

Friday, 1 September 2023

Australian Universities Accord Review Panel
Chair, Professor Mary O'Kane
c/o Department of Education

Lodged online

Dear Professor O'Kane

Submission on the Australian Universities Accord Interim Report

Chartered Accountants Australia and New Zealand (CA ANZ) thanks you for the invitation to provide our views on the Australian Universities Accord (the Universities Accord) Interim Report (the Interim Report) to support development of the Review Panel's Final Report to the Minister for Education Hon Jason Clare MP.

CA ANZ is the leading peak body for the accountancy profession. We represent more than 136,000 accounting and financial professionals. CA ANZ is also a professional accrediting body and a TEQSA registered provider of higher education. We make this submission in the interest of our members and in the public interest.

The Interim Report shares two points of interest about the echidna that graces its cover. The first is the cultural story of the echidna (biggibilla) in the Eualeyai/Yuwaalaray nation and how it speaks to the importance of sharing and reciprocity. This strikes a chord. It is in the same spirit that CA ANZ shares this, our third, submission on the Universities Accord, which follows our [submission on 19 December 2022](#) on priorities for the Accord and our [submission on 11 April 2023](#) on the Accord discussion paper. The second point of interest is the 'spikey' nature of both echidnas and some of the ideas in the Interim Report. We commend the Review Panel for sharing their bold ideas and inviting public discussion, debate and feedback.

A third point of interest is echidnas are often referred to as 'ecosystem engineers'. They spend large amounts of time digging and turning over the soil, improving its mixing and water penetration, reducing run-off and erosion, which ultimately leads to healthier soils, improved plant growth and a more sustainable environmental ecosystem. In the same way, the aspiration for governments should be to support a healthy post-school education and skills ecosystem in Australia where learning blossoms, underpinned by an equitable and sustainable funding model.

Too often the role of governments in the post-school ecosystem is depicted as another siloed element, as illustrated on the left side of the diagram below. The reality is that the ecosystem is more complex and overlapping and that the policy, regulatory, governance, funding and other activities of Commonwealth, State and Territory governments wrap around and support continued learning and the acquisition and recognition of skills post-school, as illustrated on the right side of the diagram. This may occur in universities, with vocational education and training (VET) providers, on the job, with professional bodies or elsewhere. The challenge is for the Universities Accord to be an integral part of the engineering that supports rather than distorts the evolution this ecosystem. This aspiration is a key underpinning of CA ANZ's submission.

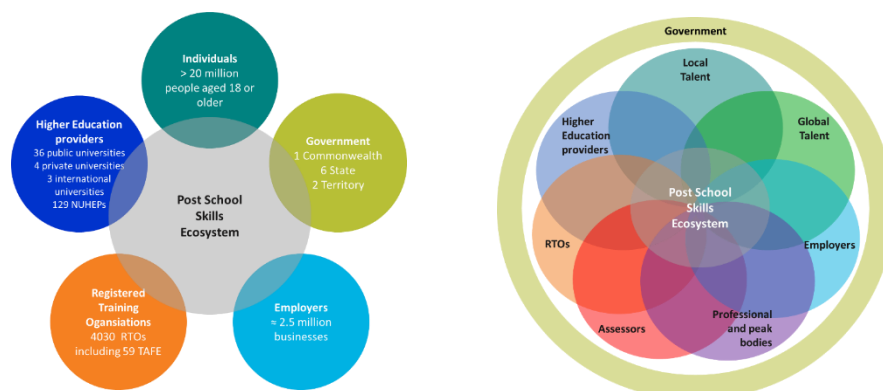


Diagram: The Post School Skills Ecosystem. The typical representation is depicted on left side and the reality on the right side.

Key points

- CA ANZ supports the five immediate actions the Review Panel identified in the Interim Report.
- CA ANZ is pleased to see recognition on page 47 of the Interim Report “that professional bodies will be an important part of the ongoing Universities Accord process.” We intend to remain constructively engaged.
- In this third submission we focus on the big ideas that we either do or do not support, explain our reasons why, and suggest either augmented or alternative approaches. Our submission adopts four foci:
 - matters we agree with and encourage are retained and enhanced;
 - approaches to advancing aspirations;
 - funding and financing; and
 - international education.
- In taking this approach, we repeat and update evidence, arguments and recommendations made in our previous submissions with a focus on recommendations that will help address the ongoing shortage of accounting, audit and finance professionals and build the talent pipeline entering the profession.

Recommendations

CA ANZ’s recommends that the Government:

Matters we agree with and encourage are retained and enhanced

- couch the aspiration of a high quality and equitable higher education system within a broader aspiration to advance the same ends for all post-school learning;
- support universities’ outreach to school and VET systems and the wider community and encourage a more decentralised approach;
- address policy, regulatory, governance, funding and other settings to enable rather than bar educational innovations, such as Degree Apprenticeships and joint sector programs;
- make digital capability an integrated endeavour of programs of learning for both young and mature aged students and workers;

Approaches to advancing aspirations

- adopt sector and credential neutral attainment targets for the working-aged population and participation targets for under-represented learners;
- extend Commonwealth Supported Places (CSPs) to sub-bachelor pathways;
- introduce needs-based loadings to Commonwealth Grants to under-represented learners and reduce their tuition fees commensurately;
- at a minimum, reintroduce demand driven funding arrangements for under-represented learners, and preferably for all;
- extend CSPs to Non-University Higher Education Providers (NUHEPs);

Funding and financing

- recognise Accounting amongst identified national priorities for funding purposes to reflect the ongoing critical shortage of, and strong demand for, accounting and audit professionals;
- determine student contributions on the basis of early career graduates’ ability to pay, as indicated by graduate salaries;
- reduce how much Accounting, Management and Commerce students are expected to contribute towards the cost of their tuition;

- recalibrate student and Commonwealth contributions to ensure that the price signals to students and providers are working in the same desired direction;
- extend funding support to learners to gain credentials of all sizes offered by traditional and non-traditional providers;
- provide lifelong learning funded entitlements that learners can draw upon over their lifetimes to fund their continuous learning and credentials approved with an expanded Australian Qualifications Framework (AQF).
- index Higher Education Loan Program (HELP) to either CPI or the 10 year government bond rate, whichever is the lesser;
- make income contingent loans up to a cap available to learners studying towards credentials of all sizes assessed at AQF level 5 and above;

International education

- extend the indicative list of eligible occupations for post-study work rights in Australia to include accounting and audit and update the list of related qualifications eligible for the extension to include degrees in Accounting;
- does not introduce a levy on international student fees.

Appendix A contains our detailed submission. Appendix B provides more information about CA ANZ.

Should you wish to discuss any of the matters raised in our submissions or in connection with the Universities Accord process, please contact CA ANZ's Australian Government Affairs, Education, Skills and Migration Policy Leader Sarah Davidson on +61 2 9290 5639 or at sarah.davidson@charteredaccountantsanz.com.

Sincerely,

Simon Grant

Group Executive, Advocacy and International

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Contents

1.	Matters of agreement	1
2.	Advancing aspirations	3
	The case for targets	3
	Post-school targets.....	4
	A learner-centric approach	5
3.	Funding and financing	7
	Short term funding reform – redesign the JRG package	7
	Medium term funding reform – universal lifelong learning entitlements.....	11
	Short term financing reform – loans that provide greater HELP	12
	Medium term financing reform – loans to support lifelong learning	13
4.	International education	14
	Benefits of international education	14
	Impact of past policies.....	15
	Impact of current policies	16
	How potential future policies might impact	16

Figures

Figure 1	Participation of people from disadvantaged cohorts in higher education.....	4
Figure 2	Vacancies for accounting, audit and finance professionals	7
Figure 3	Shortfall in the pipeline of accounting, audit and finance professionals.....	8
Figure 4	Changes to the Commonwealth's and students' contributions	10
Figure 5	Current and potential alternative HELP indexes	12
Figure 6	International student enrolments in programs of Accounting by source country.....	14
Figure 7	Education exports.....	14
Figure 8	The international education-migration nexus.....	15

Appendix A

1. Matters of agreement

Higher education is transformative for Australians and Australia, bringing myriad social and economic benefits. These points are well made in the Interim Report and emphasised in CA ANZ's previous submissions. The key areas in the Interim Report that CA ANZ agrees with and would like to see retained or enhanced are outlined below.

- **A high quality and equitable higher education system is now essential for Australia (page 4).**
A proposed extension of this finding is that it should be couched within a broader aspiration to advance the same ends for all post-school learning, wherever it occurs within the skills ecosystem, as illustrated in the diagram depicted in our covering letter.
- **Bold, long-term change is required to fulfil the mission of higher education in Australia. Change in the sector must be significant. Complacency cannot be tolerated (page 6).** To this end, CA ANZ supports the five immediate priority actions announced by the Government on 19 July 2023. One characteristic of echidnas that we do not suggest the Universities Accord process look to imitate is the pace at which they move. Haste is not one of these spikey creatures' strong suits. Change in the sector and in the broader post-school ecosystem is significant and fast-paced. The challenge for governments is to stay ahead of the game by designing enabling, future-focused policy, regulatory, governance, funding and other settings.
- **The knowledge, understanding and power inherent in higher education will help build a nation of reconciliation and equality (page 8).** CA ANZ supports putting First Nations at the heart of Australia's higher education system as part of the Interim Report's wider commitment to greater equity.
- **The goal must be growth for skills through greater equity (page 9).** CA ANZ supports this goal but has different views on the means to that end. As discussed in Section 2, while targets are important, they need to be well designed and support learners' demands throughout their lifetimes and not dictate provider supply. One important means to support the demands of under-represented cohorts, which is discussed in that section, is through needs-based funding arrangements. Another, which is identified in the Interim Report as a potential focus in the Final Report, is that universities must look outwards and develop stronger links to the school and VET systems and the wider community. We advise that it should not just be the centres of universities that are reaching out. To enable school, VET and other learners to gain an understanding of the fuller suite of study options universities have on offer, more of the outreach needs to come directly from departments within universities. Accounting, for example, is too easily glossed over or missed altogether in the local outreach programs of universities, despite the abundance of job vacancies in this field.
- **New ideas must be explored to prevent excessive debt and rising student cost of living pressures from discouraging the pursuit of higher education (page 11).** Both the Interim Report and our second submission made reference to the unintended impacts of CPI-indexed income contingent student loans. We revisit the alternatives in Section 3 of this submission.
- **Greater priority needs to be given to educational development and experimentation (page 11).** The aim of policy, regulatory, governance, funding and other settings should be to enable and not act as a barrier to innovations. Degree Apprenticeships, which receive positive mention in the Interim Report, are an innovation that enables learners to earn while they learn and, thereby, holds the potential to open up pathways to higher learning, particularly to under-represented cohorts. Joint higher education and VET sector qualifications is another positive innovation highlighted, as it supports pathways and brings together the best of both sectors.
- **International education is a crucial element of Australia's soft diplomacy, regional prosperity and development (page 12).** An important message to take away from Section 0 is international students studying higher education programs of accounting are overwhelmingly from within our region. Their networks, cultural and linguistic diversity are powerful means to these desired ends. However, we recommend the Review Panel avoid the false tyranny of the 'or' and embrace the power of the 'and'. That is, international education is a means to all things headlined above *and* remains an important export industry, despite its struggles in COVID years. In Section 4 of this submission, we revisit reforms previously raised that advance all ends and caution against arrangements that may compromise them, notably the proposal to introduce a levy on international student fees.
- **The funding system, as changed through the Job-ready Graduates (JRG) package, needs to be redesigned before it causes long term and entrenched damage to Australian higher education (page 16).** This is compellingly illustrated by the treatment of Accounting programs. In Section 3 we update the evidence

and revisit arguments previously made in our earlier submissions. We stress, however, that fixing the JRG package should be seen as a first step to working towards funding and financing arrangements to support the entitlements of all to learn post-school and to keep on learning throughout their lives, wherever that learning occurs. CA ANZ agrees with the position taken in the Interim Report that a universal learning entitlement is needed to support access to high quality education post-school and over lifetimes. Coherent long-term higher education policy underpinned by sustainable long term funding and investment is critical.

- **The recognition that professional bodies will be an important part of the ongoing Universities Accord process (page 47).** CA ANZ welcomes this recognition and remains committed to the process.
- **Changing technologies including AI will impact on the nature of professional skills and the delivery of education for these occupations (page 47).** While stated in the Interim Report but not singled out as a key finding, this is important to recognise. Furthermore CA ANZ argues that digital capability should be an integrated endeavour of programs of learning for both young and mature aged students and workers.

Recommendations

CA ANZ recommends that the Government:

- couch the aspiration of a high quality and equitable higher education system within a broader aspiration to advance the same ends for all post-school learning;
- support universities' outreach to school and VET systems and the wider community and encourage a more decentralised approach;
- address policy, regulatory, governance, funding and other settings to enable and not bar educational innovations, such as Degree Apprenticeships and joint sector programs;
- make digital capability an integrated endeavour of programs of learning for both young and mature aged students and workers.

2. Advancing aspirations

The Interim Report shares on page 32 that the Final Report will set higher targets for higher education participation and equity. In the discussion that follows CA ANZ:

- supports the introduction of higher attainment targets and participation targets for underrepresented learners;
- advises that targets be broadly set for post-school learning rather than narrowly for higher education; and
- argues that they are advanced through means that inform and support learner demands rather than arrangements that dictate supply.

The discussion under this header steps through these points in turn.

The case for targets

Following the Bradley Review,¹ a target was adopted for 40 percent of 25 to 34 year olds to attain degree-level or higher qualifications by 2025. Despite the Government abandoning this target in 2013, it was, nevertheless, achieved ahead of schedule. Over just four Censuses the share of people attaining this target has risen from under 29 percent in 2006 to 43 percent in 2021,² catching Australia up and moving us ahead of the OECD average.

This correction was needed. It still is. The combination of demographic pressures and labour market demands underscore the need for a more ambitious target. These pressures and demands are well argued in the Interim Report. They echo points CA ANZ raised in our previous submissions. In our second submission, we shared evidence of the growing population of school leavers. In our first submission, we used the changing roles performed by accounting, audit and finance professionals as a case study to illustrate the broader labour market trend that as roles evolve they are placing greater emphasis on employees' cognitive abilities.

Attainment was not the only target recommended by, and adopted following the Bradley Review, and abandoned in 2013. The Review was also the genesis of the aspiration that by 2020 people from the most disadvantaged quartile of the population will comprise 20 percent of undergraduate enrolments. But unlike the attainment target, the reality has fallen well short of the abandoned aspiration. And since 2019 there has been an erosion of the gains made. The chart on the left of **Figure 1** shared over the page illustrates the shortfall.

Figure 1 also shares how higher education is falling short of population parity for students from regional and remote locations and Indigenous students. For the former, the gap has been widening over the period charted from 2009 to 2021. For the latter, the gap has been narrowing, but it is still a long way short of population parity. In our second submission we illustrated how the gap is even wider for the share of Indigenous students studying Management and Commerce: in 2021 the Indigenous share of enrolments in this broad field of education was 1.3 percent. This is despite the urgent need to develop these skills in order to take best advantage of the sleeping giant of opportunity as native lands are returned and as public and private procurement policies target Indigenous suppliers.

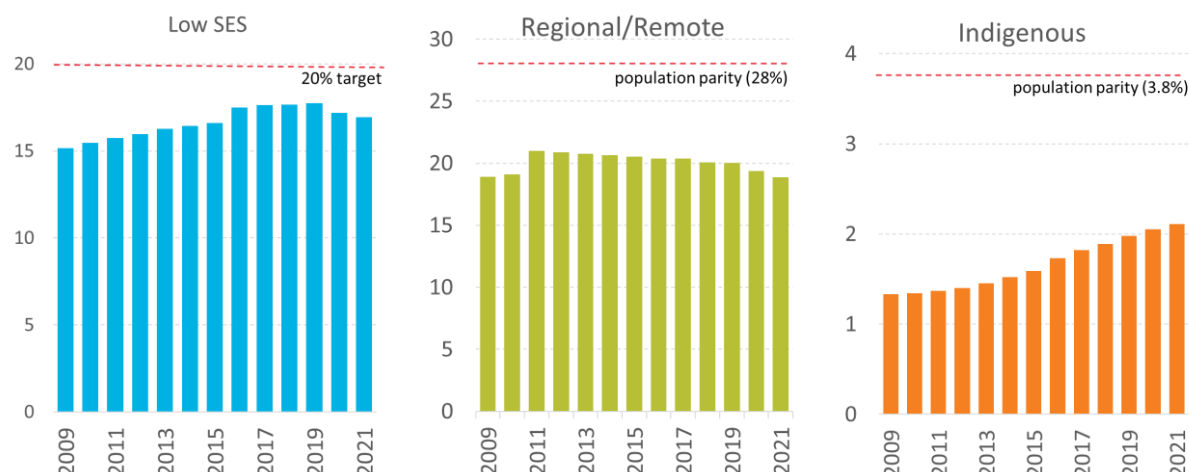
The recently released 2023 Intergenerational Report underscores the importance of supporting all stages of human capital development, particularly for those who face barriers to their learning.³

¹ [Department of Education, Employment and Workplace Relations 2008, Review of Australian Higher Education: final report \[Bradley review\], DEEWR, Canberra.](#)

² Proportions derived using the Australian Bureau of Statistics Tablebuilder Pro. Refer Table 5 in [CA ANZ's second submission](#) for estimates over all four Censuses.

³ [Commonwealth of Australia \(2023\) Intergenerational Report 2023, Australia's future to 2063](#), p 88.

Figure 1 Participation of people from disadvantaged cohorts in higher education
Share of domestic students (%)



Source: Department of Education (DoE) (2023) Equity performance data.

Post-school targets

The Interim Report contains a proposal for higher education attainment and participation targets. The Bradley Review measures counted degree level or above qualifications within a narrow age range. The attainment target of 55 percent floated in the Interim Report remains narrowly focused on higher education but with regard to a different population target – the workforce.

We encourage that the targets be set more broadly. Specifically, that they are sector and credential neutral and encompass the working-aged population. Five reasons why are outlined below.

Firstly, even in the more traditional representations of the skills ecosystem, vocational education and training (VET) is an important source of post-school learning. Targets to advance narrowly defined higher education targets risk being achieved at the expense of the VET sector. They fail to take into account where learners want to learn. Such targets also risk having the unintended perverse impact of worsening equity outcomes as VET is an important pathway to higher learning for equity cohorts.

Secondly, as explained in our second submission, this traditional two sector world of higher education and VET co-exists and interacts with a rapidly emerging new world of learning and credentialling. In that new world learning may occur with non-traditional providers, including employers and professional bodies. Credentials that verify learnings may be for full qualifications or may be for more micro learnings gained in both formal and informal settings. Targets must encompass both the old and the new worlds.

A recent survey of Australian attitudes towards education found that only 14.2 percent of the almost four-and-a-half thousand respondents opted for the statement that a university degree is necessary for success in today's work world, down from the 18.4 percent who opted for this statement in 2008.⁴ While, as the survey authors suggest, the low score and the change may in part be a reflection of tight labour market conditions, a likely bigger part of the explanation is that there are alternative ways, both traditional and non-traditional, to learn and keep learning post-school that support success in today's and tomorrow's world of work.

Thirdly, while the Interim Report's focus on the workforce is an improvement on the 25 to 34 year old age bracket focus adopted following the Bradley Review, we contend that it is not ambitious enough. As some commentators have observed,⁵ by focusing only on the workforce, the targets would fail to count those of working-age who are not participating in the workforce, many of whom belong to the equity cohorts that the Review Panel is looking to support. It would be better to focus on the working-aged population.

Fourthly, targets should cover more than just initial qualifications gained in the early years post-school. In our previous two submissions we shared forecasts on the many jobs in the accounting, audit and finance profession that are predicted to disappear in future years, those that will be created anew, and the even greater number that will transform. This story of job births, deaths and transformations is not unique to our profession. It is happening

⁴ [Biddle, N \(2023\) Attitudes towards education in Australia, Australian National University Centre for Social Research and Methods, April.](#)

⁵ Refer for example [Norton, A \(2023\) How would student places be allocated under the Universities Accord? Higher Education commentary from Calton, 8 August.](#)

everywhere, necessitating that workers keep on learning throughout their working lives so that they have the knowledge, skills and agility to respond, adapt to and anticipate the ever-evolving expectations and demands of the workforce, economy and society.

The fifth and final point is that sector and credential neutral attainment and participation targets for the working-aged population better align to the aspiration in the Interim Report of a future where learners have lifelong learning entitlements intended to ensure they gain the credentials they seek and employers need.⁶

A learner-centric approach

The preferred approach indicated in the Interim Report is to increase the supply of Commonwealth Supported Places (CSPs) rather than return to a demand driven system. The justification provided is because “[a]n active focus is required to aim for better planned tertiary education provision”.⁷

In the development of an Accord between the government, universities and industry, sight should not be lost of the importance of learner agency and enabling and supporting learner choices. In the words of one commentator, “[w]hat is missing from this narrative is any interest in what students themselves might think or want to do with their lives.”⁸

The proposed arrangements for Indigenous students in the Interim Report provides a useful case study to assist thinking about how best to enable and support learner choices. The proposal is to expand the current demand driven system for Indigenous Australians living in regional and remote areas to all Indigenous Australians. This is the right thing to do to provide them agency by supporting their choices. But it is not the only thing that should be done. And, unless more is done, this proposed change may make little difference. Choices may be constrained as some Indigenous learners may not meet the pre-requisite requirements for enrolling in Bachelor degrees. Yet CSPs under the demand driven system do not include sub-bachelor qualifications. The Bradley Review recommended that they should. And/or choices may be constrained if Indigenous learners do not have the means to meet their tuition costs and are cautious about incurring large debts. Which is why CA ANZ supports loadings being added to Commonwealth Grants for, and subtracted from tuition fees paid by, under-represented learners.

There is no equivalent proposal for a demand driven approach for learners from low socio-economic backgrounds or learners residing in regional and remote areas, despite the imperative to address their under-representation. Just as for Indigenous learners, this should be a first step but not the only step to give these learners agency and support their choices. They too may require facilitated pathways to higher learning. And the financial barrier to their choices may likewise need to be eased through needs-based loadings.

In our previous submission we went further: CA ANZ argued for the reintroduction of demand driven funding for all. We stand by this recommendation, as having agency and choice matters for all learners. However, we are pragmatic in recognising that there are at least three reasons why the Review Panel may regard this as a step too far.

One reason is that learners may not concentrate in areas of industry need. Our counterpoint is that there is a role for governments to inform learners and institutions about where demand is greatest.

Another reason is that the fiscal cost may prove difficult to justify given other competing demands for government funding. Two thoughts on this are that post-school education is less a cost and more an investment in a more productive future, and that further exploration of alternative funding sources, such as the Review Panel’s suggestion of industry contributions, is a valid one for further inquiry. That said, we hasten to caution that the alternatives need to be carefully thought through in order to avoid unintended perverse impacts, such as creating a disincentive to hire graduates. And, as argued in Section 0, the Review Panel’s proposal of a levy on international fees student is not appropriate and should be taken off the table.

The third barrier to reintroducing demand driven funding for all is the potential physical barrier that universities may not have the capacity to accommodate larger numbers. This is why we recommended in our previous submission that the Commonwealth Supported Places (CSPs) at Non-University Higher Education Providers (NUHEPs) as well as at universities. This would also have the desirable effect of expanding student choices, as current arrangements penalise those who decide to study with NUHEPs.

⁶ [Australian Government \(2023\) Australian Universities Accord, Interim Report](#), p 43.

⁷ *ibid.*

⁸ [Hare, J \(2023\) “Jason Clare’s big university targets ‘totally unrealistic’,” Australian Financial Review, 20 August.](#)

Recommendations

CA ANZ recommends that the Government:

- adopt sector and credential neutral attainment targets for the working-aged population and participation targets for under-represented learners;
- extend CSPs to sub-bachelor pathways;
- introduce needs-based loadings to Commonwealth Grants to under-represented learners and reduce their tuition fees commensurately;
- at a minimum, reintroduce demand driven funding arrangements for under-represented learners, and preferably for all; and
- extend CSPs to NUHEPs.

3. Funding and financing

This section advocates for funding and financing reforms over the short and medium terms.

Short term funding reform – redesign the JRG package

The funding system, as changed through the Job-ready Graduates (JRG) package, needs to be redesigned before it causes long term and entrenched damage to Australian higher education. This point is well made in the Interim Report. In the discussion that follows we iterate between the case studies of the broad fields of Education, Management and Commerce, and the narrow field of Accounting, to illustrate where it has gone wrong and advise how to set things right. We stress, however, that fixing the JRG package should be seen as a first step to working towards funding and financing arrangements to support the entitlements of all Australians to learn post-school and to keep on learning throughout their lives, wherever that learning occurs. Below we argue in turn that:

- there are missing national priorities;
- the evidence does not support the implied public benefits;
- student contributions are poorly aligned to private benefits; and
- sometimes contradictory price signals risk unintended consequences.

National priorities

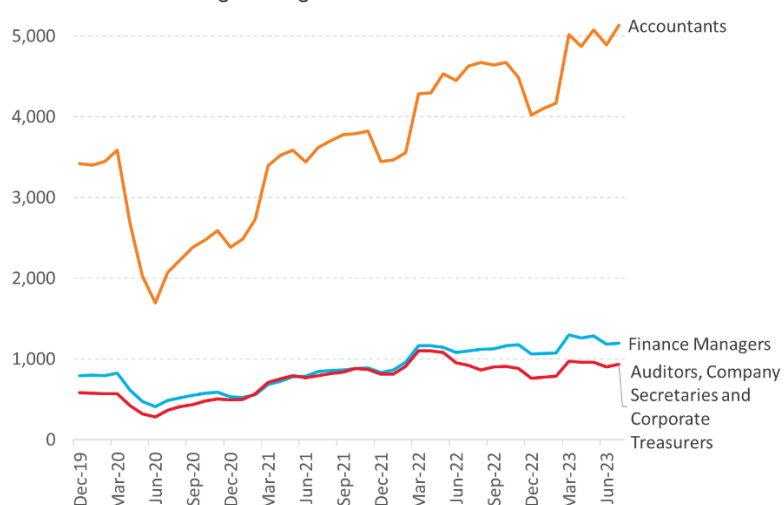
One of the core objectives of the JRG package was to increase the number of students entering courses aligned to future job growth or that are in national areas of priority. It has sought to do this by lowering the contribution that prospective students in those disciplines would have to contribute towards the cost of their studies.

Management and Commerce and, by extension, Accounting, did not make the cut of what was judged to be a national priority. If national priorities are maintained, we suggest they should, as accounting, audit and finance professionals in Australia are currently in shortage and, in the absence of change, shortages will persist and grow into the future.

Recognising Accounting amongst Australia's national priorities will also support Australia's future STEM workforce. Around one in five STEM workers are business professionals who hold a business degree with a major in a field such as accounting, finance, statistics or economics. They rely on mathematics for activities such as accounting, financial analysis, auditing, statistical analysis and economic modelling.⁹

In our second submission on the Universities Accord we shared a chart similar to **Figure 2**. The point illustrated was how advertised job vacancies for accountants to February 2023 had risen to levels well above their pre-COVID highs. The updated data through to July 2023 in Figure 2 shows that vacancies for accounting, audit and finance professionals have increased by 23 percent.

Figure 2 Vacancies for accounting, audit and finance professionals
Three month moving average level of advertised vacancies



Source: [Jobs and Skills Australia \(2023\) Internet Vacancy Index IVI Detailed Occupation Data, August](#).

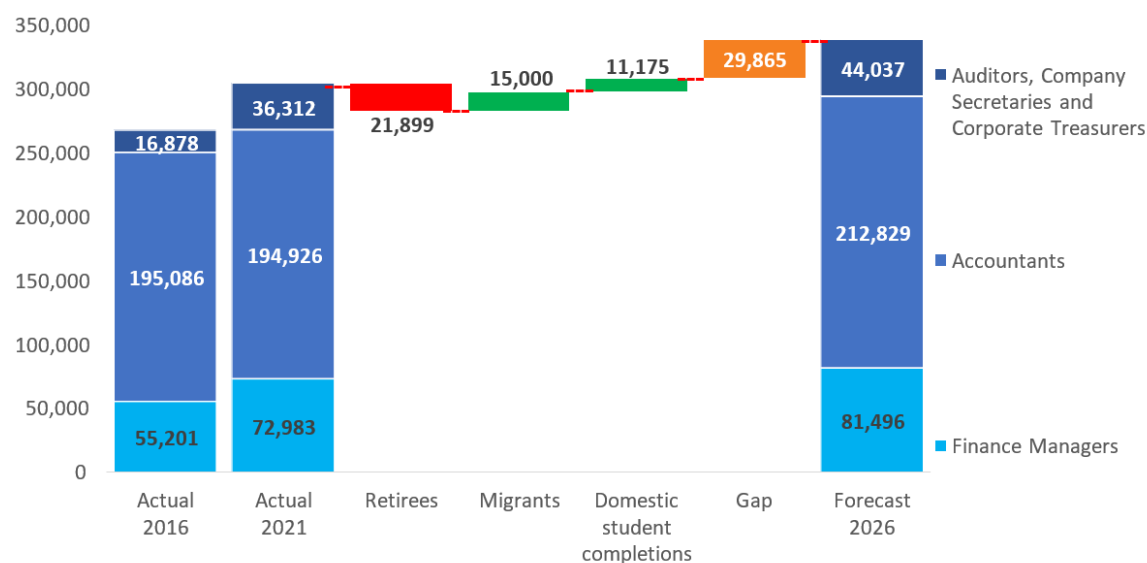
⁹ Willox, I (2023), [Postgraduate Futures, STEM Careers List for Australia: Future Jobs](#)

In our second submission we also shared the results from CA ANZ's [recruitment and skills survey](#) of Australian members conducted in December 2022, where respondents identified current skills shortages across each of the Australian and New Zealand Standard Classification of Occupations (ANZSCO) where our members work.

The more recent reports of recruiters indicate that demand for accounting, audit and finance professionals remains high and employers' ability to fill vacancies has not become any easier. Robert Half's latest survey finds that Chief Financial Officers have a hunger to hire with nine out of ten expecting to recruit in the second half of 2023, including more than a third who plan to expand their team.¹⁰ Hays finds that 96 percent of accountancy employers plan to increase salaries and over three quarters are planning to grow pay by more than three percent, reflecting the today's tight jobs market.¹¹ Yet a third recruiter, people2people, finds that almost half (46 percent) of accounting teams had a shortfall of accountants, with six percent being significantly short-staffed.¹²

In the absence of change, shortages will not only persist but grow. In our previous submission we shared the evidence and explanation on why: because future supply is expected to fall well short of projected demand. Below we share again in **Figure 3** our summary chart from that submission that captures and helps explain how this shortfall comes about. The key points to note are as follows. Figure 3 is bookended on the left by historical levels of employment in the profession over a five-year period and, on the right, by official forecasts of the continued growth over the next five years. The bars in-between indicate the predicted withdrawals from the occupational labour force (in the red) and injections (in the green). Note the small number of expected domestic completions. This is conservatively based on the 2,235 domestic students who graduated from Australia's higher education programs of Accounting in 2021 – a number that is around half of what it was ten years prior. The 11,175 over five years estimate is conservative because, as evidenced in our previous submission, domestic commencements have suffered a decade of decline. Nonetheless, even when these conservative adjustments are used, there is a large gap (illustrated in orange) of close to 30,000 accounting, audit and finance professionals over five years or an annual average of 6,000. The need to grow domestic commencements in higher education programs of Accounting is clearly urgent. It is essential that Accounting is treated as a national priority.

Figure 3 Shortfall in the pipeline of accounting, audit and finance professionals



Source: [CA ANZ Submission to the Australian Universities Accord Panel, 11 April 2023](#).

Commonwealth contributions and public benefits

The discussion paper that accompanied the introduction of the JRG package¹³ explains that determination of the Commonwealth's funding contribution is informed by the assessed public benefit of each study area or field and whether it is identified as a national priority. However, as pointed out by at least one commentator,¹⁴ while matters that were taken into consideration were shared, the exact metrics and the method of calculation were not, making the results hard to interpret.

¹⁰ King, P (2023) "9 out of 10 CFOs rediscover hunger to hire", [Accountants Daily](#), 31 July.

¹¹ [FY23-24 Hays Salary Guide](#).

¹² [people2people, 2023 Employment and Salary Report](#).

¹³ DESE (2020) *op cit.*

¹⁴ See, for example, [Norton, A \(2022\) From public to private benefit: The shifting rationales for setting student contributions, occasional Paper, Melbourne Centre for the Study of Higher Education](#).

This is particularly the case for Management and Commerce courses. Prior to the introduction of the JRG package, it already sat within the lowest funded cluster of courses. The JRG package saw the Commonwealth's contribution more than halve from \$2,257 to \$1,109 (in 2022 dollars).

The evidence on which this decision is purported to be based does not support this reduction. Public benefit is assumed to be greater the higher the rate of employment participation, the larger the proportion of graduates employed as management and commerce professionals, and the better the rate for completing courses of studies. In our second submission we shared evidential proof that none of the grounds justify the low rate of subsidy proposed for students of Management and Commerce.

Student contributions and private benefits

Lower Commonwealth contributions have necessitated higher student contributions. This has been particularly so for students of Management and Commerce and Accounting.

The basis for determining the contributions sought from students under the JRG package is the private benefits to graduates, as measured by expectations of salaries earned.¹⁵ Funding rates are also intended to promote student enrolments in national priority areas.¹⁶

The Interim Report notes the high and increased contributions that the students of some fields of education, including business, are paying and comments that "[i]t is not fair for some students to make such a high contribution, even if expected earnings are higher than average."¹⁷ CA ANZ agrees. Here we explain why.

In our previous submission we said that at least three issues arise out of current arrangements. The first and second related to the use of Census data on average salaries earned by occupations as the basis for assessing private benefit. The third related to the use of contributions to encourage demand for courses in national priority areas.

The first was that not everyone who completes studies in a field of education spends their whole working lives in occupations directly related to their studies. On average, a member of Generation Z is expected to have 18 jobs across six industries in his or her lifetimes¹⁸. CA ANZ sees this first hand with our members. Reliance on Census data for a single occupation is at odds with this reality.

The second issue was that graduates' ability to repay loans taken to cover their student contributions has everything to do with their early career earnings and not occupational averages conveyed by Census data. A better, albeit still imperfect, starting point is graduate salaries. Average salaries for graduates of Accounting are less than the average from all study areas.¹⁹ This is unsurprising as a professional designation is a prerequisite for accessing higher earnings.

The implied assumption regarding the third issue is that students are price sensitive, factoring tuition fees into their decisions regarding what to study and, thereby, favouring options to study in lower priced areas of national priority. The jury is out regarding the veracity of this assumption, with some suggesting that students are price insensitive as income contingent loans mean that fees have no immediate effect. In our second submission we found this does not appear to hold for Management and Commerce, as demand has moved in concert with changes in funding arrangements.²⁰ We are now increasingly hearing that students have become price sensitive as they have become more concerned about their ability to repay CPI-indexed loans. Less onerous contributions than those currently met by students of Accounting could help turn this situation around.

Price signals

Changes to the approach to determining student contributions are important to minimise the risk that high student contributions relative to what graduates can expect to earn in their early careers may be a deterrent to students studying in areas of high need, such as Accounting, Management and Commerce. That is the demand side. However, too often forgotten is the supply-side, as it is the interaction of demand and supply that will ultimately determine the areas where students end up studying.

Providers also face price signals. The price that influences their behaviour is not just what students contribute towards their studies. What drives producer behaviour is the total cost of tuition, which is met through tuition fees *and* the Commonwealth's contribution.

¹⁵ [Department of Education, Skills and Employment \(DESE\) \(2020\) Job-ready Graduates, Higher Education Reforms Package 2020, Discussion Paper.](#)

¹⁶ [Department of Education \(DoE\) \(2023\) Job Ready Graduates: Preliminary Paper.](#)

¹⁷ Australian Government, *op cit*, p 135.

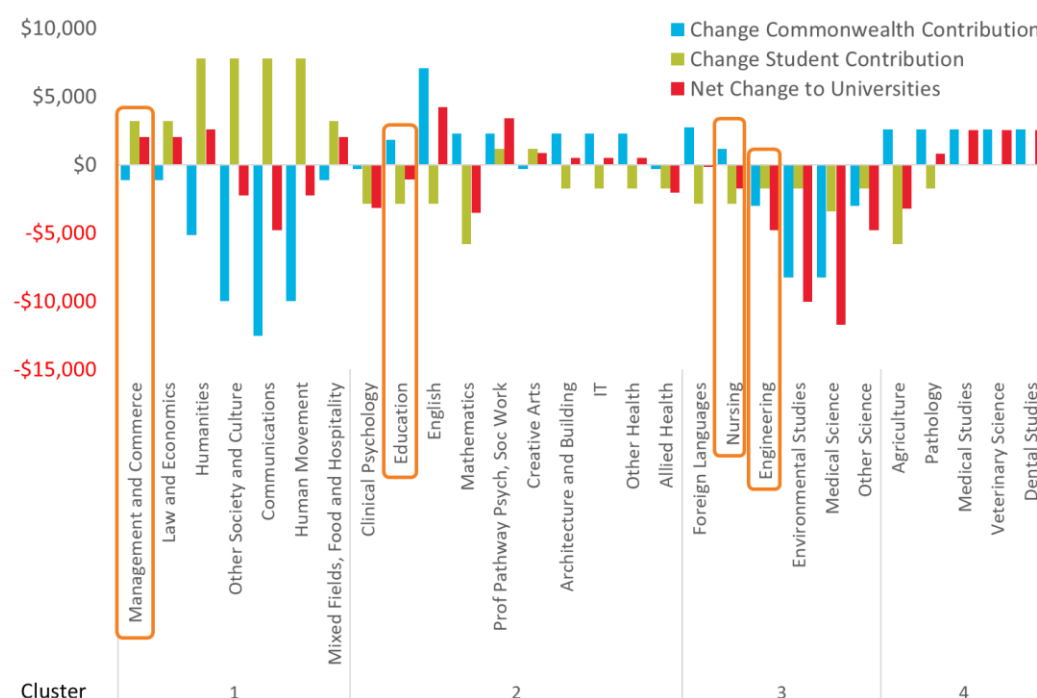
¹⁸ [McCrindle \(2023\) Job mobility is on the minds of young workers, website article.](#)

¹⁹ [Social Research Centre \(2022\) Graduate Outcome Survey, Report Tables.](#)

²⁰ [Norton, A \(2021\) The first Job-ready Graduates university applications data](#)

To illustrate this point, **Figure 4** repeats a Figure shared in our previous submission. It was derived using data on the Commonwealth's and students' contributions before and after introduction of the JRG package. The price change influencing student choices is indicated by the light blue bars; the price change impacting provider behaviours is indicated by the red.

Figure 4 Changes to the Commonwealth's and students' contributions



Source: Derived based on [DoE \(2023\) Job Ready Graduates: Preliminary Paper](#), table 1, p 6.

In the discussion above we suggested that the doubling of student contributions towards the cost of their Accounting and Management and Commerce programs will impact the demand of students not confident in their future ability to pay off their large debts. Conversely, from a provider perspective, even after allowing for the accompanying reduction in Commonwealth contributions, they receive more per student they enrol into a Commonwealth supported place and, all other things being equal, will have an incentive to offer more places to Management and Commerce students. That said, in this particular example, where demand and supply are pushing in opposite directions, the fact that commencements have declined suggests that depressed demand has had a greater influence than providers' incentive to grow enrolments.

The other study areas highlighted in **Figure 4** are national priorities. Yet the net effect and likely unintended consequence of the price signals is that providers have less and not more of an incentive to offer places in these study areas. In our second submission we walk through the logic of how this occurs.

There are other examples we could provide where demand and supply are pulling in opposite directions in response to changed prices. The key point in all cases is that if the policy objective is to ensure enough students are studying courses that align with the changing needs of the economy, workforce and society there is a need to ensure that the demand and supply price signals are working in the same desired direction and not against each other.

Recommendations

CA ANZ recommends that the Government:

- recognise Accounting amongst identified national priorities for funding purposes to reflect the ongoing critical shortage of, and strong demand for, accounting and audit professionals and to support Australia's future STEM workforce;
- determine student contributions on the basis of early career graduates' ability to pay, as indicated by graduate salaries;
- reduce how much Accounting, Management and Commerce students are expected to contribute towards the cost of their tuition;
- recalibrate student and Commonwealth contributions to ensure that the price signals to students and providers are working in the same desired direction.

Medium term funding reform – universal lifelong learning entitlements

The futures of work and credentialing demand a new approach to governments providing funding support for lifelong learning. Fixing the JRG package should be seen as a first step to working towards bold and holistic reform of funding and financing arrangements to support the entitlements of all to learn post-school and to keep on learning throughout their lives, wherever that occurs. CA ANZ agrees with the position taken in the Interim Report that a "universal learning entitlement" is needed to support access to high quality education post-school and over lifetimes. This is consistent with recommendations we have made in previous submissions. The Report defines the entitlement as "an appropriate combination of a public subsidy, a student contribution that would be paid through an income contingent loan...and, for some lifelong learning, an appropriate employer contribution."²¹

In CA ANZ's second submission we suggested how a universal lifelong learning entitlement could work: all Australians would have an entitlement for skill and knowledge development enabled by a fixed envelope of grants that can be accessed at times of learners' choosing throughout their post-school lives. To ensure the quality of learning we advised that funds from learners' envelopes can only be accessed to support the attainment of credentials recognised within an expanded Australian Qualification Framework (AQF) that encompasses both qualifications and shorter form credentials from traditional and non-traditional providers which have been verified for their level and quality. The size of the envelope could vary dependent on learner characteristics, with extra funding provided for under-represented learners, including Indigenous Australians, people from low socio-economic backgrounds and those residing in regional and remote areas.

In addition to supporting continuous development over lifetimes, the other benefit of this reform proposal is that it would provide learners agency and choice over when and where they learn. That is, grants would target learners and not providers. Competition to provide AQF-recognised credentialed offerings that are attractive to learners and have currency with employers, should encourage all providers, traditional and non-traditional, to lift their game. Contrary to the view taken in the Interim Report, this would be demand driven funding at its very best.

Recommendations

CA ANZ recommends that the Government:

- extend funding support to learners to gain credentials of all sizes offered by traditional and non-traditional providers; and
- provide lifelong learning funded entitlements that learners can draw upon over their lifetimes to fund their continuous learning and credentials approved with an expanded AQF.

²¹ Australian Government, *op cit*, p 43.

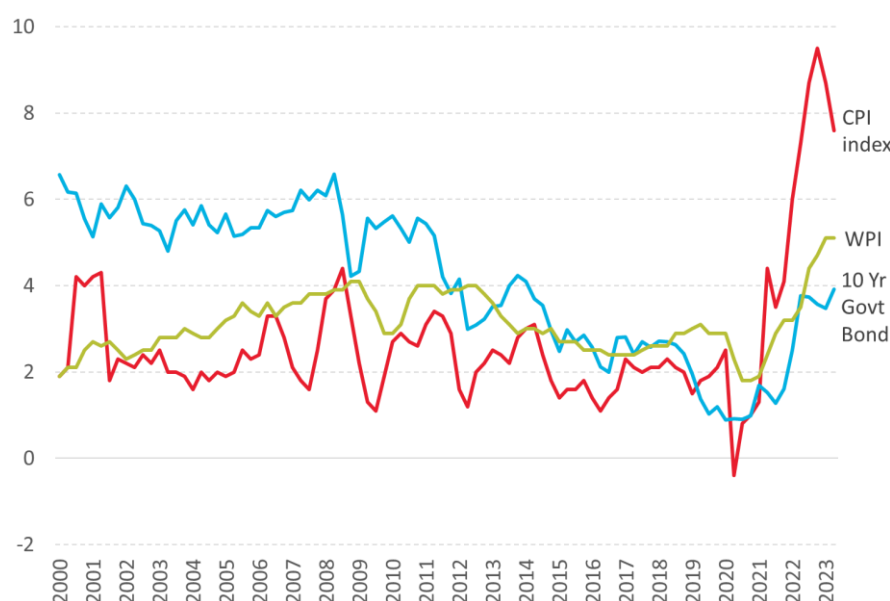
Short term financing reform – loans that provide greater HELP

An important finding shared in the Interim Report is that new ideas must be explored to prevent excessive debt and rising student cost of living pressures from discouraging the pursuit of higher education. CA ANZ agrees, particularly given the high costs that higher education students of Accounting and Management and Commerce have to bear.

Here we revisit the reform we advocated in our previous submission, namely that the **basis for indexing income contingent student loans should change**. Ever since income contingent loans were introduced over three decades ago they have been indexed to the CPI. The purpose of indexation was, and continues to be, to offset the cost to government of lending to students without onerously adding to students' debt burden. Hence why the Higher Education Loan Program (HELP) is referred to as a 'concessional' loan.

Up until recently, in a low inflation environment, CPI indexation has served this purpose well. However, we are no longer in a low inflation environment. After dipping fleetingly into negative territory in June 2020, the CPI index has been on a steep incline, peaking at 9.5 percent for the year to December 2022, as illustrated in **Figure 5**. While the CPI rate has eased in more recent months, the 7.6 percent for the year to June 2023 is still a long way short of being concessional.

Figure 5 Current and potential alternative HELP indexes



Sources: CPI index: [Australian Taxation Office \(ATO\) Historic rates](#); 10 Year Government Bond: [Reserve Bank of Australia \(RBA\) Capital market yields – Government bonds](#); WPI: [ABS \(2023\) Wage Price Index, Australia](#).

This realisation has inspired a number of alternative proposals to come on to the table. In our second submission we explored two alternatives - the Wage Price Index (WPI) and the 10-year government bond rate. The benefit of the former is that it takes into account graduates' ability to repay. But, depending on the rate, it may be at odds with the concessional nature of the loan, particularly if wage growth starts closing the gap on inflation. The logic behind the latter is that it gives some approximation of the effective cost to government of the HELP debt sitting on its books and is, therefore, consistent with the intent of covering the government's costs. However, as is evident in **Figure 5**, for much of the period it was less concessional than CPI-indexation. CA ANZ's recommendation is, therefore, to strike a balance between the two: that the Government index HELP to either CPI or the 10-year government bond rate, whichever is the lesser.

Recommendation

CA ANZ recommends that the Government index HELP to either CPI or the 10 year government bond rate, whichever is the lesser.

Medium term financing reform – loans to support lifelong learning

A financing reform for finessing and implementing over the medium term, which would act as a complement to the medium term funding reform discussed above, would be for income contingent concessionary loans up to a cap to be available to learners studying towards credentials of all sizes assessed at AQF level 5 and above. The rationale behind this threshold is the greater return that can reasonably be expected from higher level credentials and, thereby, greater certainty that any loan would be repaid.

Recommendation

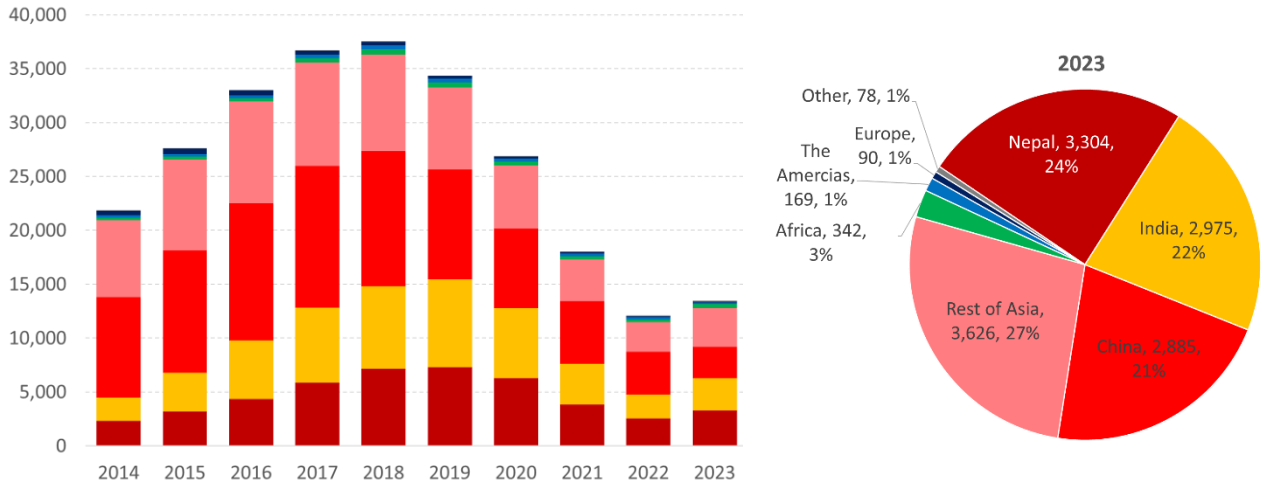
CA ANZ recommends that the Government make income contingent loans up to a cap available to learners studying towards credentials of all sizes assessed at AQF level 5 and above.

4. International education

Benefits of international education

International students studying Australian higher education programs of Accounting are overwhelmingly from within our region. Students from Asian countries represent a large 95 percent of the total enrolments. Please refer to the pie chart on the right-hand side of **Figure 6**. Their networks and cultural and linguistic diversity are powerful means to the desired ends of soft diplomacy, regional prosperity and development that are highlighted in the Interim Report as important.

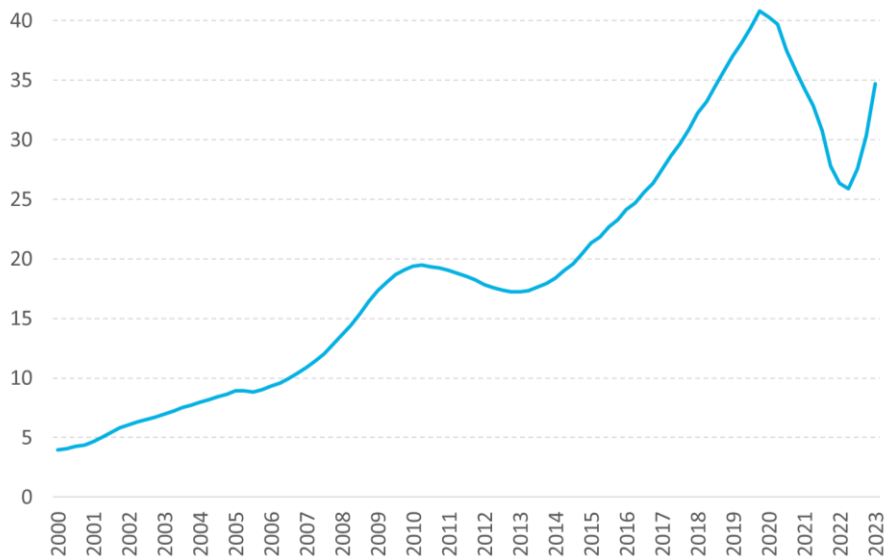
Figure 6 International student enrolments in programs of Accounting by source country
Bachelor level and above, YTD May



Source: Austrade (2023) Market Information Package (MIP).

These are important ends. But they are not the only ends furthered by international education. CA ANZ urges the Review Panel to avoid the false tyranny of the 'or' and embrace the power of the 'and'. That is, international education is an important source of the ends preferred in the Interim Report *and* remains an important export industry. That is, ends that are more likely to be mutually reinforcing than mutually exclusive.

Figure 7 International education exports
Annualised earnings in billions



Source: [ABS \(2023\) Balance of Payments and International Investment Position, Australia](#), Table 8.

There can be little dispute that border closures over the COVID years has had a negative impact on Australia's international education export earnings. **Figure 7** captures how, from a peak of \$40 billion by the end of 2019, education export earnings fell sharply to \$26 billion in 2022. Nonetheless, it is important to keep these numbers in perspective. The change moved education out of fourth place and into fifth place for Australia's top export earning industries. In other words, even at its worst, it still ranked amongst the best. Since then, international education has regained fourth place. In the year to March 2023, earnings from education exports had risen sharply and is still rising.

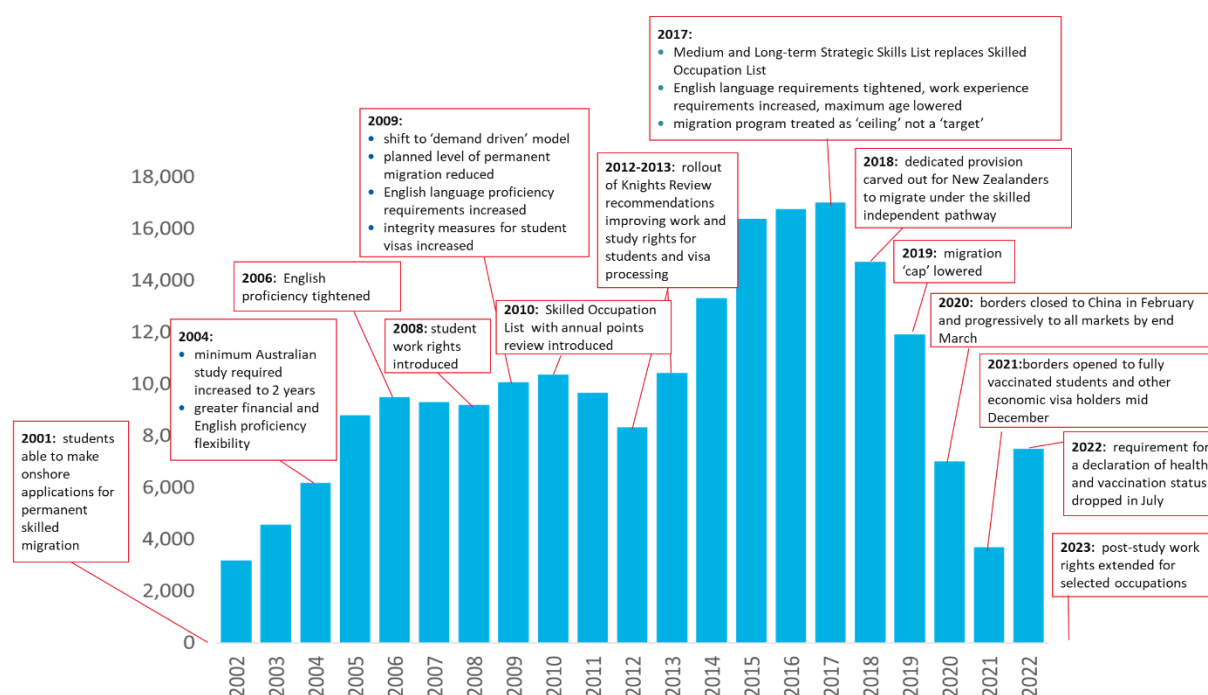
Impact of past policies

In the past, Accounting was the jewel in the crown of higher education exports. In 2016, international student enrolments in Accounting comprised a significant fifteen percent of the total. The most recent enrolment data available at the time of writing puts the equivalent share now at a low four percent. Past policy settings have had a significant impact.

Take, for example, policies that govern international students' ability to live, either temporarily or permanently in Australia, and their right to work while they are here. While these are areas that the Review Panel may regard as lying outside of their remit, we argue they are highly relevant and should be considered. **Figure 8** tracks changes in these policy settings over time and the corresponding up and down movements in the numbers of international students commencing Australian Bachelor degree or higher programs of Accounting. While many factors will be at play, it is hard to deny that the option to live and work in Australia is high on the lists of many international students.

Figure 8 The international education-migration nexus

Commencements of Bachelor level and higher international students of Accounting



Source: Austrade (2023) Market Information Package (MIP).

CA ANZ supports the Government's focus on addressing the fallacy that all international students are 'Genuine Temporary Migrants' and have no intention to migrate. CA ANZ has advocated on a number of occasions for the adoption of a new 'Genuine Student Test'²². We stand ready to work constructively with the Government and other key stakeholders to assist in fleshing out the details.

²² See, for example, [Stacey, V \(2023\) "Australia 'may allow' study applicants to indicate desire to migrate," The Pie News, 23 August.](#)

Impact of current policies

Australia faces fierce competition for international students from destination countries like the United States, the United Kingdom and Canada. All offer work rights as the ability to work post study is an important consideration for globally mobile learners when weighing up their alternatives.

In February this year, the Government made good on its Jobs and Skills Summit undertaking by announcing that from 1 July 2023 international graduates of eligible occupations can access extended post study work rights. Eligibility is based on verified areas of skill shortages in related occupations.

The extension is a powerful lure to international students as it means Australia's work rights are more generous than what is on offer from competitor destinations. This is why CA ANZ has consistently supported it: at the Jobs Summit, in our [submission](#) to Treasury's Employment White paper that followed the Summit, and in our [submission](#) on the review of Australia's migration system.

It is, therefore, important to ensure that extensions have been made available in the right areas. In the previous section we shared evidence of the continuing widespread shortages of accounting, finance and audit professionals. Yet accounting and audit are not included in the indicative list of eligible occupations for post-study work rights in Australia and Accounting is not included in the list of related qualifications eligible for the extension. We urge the Government to rectify this anomaly without delay.

How potential future policies might impact

When accounting was the jewel in the crown of education exports, the lament CA ANZ would often hear from accounting academics was that their institutions only allowed them to retain a proportion of their earnings, thus compromising their abilities to invest in the quality of their Accounting programs. The rest, they said, was syphoned off to support research and subsidise other under-funded activities.

Research by the Grattan Institute around the same time provided evidence backing to their claims. It found that it was common practice to use the surpluses from teaching to fund research, and that the largest cross-subsidies were from Commerce programs.²³ It also found that "[d]irect spending on teaching is more likely to ensure that universities offer the courses students want at a high quality."²⁴

Despite changes in recent years designed to improve transparency in the sources and uses of funds, we understand that the Review Panel has heard there remains significant concern about cross-subsidisation.²⁵ We were, therefore, pleased to read that a consideration for change is "decreasing the extent of cross-subsidisation throughout the system".²⁶ We were much less pleased to read the consideration for change that immediately followed: "examining a funding mechanism such as a levy on international student fee income. Such mechanisms could provide insurance against future economic, policy or other shocks, or fund sector priorities such as infrastructure and research." We contend that such mechanisms are cross-subsidisation by another name and, in a number of respects, are a whole lot worse:

- As has happened in the past, the proposal to introduce a levy on international student fees would compromise institutions' ability to invest in the quality of their teaching programs and, thereby improve their offerings for the benefit of both domestic and international students.
- If the levy is passed on to international students in the form of higher fees, this risks undermining the attractiveness of Australia's higher education offerings in a fiercely competitive international market.
- To the extent that the levy is paid to Government or an institution of Government, such as the proposed Tertiary Education Commission, it is in effect a tax and, thereby, risks acting as a disincentive to universities to work hard to attract, retain, and teach international students.
- Implicit in the proposal is an assumption that the Government and/or the Tertiary Education Commission would use the money more wisely than the institutions that earned it. There is no basis for this assumption. And nor is there any guarantee that some or all of the money might disappear²⁷ as future governments judge that there is a higher call on these funds.

One estimate is that the levy "would lead to a decline of almost 30,000 international students, a \$770 million hit to our national export income and the loss of about 2,800 jobs in the economy."²⁸

²³ Norton, A (2015) "The cash nexus: how teaching funds research in Australian universities," Grattan Institute, November.

²⁴ *Ibid*, p 1.

²⁵ Australian Government, *op cit*, p 124.

²⁶ *Ibid*, p 139.

²⁷ Dodd, T (2023) "Levy uni income to pay for Accord," *The Australian*, 16 August.

²⁸ Thomson, V (2023) "University funding plan is a game-changing own goal," *Australian Financial Review*, 21 August.

Recommendations

CA ANZ recommends that the Government:

- extend the indicative list of eligible occupations for post-study work rights in Australia to include accounting and audit and update the list of related qualifications eligible for the extension to include degrees in Accounting; and
- does not introduce a levy on international student fees.

Appendix B

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 136,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

CA ANZ is also a professional accrediting body and a TEQSA registered provider of higher education.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand. Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries.

CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.