October.

¹² Table 2 Notes: Recent migrants refer to migrants who have arrived over the last 10 years. Figures for Humanitarian migrants not recorded due to large standard errors of estimates. The figure for recent migrants is as at November 2019, while the figure for Australian-born is as at May 2019.

Figure 5 Skilled migrants have a net positive fiscal impact

Estimated lifetime fiscal impact of 2018–19 permanent migrants, net present value per person



Source: Varela et al (2021) [The Lifetime Fiscal Impact of the Australian Permanent Migration Program, Treasury Paper](#), December.

Arguably, from a fiscal perspective, Australia benefits from not constraining the numbers of skilled migrants choosing to make Australia their home. Given the differential outcome by migrant stream, it is important to consider how all migrants can realise their full potential to enable the onflow of fiscal and economic benefits.

Migrants add to Australia's diversity

Migrants do not just benefit Australia from an economic and fiscal perspective. They are the reason why Australia has one of the most multicultural populations in the world. At the time of the 2021 Census, almost three out of every 10 (29 percent) people residing in Australia were born overseas. England remains the most common birthplace of Australia's migrant community, followed by India, China, the Philippines and New Zealand.

The annual Social Cohesion survey by the Scanlon Foundation finds that Australians have a high and growing level of support for not only the economic benefits of migration but also for the ethnic diversity and multiculturalism migrants bring into the country. In 2022, almost nine out of 10 survey respondents agreed that multiculturalism is good for Australia and that migrants bring new ideas and culture. This is up from around three quarters of respondents in 2018. **Table 3** shows the survey outcomes.

Table 3 Attitudes to migration and multiculturalism are increasingly positive

Share of respondents who agreed or strongly agreed in the 2018 to 2022 surveys

	2018	2019	July 2020	Nov 2020	2021	2022
Immigrants make Australia stronger	63	67	71	74	46	78
Multiculturalism is good for Australia	77	80	84	84	86	88
Immigrants bring new ideas / culture	76	78	82	83	84	86
Immigrants good for the economy	74	76	81	83	86	87

Source: O'Donnell, J (2022) [Mapping Social Cohesion](#), Scanlon Foundation Research Institute, Table 20, p 59.

Some assumed effects of migration are arguably not real

There are a number of assumed negatives associated with migration, including that migrants take jobs that could have otherwise gone to locals, and that migrants cause population overcrowding and the associated negative externalities of higher housing costs, urban congestion and environmental impacts.

With regard to the first point, the Scanlon Foundation Social Cohesion survey finds that there is strong and growing disagreement that migrants take jobs.¹³ 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.

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 qualifications and experience is associated with a positive impact on wages and employment.¹⁴ The implication is that if migrants are skilled migrants, then they are likely to create rather than take jobs. **Figure 6** indicates that is indeed the case.

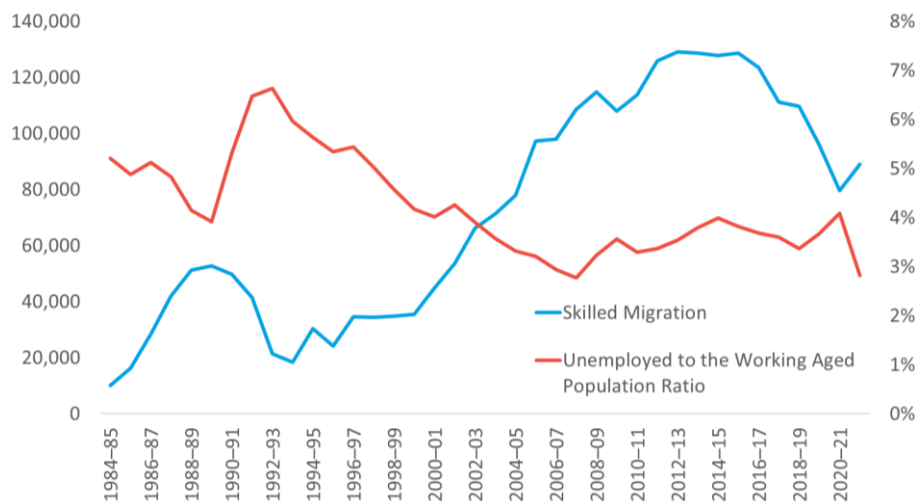
¹³ O'Donnell, J (2022) [Mapping Social Cohesion 2022](#), Scanlon Foundation Research Institute.

¹⁴ D'Souza, G (2020) [Immigration and COVID-19](#), CEDA, September, p 6.

Figure 6 Skilled migrants make jobs

Left axis – number of skilled migrants

Right axis – unemployed to the working aged population ratio



Sources: Thomason, R (2019) Attracting Global Talent, Groningen Declaration Network Annual Meeting, updated using Department of Home Affairs (DHA) Historical Migration Statistics and ABS (2022) Labour force status for 15–64-year-old by Sex, Labour Force, Australia.

With regard to the other negative effects that may be associated with migration, we offer three observations. The first observation is that as pandemic restrictions saw more people leave Australia than arrive and caused many others to move from urban centres to regional locations, concerns about overcrowding and urban congestion have now somewhat dissipated. However, they are likely to be elevated again in the public's collective consciousness as migration increases.

Secondly, migration will, and indeed needs to, increase. Concerns about housing affordability and urban congestion are arguably more directly related to inadequate planning than migration. Governments at all levels should plan for population growth and better coordinate their actions across the three tiers of government.

Thirdly, to the extent that a larger population gives rise to negative externalities it becomes important for the approach adopted to maximise the positives. These positives are greatest when migrants are skilled.

1. A skilful composition

This section considers the composition of the permanent skilled migration program by visa type, location and destination.

More weight should be given to the human capital objective of skilled migration

Three features of Australia's current approach to skilled migration undermine the human capital objective of skilled migration, namely the: current use of skilled migration occupation lists, diminished relevance of assessment criteria under sponsored pathways, and the assessment criteria itself. As the first two more significantly impact migrant composition and are discussed in more detail here.¹⁵ We also note that a potential further risk that could have the effect of undermining both the objectives of addressing labour shortages and developing human capital is the proposal to introduce a wage threshold.

Australia's approach to skilled migration is premised upon lists: separate lists target migrants in occupations assessed to be in shortage over the short term, medium term, and longer term and in regional areas.¹⁶ Leaving to one side the other shortcomings of these occupation lists,¹⁷ the basis for determining which occupations make it onto or come off the skilled migration occupation lists reflects only the objective of addressing skills shortages. There is only cursory consideration given to the objective of increasing human capital.

With respect to the diminished importance of the human capital objective under sponsored pathways, it is necessary to first understand Australia's hybrid approach to skilled migration, which contains a mix of merit-based and sponsored pathways. Merit-based pathways award more or less migration points depending on how meritorious prospective migrants are assessed against criteria designed to provide insights into their human capital. The higher the migration points scored, the greater the assessed human capital and the more likely it is that applicants will be invited to migrate. Sponsored pathways are contingent on only threshold requirements for entry being met for the same criteria. In other words, they need only meet a baseline level of human capital.

As outlined in our joint submission to the review of Australia's migration system,¹⁸ CA ANZ and CPA Australia commended the government for increasing the planning levels for merit-based pathways. We suggest there is a case to go further.

A proposal worthy of consideration is to make all pathways merit-based, including sponsored pathways. In addition to providing greater confidence that skilled migrants are high quality, this would have the added benefit of helping to protect migrants from exploitation. This is because it dispenses with the need for prospective migrants to transition under employer sponsored pathways, which can make them vulnerable to exploitation by employers on whom they are dependent.

¹⁵ Refer to CA ANZ and CPA Australia's submission on [A Migration System for Australia's Future](#) p 28 which discusses the criteria used to assess the quality (or human capital) of migrants and recommends a review of the criteria, including recognising shorter form credentials and prior learning.

¹⁶ 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).

¹⁷ Refer to CA ANZ and CPA Australia's submission on [A Migration System for Australia's Future](#) p 17-18 and 27-28 where the shortcomings of the skilled migration occupation lists are discussed and a carefully managed transition to a skills list is proposed.

¹⁸ CA ANZ and CPA Australia, *op cit*.

We are concerned that introducing a wage threshold risks making all skilled migration employer sponsored. A wage threshold was recommended by the Grattan Institute¹⁹ and was a focus in the Productivity Commission's sixth Interim Report released in connection with its 5 Year Productivity Inquiry.²⁰ The practical reality is that the only defensible way of evidencing an income earning capacity at or above a threshold is to secure a job. This would rule out more future-focused skilled migration independent of an employer.

The Grattan Institute's submission to the review of Australia's migration system proposed to limit the salary threshold to employer sponsored skill migrants only.²¹ This would address the point raised immediately above. However, it would have the effect of limiting employer choices. In CA ANZ and CPA Australia's submission to the review, we argued that: skill shortages exist along the whole income continuum, including in occupations that fall below an income threshold; and income at a point in time is an inferior indicator vis-a-vis an appropriate assessment of prospective migrants' quality and lifetime earnings potential.²² We note that accounting and finance professionals may take some time to earn their professional designation and that early career migrant accounting and finance professionals may be on the bottom rung of a steep lifetime salary ladder.

Finally, just because employers can sponsor migrants, this does not mean that this would be employers' preferred means of accessing migrant skills. An online survey of 378 CA ANZ members, ranging from small to large employers, conducted between late November to early December 2022, found that majority of respondents (82 percent) had not used the employer sponsored visa program in the past 12 months, and only 35 percent intended to use it in the future. The survey also found that smaller employers are less likely to use employer sponsored visa programs, with only 5 percent of organisations with less than 20 employees that responded to the survey saying they had sponsored migrants in the past 12 months.²³

Immediate actions recommended

- Determine the composition of permanent migrants in the Skill stream based on the objectives of both addressing labour market shortages *and* developing the nation's human capital.
- Do not introduce a wage threshold.
- Continue to preference skilled migrants in the Permanent Migration Program using merit-based, points-tested pathways.

Medium to longer term reforms

- Make all migration pathways merit-based, including employer sponsored pathways.

¹⁹ Coates, Sherrell and Mackey (2021) Rethinking permanent skilled migration after the pandemic, Grattan Institute.

²⁰ Productivity Commission (2022) *op cit*.

²¹ Coates, B *et al* (2022) [Australia's migration opportunity: how rethinking skilled migration can solve some of our biggest problems, submission to the review of Australia's migration system](#), Grattan Institute, December.

²² Refer to CA ANZ and CPA Australia's submission on [A Migration System for Australia's Future](#) p 22-23 and 31 which includes an expanded explanation of the risks associated with the introduction of a wage threshold.

²³ CA ANZ (2022) Skills and recruitment challenges survey results: December.

Location should not matter

The recent policy change to prioritise the migration of applicants based offshore is concerning. It should not matter whether prospective skilled migrants are located onshore or offshore. What matters most is whether they are good quality migrants.

The October 2022 Federal Budget²⁴ confirmed this policy, which had been evident in practice since the August migrant invitation round. While we understand that the government was motivated to bring in badly needed new talent to address skill shortages, prioritising offshore applicants risks giving rise to unintended outcomes.

The first unintended outcome is that onshore applicants, who are frustrated that they have not received any visa invitations, when friends and family back home have received them, may look elsewhere to migrate. This risks exacerbating rather than addressing skill shortages.

The second potential outcome is that by prioritising location over quality, the uplift in Australia's human capital is less than it would be otherwise. For example, a prospective migrant accountant based offshore who manages to collect 65 migration points may be let into Australia ahead of an onshore prospect with 100 points, who is potentially more employable and has a better understanding of the local business and regulatory environment.

CA ANZ and CPA Australia were therefore pleased to observe that the latest, 8 December 2022, invitation round extended invitations to prospective migrants based onshore and offshore and in most, but not all, instances applied the same migration points threshold. We encourage such an even-handed approach to be continued.

Immediate actions recommended

- Continue to invite prospective skilled migrants based both onshore and offshore.

Destination should be an informed choice

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.²⁵ Current settings that 'push' migrants to regional areas, 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.

By way of example, four out of five accounting and finance professionals live in New South Wales, Victoria and Queensland. When contemplating 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 where they may have local support networks.

²⁴ Commonwealth of Australia (2022) *op cit* p 89.

²⁵ 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.

Having greater hurdles to migrate to major centres leads to three potential outcomes. Firstly, 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 given the high migration points thresholds of the recent past. Secondly, migrants are enticed by the relative ease of settling in the regions but relocate to the major centres as soon as they are able to do so. Finally, prospective migrants migrate to other countries.

All but the first outcome are sub-optimal. Regional development objectives may be undermined or the contribution to Australia's productive capacity from prospective migrants being foregone.

Rather than 'pushing' prospective migrants to the regions through migration policy settings, a better way is to 'pull' or attract them by informing and supporting their choices. The CA ANZ member survey found that 48 percent of reported skill shortages were in regional locations, 28 percent were in metro locations, while 23 percent were in both.²⁶ This suggests that the job prospects of accounting and finance migrants who settle in the regions are good. Armed with this information, prospective migrants may be more likely to settle in the regions.

Informing and supporting migrant choice has worked well in Canada, where the 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. Canada's 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.

Medium to longer term reforms recommended

- Reduce skilled visa categories and simplify conditions by removing those that 'push' migrants to the regions.
- Support regional growth and development by doing more to 'pull' or attract migrants to settle in the regions.

²⁶ CA ANZ (2022) *op cit*. Note: Survey Q6: "Please specify if the shortage is in metro or regional areas (or both) for the state(s) specified". 45 percent of members who responded said metro areas, 28 percent said regional areas', 23 percent said both. Four percent said don't know.

2. Accounting, audit and finance professionals

This section explores the composition of skilled migrants in the Permanent Migration Program by occupation for accounting, audit and finance professionals.

CA ANZ and CPA Australia recommend that accounting, audit and finance professionals feature prominently in Australia's skilled migrant intake.

Accounting, audit and finance professionals:

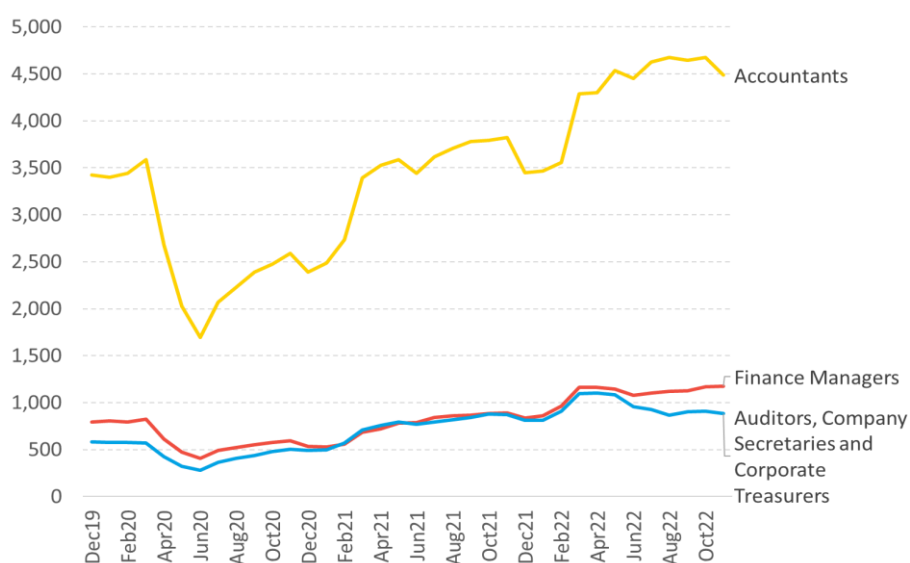
- are currently in shortage
- will continue to be in shortage over the medium term, in the absence of change
- add to the nation's human capital, support business improvement and growth and contribute to the community.

Accounting, audit and finance professionals are currently in short supply

The skills shortage was nominated as the number one challenge facing Australia's top 100 accounting firms for two years running.²⁷ Vacancies in accounting and finance roles are high. The latest Jobs and Skills Australia data on the number of advertised job vacancies for accountants (November 2022) is almost three times the level recorded in June 2020 (refer to **Figure 7**).

Figure 7 Vacancies for accounting, audit and finance professionals are running high

Three month moving average level of advertised vacancies



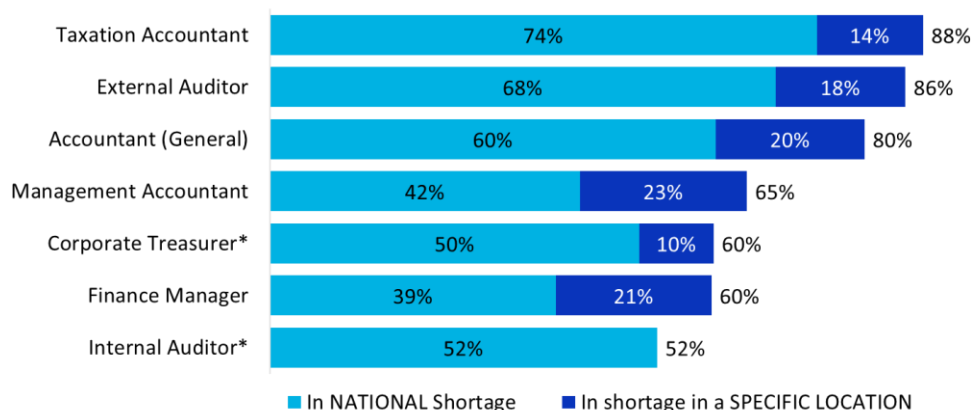
Source: Jobs and Skills Australia (2022) Internet Vacancy Index IVI Detailed Occupation Data, published in December.²⁸

²⁷ Wootton, H (2022) [The No. 1 problem for accountants \(for the second year in a row\)](#), Australian Financial Review, 14 November.

²⁸ Jobs and Skills Australia, [Internet Vacancy Index IVI Detailed Occupation Data \(November 2022\)](#), published in December.

In CA ANZ's recruitment and skills survey, respondents identified current skills shortages across each of the Australian and New Zealand Standard Classification of Occupations (ANZSCO) in which our members work. **Figure 8**, which captures the share of respondents who identified the occupation to be in shortage, indicates that the shortages are widespread.

Figure 8 Shortages of accounting, audit and finance professionals are widespread



Source: CA ANZ (2022) Skills and recruitment challenges survey results: December 2022.
Note: * indicates small sample size (<30).

In an earlier survey in July 2022, CA ANZ 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 they were taking three to six months to fill.²⁹

Tight labour market conditions are resulting 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 in December 2022, calculates that median total remuneration grew by 11 percent in both Australia and New Zealand.³⁰

Separately, the Hays survey of Australian employers for the 2022-23 financial year found that 91 percent of employers are experiencing a skills shortage, 77 percent of employers 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.³¹ These results echo feedback we are receiving directly from the profession.

²⁹ Source: [CA ANZ Survey on recruitment challenges and visa delays](#), July 2022.

³⁰ [CA ANZ Member Remuneration Survey](#), December 2022.

³¹ FY22/23 [Hays Salary Guide](#).

In the absence of change, the profession will continue to be in shortage

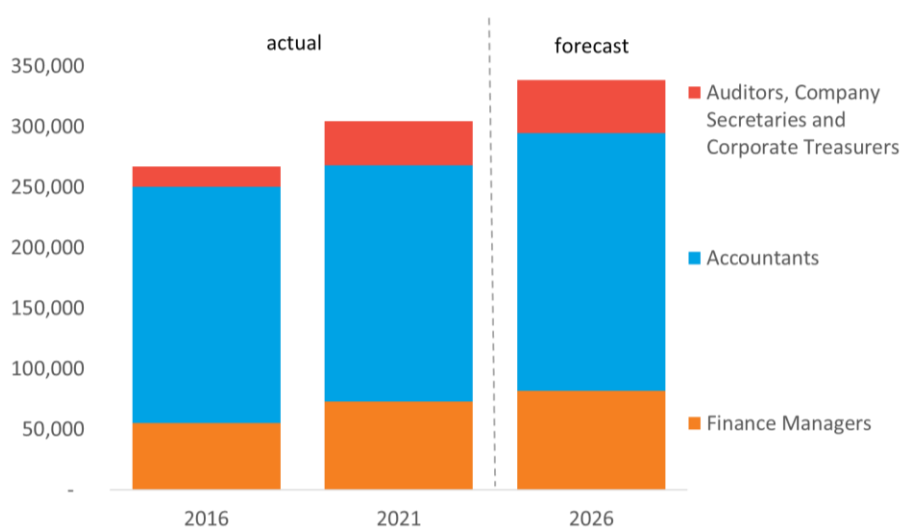
The demand for accounting, audit and finance professionals is strong. Accounting, audit and finance professionals are critical to:

- supporting the financial health and viability of businesses and community organisations
- helping business analyse investment options, which in turn supports job creation
- improving business performance and productivity
- supporting innovation
- building community trust in the capital markets, and supporting its effective operation

Official forecasts are that the demand for accounting, audit and finance professionals will increase from 304,220 employed in 2021 to 338,362 by 2026. **Figure 9** captures the actual and forecast levels.

Figure 9 Demand for accounting, audit and finance professionals is strong

As at November in years shown



Source: ABS (2022) Labour Force, Australia, Detailed, and National Skills Commission (NSC) (2022) 2021 Employment Projections.

This forecast increase represents an increase of 34,142 over five years. Add to this those who retire, otherwise exit the profession or leave the country, then the number who need to enter the profession or the country to meet this expected demand is clearly large.

The 2021 Census provides a lens on the numbers likely to exit over the next five years. On Census night there were 21,899 people aged 61 years or older who identified that they worked in one of the occupations referred to in **Figure 9**. That is 21,899 people who, if not already eligible to retire, will be at some point over the next five years.

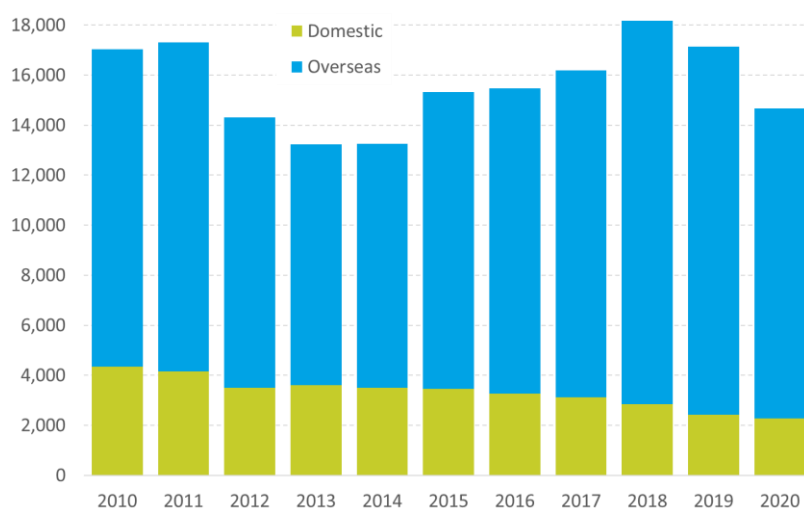
What is difficult to assess on is who else might exit as they change careers or leave the country. Aside from the domestic graduate pipeline (discussed below), we do not know who else might enter the accounting and finance profession as they transfer across from other professions. The simplifying assumption is that these movements cancel each other out.

In terms of the graduate pipeline, domestic graduate numbers (shown in green in **Figure 10**) have been declining for a decade. In 2010, domestic completions of Bachelor level and above programs of accounting numbered 4,356. By 2020, which is the latest available data, this number had almost halved to 2,278. Declining domestic commencements will mean that completions will continue to fall for some time.

While there is a much healthier number of overseas graduates (shown in blue in **Figure 10**), overseas completions have been declining since 2019 and it cannot be assumed that these graduates will become permanent migrants. Many will return to their home countries, particularly if graduates expect that the likelihood of being able to migrate permanently is low. This is a key part of the explanation of why overseas completions have been declining. The large drop off in commencements, evident pre-pandemic but exacerbated by border closures, will mean that overseas completions will continue to decline for at least the next few years.

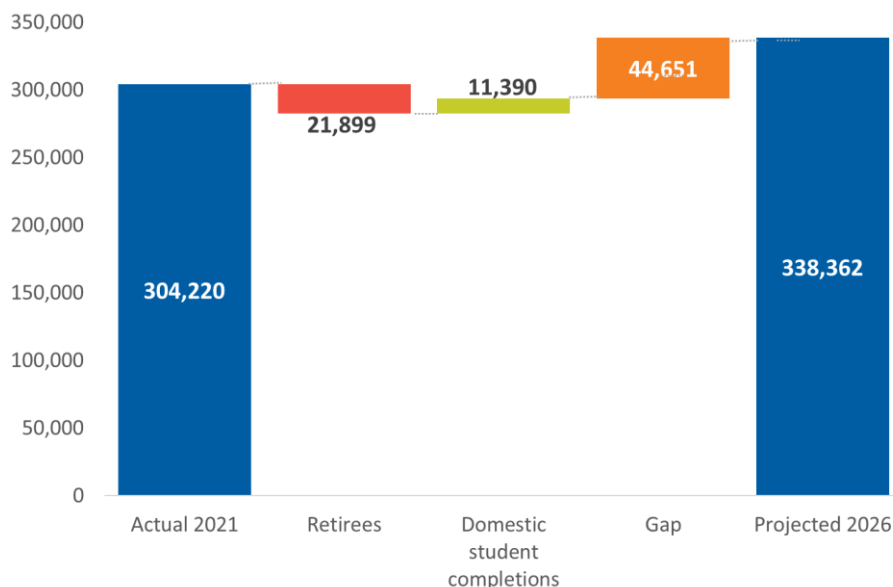
Figure 10 The accounting graduate pipeline in Australia

Completions of Bachelor or higher accounting qualifications, calendar years



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

Figure 11 shows that once the withdrawals and new entrants are accounted for over five years to 2026, there is a gap of around 44,651 between current and projected employment levels. An approximate annual average of around 8,930 new accounting, audit and finance professionals would be needed to meet demand.

Figure 11 Shortfall in the pipeline of accounting, audit and finance professionals

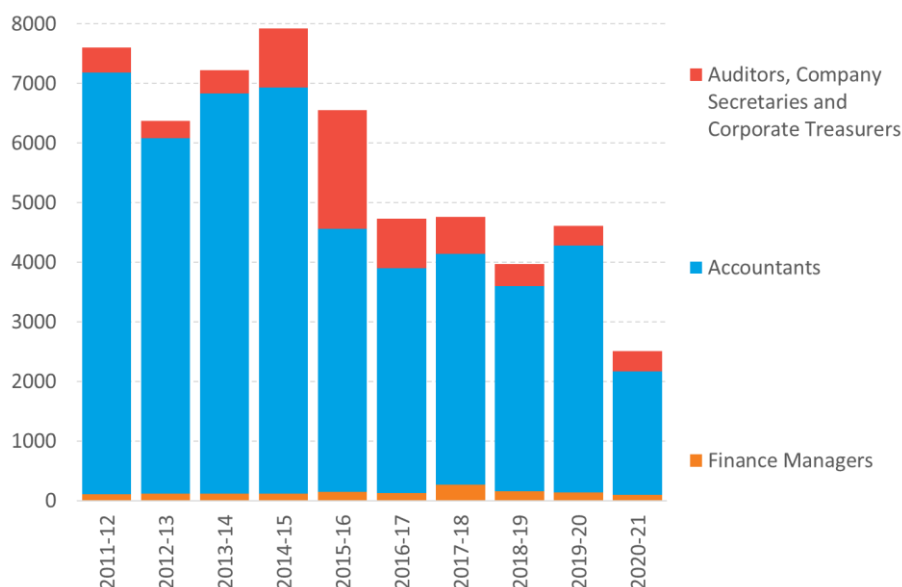
Sources: Actual and projected employment – referred to in Figure 9. Retirees - derived based on Census 2021 data for accounting, finance and audit professionals either currently eligible to retire or who will become eligible over the forecast period. Domestic student completions - derived based on domestic accounting student completions in 2020 in Figure 10.³²

The numbers of migrant accounting, audit and finance professionals entering the profession in recent years fall well short of what is needed to address this gap. In 2020-21 migrant accounting, audit and finance professionals following all pathways to permanent residency numbered only 2,510. **Figure 12** shows how this number is broken down by occupation for that year and the decade leading up to it. Without knowing precisely what the total was in 2021-22, we know that it will be higher than 3011, which is the figure for accountants migrating under the Skill stream.³³ Nonetheless, it will fall well short of the almost 9000 accounting, audit and finance professionals required annually to meet the growing demands for their services.

³² Figure 11 Notes – The gap is calculated as the unmet employment change after accounting for entrants and withdrawals from the profession's over the forecast period. Overseas students are not included as the chart estimates that labour demand is not met from local sources of supply.

³³ DHA (2022) Migration Program 2021-22 Report.

Figure 12 The diminishing pipeline of migrant accounting, audit and finance professionals
Permanent migration under all streams, primary applicants only



Source: DHA (2022) Migration Program, Expert Panel (Family) and Child Outcomes since 2011-12 pivot table.

Immediate action recommended

Feature accounting, audit and finance professionals prominently in Australia’s skilled migrant intake.

Accounting, audit and finance professionals add to the nation’s human capital

While there is currently an immediate and growing need for migrant accounting, audit and finance professionals, the contribution they make is far greater than filling skill gaps. **Table 4** applies the 3Ps framework and comparable indicators to illustrate the large contribution that overseas-born accounting, audit and finance professionals add to the nation’s productive capacity. Just short of two thirds are of prime working age; more than nine out of 10 are of working age; they fully participate in the labour force; work long hours; and are highly credentialled.

Table 4 Overseas born accounting, audit and finance professionals bolster productive capacity

Population Share of population		Participation			Productivity
Prime working age (18-44)	Working age (15-64)	Unemployment rate	Labour force participation rate	Average weekly hours worked	Share with a Bachelor or higher qualification
65%	97%	0%	100%	38 hours	91%

Source: ABS Census 2021 accessed through TableBuilder Pro.³⁴

³⁴ Table 4 Notes: With the exception of the population measures, for the purpose of comparability, the measures are for overseas born accounting, audit and finance professionals resident in Australia who are aged 15 to 64 years old.

The last column tells only part of the story. What it misses is the additional skills that accounting, audit and finance professionals are assessed for and the more nuanced ways that they develop the nation's human capital and support the economy.

Depending on which ANZSCO code for accountants is selected, a positive assessment by any one of Australia's professional accounting bodies 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, audit and finance professionals further bolster productivity through the diffusion of good ideas within businesses, measuring business performance against benchmarks and supporting innovation.

Just under half of Australia's accounting, audit 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, to access and leverage networks back in their home country and neighbouring countries, and to support international trade.

3. Other measures to improve migration planning

CA ANZ and CPA Australia's joint submission on *A Migration System for Australia's Future*³⁵ discussed and provided recommendations for further measures to improve the migration planning process so that Australia remains attractive to prospective migrants, as outlined below.

Immediate actions recommended

- Maintain the increased level of resourcing required to resolve the visa backlog.
- 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.
- 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.
- Extend disaster support to temporary Australian residents.

Medium to longer term reforms

- Increase flexibility in the migration system, including more flexible pathways to permanent migration for current and prospective international students.

³⁵ CA ANZ and CPA Australia joint submission on [A Migration System for Australia's Future](#), 15 December 2022.

- 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.