



Tuesday, 11 April 2023

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

Lodged online

Dear Professor O'Kane

Australian Universities Accord

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes your challenge to use the Australian Universities Accord (the Accord) process as an opportunity to think big, outside the square and well into the future about the role of Australia's higher education system.

CA ANZ supports using the Accord as a catalyst for bold and meaningful reform for the benefit of the nation. However, we are pragmatic and understand that big changes can take time. For this reason, our submission sets out both short term recommendations to address immediate priorities and medium to long-term recommendations to address emerging and future priorities which may need to be addressed over a longer timeframe.

CA ANZ is the leading peak body for the accountancy profession. We represent more than 135,000 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 public interest and on behalf of our members.

Our previous [submission](#) to the Panel on the Australian Universities Accord on 19 December 2022 identified priorities for the Accord Terms of Reference. This submission addresses some but not all of the questions in the discussion paper, focusing on the areas most relevant to us. Where appropriate we have referred to and expanded upon points made in our previous submission.

This submission commences with an overview of key challenges and opportunities for Australia and then addresses the following five areas of the Terms of Reference for the review:

- Meeting Australia's knowledge and skills needs
- Creating opportunities for all Australians
- Investment and affordability (focusing on the Job-ready Graduates package)
- The connection between the vocational education and training and the higher education systems
- Quality and sustainability (focusing on the role of international students).

An Executive Summary, full list of recommendations and table of contents follows. 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 submission, please contact CA ANZ's Australian Government Affairs Leader Sarah Davidson on +61 2 9290 5639 or at sarah.davidson@charteredaccountantsanz.com.

Sincerely,

Simon Grant
Group Executive, Advocacy and International

Simon Hann
Group Executive, Education

Executive summary

Challenges and opportunities for Australia

A range of complex and rapidly changing geopolitical, economic, social, demographic, technological, legal, regulatory and environmental factors are impacting Australia's people, businesses and governments, creating both challenges and opportunities. Key amongst these are that current skill shortages are widespread and future capacity is constrained; productivity is sluggish; the economy is transforming and with it so too are jobs; there is a sleeping giant of Indigenous opportunity linked to land rights and procurement opportunities; and our regional neighbours are growing. Providing opportunities to learn, keep learning and recognise learning that has occurred is central to rising to challenges and capitalising on opportunities.

Higher education has an important role to play here. However, there are number of preconditions, and the barriers created by existing arrangements that undermine these preconditions will first need to be overcome. **Table 4** in Appendix A identifies the preconditions and the barriers which include current funding and financing arrangements, standards and regulatory arrangements, awareness and the broader policy context, reflecting the roles of government as funder, standards setter and regulator, facilitator and policymaker.

Meeting Australia's knowledge and skills needs

To ensure a cohesive and connected tertiary education system that enables enough students to be engaged in lifelong learning in alignment with the changing needs of the economy and society we advise:

- avoiding conflicting price signals;
- adopting a common language about skills;
- integrating current and emerging digital, data analytics, financial capability, sustainability and soft skills requirements;
- supporting choices to learn in alternative settings and/or acquire alternative credentials; and
- anticipating and responding to the challenges and opportunities presented by the use of artificial intelligence (AI) in education.

Investment and affordability

This year will see the first of the babies born during the Costello baby boom turn 18. By 2030 Australia's population of 18 year olds will have increased by around one fifth to over 360,000. And it will keep on rising. Even if future school leavers look to embark upon programs of study in higher education in similar proportions as they do now, the sector will simply not be able to accommodate their demands under current funding arrangements. The likelihood is that participation rates will continue to grow. This is why we recommend a return to demand driven funding and making Commonwealth supported places available with all registered higher education providers.

The Government should also take the opportunity to correct the mechanics of the Job-ready Graduates (JRG) package. This includes correctly assessing national priorities. In the absence of efforts to attract more students to study Accounting, Management and Commerce, job shortages for accounting, finance and auditing professionals are destined to get worse. Accounting should be a priority, particularly given that the practice of adjusting assessed Commonwealth contributions in light of priorities would appear to have significantly impacted outcomes.

A principle that should underpin the setting of student contributions and Higher Education Loan Program (HELP) arrangements is that student contributions should reflect graduates' ability to pay off their debts. Undermining this is the practice of relying on Census data on occupational wages to determine student contributions when graduates' early career salaries may bear little resemblance to this. Contributions should reflect graduate earnings.

Also undermining graduates' ability to repay their debts is indexation arrangements. While employing the CPI for these purposes made sense in a low inflation environment, in the current environment the effect is that HELP loans are far from 'concessionary'. A better approach is to index loans to either the CPI or the 10 year government bond rate, whichever is the lesser. Consider also making the system fairer for people in periods of reduced earnings (such as parental leave) or unemployment, by applying the loan indexation only when the individual's taxable income falls on or above the payment threshold.

Over the longer term, we recommend that Government and funding and financing arrangements encourage and support lifelong learning and give learners greater agency over when, where and on what they spend their envelopes of funded learning entitlements or drawn upon their income contingent loans.

The connection between the vocational education and training and higher education systems

Fifteen years have passed since the Bradley Review counselled that what is needed is not two sectors configured as at present, but a continuum of tertiary skills provision primarily funded by a single level of government and nationally regulated. Yet we are no closer to this ideal.

With the increasing prevalence of micro-credentials and non-traditional providers playing a greater role in post school learning, the aspiration needs to encompass this changing context. The role of Government, as a standards setter and regulator, should be to support tertiary education to evolve from a binary system to an ecosystem, with a revised Australian Qualifications Framework (AQF) sitting at its centre. We recommend that the Government hasten the implementation of the AQF Review recommendations, recognise micro-credentials and prior learning through independent assessment; and over the longer term, extend the AQF to recognise micro-credentials offered by both traditional and non-traditional providers. We further recommend that, in the short term, the Government better integrate the operations of post-secondary regulatory bodies, Australian Skills Quality Authority (ASQA) and Tertiary Education Quality and Standards Authority (TEQSA) and, over the longer term, establish a single national regulator of all forms of post-secondary credentials seeking accreditation, whether short or long.

Creating opportunity for all Australians

Creating opportunity for all Australians is a central tenant running through the discussion and recommendations of our submission. The discussion in section 5 shines a deliberate light on the participation of Indigenous Australians in Management and Commerce programs. There is a sleeping giant of Indigenous opportunity. The growth of the Indigenous business sector and its estimated contribution to national income is an indication that the giant has stirred. But it is yet to awaken to its full potential, as indicated by its large and growing rights to land, and public and private sector procurement opportunities. There is a very real risk that Indigenous Australians and Indigenous businesses do not fully awaken to the potential. We are doing our part, both through a joint initiative with CPA Australia – Indigenous Accountants Australia – and by offering scholarships designed to financially support the education journeys of Indigenous Australians. We invite the Government to explore with us opportunities to support each others' initiatives to grow Indigenous enrolments in Management and Commerce.

The role of international education

To aid the current recovery in international education we offer three key recommendations. The first is that diversification should be towards new source countries and not away from old. This is because traditional source markets, such as China and India, have served us well in the past, have a significant and largely untapped growth potential and, as such, are likely to serve us well into the future. The second is to support the migration pathways of international students, as the option to work and live in Australia post study is a powerful enticement. In addition, international graduates of Australian programs of higher education have the makings of great permanent migrants. Even if the intent of graduates is not to stay permanently, many will still be welcoming of extended rights to work in Australia post study. Our recommendation is to include Accounting graduates amongst those who are eligible for extended post-study work rights, given current and expected future shortages.

Recommendations

CA ANZ's immediate priority and medium to longer-term recommendations for the Government are below.

Immediate priorities

1. Recalibrate student and Commonwealth contributions to ensure that the price signals to students and providers are working in the same desired direction;
2. Make the Australian Skills Classification a living open skills taxonomy that is continuously updated;
3. Make digital capability an integrated endeavour of programs of learning for both young and mature aged students and workers;
4. Reintroduce demand driven funding;
5. Extend Commonwealth support places to all Australian registered higher education providers;
6. Determine student contributions on the basis of early career graduates' ability to pay, as indicated by graduate salaries;
7. Reduce how much Accounting, Management and Commerce students are expected to contribute towards the cost of their tuition;
8. Increase the Commonwealth's contribution to the tuition cost of studying Accounting, Management and Commerce;
9. Index HELP to either CPI or the 10 year government bond rate, whichever is the lesser and consider making the system fairer for people in periods of reduced earnings by applying the loan indexation only when the individual's taxable income falls on or above the payment threshold;
10. Recognise Accounting amongst identified national priorities for funding purposes;
11. Hasten the implementation of the AQF Review's recommendations;
12. Recognise micro-credentials and prior learning through independent assessment;
13. Better integrate the operations of post-secondary regulatory bodies, ASQA and TEQSA;
14. Explore with us opportunities to support each others' initiatives to grow Indigenous enrolments in Accounting, Management and Commerce;
15. Interpret the international education strategy for diversification as meaning towards new source countries and not away from traditional source countries that have, and can continue to, serve Australia well;
16. Ensure clear communication with international students on their eligibility for permanent residency and provide pathways to permanency where appropriate; and
17. Extend the indicative list of eligible occupations for post-study work rights to include accounting and audit and update the list of related qualifications eligible for the extension to include degrees in Accounting before the final list is implemented from 1 July 2023.

Medium to longer-term

18. Extend funding support to learners to gain credentials of all sizes offered by traditional and non-traditional providers;
19. 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;
20. Make income contingent loans up to a cap available to learners studying towards credentials of all sizes assessed at AQF level 5 and above;
21. Extend the AQF to recognise micro-credentials offered by both traditional and non-traditional providers; and
22. Establish a single national regulator of all forms of post-secondary credentials seeking accreditation, whether short or long.

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Appendix A

1. Challenges and opportunities for Australia

Q4 Looking from now to 2030 and 2040, what major national challenges and opportunities should Australian higher education be focused on meeting?

A range of complex and rapidly changing geopolitical, economic, social, demographic, technological, legal, regulatory and environmental factors are impacting Australia's people, businesses and governments, creating both challenges and opportunities. CA ANZ concurs with the changes canvassed in the discussion paper. This section supplements rather than repeats what is there.

Providing opportunities to learn, keep learning and recognise learning that has occurred is central to rising to challenges and capitalising on opportunities. Higher education has an important role to play.

Current shortages are widespread and future capacity is constrained

In CA ANZ's previous [submission](#) on priorities for the Accord, we shared intelligence on the skill shortage, its pervasiveness across the nation and many occupations, including accounting, auditing and finance professionals. Supply-side challenges are constraining Australia's growth potential. These include continued absenteeism due to sickness, the ongoing impacts of the pandemic, rising inflation, global instability, national security threats such as cyberattacks, strained supply chains, climate damaged produce, and shortages of migrant labour. Policy responses designed to constrain demand risk tipping Australia into a recession. It is preferable to address supply.

CA ANZ supports the Government's recent efforts to grow the skilled migration intake and, together with CPA Australia, has submitted its views on the current [review of Australia's migration system](#). Optimally sourcing global talent is part of a more sustainable solution. The other part is to develop local talent.

Australia's ageing population, caused by increasing life expectancies and falling fertility rates, is widely regarded as its greatest demographic challenge.¹ The reason is because as the population ages, there will be fewer people who fit into the category of what economists refer to as the 'working aged' population (15 to 64 year olds) relative to the number of older Australians.

In section 3, we illustrate how this situation is impacting the accounting, auditing and finance profession. In over just five years, this could result in a supply shortfall of around 29,865 in if nothing is done. An approximate annual average of 5,973 new accounting, audit and finance professionals would be needed to meet demand to 2026. Current shortages are just the tip of the iceberg.

The good news is there are things that can be done. Challenges can be turned into opportunities. And post school learning can play an important role, particularly if learners:

- make informed choices about what, when and how to study;
- from all walks of life are encouraged and supported to learn and keep on learning over their working lives, which for increasing numbers may extend well beyond retirement age;
- can seamlessly follow learning pathways into and out of learning opportunities in both traditional (vocational and higher education) and non-traditional settings; and
- from overseas who study in Australia are able to seek to stay permanently, should that be their wish.

Productivity is sluggish

Productivity growth has slowed in Australia since the mid 2000s. Over the decade to 2020, the annual average was the slowest in 60 years, falling to just 1.1 percent.² The October 2022-23 Budget was premised on the assumption that low growth will continue as structural change towards service industries provides less room for productivity gains, and due to diminishing returns from past reforms, and to the costs of a changing climate.³

¹ Commonwealth of Australia (2021) 2021 Intergenerational Report, p 13.

² Productivity Commission (2023) [Productivity Inquiry: Advancing Prosperity, Inquiry Report, volume 1](#), p 1.

³ Commonwealth of Australia (2022) *op cit*, Box 3.3, p 83.

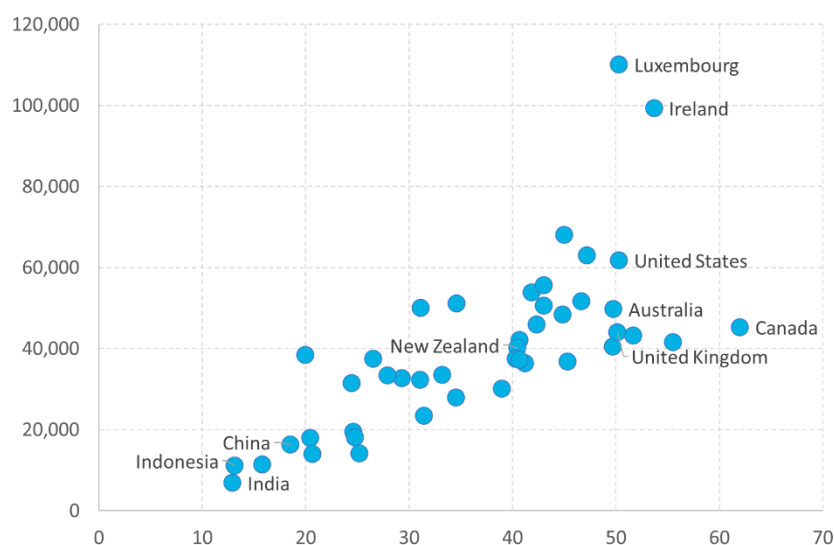
The challenge is to prove this pessimism wrong. Productivity gains are arguably more important than ever as the skills shortages and growing capacity constraints discussed above necessitate that Australia is able to produce more with less. We simply need to work smarter.

The Productivity Commission's 5 Year Productivity Inquiry identifies a skilled and educated workforce as one of the key enablers. It finds that education and training increases people's capabilities, allowing them to do more or better work in the same time. And that it underlies the capacity to make the fullest use of the technology embedded in capital equipment, and to generate new ideas and ways of doing things.⁴

The growth in Australia's educational attainment, as measured by the population share holding a post school qualification, has contributed to historical productivity growth⁵. This has, in turn, supported the relative economic wellbeing of Australians. **Figure 1** suggests that the greater the population share of tertiary qualified people the better the economic wellbeing of national populations.

Figure 1 Share of population tertiary qualified and economic wellbeing

Vertical axis: GDP per capital constant prices (US\$2015), horizontal axis: share of population aged 25-64 years holding tertiary qualifications, latest available data



Source: Derived using [OECD.Stat](#).

Perhaps paradoxically, while the increasingly service orientation of the Australian economy is dampening productivity growth expectations, the Productivity Commission finds that this plus digitisation means the need for post-school educated workers is even greater.⁶ This suggests the importance of growing the capacity of the higher education sector to provide contemporary learning opportunities and credentials, and increasing access, participation and opportunity for all.

The economy and, with it, jobs are transforming

In CA ANZ's previous submission on the Accord, we used the changing roles performed by accounting, audit and finance professionals as a case study to illustrate the point that jobs are not a constant and the future of work is unknown. Roles traditionally associated with the profession are being phased out as technological advances and new ways of working displace routine, highly repeatable tasks. Greater emphasis is being placed on cognitive abilities and data skills have become a critical element of new and reshaped accounting, auditing and finance roles.

A recent issue of Accountants Daily⁷ carried an article on Eric and Chloe - AI bots who can slash the time it takes to perform repetitive traditional accounting tasks, such as invoicing or analysing multiple pages of bank statements and can produce a BAS in minutes while minimising errors. When the CEO was asked whether he was concerned the bots would reduce work opportunities, his response was "Definitely no." What he is most

⁴ Productivity Commission (2022) [5 year Productivity Inquiry: From learning to growth, Interim Report](#), Canberra, September, chapter 1.

⁵ *Ibid*, chapter 1.

⁶ *ibid*, chapter 3.

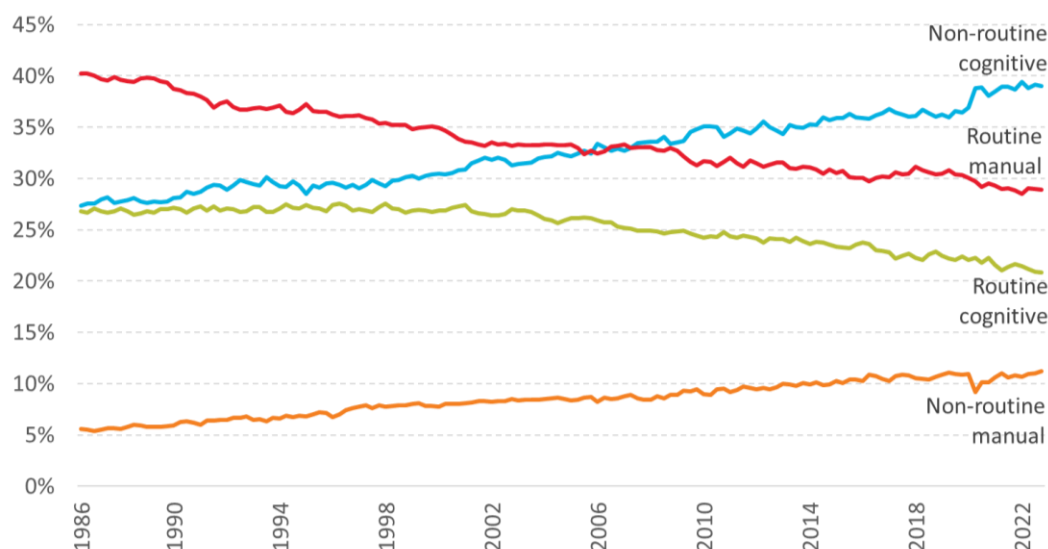
⁷ King, P (2023) [Mackay Goodwin pioneer AI 'saves 30% of staff time'](#), Accountants Daily, 2 March.

excited about is how Eric and Chloe have freed up his staff's time to focus on more value adding and transformative work, such as providing strategic advice to clients.

This shift away from routine roles towards ones that are more cognitively demanding is not unique to the accounting, audit and finance profession. As **Figure 2** illustrates, it is playing out across the whole Australian labour force.

Figure 2 Job types in the labour force

Share of total



Source: Recreated and updated based using Australian Bureau of Statistics (ABS) (2023) [Labour Force, Australia, Detailed, cat. no. 6291.0.55.001, table 7](#) mimicking the approach shared in Productivity Commission (2023) [5 year Productivity Inquiry, Volume 8: From learning to growth](#), Canberra, March, p 9.

As businesses come to terms with the reality that unconstrained production enabled by unconstrained greenhouse gas emissions is neither an allowable nor a sustainable economic *modus operandi*, this is providing added impetus to redefine and create new cognitively demanding roles. And it is not just the labour of climate scientists in demand. There is a need to draw upon the skills of people from across many disciplines. Accounting, auditing and finance professionals are increasingly being called upon to assist employers and clients with mandatory climate-related disclosures and international sustainability reporting standards.

The shift to more cognitively demanding roles necessitates higher levels of learning by more learners and workers, and this requires sustained investment over their working lives.

There is a sleeping giant of Indigenous opportunity

Australia's Indigenous business sector has grown significantly both in terms of size and scale. The number of Indigenous businesses grew by over 47 percent over the five years between the 2016 and 2021 Censuses, and their collective contribution to the Australian economy has increased by at least 59 percent: in real 2021 terms. This is a contribution in the range of \$8.5 billion to \$12 billion, accounting for roughly 0.4 percent to 0.6 percent of Australia's GDP in 2021.⁸

This growth is, of course, positive. But it falls a long way short of the potential. Indigenous business is a sleeping giant that has been stirred but is yet to fully awaken. Indicators of the enormity of this potential is the large share of Australia that Indigenous Australians have rights or interests in, and the significant and growing private and public sector demands to procure goods and services from Indigenous enterprises.

Indigenous Australians own or have rights or interests to a massive 43 percent of Australia's land mass under various forms of title and legislation. And, in the future, depending on the outcome of claims currently registered with the Native Land Tribunal, its share could conceivably swell to more than half. **Table 1** shares the evidence.

⁸ PwC Indigenous Consulting (2023) [The economic contribution of Indigenous business sector is growing](#), The Mandarin, 13 February.

Table 1 Determined and registered native title claims

,As at 1 January 2023

	Area (square kilometres)	Share
Exclusive title	1,133,103	14.7%
Non-exclusive title	2,186,695	28.4%
Total native titles	3,319,798	43.2%
Registered claims	946,362	12.3%
Total land	7,692,024	

Source: National Native Land Tribunal.

Private sector demand to procure goods and services from Indigenous enterprises is at record levels. In 2019, the Business Council of Australia (BCA) launched its Raising the Bar project designed to grow the Indigenous procurement capability of its members (Chief Executives of some of the largest companies in Australia). The project has witnessed a doubling of members indicating that they use Indigenous suppliers, from 46 percent of members in 2009 to 92 percent in 2021.⁹ Under the project, BCA's members have undertaken to achieve an Indigenous procurement target of three percent of their annual influenceable spend with Indigenous businesses over a five-year period.

Public sector demand to procure goods and services from Indigenous enterprises is likewise at record levels due to the procurement policies of Commonwealth and most State and Territory governments. Procurement targets range from one and five percent, depending on the prevalence of local Indigenous enterprises and how far some jurisdictions are along their planned pathways of progressively more ambitious targets (refer to **Table 2**).

To take greatest advantage of these developments requires larger numbers of Indigenous Australians to pursue studies in Management and Commerce to equip them with the required skills and capabilities.

Table 2 Most public sectors have Indigenous procurement targets

Commonwealth	Volume: the equivalent of 3% of the number of eligible procurements each year Value: the equivalent of 1.75% if the value of eligible procurements in 2022-23 increases to 3% by 2026-27
NSW	3% of goods and services contracts and 1% of all addressable spend to First Nations businesses
VIC	1% of government procurement from small to medium enterprises to be from Aboriginal businesses
QLD	A new Aboriginal and Torres Strait Islander Economic Strategy is under development. Under the former strategy in 2021-22, 2.58% of the assessable spend was with Indigenous businesses
WA	3.5% of the number of awarded contracts in 2022-23 increasing to 4% in 2023-24
SA	Guidelines provide for the use of a direct market approach, if there is an eligible Aboriginal business which meets established criteria
ACT	2% of the financial year's addressable spend
NT	Volume: 5% of the total number of NT Government contracts awarded to Aboriginal Business Enterprises (ABEs) Value: 5% of the annual total NT Government contract value awarded to ABEs

Sources: Indigenous procurement policies of the Commonwealth, State and Territory Governments.

⁹ Business Council of Australia (2022) Indigenous Good Practice Guide.

Our regional neighbours are growing

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

Although the COVID-19 pandemic caused hardship for all countries, Asian economies have proven to be resilient. As **Table 3** suggests, such economies are forecast to rebound strongly over coming years, growing at rates that outpace the rest of the world.

Table 3 Growth in Asian countries

Real GDP, percent change from previous year

	2020	2021	2022e	2023f	2024f
East Asia and Pacific	1.2	7.2	3.2	4.3	4.9
China	2.2	8.1	2.7	4.3	5.0
East Asia and Pacific excl. China	-3.7	2.6	5.6	4.7	4.7
Europe and Central Asia	-1.7	6.7	0.2	0.1	2.8
Central Asia	-1.3	5.1	3.9	3.9	4.3
Latin America and the Caribbean	-6.2	6.8	3.6	1.3	2.4
Middle East and North Africa	-3.6	3.7	5.7	3.5	2.7
South Asia	-4.5	7.9	6.1	5.5	5.8
India	-6.6	8.7	6.9	6.6	6.1
South Asia excluding India	2.7	6.4	3.8	3.6	4.6
Sub-Saharan Africa	-2.0	4.3	3.4	3.6	3.9
World	-3.2	5.9	2.9	1.7	2.7

Source: World Bank (2023) Global Economic Prospects, January.

Australia is fortunate that this growth is occurring in its region. However, fortune alone is insufficient. Fortune favours the economic and geostrategically astute. For Australia to share in the growth, it needs to maintain positive and strong relations and connections with its regional neighbours.

And what better way to do this than providing the opportunity to learn and work in Australia. Regardless of whether international graduates return home or stay on, their cross-border experiences and understandings, cultural and linguistic diversity and networks can pay economic and political dividends.

Q5 How do the current structures of institutions, regulation and funding in higher education help or hinder Australia's ability to meet these challenges? What needs to change?

For higher education to overcome the challenges and capitalise on the opportunities identified in the discussion paper and above, and for the sector's future evolution to be enabled, there are number of preconditions. However, the reality is that existing arrangements create barriers that undermine these preconditions.

Table 4 identifies the preconditions and the barriers.

Table 4 Preconditions and barriers

Preconditions	Barriers
Providers have the capacity and funding to accommodate more learners	<ul style="list-style-type: none"> Government funding support for each higher education provider is capped Government funding grows in line with the CPI and not population growth the Commonwealth primarily supports places (CSPs) in public universities for undergraduate studies, with only some public universities offering CSPs at the postgraduate level. This may constrain capacity and growth opportunities for private universities and non-university higher education providers (NUHEPs) and also studies in advanced knowledge areas.
Providers have the incentive, agility and funds to deliver programs aligned to learner and employer demand	<ul style="list-style-type: none"> price signals for initial qualifications (Commonwealth support plus student contribution for tuition fees) are distorted by funding arrangements regulatory arrangements require that programs deliver core competencies which may be slow to change

Preconditions	Barriers
Learners make informed choices	<ul style="list-style-type: none"> differential tuition fees may distort the choices of price sensitive cohorts learners may have a limited understanding of the transferability of skills offered or gained to future job opportunities the choices of overseas learners may be distorted by opportunities to stay and work post study, either temporarily or permanently, that differ by field of education, occupation and over time
Learners have access to resources needed to learn and to keep learning throughout their lives	<ul style="list-style-type: none"> the Commonwealth primarily supports places at public universities for undergraduate studies grants and loans are typically for initial and full qualifications only, typically Bachelor degrees grants and loans do not accommodate the differences in learners abilities to pay
Learners can seamlessly follow learning pathways with higher education, VET and non-traditional providers	<ul style="list-style-type: none"> the Australian Qualifications Framework (AQF) distinguishes between vocational and higher education qualifications the AQF does not formally recognise learning in non-traditional and informal settings and rather puts the onus on higher education providers to enhance student progression into and between AQF qualifications and maximise the credit that students can gain for formal, informal and non-formal learning already undertaken where it does not impinge upon the integrity of the qualification and the responsibilities of the provider. separate regulatory arrangements apply to vocational and higher education and involve different levels of government
Learners can study 'right-sized' courses to maintain their currency or supplement their learning and receive credentials for the same	<ul style="list-style-type: none"> micro-credentials sit outside the AQF there is limited funding support for micro-credentials while there is a national microcredentials framework nationally consistent framework for defining microcredentials across higher education, vocational education, and industry there is no national regulator of micro-credentials
Indigenous Australians engage in learning that enables them to take best advantage of unprecedented opportunities	<ul style="list-style-type: none"> engagement is low, particularly in fields of relevance Indigenous Australians may not meet the prerequisite requirements for commencing relevant fields there are negative historical associations with occupations linked to relevant fields Indigenous Australians may not be aware of the opportunities and/or how best to exploit them
The knowledges and learnings of globally mobile domestic, international students and First Nations students are recognised	<ul style="list-style-type: none"> qualifications and credentials earned overseas may not be adequately recognised inadequate account may be taken of prior learning and traditional knowledges

These barriers including current funding and financing arrangements, standards and regulatory arrangements, awareness and the broader policy context reflect the roles of government as funder, standards setter and regulator, facilitator and policymaker. Change is required to overcome these barriers. The remaining sections of this submission examine the barriers identified and recommend how they can be overcome.

2. Meeting Australia's knowledge and skills needs

Q9 How should Australia ensure enough students are studying courses that align with the changing needs of the economy and society?

To ensure enough students are studying courses that align with the changing needs of the economy and society we advise:

- avoiding conflicting price signals;
- adopting a common language about skills;
- integrating current and emerging digital, data analytics, financial capability, sustainability and soft skills requirements;
- supporting choices to learn in alternative settings and/or acquire alternative credentials; and
- anticipating and responding to the challenges and opportunities presented by the use of artificial intelligence (AI) in education.

Below we elaborate on key points in turn.

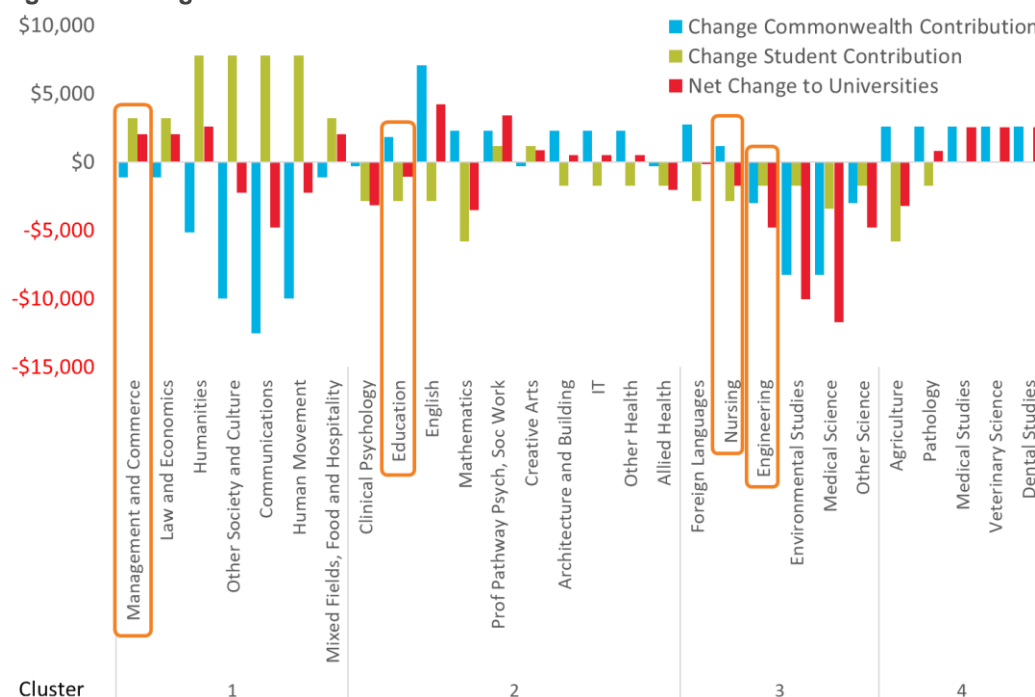
Avoid conflicting price signals

In the next section we recommend changes to the approach to determining student contributions. These changes 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 and 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.

Figure 3 was derived using data on the Commonwealth's and students' contributions before and after introduction of the JRG package from the paper on the package shared with the consultation materials. 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 3 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 next section we find that the more than doubling of student contributions towards the cost of their 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 accounting 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 continued to decline (refer to **Figure 8** in the next section) suggests that depressed demand for Management and Commerce has had a greater influence than providers' incentive to grow enrolments.

Two other examples are Education and Nursing - two identified national priorities. In both cases the reduced student contribution is intended to increase demand. While the Commonwealth's contribution has also increased, the change is not sufficient to counter the loss of student funds from a provider perspective. Perversely, this means that they have less of an incentive to offer places in these two national priority areas.

A fourth example and another national priority is Engineering. In this example the student's and the Commonwealth's contribution have decreased, meaning that providers will suffer funding losses from both funding sources for any Commonwealth supported place allocated.

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 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.

Recommendation

CA ANZ recommends that the Government recalibrate student and Commonwealth contributions to ensure that the price signals to students and providers are working in the same desired direction.

Adopt a common language about skills

Skills are the current currency of jobs. When describing Australia's tight labour market conditions, commentators, struggling employers and others all talk about 'skill shortages' or 'skill gaps'. This submission is in prestigious company in its prediction that skills will continue to be the job currency of the future.¹⁰

Yet when speaking about the specifics of the skills prospective employees bring to a job, the skills employers are seeking from job candidates or the skills education and training providers can develop in learners, the risk is that we are all talking at cross purposes. This is a key reason why skill mismatches occur in the labour market, and why employers are frustrated with education and training providers for not developing within students the skills they need.

To overcome both problems, what is needed is access to a common pool of reliable, clearly defined, comprehensive and contemporary skill descriptors. In other words, an open access skills taxonomy. The good news is that such a taxonomy now exists in the form of the Australian Skills Classification (ASC).¹¹

The ASC distinguishes between specialist and technology skills, which are relevant and transferrable across few occupations, and core skills, which are transferrable across many. It was originally designed to provide employers and industry to use for job design, workforce planning, recruitment and promotion purposes. Its potential further utility to education and training providers and employers was foreseen and encouraged by two former Vice Chancellors of dual sector providers.¹²

¹⁰ Read, for instance, the Organisation for Economic Cooperation and Development (OECD) (2016) Skills Matter: Further Results from the Survey of Adult Skills and Bean, M and Dawkins, P (2021) Review of University-Industry Collaboration In Teaching and Learning, supported by DESE.

¹¹ See <https://www.nationalskillscommission.gov.au/australian-skills-classification>

¹² Bean and Dawkins (2021) *op cit*.

However, to enable the ASC to remain relevant to all, it requires continuous updating, drawing on both artificial intelligence, such as machine learning, and the intelligence of official data sources, key intermediaries and third-party sources. Key intermediaries are employer representatives including professional bodies, education and training providers and assessors. Useful third party sources are [Lightcast's](#) datasets as they capture employer demands, and LinkedIn's Talent Insights for candidate capabilities.

Recommendation

CA ANZ recommends that the Government make the ASC a living open skills taxonomy that is continuously updated.

Integrate digital skills

Data and digital skills are one of the fastest growing areas of emerging skills.¹³ These skills include automation, AI, data analysis, cyber security and online marketing. Data analysis and data management feature amongst the emerging and trending skills already required for many jobs, with these skills particularly relevant to professional services, including accounting. Knowing what skills are emerging allows us to better equip the workforce to develop skills that are important now and into the future, and to identify and develop skills that have a high degree of transferability between jobs such as social media skills.

In section 1 we discussed how technology and other advancements are evolving the world of work. Roles are changing to incorporate expectations about employees digital and data dexterity. Importantly, new jobs are emerging including in new industries created by technology and digitalisation such as RegTech and FinTech.

To ensure that graduate's digital skills are aligned to employer expectations we recommend making digital capability an integrated endeavour of programs of learning for both young and mature aged students and workers.

We are doing our part at CA ANZ. We have recently launched a new suite of data education products. And we have added new modules to the Chartered Accountant (CA) designation recognising the changing landscape of the profession including data analytics.

Recommendation

CA ANZ recommends that the Government make digital capability an integrated endeavour of programs of learning for both young and mature aged students and workers.

Support choices to learn in alternative settings

In the previous section we discussed the emergence of a new world where shorter form credentials are being offered by traditional and non-traditional providers, sometimes in partnership. This new world co-exists and interacts with the old. This new world is better able to adjust or augment its offerings in response to changes in skills demanded in the economy. Its credentials can signal to employers, education and training and providers, credential holders' skills earned or evidenced.

Yet, despite this potential, there are barriers to its emergence. One such barrier, discussed in the previous section, is that Government funding and financing arrangements exclude this new world. Other barriers relating to standards and regulation are discussed in the next section.

¹³ National Skills Commission, [The State of Australia's skills 2021: now and into the future](#).

Q16 What practical barriers are inhibiting lifelong learning, and how can they be fixed?

Commonwealth funding support is currently provided for learners' initial full qualification, generally a Bachelor degree, obtained through a public university. The longer-term reforms discussed under this header are designed to tackle all the constraining factors in the former sentence: initial, full qualification and public university.

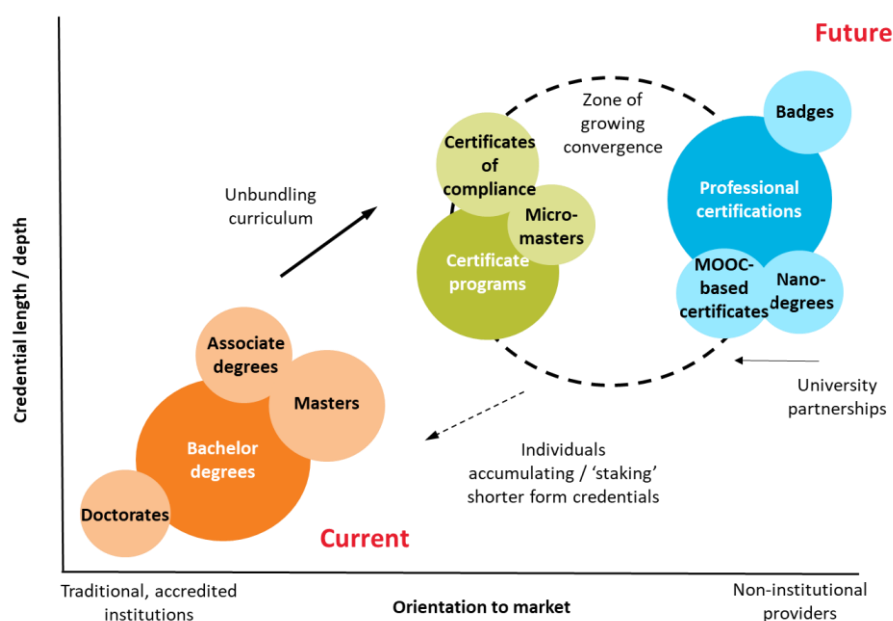
Future of learning and credentialling

Historically, full qualifications that were broad in scope and take a long time to acquire were the mainstay of universities. This situation is depicted in the bottom left-hand corner **Figure 4**. This is the situation that current funding arrangements reflect.

While there is no suggestion that this world will not continue to persist, a new world is emerging that co-exists and interacts with the old. This new world is depicted in the top right-hand corner of **Figure 4**. In it the curriculum is being unbundled – separating out knowledge, technical skills and capabilities. Credentials, both short (nano-degrees, micro-masters, certificates of competency, certificates of MOOC completion, badges) and long are on offer from traditional and non-traditional providers, such as employers and professional bodies, sometimes in partnership. Shorter form credentials are being accumulated and 'stacked' to form mesa-credentials and sometimes even mega-credentials or full qualifications.

Learners are not supported to pursue shorter form credentials and higher education providers, both traditional and non-traditional, receive little by way of any funding incentive to provide them.

Figure 4 The transformation of higher education provision and credentialling



Source: Adapted from Gallagher S (2016) *The Future of University Credentials*, Harvard Education Press, p 6.

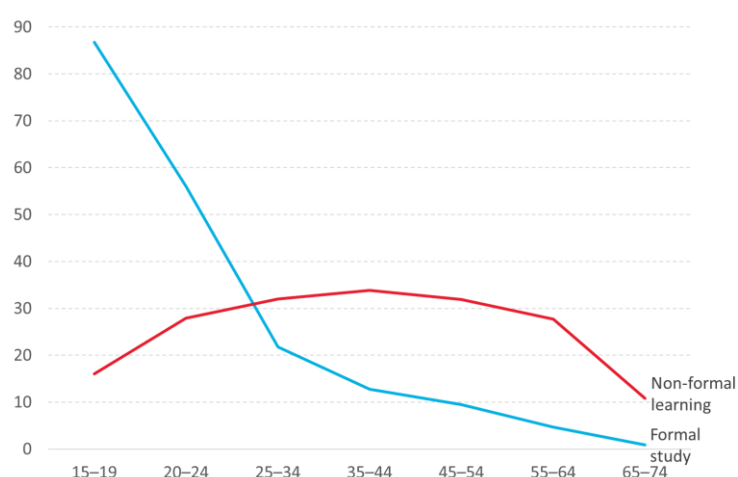
Funding support should be both provider-neutral, provided they are registered, and credential neutral, so long as credentials are recognised under the Australian Qualifications Framework (AQF). Section 4 makes the case for including shorter form credentials within the AQF. Funding arrangements should not distort learners' choices on any grounds other than quality.

Lifelong learning

People are living longer, working longer and learning longer. While most adult learning happens in the early post school years in formal institutions, with higher education providers and/or registered training organisations, adults do not stop learning. School leavers continue to learn both in formal settings and, up to a point more so with age, in non-formal settings through to and well beyond retirement age. The key message to take away from **Figure 5** is that lifelong learning is more than a concept or aspiration. It is the reality.

Figure 5 Participation in learning during any part of 2020-21 by age group

Proportion of population in each age category (%)



Source: ABS (2022) [Work-Related Training and Adult Learning, Australia, 2020-21](#), table 1.

However, it is a constrained reality. Formal post-school learning would be greater was it not for the barriers faced by prospective learners as indicated in **Figure 6**. Topping the list is time. Which is why supporting lifelong learners ability to pursue and stack shorter form credentials (refer discussion above) is important. Second place is financial reasons. Very little support can be accessed for continued studies beyond adult learners' initial qualification.

Figure 6 Barriers to formal study



Source: ABS (2022) [Work-Related Training and Adult Learning, Australia, 2020-21](#), table 14.

The futures of work and credentialing demand a new approach to governments providing funding support for learning throughout life. While not wishing to downplay the importance of the changes to the JRG package recommended in the next section, over the longer term, bold and holistic reform is called for.

Government funding should support lifelong learning. All Australians should 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. This is not an original idea. But it is a good idea. It was recommended by the BCA five years ago when contemplating ways to future proof post-secondary education and training.¹⁴ To ensure the quality of learning we advise that funds from learners' envelopes can only be accessed to support the attainment of AQF recognised credentials (refer discussion in section 4 where we recommend extending the AQF to cover shorter form credentials). The size of the envelope could vary dependent on learner characteristics, such as socio-economic status and Indigeneity.

In addition to supporting continuous development over lifetimes, the other thing of beauty of this reform proposal is that it would provide learners agency over when and where they learn. That is, grants would target them 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.

¹⁴ Business Council of Australia (2018) [Future-proof: Australia's future post-secondary education and skills system](#), August.

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.

3. Investment and affordability

Q12 How should an adequate supply of CSPs be sustained and funded, as population and demand increase?

In the short-term we urge the adoption of two reforms:

- a return to demand driven funding; and
- expand eligibility for Commonwealth supported places to all Australian higher education providers.

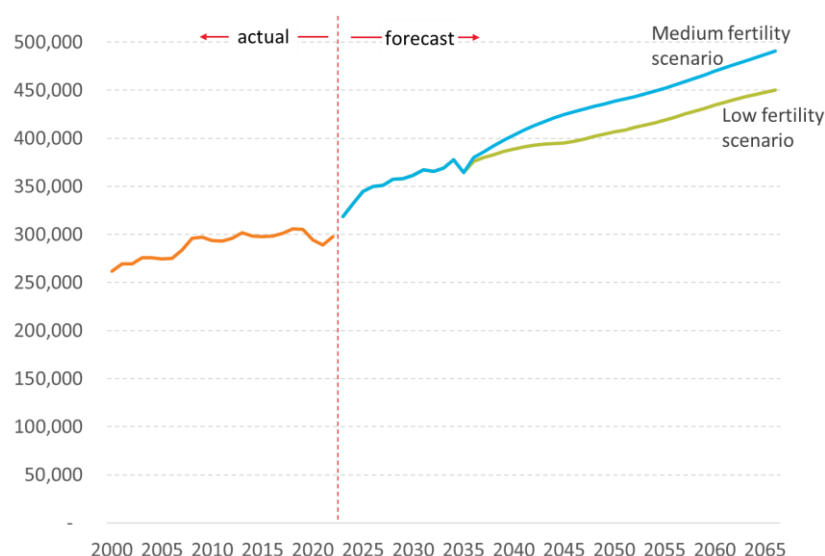
The discussion under this header steps through these two proposals in turn.

Demand driven funding

The foreword to the Discussion Paper challenges us to imagine a future over a 10, 20 and 30-year horizon. We dare to look even further in **Figure 7**. What we can safely predict is that the number of school leavers will increase. Last year the number of people in Australia aged 18 scraped in at just under 300,000. This year will see the first of the babies born during the Costello baby boom (2005-2008) turn 18. By 2030 Australia's population of 18 year olds will have increased by around one fifth to over 360,000. And it will keep on rising. Even if we assume that low rates of fertility will persist, by the end of the forecast period there will be over 450,000 people aged 18 in Australia. A return to medium rates of fertility will see that number grow to over 490,000. Either way, this represents a large injection into the local talent pool in the post school skills ecosystem.

Figure 7 The population of school leavers

Number of people aged 18



Sources: Actual - ABS (2023) [National, state and territory population, cat no. 3101.0, table 59](#). Forecast – ABS [Population Projections, 2017 \(base\) – 2066](#), cat. no. 3222.0. *Note:* Both scenarios assume medium levels of mortality, net overseas migration and net interstate migration.

Currently around 43 percent of 25 to 34 year olds hold a Bachelor or higher qualification.¹⁵ This is ahead of the disbanded target of 40 percent by 2025. If future school leavers look to embark upon programs of study in the higher education sector in similar proportions as they do now, the sector will simply not be able to accommodate their demands under current funding arrangements.

This is because demand is constrained by a fixed aggregate level of funding. In 2018 and 2019 the level of funding was fixed in nominal terms, with the effect that Commonwealth support declined over that period in real terms. This was corrected in 2020 with the introduction of indexation. That is, the Commonwealth's contribution now grows in line with the Consumer Price Index (CPI). Meaning that it maintains the value of funding contributions over time assuming no change in demand. However, as we have just discussed, demand is about to step up. And there is no provision to accommodate this.

¹⁵ Derived from Census 2021 data using Tablebuilder Pro.

One option to correct for this is to link funding to population growth. Subject to picking the right population indexation rate, this fixes one problem. But it does not provide for any growth in the proportion seeking higher education credentials. Recent history is that this proportion has grown significantly, as indicated by the last four Censuses (refer to **Table 5**).

Table 5 Share of people aged 25-34 with a Bachelor or higher qualification

2006	2011	2016	2021
29%	34%	38%	43%

Source: ABS, Census data, derived using Tablebuilder Pro.

An important finding of the first section is that, in order for higher education to overcome the challenges and capitalise on the opportunities identified in the Discussion Paper and in that section, there are number of preconditions. High amongst these is the ability for the sector to cater to growing demand. That is why we recommend a return to demand driven funding.

Recommendation

CA ANZ recommends that the Government reintroduce demand driven funding.

Eligible providers

The Commonwealth primarily supports places at Australia's 36 public universities and may support the tuition costs of some students who attend the three Australian private universities, four private international universities with campuses in Australia or 129 non-university higher education providers.

This creates an incentive for local learners to study with public universities and may penalises those who decide to study at other registered higher education providers. Expanding eligibility to all higher education providers would increase learners' choices and avoids them being penalised for choosing non-public providers. Further, it overcomes a risk that has been associated with a return to demand driven funding:¹⁶ public universities may not be able to grow fast enough to accommodate the demand influx or they may not wish to.

Recommendation

CA ANZ recommends that the Government expand eligibility for Commonwealth supported places to all Australian registered higher education providers.

Q48 What principles should underpin the setting of student contributions and Higher Education Loan Program arrangements?

Student contributions should reflect graduates' ability to pay off their debts

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.¹⁷ Funding rates are also intended to promote student enrolment in national priority areas.¹⁸

There are at least three issues arising. The first and second relate to the use of average salaries earned by occupations from the 2016 Census as the basis for assessing private benefit. The third relates to the use of contributions to encourage demand for courses in national priority areas.

The first issue with the current approach is that not everyone who completes studies in a field of education spends their whole working lives in occupations directly related to their studies. We see this first hand with our members. While many are accounting, audit and finance professionals narrowly defined, others are the leaders and founders of organisations, business partners and advisors, data analysts and strategists. This is because qualifications in accounting provide a foundation and skills transferrable to many roles. As the world of work continues to transform (as discussed in section 1) the agility to transfer and supplement skills to add value in future contexts will become increasingly critical. Reliance on Census data for a single occupation is at odds with this reality.

¹⁶ Norton, A (2022b) [Submission on priority student funding policy issues for the Universities Accord](#), December.

¹⁷ DESE (2020) *op cit*.

¹⁸ Department of Education (DoE) (2023) [Job Ready Graduates: Preliminary Paper](#).

The second issue is 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. If we apply this alternative to the earnings of Business and Management and Accounting graduates, as done in **Table 6**, we find that the former earn more than the latter and that both earn less than the average starting salaries of graduates from all study areas. This is unsurprising as a professional designation is a prerequisite for accessing higher earnings. The further study and practical experience requirements take time.

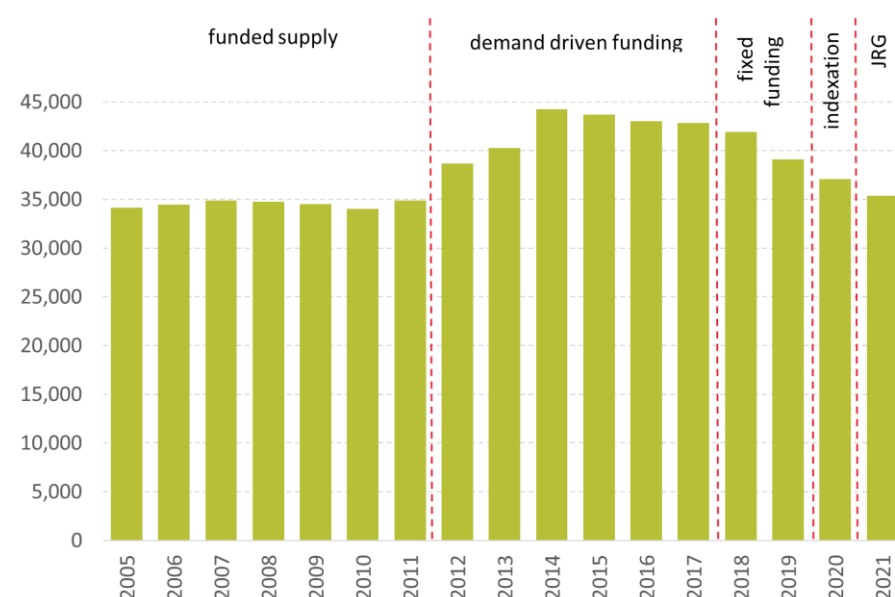
Table 6 Undergraduate medium full time salaries

Accounting	Business and Management	All Study Areas
\$63,000	\$65,000	\$68,000

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

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. What we find in **Figure 8**, however, is that the demand for Management and Commerce at public universities has moved in concert with changes in funding arrangements.¹⁹ Following predictable levels of commencements, the introduction of demand driven funding was associated with an initial increase in commencements as demand previously unmet was accommodated. Since 2015 demand has fallen. While a range of factors will have been in play, one of them is the availability of relatively more affordable study options. The introduction of increased student funding contributions in 2021 under the JRG package is associated with a continued decline in commencements.

Figure 8 Domestic student commencements in Management and Commerce undergraduate programs at Table A institutions



Source: DoE, [Enrolment Timeseries, Visual Analytics](#).

¹⁹ Norton, A (2021) [The first Job-ready Graduates university applications data](#)

Less onerous student contributions could help turn this situation around. As argued above, bolstering the pipeline of future accounting, audit and finance professionals is particularly critical.

Recommendations

CA ANZ recommends that the Government:

- determine student contributions on the basis of early career graduates' ability to pay, as indicated by graduate salaries; and
- reduce how much Accounting, Management and Commerce students are expected to contribute towards the cost of their tuition.

Loan arrangements should provide greater HELP

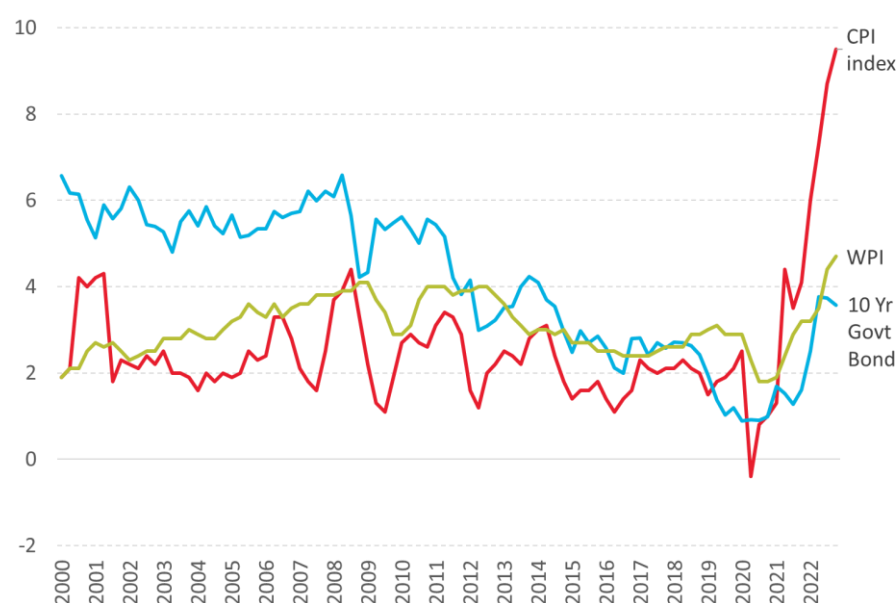
Income contingent loans were introduced in 1989 to fund the expansion of higher education in a fair and equitable way. While arrangements have been tweaked over time, more than 30 years on, their basic premise and operation remains largely intact.

To avoid deterring growing future demand for higher education, changes are needed to its affordability and coverage. The altered basis for determining student contributions proposed above is deliberately designed to support the affordability of loan repayments by early career graduates. Here we discuss one further factor impacting affordability and graduates' ability to pay off their loans: indexation.

Ever since income contingent loans were introduced more than 30 years ago they have been indexed to the CPI. The purpose of indexation is to offset the cost to government of lending to students without onerously adding to students' debt burden. Hence why HELP is referred to as a 'concessional' loan.

Up until recently, in a low inflation environment, CPI indexation has served this purpose well. 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, reaching 9.5 percent in the December quarter 2022 (refer to **Figure 9**). This rate is anything but concessional.

Figure 9 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 (2022) [Wage Price Index, Australia](#).

This realisation has caused a number of alternatives to come on to the table. The [Greens have a Bill in Parliament](#) to remove indexation. We do not support this as while it avoids indexation adding to students' debt burden, it provides no offset to the government's cost of lending. Further, it provides an financial incentive for students to take out a loan, regardless of whether they need to.

The latest Productivity Inquiry points out that loans will grow more than graduates' incomes during periods of low wage growth and high inflation. **Figure 9** shares evidence that this is currently the case as the CPI index is ahead of changes in the Wage Price Index (WPI). The Productivity Commission proposes that, as a protective measure, the Government could amend loan indexation to move in line with the lesser of inflation and real wages growth.²⁰

There is merit to this proposal as it takes into account graduates' ability to repay. But, depending on the rate, it may be at odds with the concessionary nature of the loan, particularly if wage growth starts closing the gap on inflation. The effect may be that the Government more than makes up for the cost of lending.

Higher education expert, Andrew Norton, has recommended a third alternative: the 10 year government bond rate or the CPI, whichever is the lesser.²¹ While the government does not specifically borrow to re-lend to students, the 10-year government bond rate gives some approximation of the effective cost to government of the HELP debt sitting on its books. This proposal is, therefore, consistent with the intent of covering the government's costs, while still providing a concessionary loan. We, therefore, encourage the Government to adopt it.

Recommendation

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

A complementary reform to funding reforms 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.

Q49 Which aspects of the JRG package should be altered, and which should be retained?

There are changes that should be immediately made to the JRG package within the confines of unchanged funding arrangements, including which fields or study areas are identified as national priorities and how the Commonwealth's contribution is calculated.

Throughout the discussion that follows we iterate between the broad field of education, Management and Commerce, the broad study area, Business and Management, and the narrow field and study area of Accounting, depending on the available data, in order to evidence and support key arguments. Note that Accounting falls within the umbrella of the broad study area and field considered.

Accounting should be a national priority

One of the core objectives of JRG is to increase the number of students entering courses aligned to future job growth or are in national areas of priority. It has done this by lowering the contribution that prospective students in those disciplines are to pay towards their studies. Disciplines identified as being national priorities include medicine, health, education, information technology, engineering and science.

Management and Commerce and, by extension, Accounting, do not make the cut. Nor do other fields, such as economics, law, and humanities. Prospective students in these disciplines are being asked to contribute more towards their studies.

If national priorities are maintained then Accounting should rank amongst them as accounting, audit and finance professionals are currently in short supply and, in the absence of change, shortages will persist into the future.

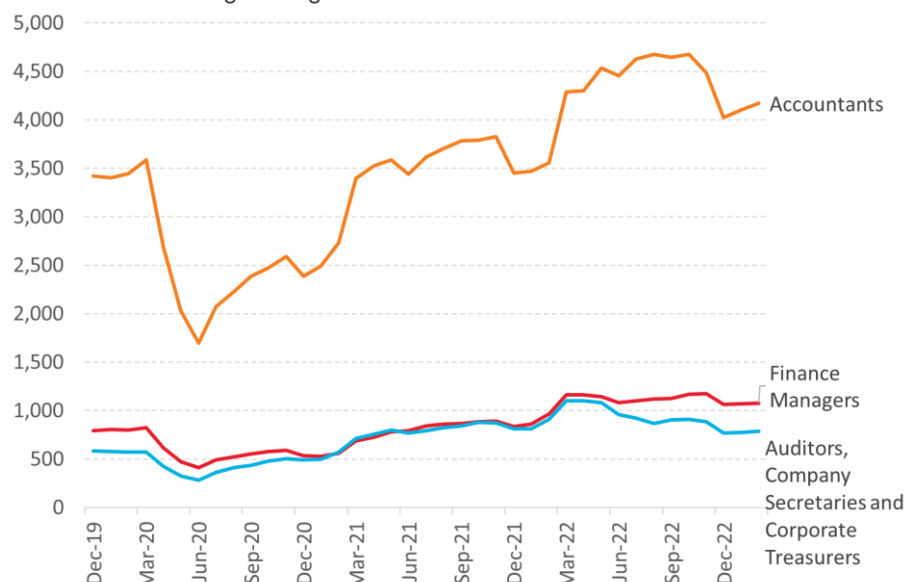
²⁰ Productivity Commission (2023) [5 year Productivity Inquiry, Volume 8: From learning to growth](#), Canberra, March, p 74.

²¹ Norton, A (2023) [Should HELP debt be indexed at the lesser of CPI and another economic indicator?](#) March.

Dealing with the current situation first, the skills shortage was nominated as the number one issue by Australia's top 100 accounting firms for two years running.²² Vacancies in accounting, audit and finance roles are high. The latest Jobs and Skills Australia data for February 2023, released in March, shows the number of advertised job vacancies for accountants has increased by 24.5% (or 613 job ads) over the year to February and has increased by 59.3% (or 2,473 job ads) (Refer to **Figure 10**).

Figure 10 Vacancies for accounting and finance professionals

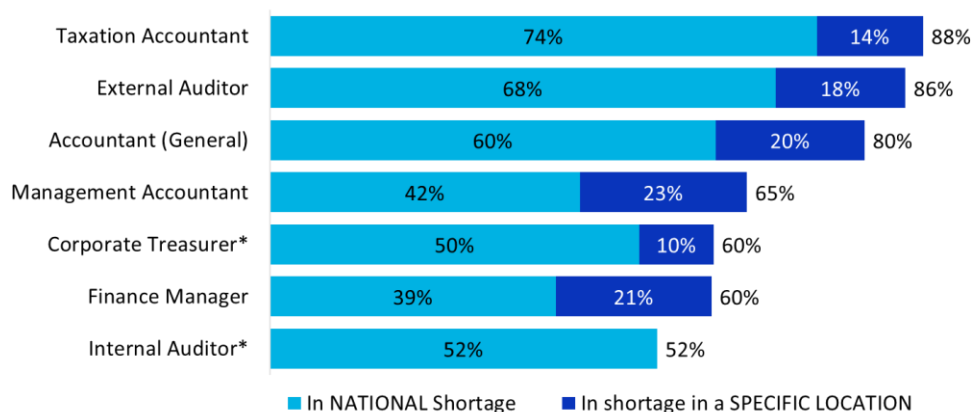
Three month moving average level of advertised vacancies



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

In CA ANZ's [recruitment and skills survey](#) of Australian members conducted in December 2022, respondents identified current skills shortages across each of the Australian and New Zealand Standard Classification of Occupations (ANZSCO) where our members work. **Figure 11**, which captures the share of respondents who identified the occupation to be in shortage, indicates that the shortages are widespread, impacting all relevant occupations.

Figure 11 Shortages of accounting and finance professionals



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

Note: * indicates small sample size (<30).

In the absence of change, shortages will persist into the future. This is because future supply is expected to fall well short of projected demand.

²² Wootton, H (2022) [The No. 1 problem for accountants \(for the second year in a row\)](#), Australian Financial Review, 14 November.

The demand for accounting, audit and finance professionals is strong. These professionals are critical to supporting the financial health and viability of businesses and community organisations, helping business analyse investment options, improving business performance and productivity and supporting innovation.

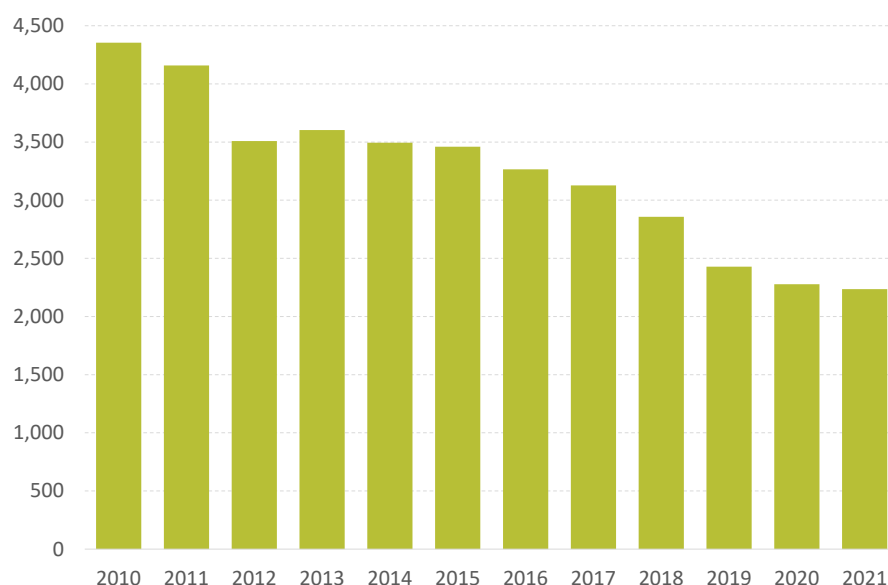
In the five years from 2016 to 2021, the employment of accounting, audit and finance professionals grew by 37,000, representing a strong compound annual average rate of growth of 2.6 percent. Official forecasts are that over the following five years to 2026, the employment of accounting audit and finance professionals will expand at the more modest rate of 2.2 percent, lifting employment levels by another 34,000. In the current context of nationwide shortages, it is reasonable to ask: where will these additional professionals come from?

The 2021 Census data informs us that on Census night there were 21,899 accounting, audit and finance professionals who, if not already eligible to retire, will be at some point over the next five years.

Historical levels of migrant accountant, audit and finance professionals and local graduates of higher education programs of accounting go some way to counter this, but do not fully provide for new demand. Assuming an annual migrant intake is around 3,000 each year, over the next five years that adds 15,000 to occupational supply.

In 2021, the number of domestic graduates of accounting was 2,235. If this level persists into the future, adding another 11,175 to supply. A more realistic assumption is that the numbers are less than this as accounting student completions have been decreasing for some time. **Figure 12** illustrates how numbers have more than halved over the period charted.

Figure 12 Domestic completions of higher education programs of accounting are in decline
Numbers of students



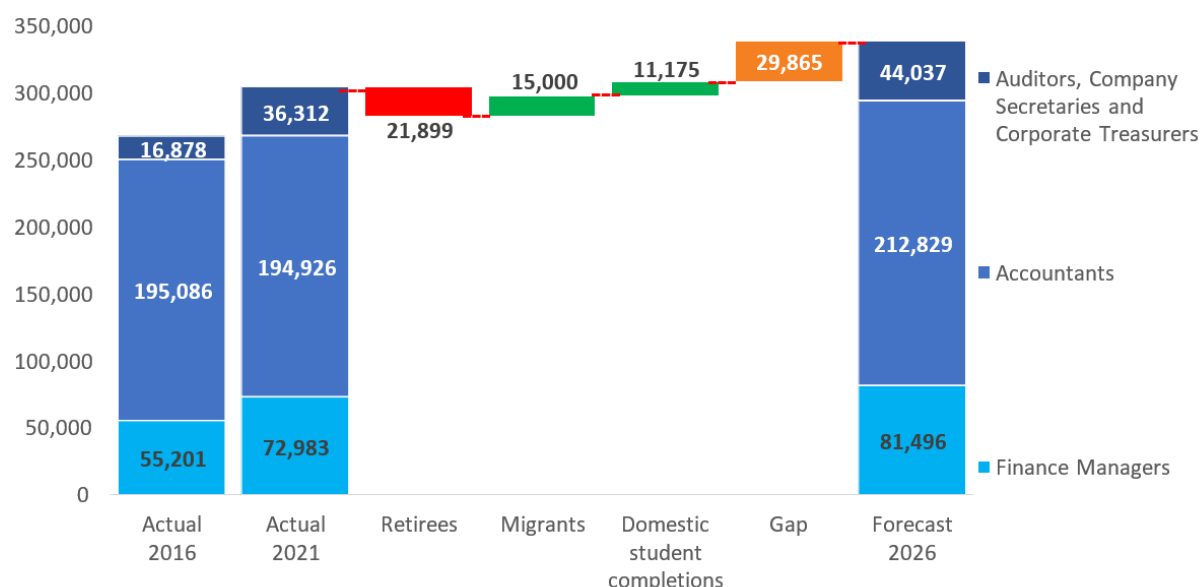
Source: Department of Education (DoE), special data request.

In other words, the local pipeline is dwindling, when it needs to be expanding. This is because once withdrawals (retirees) and new injections (migrants and graduates) are accounted for, there remains a gap between demand and supply of almost 30,000 over five years or an average of 6,000 each year. **Figure 13** illustrates this.

CA ANZ is collaborating with CPA Australia and the Big 6 to grow the local talent pipeline. We consider it a national priority. So too should the JRG package.

Recommendation

CA ANZ recommends that the Government recognise Accounting amongst identified national priorities for funding purposes.

Figure 13 Shortfall in the pipeline of accounting, audit and finance professionals

Note: The Gap is calculated as the total forecast to 2026 less the 2021 actual number less retirees plus migrants plus domestic student completions $338,362 - 308,497 (304,221 - 21,899 + 15,000 + 11,175) = 29,865$. In 2020-21, the migration of accounting, audit and finance professionals following all pathways was 2,510. While partial data shared in the Department of Home Affairs (DHA) Report on the Migration Program 2021-22 suggests that numbers resurged, this is likely to reflect a level of catch-up. An annual intake of 3,000 each year is therefore assumed over the forecast period.

Sources: Actual employment – Australian Bureau of Statistics (ABS) (2022) Labour Force, Australia, Detailed. Forecast employment -National Skills Commission (NSC) (2022) 2021 Employment Projections. 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 – Refer to Figure 12.

Refinements to determining Commonwealth's contribution

The discussion paper that accompanied the introduction of the JRG package²³ explains that the 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,²⁴ 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.

This is particularly the case for Management and Commerce. 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 \$2257 to \$1109 (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 managers and professionals, and the better the rate for completing courses of studies. None of the grounds justify the low rate of subsidy proposed for students of Management and Commerce.

Looking first at the labour market outcomes for Accounting and Business and Management graduates, **Table 7** over the page compares the labour market outcomes for each with those for all study areas over the short and medium term. Graduates of Accounting narrowly and Business and Management more broadly have higher rates of full time employment and labour market participation over both the short and medium term. And Accounting graduates have, on average, superior outcomes to their peers in other narrow areas within Business and Management.

²³ Department of Education, Skills and Employment (DESE) (2020) [Job-ready Graduates – Higher Education Reform Package](#).

²⁴ See, for example, Norton, A (2022a) [From public to private benefit: The shifting rationales for setting student contributions](#), occasional Paper, Melbourne Centre for the Study of Higher Education.

Table 7 Short and medium term labour market outcomes for undergraduates (%)

Study area	Full-time employment		Overall employment		Labour force participation rate	
	Short term	Medium term	Short term	Medium term	Short term	Medium term
Accounting	80.9	95.5	89.9	95.2	98.3	97.8
Business and Management	78.2	94.8	89.8	95.4	97.1	96.6
All Fields	73.6	91.5	88.1	93.9	92.6	92.2

Source: Social Research Centre, [Graduate Outcome Survey - Longitudinal 2022](#).

Notes: Measures are based on a cohort analysis of graduates who responded to the 2019 Graduate Outcomes Survey. The Short Term outcomes are achieved within four months of course completion. The Medium Term outcomes are approximately three years after graduation.

Moving on to consider the share of Business and Management graduates employed as managers or professionals, the key message conveyed by **Table 8** is that over both the short and medium terms the proportion is on par with, if not slightly ahead of, the proportion for all study areas.

Table 8 Full-time employed undergraduates working in occupational groups (%)

Study area	Managers		Professionals		Managers and Professionals	
	Short Term	Medium Term	Short Term	Medium Term	Short Term	Medium Term
Business and Management	12.0	14.9	49.1	60.0	61.1	74.9
All study areas	5.7	6.9	54.3	66.8	60.0	73.7

Source: Refer source for previous table.

Notes: Refer notes to previous table.

Finally, turning to completion rates. **Figure 14** over the page captures completion rates for Management and Commerce (M&C) students and students for all fields of education. Three points to note are that:

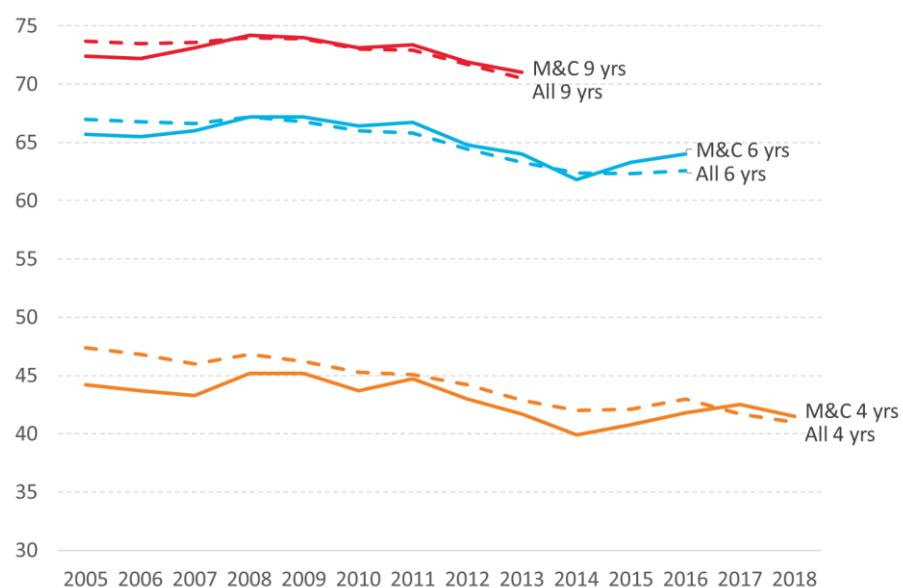
- there is not a lot of difference between M&C and All students;
- to the extent that there is a difference, in recent years proportionally more M&C students have been completing their studies; and
- while less than half of students are completing after four years of studying, most are continuing with their studies and are not dropping out. By nine years around seven out of ten students are completing. This likely reflects the tendency of many students today to juggle work and study.

Given that the evidence does not support low Commonwealth contributions for Management and Commerce students on public interest grounds, that suggests that the only remaining justification is that it has not been identified as a national priority. As argued above, there are strong grounds for recognising Accounting as a national priority.

Recommendation

CA ANZ recommends that the Government increase the Commonwealth's contribution to the tuition cost of studying Accounting, Management and Commerce.

Figure 14 Completion rates for Management and Commerce domestic bachelor students
 Table A institutions only, vertical axis: share (%) completing, horizontal axis: commencement year



Source: DoE, [Completion Rates of Higher Education Students, Visual Analytics](#).

4. Connection between the vocational education and training and higher education systems

Q17 How should better alignment and connection across Australia's tertiary education system be achieved?

In 2008, the authors of the last major review of higher education, known in education circles as the Bradley Review, counselled that:

*"What is needed is not two sectors configured as at present, but a continuum of tertiary skills provision primarily funded by a single level of government and nationally regulated, which delivers skills development in ways that are efficient, fit for purpose and meet the needs of individuals and the economy."*²⁵

That was 15 years ago and still we have arrangements that treat higher education and VET differently. This is despite the calls by academics and other experts to dismantle artificial distinctions. Such as when, in 2014, the then Victoria University Vice Chancellor and Mitchell Institute author and now Interim Director of Jobs and Skills Australia, Professor Peter Dawkins, called for a reconceptualisation of tertiary education. He urged "federal-state negotiation to achieve a more coherent approach to funding tertiary education students, which in turn supports a more coherent tertiary system."²⁶ In 2017, the former Vice Chancellor of Melbourne University and now Secretary of the Department of Prime Minister and Cabinet, Professor Glyn Davis, shared his vision of "a national framework [that] must embrace the entirety of post-school education"²⁷ where learners "move seamlessly through different modes of institution"²⁸ and where there is "one set of rules to accredit institutions, assure quality and fund students."²⁹

In addressing the question of "How should better alignment and connection across Australia's tertiary education system be achieved?" these are all great and big ideas. But they are not big enough. Most have been triggered by the appeal of a more sector neutral approach to governments' roles in higher education and VET. Currently learners encounter difficulties when moving between the two sectors, despite overlapping levels in qualification types. The ideal is for more seamless transition. Of fairness in the reach and application of governments' support. And of a regulatory approach that ensures the quality of offerings, regardless of whether they fall within the remit of higher education or VET.

But learning is not just occurring in traditional institutions - higher education and VET. Nor just in pursuit of traditional full qualifications. In section 2 we observed the emergence of a new world interacting with and the old where, over their lifetimes, adults choose their learning journeys, moving seamlessly between the offerings of traditional and non-traditional providers. Where what is on offer includes familiar qualifications *and* alternative and shorter form credentials.

The objective of governments should be to lubricate and not add grit in the evolutionary wheels of positive change in the post-school skills ecosystem. To ensure the quality, relevancy and accessibility of learning to all throughout their adult lives, and the veracity and liquidity of credentials, whether long or short, that recognise what has been learnt. To advance these ends, the key roles of Government are as funder, financier, standards setter and regulator. In section 2 we recommended future focused reforms to the Government's roles of funder and financier. In this section we recommend reforms the Government should embrace as a standard setter and regulator.

Q18 What role should reform of the AQF play in creating this alignment?

The AQF should play a central role

In 2018 it was KPMG's turn to reimagine tertiary education³⁰ – from a binary system to an ecosystem – with a revised AQF sitting at its centre. We concur.

²⁵ Department of Education, Employment and Workplace Relations (DEEWR) (2008) [Review of Australian Higher Education: final report \[Bradley review\]](#), Canberra, p 183.

²⁶ Dawkins, P (2014) [Reconceptualising tertiary education](#), Mitchell Institute, p 9.

²⁷ Davis, G (2017) *The Australian idea of a university*, Melbourne University Press, p 60.

²⁸ *Ibid*, p 65.

²⁹ *Ibid*, p 65.

³⁰ Parker, S, Dempster, A and Warburton, M (2018) [Reimagining tertiary education](#), KPMG.

The recommendations of the 2019 AQF Review³¹ take us some, but not all, of the way there. It identified the need for a non-hierarchical and flexibly applied qualifications framework that encourages recognition of credit and prior learning. We urge the Government to hasten the implementation of the Review's recommendations.

Shorter form credentials were a major focus of stakeholder submissions during that Review, with many suggesting that Australia should follow the lead of countries, like New Zealand, Scotland, Ireland, Denmark, Hong Kong and others who have included shorter form credentials within their frameworks. The Review Panel were swayed by the view it was premature to include shorter form credentials within the AQF. It formed the view that credit recognition was the preferable way of recognising shorter form credentials.

Motivated by the recommendations of the Review, in 2021 a [National Microcredentials Framework](#) was released to provide guidance to higher education providers when providing credit for the micro-credentials of other higher education providers, VET and industry. The aspiration is to provide encourage transparency, consistency and objectivity in the higher education sector around credit recognition arrangements and the portability of micro-credentials.

This Framework provided the building blocks for the micro-credentials marketplace, [MicroCred Seeker](#), to be built and launched just a matter of months ago. The marketplace provides learners with the ability to search for and compare micro-credentials by industry area, price and credit value towards other qualifications.

These are important developments designed to support the recognition of micro-credentials that currently sit outside of the AQF tent should learners wish to gain credit for them towards higher education qualifications.

A value add would be to not just recognise micro-credentials awarded for learning, but those that evaluate and recognise prior learning. This will necessitate a rethink of the volume of learning requirements of the Framework, and a means of independently assessing capabilities learned outside of the formal education system. This is where we could be of some assistance. Under the guidance of an enhanced National Microcredentials Framework, and the *Joint Statement of Principles for Australian Professions' Micro-Credentialing*, which is being developed by the Australian Council of Professionals (ACoPs), assessors including professional bodies are well placed to independently assess the AQF level equivalency of micro-credentials and of prior learning. The ACoPs principles intend to provide a professional/ industry/ employability lens on the emerging field of micro-credentials, with a focus on how micro-credentials can be used in reskilling, upskilling and skill recognition. There is a significant opportunity for accounting bodies to set the standard in this space around accounting and finance capability and skill.

While the AQF Review Panel came to the view in 2019 that it would be 'premature' to include micro-credentials within the AQF, implied is that will not always be the case. Indeed, the evolution of the Framework and the marketplace is moving Australia closer towards the consistency and an approach that will support inclusion. We argue that this is the next logical step and should remain the aspiration. It catches Australia up with other countries who already provide recognition and resolves issues of equivalency, thereby, facilitating learning pathways and recognition.

It would also overcome some of the perversions of not bringing micro-credentials under the AQF umbrella. For instance, while the majority of submissions received in connection with the recent ANZSCO Review supported recognising micro-credentials within the classification system, it was the concerns of the minority that held sway. Specifically, that micro-credentials are not recognised within the AQF.³² The consequences of this are significant as ANZSCO forms the basis of many government policies and initiatives, including eligibility for some skilled migration visas.

However, in order to do this well requires a reimagined national credentials regulation and quality assurance framework.

Recommendations

CA ANZ recommends that the Government:

- hasten the implementation of the AQF Review's recommendations;
- recognise micro-credentials and prior learning through independent assessment;
- over the longer term, extend the AQF to recognise micro-credentials offered by both traditional and non-traditional providers.

³¹ Expert Panel (2019) [Review of the Australian Qualifications Framework Final Report](#).

³² [Micro-credentials stay in the stats cold, for now, Campus Morning Mail, 24 November 2022.](#)

There should be a single national regulatory approach and regulator

The KPMG report also encouraged a continuation of efforts to integrate the operations of post-secondary regulatory bodies - the Australian Skills Quality Authority (ASQA) and the Tertiary Education Quality and Standards Authority (TEQSA). That is an important first step that would enable a more consistent approach to higher education and VET and thereby facilitate pathways between the two sectors.

The longer term ideal is a single national regulator of all forms of post-secondary credentials seeking accreditation, whether short or long. The words 'seeking accreditation' are deliberate and are a matter we shortly return to. But first the reasons why one national regulator is prescribed. It ensures regulatory oversight is extended to shorter form credentials. It is necessary to minimise friction between all credential types – full higher and vocational education qualifications and shorter form credentials offered through these and non-traditional providers. And it enables even-handed regulatory enforcement.

Its biggest drawback is the perceived size of the task. It may cause many to too readily dispose of this reform idea in the too hard basket. Which brings us to the relevancy of the words 'seeking accreditation'. Not all short courses include assessment that results in a credential other than a certificate of completion. Not all offerings are designed with the possibility of pathways to further learning in mind. As such, not all providers of shorter form offerings will wish to be brought under the AQF umbrella. Seeking accreditation by a national regulator should be optional.

Recommendations

CA ANZ recommends that the Government:

- in the short term, better integrate the operations of post-secondary regulatory bodies, ASQA and TEQSA; and
- over the longer term, establish a single national regulator of all forms of post-secondary credentials seeking accreditation, whether short or long.

5. Creating opportunity for all Australians

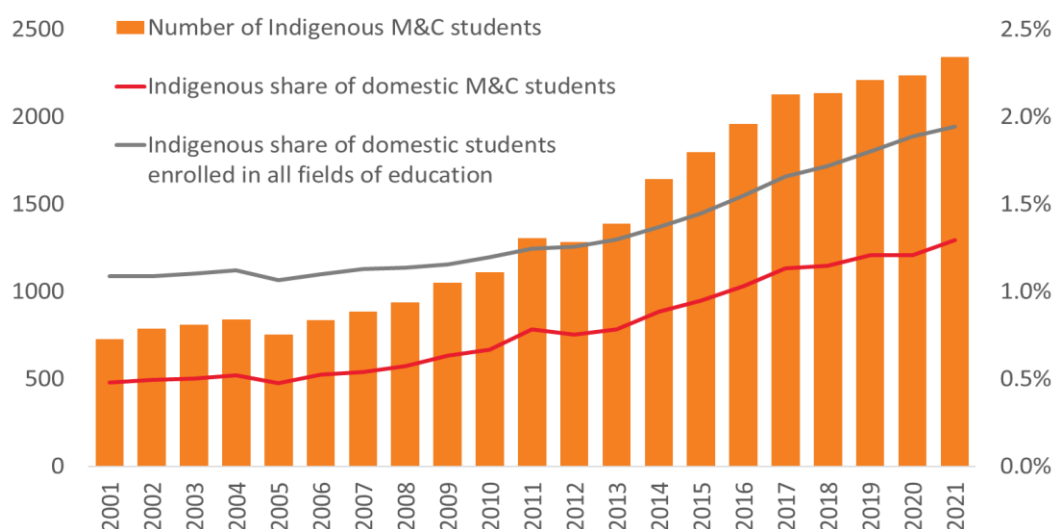
Q28 What is needed to increase the number of people from under-represented groups applying to and prepared for higher education, both from school and from other pathways?

Part of the intent of some of the recommendations in the previous sections is to provide means to this end of addressing under-representation. Such the section 2 proposals for funded lifetime learning entitlements where the size of the funded envelope could be adjusted to reflect the socio-economic circumstances of learners, and for financing arrangements that reflect the ability of graduates to pay off their debts. Similarly, the intended outcome of the proposals in the previous section is that it smooths the learning pathways of all learners. This includes those who may have struggled in senior secondary school and need to find alternative pathways into their aspired courses of study.

In this section we want to shine a light on the underrepresentation of Indigenous students. A key message from section 1 is that there is a sleeping giant of Indigenous opportunity. The growth of the Indigenous business sector and its estimated contribution to national income is an indication that the giant has stirred. But it is yet to awaken to its full potential, as indicated by its large and growing rights to land, and public and private sector procurement opportunities. There is a very real risk that Indigenous Australians and Indigenous businesses do not fully awaken to the potential.

This risk is minimised if more Indigenous Australians study towards qualifications in Management and Commerce, particularly in Accounting. The good news conveyed by **Figure 15** is that over the course of two decades the number of Indigenous students enrolled in Management and Commerce (M&C) programs has more than trebled from 726 in 2001 to 2340 in 2021. The other piece of good news conveyed is that the Indigenous student share of domestic students enrolled in Management and Commerce has increased from 0.5 percent to 1.3 percent over the same period. The not so good news is that the share for Management and Commerce is persistently less than the equivalent for all fields of education. And well below population parity of 3.8 percent.

Figure 15 Indigenous enrolments in higher education Management and Commerce programs



Source: DoE (2023) [Student Enrolments by Equity Group](#), Visual Analytics.

Based on research³³ and our experiences when engaging with past, present and prospective Indigenous students of Accounting, we have learned that there is no quick fix of the barriers to greater participation. Barriers include:

- bad experiences associated with accountants, including historical dispossession and oppression;
- the misconception that accounting is an Anglo-Saxon male dominated profession;
- a lack of awareness of the breadth of the accounting profession;
- a Westernised accounting curriculum and teaching methods that fail to recognise Indigenous concepts, such as shared capital;
- a limited pool of Indigenous role models;
- education barriers, including a lack of a grounding in mathematics and prerequisite senior secondary credentials;
- financial barriers to participation; and
- racism.

There is no quick fix. But a range of initiatives designed to overcome these barriers could collectively turn the situation around. Particularly if the professional accounting bodies and the Government are all pushing in the same direction. We are doing our part, both through a joint initiative with CPA Australia – [Indigenous Accountants Australia](#) – and by offering [scholarships](#) designed to financially support the education journeys of Indigenous Australians.

Recommendation

CA ANZ recommends that the Government explore with us opportunities to support each others' initiatives to grow Indigenous enrolments in Accounting, Management and Commerce.

³³ See, for example, Lombardi, L and Cooper, B (2014) An investigation into the role of educators, employers and the accounting profession in providing opportunities for Aboriginal and Torres Strait Islander peoples to enter the field of accounting, Deakin Business School.

6. The role of international education

Q43 How should the current recovery in international education be managed to increase the resilience and sustainability of Australia's higher education system, including through diversification of student enrolments from source countries?

Three points are worth stressing in response to this question:

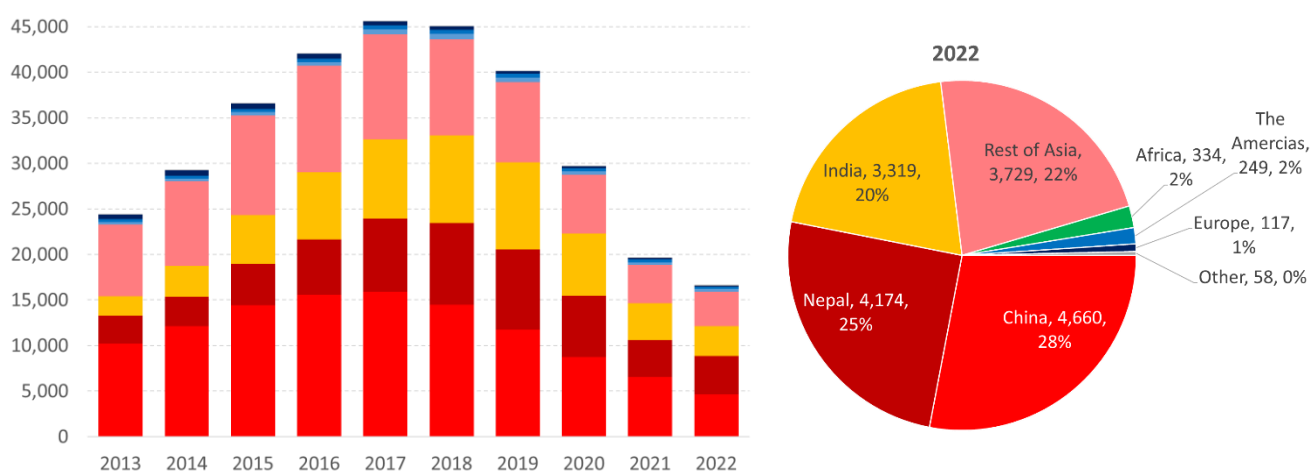
- diversification should be towards new source countries and not away from old;
- extended post-study work rights should be field neutral; and
- the option to migrate matters.

The following discussion deals with each point in turn.

Diversification should be towards new source countries and not away from old

Diversification is a focus of the Australian Strategy for International Education.³⁴ In order to best support the recovery in international education the intent should be for the purpose of encouraging the growth of source markets that have traditionally attracted few international students, rather than moving away from traditional markets that have served Australia well. For example, if we examine the make up of international students of accounting, as is done in **Figure 16**, three markets have been the mainstay – China, Nepal and India. This continues to be the case even after closed borders caused enrolments from most source markets to plummet. Markets like India, for example, have a large and barely tapped potential, as the Indian economy grows and it aspires to achieve a higher education for a larger proportion of its population.

Figure 16 Overseas student enrolments in Accounting by source country



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

Recommendation

CA ANZ recommends that the Government interpret its international education strategy for diversification as meaning towards new source countries and not away from traditional source countries that have, and can continue to, serve Australia well.

³⁴ Australian Government (2021) [Australian Strategy for International Education 2021-2030](#).

The option to migrate matters

It is a fallacy that all international students are 'genuine temporary migrants' and have no intention to migrate.

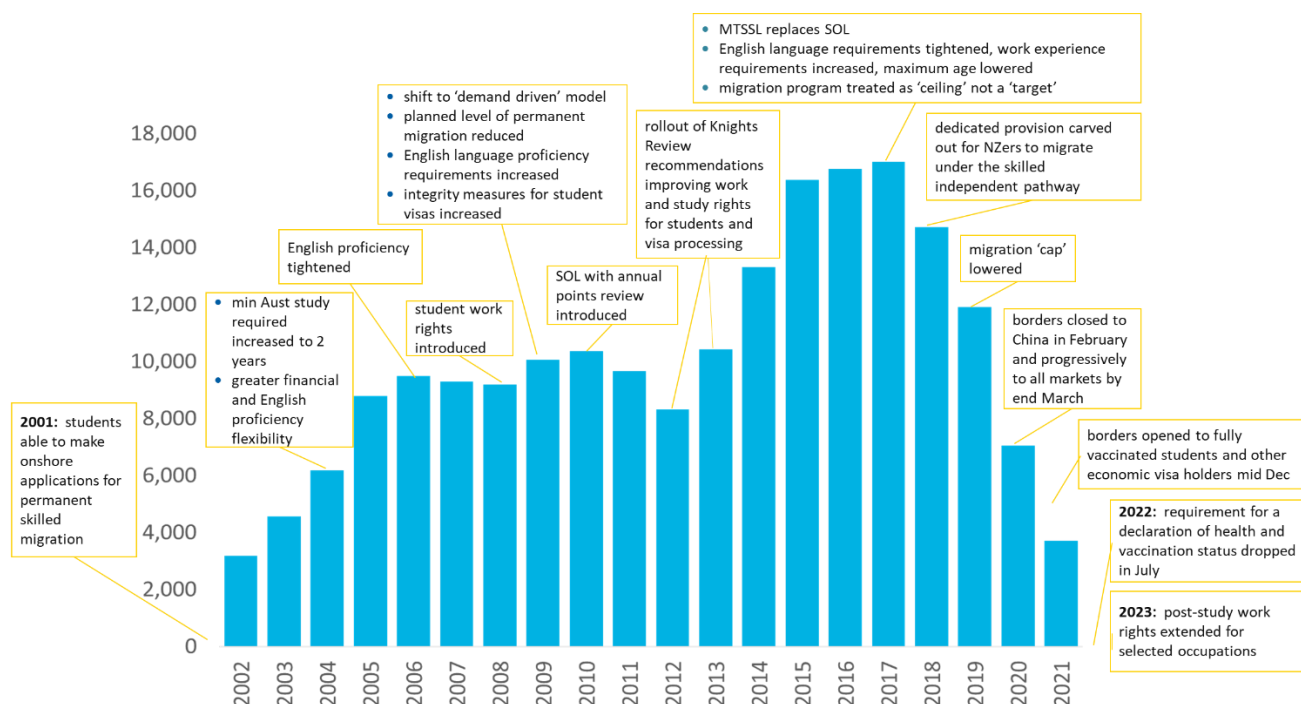
Figure 17 tracks changes in both temporary student and graduate and permanent skilled migration settings over time and the corresponding ups and downs of international students commencing Australian Bachelor or above programs of Accounting. While many factors will be in play, it is hard to deny that the option to work post study and to migrate permanently are high on the lists of many.

Yet there is no supported pathway for international students. The practical effect of current policy settings is that permanent migration is more a determinant of the pipeline of temporary skilled migrants than it is for students. Analysis by the Grattan Institute³⁵ finds that only 16 percent of people who first came to Australia on a Student visa have transitioned onto a permanent visa. By way of contrast, more than half of previously Temporary Skilled Workers end up staying permanently.

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

Figure 17 The international education-skilled migration nexus

Commencements of Bachelor level and higher international students of Accounting



Source: Austrade (2023) MIP.

Recommendation

CA ANZ recommends that the Government ensure clear communication with international students on their eligibility for permanent residency and provide pathways to permanency where appropriate.

³⁵ Grattan Institute (2021) [Rethinking permanent skilled migration after the pandemic](#), May.

Reassess which qualifications determine eligibility to extended post study work rights

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 overseas 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 Summit, in its submissions to the Treasury White paper that followed the Summit, and in the migration review.

It is therefore important to ensure that extensions have been made available in the right areas. In section 3 we shared evidence on the widespread shortages of accounting, finance and audit professionals. Yet Accounting qualifications are not included amongst those eligible for extended rights. We urge that this anomaly be speedily addressed.

Recommendation

CA ANZ recommends that the Government extend the indicative list of eligible occupations to include accounting and audit and update the list of related qualifications eligible for the extension to include degrees in Accounting before the final list is released prior to implementation from 1 July 2023.

Appendix B

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 135,000 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.

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.