

Migration and the Accounting Profession in Australia

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Executive Summary

This report examines the sources of growth in Australia's accounting workforce. It focuses on the ways in which changes to Australia's skilled migration selection system have affected the migration component of this growth. The importance of the immigration component has been magnified in recent years because domestic training in accounting has stabilised. Since 2001 almost all of the growth in the training of accountants at the university level in Australia has occurred amongst overseas-student enrolments.

Reforms to Australia's skilled migration selection policy introduced between 1999 and 2001 favoured applicants trained in Australia. They encouraged overseas students who have completed courses in selected fields at the undergraduate or postgraduate degree level that have been judged to meet professional standards by the relevant accrediting authority to apply for permanent residence. These fields include accounting and information technology, though not other business-related fields of study.

Under this reformed system, overseas students who apply in Australia for permanent residence within six months of completing an Australian course do not have to possess any job experience in their field. By contrast, other applicants, who apply from outside Australia, must have some relevant occupational experience. The new selection system has, in effect, traded off work experience and overseas training against youth, familiarity with English and Australian training.

Since the introduction of the reforms there has been a sharp increase in the proportion of the skilled migration program which is drawn from former overseas students trained in Australia. This has been particularly evident in the two occupations with the largest numbers of former overseas students applying for permanent residence. These are information technology and accounting.

Overseas-student enrolment levels in accounting have increased rapidly since the late 1990s, especially in the graduate diploma and masters courses which CPA Australia and the other accounting accrediting authorities (ICAA and NIA) have assessed as meeting the educational standards required for immigration purposes in the profession. By first semester 2003-04, overseas students enrolled in accounting courses made up around 47 per cent of all commencing students in the field – 65 per cent at the postgraduate level and 37 per cent at the undergraduate level.

There is a strong, if not conclusive, causal association between growth in overseas student enrolments in accounting courses and subsequent applications for permanent residence. It is estimated that nearly one half of the overseas students currently finishing a university accounting course have sought confirmation from an accounting accrediting agency that their credential is acceptable for immigration purposes. Graduates from mainland China, who constitute the largest single enrolment group, have a high propensity to seek permanent residence after completing their accounting course in Australia.

The outcome of these developments is that overseas students trained in Australia are now a major source of the growth in new entrants to the accounting workforce in Australia. In 2003-04, 2485 former overseas students with accounting qualifications received permanent residence visas under the onshore overseas-student visa subclass. This number exceeds the total number of accountants entering Australia as settlers under other migration programs. Relatively few of these settlers are coming from English-speaking-countries.

One consequence of the increased reliance on overseas students in the accounting profession is that the number and proportion of accountants being drawn from non-English-speaking countries has increased sharply.

IDP Australia projected in 2003 that there will be further rapid growth in overseas student enrolments in business courses at Australian universities. (No estimates are provided for accounting). However, this projection did not take into account recent changes to Australia's migration selection regulations which affect the prospects of overseas students gaining permanent residence. The regulations have been tightened because of Australian Government concerns about the size of Australia's migration intake if it is expanded to accommodate the rapid growth in the number of prospective migration applicants from overseas students. There has also been concern about the capacity of overseas students trained in Australia to meet employers' needs, given their lack of occupational experience and, in some cases, difficulties with English.

As a result of these concerns, the Australian Government has moved to curtail the nexus between overseas-student completions and immigration outcomes by increasing the pass mark in the Skilled Independent category to 115 as from 8 May 2002 and to 120 in April 2005. In March 2002, it also increased the minimum time required to qualify for meeting the Australian-training requirement from one year to two years.

Partly because of these developments, this paper argues that IDP overstated the likely projected growth in overseas-student numbers in Australia. For the immediate future, however, because accounting has been placed on the Migrant Occupation in Demand List (MODL), overseas student enrolments in accounting are likely to grow. This is because applicants with occupations listed on the MODL are virtually assured selection as permanent residents.

Data drawn from the 2001 Census for this report confirms the government's worries about the employment prospects of some overseas students. It shows that persons qualified at the degree level in accounting who have been trained overseas and come from the main-English-speaking countries do very well in obtaining professional level work in accounting or in managerial positions. By contrast, those with similar qualifications who come from non-English-speaking countries have struggled to secure professional level work in accounting. However, persons trained in accounting in Australia from non-English-speaking countries do better than their overseas-trained counterparts from the same countries.

The combination of the increased draw on migrant accountants and the parallel stabilisation of domestic training in accounting means that the make-up of the accounting profession will increasingly be influenced by the migrant component. For the immediate future, this component will largely derive from the ranks of overseas students trained in Australia.

There has been some concern that an increased reliance on migrants could make the accounting and other affected occupations vulnerable to a 'brain drain'. Analysis of the movements to and from Australia of accountants indicates that up to 2003-04 there have been only small losses to overseas locations of accountants who are Australian residents, including those born in Asian countries.

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Migration and the Accounting Profession in Australia

According to the Commonwealth Department of Employment and Workplace Relations, there were 147.6 thousand persons employed as accountants at the professional level by February 2004. Five years earlier in February 1999 the parallel figure was 117 thousand. Thus, in just five years, employment in the accounting profession grew by 30.6 thousand, or 26.1 per cent (Job Outlook, June 2004). The profession is one of the healthiest in employment terms amongst professional fields and, as is concluded below, the prospects look good for further expansion.

This study examines the patterns of recruitment into the profession, with reference to the changing role of locals and immigrants in augmenting its ranks. Overseas-born and trained accountants have long made a contribution to the Australian workforce. In 2001, as Table 1a shows, overseas-born persons made up 30 per cent of those working as professional-level accountants in 2001. Overseas-born persons also made up 36 per cent of persons with degree or higher level qualifications in accounting (Table 1b).

Table 1a: Persons working as accountants by birthplace, Australia, 2001

Birthplace	Male	Female	Total	%
Australia	45,501	31,964	77,465	69
New Zealand	1,112	1,182	2,294	2
Other Oceania/Antarctica	771	479	1,250	1
UK and Ireland	4,128	2,868	6,996	6
South Eastern Europe	624	495	1,119	1
Eastern Europe	308	553	861	1
Other Europe	1,437	956	2,393	2
Middle East, Nth Africa	720	444	1,164	1
India	743	469	1,212	1
Other Southern & Central Asia	1,027	558	1,585	1
Philippines	456	814	1,270	1
Viet Nam	531	1,017	1,548	1
China (excl Taiwan Province)	626	1,429	2,055	2
Malaysia, Hong Kong & Singapore	2,429	2,756	5,185	5
Indonesia	229	332	561	0
Other Nth and SE Asia	478	783	1,261	1
USA & Canada	317	317	634	1
Other Americas	269	284	553	0
South Africa	900	482	1,382	1
Other Africa	533	304	837	1
Not stated	534	522	1,056	1
Total	63,673	49,008	112,681	100

Source: Australian Bureau of Statistics, Census 2001, customised matrix

In recent years, however, the contribution of the overseas-born has escalated as a consequence of changes to the administration and size of Australia's skilled migration program. A major new migrant source is former overseas students who have studied accounting in Australia and then become permanent residents. In addition, the flow of settlers and long-term visitors (with work rights in Australia) has also been substantial.

The significance of these flows has to be examined in the context of net-loss of Australian residents to overseas destinations. Given the extent of recent public discussion of an alleged 'brain drain' from Australia, it is no longer appropriate to take for granted that Australia is a net gainer from international movements. This issue will be considered in relation to accountants later in this report.

Table 1b: Persons whose highest qualification is a bachelor degree or higher in the accounting field, by birthplace, Australia, 2001

Birthplace	Male	Female	Total	%
Australia	42,274	22,534	64,808	63
New Zealand	1,365	783	2,148	2
Other Oceania/Antarctica	840	447	1,287	1
UK and Ireland	4,129	1,764	5,893	6
South Eastern Europe	507	330	837	1
Eastern Europe	222	333	555	1
Other Europe	1,086	476	1,562	2
Other Mid East, Nth Africa	1,088	652	1,740	2
India	1,173	754	1,927	2
Other Southern & Central Asia	1,204	568	1,772	2
Philippines	1,071	2,862	3,933	4
Viet Nam	442	897	1,339	1
China (excl Taiwan Province)	666	1,394	2,060	2
Malaysia, Hong Kong & Singapore	2,642	2,894	5,536	5
Indonesia	344	651	995	1
Other Nth and SE Asia	472	833	1,305	1
USA & Canada	375	330	705	1
Other Americas	278	248	526	1
South Africa	1,500	418	1,918	2
Other Africa	644	267	911	1
Not stated	489	382	871	1
Total	62,811	39,817	102,628	100

Source: Australian Bureau of Statistics, Census 2001, customised matrix

Accounting education in Australia

Despite the increase in the employment level of accountants in Australia noted above, there has been little increase in the numbers of domestic students beginning accounting courses. Table 2 shows the number of commencements in all management and commerce courses, and Table 3 the commencements in the subfield of accounting courses, for both domestic and overseas students at studying at onshore campuses in Australian universities.¹

There has been an increase in these fields of training in Australia's universities in recent years but the tables show that most of this expansion is due to commencements of overseas students. More than half of the overseas student growth has been at the postgraduate level. This point applies both to the overall field of management and commerce and to accounting (which is a subfield within management and commerce).

¹ These figures have been derived from a customised data set purchased from Department of Education, Science and Training (DEST). It is not possible to differentiate domestic and overseas student commencements for particular fields of study from the published DEST statistics. DEST has not yet released data for commencements in the second semester of 2004. In order to produce a comparable sequence of commencements which included 2004 data, it was necessary to separate first and second semester data. It is not possible to provide comparable data before 2001 because there were major changes to the statistical collection procedures in 2001.

Table 2: Commencements (onshore campuses) in management and commerce, domestic students, and overseas students by selected main countries of permanent address, 2001 to 2004 by semester of commencement

	Commencing first semester				Commencing second semester		
	Year				Year		
	2001	2002	2003	2004	2001	2002	2003
Postgraduate Total	17,897	20,892	24,158	22,467	9,415	11,251	12,556
Domestic student	12,445	14,693	16,097	13,309	5,749	6,673	6,749
Overseas student	5,452	6,199	8,061	9,158	3,666	4,578	5,807
China	1,112	1,466	16,77	2,318	714	1,276	1,386
India	334	420	930	1,366	264	436	841
Hong Kong	306	336	342	353	276	155	248
Indonesia	509	442	447	445	309	298	359
Bangladesh	94	111	221	269	89	52	214
Malaysia	244	326	522	552	198	249	290
Korea S	77	90	118	134	49	64	93
Vietnam	123	157	164	165	78	71	62
Singapore	434	429	420	295	233	170	234
Taiwan	306	265	370	408	168	210	269
Thailand	436	534	696	706	322	470	576
Africa (all excl Nth)	153	166	244	227	72	116	97
Rest	1,324	1,457	1,910	1,920	894	1,011	1,138
Undergraduate Total	36,415	36,419	35,722	35,919	7,582	7,794	8,487
Domestic student	29,542	28,344	26,758	26,312	3,289	3,092	3,172
Overseas student	6,873	8,075	8,964	9,607	4,293	4,702	5,315
China	673	1,443	2,135	3,288	443	680	1,325
India	112	107	129	194	111	118	113
Hong Kong	824	1,012	1,301	1,244	471	654	738
Indonesia	888	855	808	703	543	398	453
Bangladesh	28	53	73	141	41	48	77
Malaysia	1,233	1,511	1,377	1,020	745	689	650
Korea S	166	170	266	314	109	93	140
Vietnam	90	118	158	129	70	81	52
Singapore	973	829	650	454	594	572	376
Taiwan	251	220	212	206	135	104	118
Thailand	109	92	126	147	62	74	77
Africa (all excl Nth)	178	247	289	272	133	234	202
Rest	1,348	1,418	1,440	1,495	836	957	994
All course levels Total	54,312	57,311	59,880	58,386	17,041	19,099	21,043
Domestic student	41,987	43,037	42,855	39,621	9,082	9,819	9,921
Overseas student	12,325	14,274	17,025	18,765	7,959	9,280	11,122
China	1,785	2,909	3,812	5,606	1,157	1,956	2,711
India	446	527	1,059	1,560	375	554	954
Hong Kong	1,130	1,348	1,643	1,597	747	809	986
Indonesia	1,397	1,297	1,255	1,148	852	696	812
Bangladesh	122	164	294	410	130	100	291
Malaysia	1,477	1,837	1,899	1,572	943	938	940
Korea S	243	260	384	448	158	157	233
Vietnam	213	275	322	294	148	152	114
Singapore	1,407	1,258	1,070	749	827	742	610
Taiwan	557	485	582	614	303	314	387
Thailand	545	626	822	853	384	544	653
Africa (all excl Nth)	331	413	533	499	205	350	299
Rest	2,672	2,875	3,350	3,415	1,730	1,968	2,132

Source: Department of Education, Science and Training, aggregated data sets

Table 3: Commencements (onshore campuses) in accounting subfield of management and commerce, domestic students, and overseas students by selected main countries of permanent address, 2001 to 2004 by semester of commencement

	Commencing first semester				Commencing second semester		
	Year				Year		
	2001	2002	2003	2004	2001	2002	2003
Postgraduate Total	1,592	2,048	2,449	3,067	842	1,375	1,814
Domestic student	858	1,133	1,184	1,088	373	681	694
Overseas student	734	915	1,265	1,979	469	694	1,120
China	303	344	425	643	174	337	376
India	23	73	178	574	29	62	314
Hong Kong	95	75	76	42	50	52	56
Indonesia	42	63	82	90	35	51	69
Bangladesh	3	12	36	145	5	13	57
Malaysia	24	36	54	37	29	28	20
Korea S	11	15	31	53	11	19	28
Vietnam	32	61	64	71	15	9	4
Singapore	55	85	68	43	41	19	35
Taiwan	8	12	21	12	2	5	10
Thailand	13	16	20	23	10	12	21
Africa (all excl Nth)	6	10	28	26	2	8	12
Rest	119	113	182	220	66	79	118
Undergraduate Total	4,169	4,192	3,834	4,677	1,063	1,106	1,301
Domestic student	3,474	3,155	2,613	2,958	519	421	487
Overseas student	695	1,037	1,221	1,719	544	685	814
China	100	265	449	783	79	160	332
India	11	20	21	67	15	20	29
Hong Kong	133	183	172	228	90	155	117
Indonesia	102	116	140	108	68	59	77
Bangladesh	6	17	29	52	15	27	26
Malaysia	72	161	132	139	78	65	75
Korea S	15	29	41	44	9	9	21
Vietnam	13	27	38	20	19	23	14
Singapore	35	37	40	39	32	35	26
Taiwan	10	13	14	20	9	6	7
Thailand	10	11	2	14	12	15	5
Africa (all excl Nth)	9	21	24	29	6	20	12
Rest	179	137	119	176	112	91	73
All course levels Total	5,761	6,240	6,283	7,744	1,905	2,481	3,115
Domestic student	4,332	4,288	3,797	4,046	892	1,102	1,181
Overseas student	1,429	1,952	2,486	3,698	1,013	1,379	1,934
China	403	609	874	1,426	253	497	708
India	34	93	199	641	44	82	343
Hong Kong	228	258	248	270	140	207	173
Indonesia	144	179	222	198	103	110	146
Bangladesh	9	29	65	197	20	40	83
Malaysia	96	197	186	176	107	93	95
Korea S	26	44	72	97	20	28	49
Vietnam	45	88	102	91	34	32	18
Singapore	90	122	108	82	73	54	61
Taiwan	18	25	35	32	11	11	17
Thailand	23	27	22	37	22	27	26
Africa (all excl Nth)	15	31	52	55	8	28	24
Rest	298	250	301	396	178	170	191

Source: Department of Education, Science and Training, aggregated data sets

First semester domestic commencements in management and commerce fell over the four years 2001 to 2004, with the entire decline attributable to a fall in the numbers commencing at the undergraduate level. In the case of those who can be identified as accounting students,² the number of first semester domestic domestic commencements fell slightly from 4,332 in 2001 to 4,046 in 2004. Again, this was due to a decline in commencements at the undergraduate level. By contrast, first semester overseas-student commencements in accounting increased from 1,429 in 2001 to 3,698 in 2004, by which time they accounted for 48 per cent of total number of first semester commencing students.

The dominant source of growth in commencements in both the management and commerce field and its accounting subfield has been from students born in the People's Republic of China (PRC) and the subcontinent of India (mainly India but also Bangladesh). On the other hand, commencements from the more traditional overseas-student markets has stabilised (Hong Kong) or declined (Malaysia and Singapore). The reasons for this differential pattern are explored below.

The stabilisation of domestic training in the business fields at the university level reflects a general policy on the part of the Australian Government to cap the number of HECS places since the mid-1990s. The effect of this has been felt across all fields of study. Business has not been singled out in this process. Universities have relatively limited scope to shift places from other fields to fields such as accounting where there is strong market demand. This is because there is no incentive for them to do so, since as long as places are limited and there are plenty of domestic applicants for the fields of study currently taught, there is no financial inducement to switch places to disciplines in high demand. But there are costs, both financial and political, since switching usually involves rationalisation of departments and resultant protests from students, staff and unions.

Another reason why universities have been slow to transfer HECS places to fields in demand is that they can gain a higher return from their existing teaching staff and facilities by attracting overseas fee-paying students. The financial return to a university for teaching an overseas student is much higher than that received for teaching a domestic student. This may help explain why commencements at the first semester undergraduate level in accounting for domestic students has fallen slightly over the 2001 to 2004 period, yet the commencement numbers for overseas students have increased.

The importance of the overseas-student component of accounting training in Australia is confirmed by data collected by CPA Australia directly from university accounting departments. These data show that in 2003 there were 9,486 accounting graduates (at undergraduate and postgraduate level). Of these graduates, 2,926, or 31 per cent, were international students, and 6,560 were domestic.³ The overseas proportion in accounting is very high relative to other disciplines in Australian universities. It is also likely that the figures for overseas student completions understate the actual level since not all universities provided information on overseas graduation numbers.

² The returns that universities provide to DEST as to their enrolments by disciplines do identify subfields such as accounting. However, the rigour with which such subfields are reported varies from university to university. For example, the University of Melbourne does not report any accounting commencements. Their numbers are substantial but are included in a broader Bachelor of Commerce designation. Thus the numbers reported as commencing accounting significantly understates the actual numbers. However, they are a useful guide to trends in commencements and for overseas students as an indication of the country of origin.

³ These graduation numbers collected from university accounting departments give some indication of the scale of undercount in the DEST accounting data shown in Table 3.

The Migration Factor

This section of the report explores the changes in Australian Government immigration policy which affect both enrolment levels of overseas students in Australian universities and the net flow of migrants with accounting qualifications.

The immigration policy setting affecting overseas student enrolments

In the late 1990s, at the time of the boom in the information technology and other 'new economy' industries, the Australian Government was subject to pressure to expand its immigration program in order to attract specialists in these industries. Industry representatives, particular in the IT field, argued that if Australian firms did not have access to the skilled workers they needed, they would struggle to compete in the global marketplace for 'new economy' goods and services.

At the time, overseas-student enrolments had expanded to the point where they appeared to provide some significant potential to provide skilled workers in the desired fields, particularly in computing and accounting. However, the migration rules in place prevented overseas-student graduates in these and other fields from applying for permanent residence from within Australia. After they left Australia, they could not apply until they had accumulated several years work experience.

In 1997 the Australian Government initiated a review of its skilled migration program. By the time the final report of the review was completed (in February 1999), the concerns outlined above were high on the Government's agenda. They helped shape the recommendations flowing from the review. The key reforms as they affected overseas-student enrolments in Australia were as follows.

In mid-1999 a new set of skilled migration visa subclasses which incorporated a new skills selection system was introduced. These reforms covered two new visa subclasses: the Skilled Independent and Skilled - Australian Sponsored categories. They are the main categories included under the Government's General Skilled Migration program. There are others, including the Employer Nomination Scheme and Business Skills visa classes. Accountants can be visaed under these categories, as will be documented later in this report. For the present, the focus is the new skilled categories since they have the most relevance to the accounting workforce.

The priority under the reformed categories was persons with professional and trade skills. From mid-1999 persons seeking a skilled visa first had to meet certain threshold characteristics, including English language skills (measured by IELTS) and a favourable assessment by the relevant accrediting authority that their credentials were acceptable in Australia. Once over these hurdles, applicants were assessed under a points test which involved a new classification of occupations.

An important innovation in the new visa categories was the establishment of a Skilled Occupation List (SOL). Previously there had been no limit on the range of professional, associate-professional and trade occupations under which a migrant could seek entry to Australia. The SOL specified eligible occupations. It included most of the occupations under these three categories, but not all (university lecturers, for example, were omitted).

If the applicant did not possess an occupation on this list he/she could not apply. Occupations were categorised into 60, 50 and 40 point groups. The 60 point occupations included those which required a formal body of technical knowledge (whether obtained through a university or trade course), the possession of which was crucial to appointment in the field. Accounting was designated in this category along with engineering, computing, teaching, nursing and various trades. The 50 point occupations also required a formal qualification but were classified in this group if the formal qualification was not so central to an appointment. These occupations included the various business fields of management, personnel, public relations and marketing. The 40 point group included associate professional occupations such as financial investment advisors and engineering technicians. In addition, points were allocated for age – with young persons aged less than 30 given the most points - and English language capacity. Though all applicants had to prove they possess certain threshold English standards, those who could meet a higher standard than the minimum were given additional points.

One consequence of these reforms was that they led to a focus on 60 point occupations. The pass mark was set at a level where it was difficult for persons holding a 50 point occupation to pass and it was virtually impossible for those with 40 point occupations. This meant that the only field of study within the management and commerce educational sector where selection was possible was accounting. Persons with marketing or managerial qualifications, for example, stood little chance of gaining selection after mid-1999.

The new selection system also gave priority to applicants who had received their training in Australia. They received an additional five points if their training in Australia met the standards required by the relevant credential assessment authority. In addition, the requirement that applicants have some experience in the occupation was waived for overseas students who applied within six months of completing their course.

A further inducement to overseas students to apply for permanent residence, introduced from mid-2001, was that they no longer had to leave Australia in order to make their application. They could now do so while in Australia, after completing their course. However, to be eligible they had to possess the qualifications necessary for accreditation in a 60 point occupation.

Three new onshore visa subclasses were created. They were:

- The Skilled Independent Overseas Student visa subclass (for graduates who applied as independents without an Australian sponsor),
- The Skilled - Australian Sponsored Overseas Student (requiring sponsorship by a relative in Australia) and
- The Skilled Designated Area Overseas Student (requiring sponsorship by a relative living in a designated area in Australia).

For convenience, statistics on these visa outcomes cited below will include all three visa subclasses. However, by far the largest category has been the Skilled Independent Overseas Student visa subclass.

These new rules virtually guaranteed that overseas students with acceptable qualifications in a 60 point occupation would obtain permanent residence after mid-1999. At that time the pass mark for the Skilled Independent Overseas Student visa subclass was 110. Overseas students could easily reach this tally if they had completed training acceptable to the relevant accrediting authority in a 60 point occupation. Most onshore former overseas student applicants were aged less than 30 (thus receiving the maximum 30 points for age) and the maximum 20 points for English (since they were trained in Australia). This gave 110 points. Since all were granted an additional 5 points for Australian training, most received a minimum of 115 points. Other bonus points could be obtained, but for the great majority of those with 60 point occupations these points were not needed. As result, when the pass mark for the Skilled Independent Overseas Student visa subclass was raised to 115 in May 2002, overseas students who had completed a relevant 60 point occupation credential remained eligible for permanent residence without leaving Australia (as long as they applied within six months of completing their training in Australia).

The overseas student response to migration opportunities

There has been a strong response to the opportunities created by these reforms. As noted earlier, most of the growth in university commencements in accounting over the past four years has been amongst overseas students, particularly those enrolled at the postgraduate level. The overseas students completing accounting courses have shown a high propensity to seek permanent residence under the new onshore visa categories. This interest is reflected in the large number of accountants seeking a migration assessment. Three agencies are accredited to make such assessments. These agencies are CPA Australia, the Institute of Chartered Accountants in Australia (ICAA) and the National Institute of Accountants (NIA). There were 5,180 assessments in 2002, 7,416 in 2003 and 6,508 in 2004 (see Table 4). The decline in the number of applications in 2004 was largely attributable to changes in the immigration regulations which required a longer minimum period of training in Australia (see below). The effect has been to delay some onshore applications.

Table 4: Number of applications for migration assessment by authority, per cent approved, 2002 to 2004

	2002	2003	2004
	Applications		
Certified Practising Accountants	2,965	3,900	3,401
Institute of Chartered Accountants Australia	2,035	2,092	1,443
National Institute of Accountants	180	1,424	1,664
Total	5,180	7,416	6,508
	Per cent approved		
Certified Practising Accountants	92	95	93
Institute of Chartered Accountants Australia	79	80	83
National Institute of Accountants	53	56	64
Total	86	84	83
Source: AEI-NOOSR, unpublished			

The assessments listed above covered applications from accountants resident overseas as well overseas students who had just completed their accounting course at an Australian university. However, to judge from the referred addresses given by applicants to CPA Australia (see second bottom line of Table 5), the proportion of applicants already within Australia has increased sharply.

Table 5: Applicant birthplaces with more than 150 applications over the three years 2002 to 2004

Birthplace	Preferred mail address	Number of applications			Number approved			Percentage approved		
		2002	2003	2004	2002	2003	2004	2002	2003	2004
China	Australia	601	1,145	1,015	554	1,112	917	92	97	90
	Overseas	150	171	78	134	166	38	89	97	49
China Total		751	1,316	1,093	688	1,278	955	92	97	87
India	Australia	306	504	271	286	488	190	93	97	70
	Overseas	240	193	163	220	182	106	92	94	65
India Total		546	697	434	506	670	296	93	96	68
Malaysia	Australia	84	87	114	79	77	106	94	89	93
	Overseas	66	51	27	60	44	22	91	86	81
Malaysia Total		150	138	141	139	121	128	93	88	91
Indonesia	Australia	254	280	266	239	268	248	94	96	93
	Overseas	38	32	20	36	32	14	95	100	70
Indonesia Total		292	312	286	275	300	262	94	96	92
Philippines	Australia	43	59	73	36	55	59	84	93	81
	Overseas	49	79	75	45	79	57	92	100	76
Philippines Total		92	138	148	81	134	116	88	97	78
Hong Kong	Australia	59	69	127	55	66	120	93	96	94
	Overseas	31	43	45	28	38	42	90	88	93
Hong Kong Total		90	112	172	83	104	162	92	93	94
Sri Lanka	Australia	41	61	45	36	58	37	88	95	82
	Overseas	37	52	46	35	47	24	95	90	52
Sri Lanka Total		78	113	91	71	105	61	91	93	67
Singapore	Australia	49	53	46	47	51	44	96	96	96
	Overseas	43	48	35	41	42	33	95	88	94
Singapore Total		92	101	81	88	93	77	96	92	95
South Africa	Australia	34	17	22	30	15	20	88	88	91
	Overseas	114	59	32	108	56	27	95	95	84
South Africa Total		148	76	54	138	71	47	93	93	87
Bangladesh	Australia	30	54	78	29	50	50	97	93	64
	Overseas	11	7	7	10	7	4	91	100	57
Bangladesh Total		41	61	85	39	57	54	95	93	64
South Korea	Australia	27	43	75	25	41	67	93	95	89
	Overseas	5	4	10	5	3	5	100	75	50
South Korea Total		32	47	85	30	44	72	94	94	85
United Kingdom	Australia	19	17	21	19	16	20	100	94	95
Overseas		35	30	34	34	28	32	97	93	94
United Kingdom Total		54	54	47	55	53	44	52	98	94
Total selected birthplaces	Australia	1,547	2,389	2,153	1,435	2,297	1,878	93	96	87
	Overseas	819	769	572	756	724	404	92	94	71
		2,366	3,158	2,725	2,191	3,021	2,282	93	96	84
TOTAL	Australia	1,891	2,913	2,647	1,753	2,790	2,447	93	96	92
	Overseas	1,069	986	758	984	927	712	92	94	94
Grand Total		2,965	3,900	3,401	2,738	3,717	3,159	92	95	93
Per cent from selected birthplaces		80	81	80	80	81	72			

Source: CPA Australia, Migration assessment statistics, unpublished

Because all persons wishing to migrate as skilled workers, including those living overseas, have to have their credentials assessed before they can apply for migration, Table 5 provides a good indication of the relative balance of migrant accountants drawn from onshore student applications and from those applying from overseas. The latter, who mainly come to Australia under the Skilled – Independent and Skilled – Australian Sponsored offshore visa subclasses, currently constitute a minority of the supply of the migrant accountants. In 2003-04, 1,557 accountants (including auditors and corporate treasurers) entered Australia under these visas.⁴ This compares with the 2,485 visas issued to principal applicants under the onshore student visa subclasses (see Table 6).

Another consequence of the relative dominance of the onshore skilled programs is that, as indicated above, there are relatively few migrant accountants currently being drawn from the UK and other English speaking countries. A strong indication of this situation is that, in 2003-04, CPA Australia assessed the accounting credentials of just 34 persons living in the UK and 32 living in South Africa (see Table 5).

By contrast, the numbers of migrant accountants trained in Australia has increased rapidly. Table 6 shows the numbers of visas issued to former overseas students with accounting credentials who were approved for permanent residence under the onshore student programs. As noted, their numbers reached 2,485 in 2003-04. Accounting is the second largest occupational category after computing professionals. Table 6 also shows that the share of accountants within the onshore program is growing. The change in the country-of-origin composition of migrant accountants towards Asian sources is evident by the dominance of accountants born in the PRC.

Table 6: Accountants visaed under the onshore student visa subclasses, selected birthplaces, 2001-02 to 2003-04

	2001-02	2002-03	2003-04
Accountants by birthplace			
China (PRC)	288	409	1,029
Hong Kong	59	81	155
India	85	99	279
Indonesia	255	198	278
Malaysia	57	117	184
Singapore	26	46	71
Rest	163	226	489
Accountants total	933	1,176	2,485
Computing professionals	3,193	3,011	4,693
Rest	1,354	3,513	4,282
Total	5,480	7,700	11,460
Per cent accountants	17	15	22

Source: DIMIA, unpublished

Unfortunately, it is not possible to provide an accurate estimate of the proportion of overseas students who complete their accounting course in Australia and who subsequently become permanent residents under the onshore skilled overseas student visa categories. For this calculation, comparable figures on graduations and visa applicants are required. As noted above, there are no accurate figures for the number of overseas student graduates in accounting who would be eligible to apply for the onshore student visa categories. Analysis elsewhere has indicated that 24 per cent of all overseas students graduating in Australia in 2002 subsequently obtained a permanent residence visa under the onshore skilled overseas student program. In the case of those graduating in IT, the proportion was 41 per cent.⁵

The permanent residence rate for accounting graduates is probably similar to that of IT graduates. Overseas students interested in obtaining permanent residence tend to enrol in courses where accreditation for immigration purposes can be obtained over a short period. This has been the case for postgraduate courses in accounting and in computing. Students can enrol in these postgraduate courses without any previous training in the relevant field as long as they possess an undergraduate degree from Australian or an overseas country which is designated by the National Office of Overseas Skills Recognition (NOOSR) as equivalent to Australian standards. Postgraduates from these short duration courses are able to satisfy the accreditation authorities for each profession. No experience in accounting or computing practice is required.

The main group exemplifying this motivation as regards accounting is those born in the PRC. It can be calculated from Table 6 that 41 per cent of those gaining a visa under the onshore student visa subclass as an accountant in 2003-04 were from the PRC. However, for 2002, the share of commencements in accounting amongst overseas students was well below this level – around 25 per cent (see Table 3). Students from the PRC have a strong incentive to stay in Australia because starting salaries are far higher than they could earn at home. These students have invested heavily in an Australian course and need to recoup their investment. They will do so far quicker if they gain a permanent residence visa and gain employment in Australia. This argument is also likely to apply accounting graduates from the Indian subcontinent. As Tables 5 and 6 show, there is growing interest on the part of students from India in studying accounting and subsequently applying for permanent residence. The drop in application numbers in 2004 for India, as well as most other birthplaces, shown in Table 5 is attributable to the requirement that students complete a minimum of two years training before they are eligible for the onshore student visas – discussed further below.

The propensity for students from Malaysia, Hong Kong and Singapore to seek permanent residence is lower, though still substantial. The likely reason is that there is much less to gain for these graduates by staying on in Australia, given the convergence between salary levels in these countries and Australia in recent years. As indicated above, enrolment levels for students from these countries did not increase in response to the new migration opportunities opened. Their decision to study in Australia reflects other motives, including difficulties of gaining access to professional-level training in their own country.

⁴ Dr B. Birrell, V. Rapson and T. F. Smith, *Skilled Migration Immigration in a Time of Domestic Skilled Shortages – Skilled Movements in 2003-04*, DIMIA, 2005, in press

⁵ Dr Bob Birrell, 'Immigration rules and the overseas student market in Australia', report to IDP Australia, 2005, p. 20, unpublished

The decline in overseas student commencement levels by 2004 for those born in Singapore and Malaysia (Tables 2 and 3) appear to be unrelated to changes in migration rules discussed below. Though a variety of factors are involved, an important one in the Australian context is the recent appreciation of the Australian dollar and the escalation of overseas-student course fees at some universities.⁶

Will the supply of overseas students to Australia's accounting workforce continue to grow?

This is a vital issue, since as shown above, domestic training of accountants in Australia's universities has stabilised. Until recently the consensus has been that growth in the number of overseas-student commencements is likely to continue. Various bodies, including the Australian university-owned recruiting agency IDP, have projected rapid continuing growth.

IDP Australia's most recent study concludes that the number of foreign students studying onshore at Australian universities will increase at compound growth rate of nine per cent per annum such that by 2025 there will be almost as many overseas students studying at Australian universities as there are local students today.⁷ This startling projection has understandably provoked media attention.⁸

IDP has recently published another study of future overseas-student demand for higher education in Australia which has direct relevance for this report. In this study, IDP presents estimates of demand by broad field of study. Unfortunately these broad fields are at a highly aggregated level (for example, Management and Commerce, and Information Technology), so the report has nothing directly to say about demand for accounting courses. Nonetheless, the projections are striking, for they imply an increase in the number of overseas students studying in Australia in the management and commerce field from 34,272 in 2002 to 243,232 in 2025.⁹ The major country of origin of these students is projected to be China, followed by India. These figures are for IDP's 'basic scenario'. Even higher rates of demand are projected under a scenario which assumes rapid growth in the 'new economy'.

IDP's key assumption is that this demand is a function of growth in income per head in the major Asian source countries. Past growth in overseas-student enrolment correlates well with this variable. The recent study also emphasises the importance of impending skilled labour shortages in advanced countries (like Australia) which the organisation believes will flow from the impending ageing of their workforce.¹⁰ The study implies that immigration opportunities will expand to accommodate such movement. If so, there would be a massive increase in the level of immigration of overseas students accredited in management and commerce fields.

A key issue therefore is whether this could occur given the constraints on the size and makeup of Australia's immigration program. IDP does not acknowledge that the recent rapid growth in overseas student enrolments might itself be a function of the relative ease of obtaining a migration outcome in Australia. If migration opportunities are driving enrolments, then if the requirements for permanent migration are tightened in response to the recent rapid growth in demand, the willingness of overseas students to study in Australia might diminish.

Changes in Australian migration rules

If incentives for permanent residence encouraged overseas-student enrolments, then the removal of these incentives could be expected to have the opposite effect. The Australian Government has recently removed some of these incentives. There were two reasons for this response. The first concerned the very rapid increase in application levels for the onshore permanent resident student visas. This increase raised demand control issues. The Australian Government specifies an annual migration program. DIMIA is obliged to limit the number of visas issued within the program parameters. Visas issued under the onshore overseas-student categories are taking a rapidly increasing share of the total number of visas allocated to the General Skill Migration program, within which the overseas student visa categories are nested. In 2003-04 there were 28,592 visas issued under the General Skilled Migration program. Of these, 11,460 were issued to overseas-students who applied onshore under the three skilled overseas student visa subclasses listed earlier (compared with 7,700 in 2002-03 and 5,480 in 2001-02). This rapid growth, along with increased interest from offshore applicants (whether former overseas students or not), prompted DIMIA to institute measures to control demand.

A second reason derived from the relevance of the characteristics of overseas students to Australian employer needs. As indicate, most of the permanent resident visas to former overseas students have been issued in two fields, computing and accounting. Out of the 11,460 visas issued in 2003-04, 4,693 were for computing professionals and 2,485 were for accountants. There were particular concerns about the scale of the numbers of computing professionals. Most became permanent residents after completing short duration postgraduate courses. This group would have only spent a year or eighteen months in Australia. Few had any occupational experience in their field and having only spent a limited time in Australia sometimes did not have a good command of colloquial English. In the case of the computing graduates, their masters courses were usually courses designed to provide computer literacy rather than to prepare the graduates for professional-level work as programmers or system designers. This raised questions about whether their selection fitted with the objectives of the skilled migration reforms introduced from mid-1999. The rationale for these reforms had been to improve the targeting of the high level professional or trade skills which are valuable to employers.

The DIMIA reactions reflected these two concerns. In order to control demand, in May 2002 the pass mark for the Skilled Independent Overseas Student visa subclass was raised to 115. As indicated, this measure did not usually affect the permanent residence outcomes of overseas student applicants with training in 60 point occupations. However, it did wipe out any prospect that persons trained in Australia in a 50 point occupation, such as business management, could gain permanent residence after returning to their home country. In principle, former students completing such courses can apply for permanent residence under the Skilled Independent category. However, in practice, only applicants with 60 point occupations could hope to accumulate the required 115 points (whether trained in Australia or not).

⁶ Simon Bush, 'We are risk: factors impacting on international student enrolments in Australia', Paper presented at the 2004 National Conference, Sydney, unpublished

⁷ A Bohm, D. Davis, D. Mears and D. Pearce, *Global Student Mobility*, IDP, 2002, p. 53

⁸ *Campus Review*, October 29-November 4 2003, p. 3

⁹ IDP, *Global Student Mobility: Analysis of Future Labour Market Trends and the Demand for International Higher Education*, 2003, p. 60

¹⁰ *ibid.*, pp. 47-48

As from 1 July 2003 the minimum period of Australian training for the Skilled Independent Overseas Student visa class was increased from one year to two years. This intervention was directed at the second concern; that is at improving the quality of the credentials obtained by overseas students who applied for permanent residence. Students already enrolled before 31 March 2003 remained eligible to be assessed under the one year rule if they applied for permanent residence before 1 April 2004. Thus students enrolling in the second semester of 2003 or in 2004 faced a sharp increase in their investment in an Australian course if their objective was to obtain permanent residence via a Masters or postgraduate diploma course.

There was a further rise in the pass mark for the Skilled Independent Overseas Student subclass to 120 as from April 2004. This increase did not affect those who enrolled in first semester 2004. However, it would have affected those contemplating enrolling in first semester 2005. They can no longer be assured that the completion of an Australian credential in a 60 point occupation will be enough to achieve permanent residence. To reach 120 points they will have to find another five points in addition to those allocated for their occupation (60 points), their age (30 points), English capacity (20 points) and Australian training (five points). Those with the easiest prospect of the additional five points will be students who have completed an undergraduate degree in a foreign language, since five bonus points are allocated if this is the case. However, persons whose undergraduate degree was largely in English, as is the case for most applicants with qualifications gained in India, would not be eligible for these five points.

Currently, these constraints do not apply to accounting graduates, because in September 2004 accountants were added to the Migrant Occupation in Demand List (MODL). This is a listing prepared by the Commonwealth Department of Employment and Workplace Relations. The Department assesses the state of the Australian labour market and if it determines that an occupation is in short supply at the national level it incorporates the occupation, where relevant, on the MODL. Occupations listed on the MODL are allocated an additional fifteen points under the selection system. They are also given priority in the processing of visa applications. Thus as long as accounting remains on this list eligible graduates in this field will be assured of permanent residence if they apply in Australia. There is no guarantee that accounting will stay on the MODL for an extended period. Accounting was removed from the MODL in early 2003, only to be restored in August 2004. Since late 2003, no IT skill specialisations have been included on the MODL.

Finally, from 1 July 2004 new arrangements were put in place which stiffened the financial requirements masters by coursework students had to meet. DIMIA has established seven visa subclasses for overseas students. Prior to July 2004, masters by course work students were classified within the Masters/Doctorate category. For students defined in this category who were coming from assessment level 3 and 4 countries (that is countries, including India and the PRC, which DIMIA assess as having a relatively high probability of violating their visa terms) these requirements were less stringent than for other student visa applicants, in that the applicant only had to prove they had access to funds covering a stay of one year in Australia, rather than the funds needed

for two or three years stay). After July 2004, when masters-by-coursework students were included in the Higher Education category, masters-by-coursework students had to meet the same financial requirements as others in this visa subclass (such as those enrolled in undergraduate courses).

On the other hand, in order to promote migrant settlement in regional areas of Australia, DIMIA has introduced a new regional subclass for overseas students. Since July 2003 students who live and study at a regional campus for at least two years are allocated an additional five points. Campuses which are located in Sydney, Brisbane, Perth, Canberra and Melbourne are not eligible, though those in Adelaide and Hobart are.

The effect of these DIMIA modifications to the rules implemented in July 2001 has been twofold. First, for those enrolling in the second semester of 2003 or subsequently, the increase in the pass mark adds an element of uncertainty about whether an Australian qualification in a 60 point occupation is sufficient to deliver a permanent residence visa. Second, since the implementation of the minimum two-year training requirement, students face an increase in the investment required (in course fees and living expenses) to obtain a permanent residence visa.

The net effect of these rule changes on overseas students interested in permanent residence and contemplating enrolling in an accounting course will be positive. For the immediate future, the listing of accounting on the MODL guarantees a permanent-residence outcome if desired. By contrast, the outlook for those enrolling in computing courses is not as attractive as it was a few years ago. There is no guarantee that the completion of a masters level computing course will achieve a permanent residence outcome because of the immigration rule changes detailed above. The relatively weak computing labour market and difficulties which overseas students without professional-level (for example programming) skills face in finding professional employment represents a further disincentive to enrol in computing. As a consequence accounting enrolments could well rise at the expense of computing.

Notwithstanding the constraints discussed, as long as the Australian labour market for accountants remains buoyant, the immigration tap is likely to remain open. Domestic training of accountants has plateaued, yet demand is growing. The Government has had no choice but to increase the immigration intake in these circumstances. It has not just recruited overseas students; the intake from overseas has also increased.

Immigration and the Australian accounting workforce

The onshore student programs are currently the main channels by which migrants are adding to Australia's accounting qualified workforce. As noted, in 2003-04, there were 2,485 principal applicants visaed under the student visa subclasses.

However, there are a number of other ways in which international movement affects the Australian accounting workforce. Accountants are eligible to come to Australia as permanent residents via the offshore skilled migration programs and as long-stay visitors under the various temporary entry programs, the most important of which is the long-stay business visitor program. Under this latter visa category, persons sponsored by Australian employers can work in Australia for periods of up to four years. New Zealand citizens are also permitted to move freely to and

from Australia and once in Australia can work for whatever period they choose. Finally, Australian residents can move to and from Australia. For those who hold accounting qualifications, work rights vary according to their residency rights in the country to which they move. These vary from unlimited for those moving to New Zealand to highly restrictive for most other locations unless a work visa can be gained.

Tables 7 and 8 address the contribution from these sources. Table 7 shows that, in the case of settler arrivals, most gained their visa under the skilled migration program and that the numbers have declined in 2003-04. By far the largest category was the Skilled Independent points assessed class which is available to persons who do not have an Australian relative or employer sponsor.

In 2000-01 and 2002-03 the numbers from all sources were substantial, at nearly 3,000, but by 2003-04 the number was 2,165.

This decline reflects two major factors. One is a fall in settlers from New Zealand. This has occurred across most occupations and reflects the recent upturn in the New Zealand economy as well some tightening of the rules covering flows to Australia from New Zealand.¹¹ The second relates to a decline in the Skilled Independent points assessed numbers in 2003-04. This may reflect the removal of accounting from the MODL for much of that year.

Table 7: Accountants selected under Australia's migration program: settler arrivals, Principal Applicants, by migration category, 1997-98 to 2003-04

Migration category (visa subclasses)	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Family	319	364	326	334	384	533	280
Skilled - Regional sponsored (106,119,139)	4	0	4	19	40	51	72
Skilled - Australian Sponsored (105,138)	134	112	140	125	96	73	74
Skilled - Independent points assessed (126,136)	481	431	682	1,420	1,237	1,529	1,201
Skilled - Nominated Independent (134,135,137)	0	0	0	1	10	5	34
Skilled - Other	17	10	20	19	20	3	1
Total selected under migration program	955	917	1,172	1,918	1,787	2,194	1,662
Other (New Zealand, dependents, humanitarian)	384	470	655	1,023	558	560	503
Total settlers arriving	1,339	1,387	1,827	2,941	2,345	2,754	2,165

Source: DIMIA unpublished settler arrivals

Australia has also been gaining from the net movement of visitors such as those on long-stay business visas who indicate on their passenger cards that they are accountants. The net gain from the movement of such visitors has nearly halved between 2000-01 and 2003-04 from 1,162 to 571. It is not clear why this should be the case, given that during these years demand for accountants in Australia has been relatively high.

The gains are quite large, particularly of settler accountants (including those who gain permanent residence onshore). But do they stay in Australia? The context here is of the high public interest in an alleged 'brain drain' from Australia. This may be considered problematic given the contemporary discussion about possible 'brain drain' from Australia. In fact, as we have shown

elsewhere, there is no overall 'brain drain' of skilled workers from Australia in that the net flow (settlers, residents and visitors) of skilled movements to Australia has been positive.¹² Still, if large numbers of these settlers are subsequently leaving Australia, it would be a matter of concern.

Table 8 shows the movements of accountants by major country-of-birth by settlers, net residents and net visitors. It shows that the net loss of Australian residents who are accountants is fairly small and that the loss has declined over the period 2001-02 to 2003-04. This finding also applies to accountants from the PRC and other Asian countries (the main source of accountants whether arriving as settlers or as those who gain permanent residence via the onshore student program).

Table 8 : Overseas arrivals and departures, permanent long-term movement of accountants, auditors and corporate treasurers, settlers, net movements for residents and visitors (temporary entrants) by birthplace, Australia, 2000-01 to 2003-04

Birthplace	Settlers				Net residents				Net visitors			
	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04
Main English speaking												
Australia	7	3	0	1	-1,146	-1,120	-816	-206	-107	-110	-74	-61
New Zealand	304	190	139	95	-98	-145	-111	-59	123	59	92	28
United Kingdom	157	158	277	282	-98	-77	-39	-22	410	369	333	217
Ireland	30	18	29	25	-13	-3	-8	-9	101	57	60	41
Canada	14	8	15	16	-15	-7	-12	2	13	26	8	30
United States	12	23	17	4	-12	-7	-6	1	133	67	60	42
South Africa	200	185	179	196	-5	-4	-14	11	65	42	45	27
Non-English speaking												
Hong Kong	190	96	140	60	-8	54	75	42	12	10	10	5
China (PRC)	500	376	350	243	-41	-21	11	-17	110	134	133	80
Malaysia	277	201	307	361	-93	-17	9	-43	18	33	15	-1
Fiji	171	92	90	46	-10	-12	-1	-7	7	-6	-6	-2
Indonesia	136	151	174	97	-11	-16	11	-6	23	0	5	24
India	203	162	279	244	-13	-9	-6	-5	8	-1	10	3
Sri Lanka	111	148	110	57	-12	-30	10	-7	1	-7	-7	-6
Philippines	79	65	60	39	-11	3	-9	-5	3	0	4	8
Singapore	116	75	131	89	-12	-10	-10	0	27	53	38	24
Vietnam	30	28	36	20	-25	22	-14	8	13	9	8	22
Japan	9	8	6	8	-1	-3	-2	3	21	39	29	5
Other	395	358	415	282	-91	-54	-15	-31	181	169	105	85
Total	2941	2345	2754	2165	-1,715	-1,498	-947	-350	1,162	943	868	571

Source: DIMIA OAD unpublished

Table 9 provides further detail on these movements. It details the country of destination that resident accountants are moving to and, in the case of those returning after a long-term visit overseas, where they came from. Very few residents are moving to the PRC. Hong Kong is the main non-English-speaking destination. But even in this case, there are more resident accountants returning each year from Hong Kong than are

leaving for Hong Kong. The United Kingdom is the dominant destination of Australian resident accountants and the main location of the net resident losses over the four years listed. The implication is that fears that Asian accountants are simply using Australia as a base to pursue their careers elsewhere appear to be without foundation.

Table 9: Overseas arrivals and departures of Australian residents, permanent long-term movement of accountants, auditors and corporate treasurers by next/last country of residence, Australia, 2000-01 to 2003-04

Last/next residence	Resident departures				Resident returns				Net residents			
	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04	2000-01	2001-02	2002-03	2003-04
Main English speaking countries												
New Zealand	188	200	213	162	20	26	32	19	-168	-174	-181	-143
United Kingdom	1,701	1,770	1,559	870	1,181	1,109	1,313	928	-520	-661	-246	58
Ireland	64	76	77	38	42	75	83	55	-22	-1	6	17
Canada	72	88	94	46	37	41	51	37	-35	-47	-43	-9
United States	386	288	300	202	146	159	153	105	-240	-129	-147	-97
South Africa	29	25	18	13	42	43	46	36	13	18	28	23
Non-English-speaking countries												
Malaysia	61	66	66	58	50	107	103	72	-11	41	37	14
China (PRC)	92	79	103	65	52	59	75	44	-40	-20	-28	-21
India	7	10	11	4	7	7	12	7	0	-3	1	3
Hong Kong	528	435	425	260	398	417	451	284	-130	-18	26	24
Indonesia	53	56	67	41	8	14	28	12	-45	-42	-39	-29
Philippines	15	14	19	8	14	15	19	7	-1	1	0	-1
Singapore	232	241	215	8	87	122	114	7	-145	-119	-101	-1
Sri Lanka	2	5	15	5	11	5	11	7	9	0	-4	2
Viet Nam	9	0	14	5	4	0	4	2	-5	0	-10	-3
Japan	64	67	49	38	16	8	14	10	-48	-59	-35	-28
Fiji	17	20	30	16	16	10	18	7	-1	-10	-12	-9
United Arab Emirates	22	28	25	29	2	8	18	15	-20	-20	-7	-14
Other	516	490	436	443	210	248	244	284	-306	-242	-192	-159
Total	4,058	3,971	3,736	2,266	2,343	2,473	2,789	1,916	-1,715	-1,498	-947	-350

Source: DIMIA OAD unpublished

Job prospects in accounting

To recapitulate, by 2003 there were 6,560 domestic completions in accounting qualifications from Australian universities.

There were another 2,450 overseas-students with accounting qualifications who changed their status to permanent residence in 2003-04. In addition, more than 2,000 are arriving each year as settlers. These numbers seem substantial given the number of persons with a degree or higher qualification in accounting (around 100,000) in 2001.

Notwithstanding this growth, there appear to be shortages in the supply of accounting professionals. This is reflected in the judgment of the Commonwealth Department of Employment and Workplace Relations that there is a national shortage of accountants. As a consequence, accounting is one of the few professional occupations currently on the MODL.

These circumstances help explain the confidence of labour market analysts that demand for accountants will remain strong. The Department of Employment and Workplace Relations (DEWR), in its latest Job Outlook bulletin, states that the number of employed accountants and auditors (at both the professional and associate professional level) has increased by 33 per cent in the five years to May 2003 from 111.4 thousand to 148.7 thousand. DEWR regards the prospects for continued strong growth in these occupations as 'very good'.¹³ The recent Age/Sydney Morning Herald Employment Forecast shares this assessment.¹⁴ It argues that the recent downturn in the business services sector flowing

from the 'tech-wreck' and the global recession is coming to an end and that this sector will experience fast job growth over the rest of this decade. Accountants are expected to share in this buoyancy.

Another factor favouring a strong employment outlook is that there is substantial scope for greater use of professionally trained accountants, not only in positions defined by the Australian Bureau of Statistics as professional-level accounting work but also in a range of associate-professional positions within the finance and business sector. Table 10 gives an indication of this potential.

Table 10: Selected occupations, 1996 and 2001, and highest qualification of persons, 2001

Occupation and labour force status	Persons aged 15 years or older, 1996*	Persons aged 15-64, 2001		Highest qualification of persons aged 15-64, 2001 (%)				
		Total	whose highest qualification is degree+ in accounting	Accounting degree or higher	Other degree or higher	Diploma/Certificate IV	Other/no qual.	Total
Generalist Managers and nfd**	213,107	207,094	3,139	2	22	11	66	100
Finance Managers	38,307	36,456	8,251	23	27	14	37	100
Human Resource Managers	20,047	23,131	265	1	44	16	39	100
Rest of Resource Managers	4,354	2,830	272	10	28	14	48	100
Eng., Distribution & Process Mgrs	81,961	98,839	1,083	1	30	13	57	100
Sales & Marketing Managers	63,162	93,320	995	1	28	12	58	100
Rest of Specialist Managers	90,001	96,514	987	1	57	15	27	100
Farm Managers	198,993	166,009	375	0	6	7	87	100
Total Managers	709,932	724,193	15,367	2	26	11	61	100
Accountants, Audit., Corp. Treas.	97,995	112,572	48,806	43	19	15	23	100
Sales & Marketing Prof.	58,121	64,546	353	1	37	13	50	100
Computing Professionals	81,391	126,077	1,782	1	52	13	33	100
Rest of Business & Info. Prof.	102,838	127,573	2,640	2	47	14	37	100
Education Professionals	333,862	357,237	1,219	0	73	17	10	100
Rest of Professionals	615,216	699,845	999	0	62	15	22	100
Total Professionals	1,289,423	1,487,850	55,799	4	58	15	23	100
Finance Dealers & Brokers	23,869	38,230	1,483	4	27	13	56	100
Financial Investment Advisers	11,438	20,409	1,186	6	34	22	38	100
Office Managers	71,633	97,614	785	1	13	13	73	100
Real Estate Assoc. Prof.	39,780	46,108	279	1	11	17	71	100
Project & Program Administrators	71,460	90,096	1,197	1	29	14	56	100
Rest of Bus & Admin Assoc Prof.	44,935	45,780	669	1	21	17	60	100
Rest of Associate Professionals	598,074	621,174	2,275	0	11	16	72	100
Total Associate Professionals	861,189	959,411	7,874	1	15	16	69	100
Clerical, Sales & Service Workers	2,229,977	2,437,544	10,339	0	7	8	84	100
Other occupations	2,545,762	2,526,607	2,667	0	3	4	94	100
Total employed	7,636,283	8,135,605	92,046	1	18	9	72	100

Source: ABS customised Census matrices, 1996 and 2001 held by CPUR

* Data for persons aged 15 to 64 years were not available for 1996. Apart from the major occupation group of managers, about 98 per cent of employed persons aged 15+ are in the 15-64 year age group. For managers, it is 95 per cent.

In the case of persons employed as accountants at the professional level, the table shows that 43 per cent hold degree qualifications in accounting as their highest qualification and another 19 per cent have degrees in other fields as their highest qualification. Some of the latter group may hold accounting credentials but have added a subsequent IT, marketing or related postgraduate qualification to their accounting degree. The Census only records the field of their highest qualification. Another 15 per cent of accountants held diploma or certificate IV qualifications, and the rest (23 per cent) had a lower level or no post-school qualifications at all. It seems unlikely that persons with sub-degree qualifications will continue to maintain such a high presence amongst the ranks of professional accountants as the current workforce ages. This implies some opening up of accounting positions to persons with degree qualifications.

The potential for upgrading qualification levels in several rapidly growing finance-related occupations is obvious from the table. These include financial dealers and brokers and financial investment advisors. The table shows that their numbers almost doubled over the five year period 1996 to 2001. With the increased pressure on persons approaching retirement to look to their own financial resources as they age, it seems inevitable that many more persons with these skills will be required. At present the education level of those occupying these occupations is low, as is the proportion with degree-level accounting qualifications. It is likely that pressure will grow for these persons to hold professional qualifications, including accounting skills, though topped off with additional finance and investment training.

Source of future growth in accounting workforce

As the situation now stands there is a heavy reliance on overseas sources. This will change the birthplace and ethnic makeup of the those with accounting qualifications. This of some concern, because the source countries for accountants are changing from a predominantly United Kingdom/New Zealand origin to a much more diverse range of Asian countries. The concern arises from the past difficulties some accountants from these countries have experienced in obtaining professional-level employment.

Table 11 explores this issue. It shows the labour market situation of accounting graduates by those born in Australia and those born overseas who arrived in the years 1996 to 2001. The table indicates both the scale of entry of accountants (7,820 net arrivals over the five year period to 2001) and the diversity of the origins of these accountants. The Australia-born are obviously in demand given the high proportion employed as professional-level accountants or as managers. Those from an English-speaking background (United Kingdom and Ireland, New Zealand, Canada and the United States of America, South Africa) all do well. Most of those from Asia have struggled to obtain professional-level employment. This may well be a function of time spent in Australia but other issues associated with the relevance of their training and experience to Australian employers and English-language difficulties probably contribute.

Table 11: Labour force outcomes for Australian-born, and overseas-born persons aged 15-64 whose highest qualification is a bachelor degree or above in accounting, year of arrival 1996-2001, 2001

Birthplace	Total persons	Labour force outcome										Unemployment Rate
		Managers & Administrators	Accountants, Auditors & Corp. Treas.	Other Professional	Associate Professional	Clerical, Sales & Service Wkrs	Other employed	Total employed	Unemployed	Not in Labour force	Total*	
Australia	64,808	16	52	7	8	8	2	93	1	6	100	1
Arrivals 1996-2001 born in main-English-speaking countries												
New Zealand	603	23	43	11	8	5	1	92	3	6	100	3
UK and Ireland	938	22	52	7	7	5	0	92	3	5	100	3
USA & Canada	219	23	42	4	5	4	4	83	1	16	100	2
South Africa	737	25	43	10	7	5	1	90	2	8	100	2
Arrivals 1996-2001 born in non-English-speaking countries												
Other Oceania/Antarctica	339	4	54	4	5	19	0	86	4	9	100	5
South Eastern Europe	40	8	40	15	0	18	0	80	0	20	100	0
Eastern Europe	65	0	26	0	0	15	0	42	14	45	100	25
Other Europe	79	22	57	0	0	0	8	86	4	10	100	4
Lebanon	13	23	0	0	23	0	0	46	0	54	100	0
Iraq	42	0	14	0	0	7	14	36	21	43	100	38
Other Mid East, Nth Africa	258	6	6	1	5	17	14	48	18	33	100	27
India	679	5	20	7	4	28	5	70	10	20	100	12
Other Southern & Central Asia	447	7	33	1	4	19	9	73	10	17	100	12
Philippines	562	2	12	1	3	35	11	63	8	28	100	12
Viet Nam	62	0	10	10	0	5	5	29	29	42	100	50
China (PRC)	796	1	30	1	4	20	6	62	9	29	100	13
Taiwan	58	0	22	0	0	16	0	38	0	62	100	0
Malaysia, Hong Kong, Singapore	741	4	36	5	2	11	2	61	10	29	100	14
Indonesia	572	2	12	3	2	19	7	44	13	42	100	23
Other Nth and SE Asia	258	3	14	3	3	13	5	43	7	50	100	13
Other Americas	71	8	21	0	0	10	27	66	4	25	100	6
Other Africa	216	11	37	7	6	10	7	77	9	13	100	11
Total arrivals 1996-2001	7,795	10	33	5	4	15	5	72	7	20	100	9

* Total includes not stated labour force status
Source: ABS, Customised Census matrix held by CPUR, 2001

The determinants of employment in the accounting profession

Why are those born in English-speaking background countries or Australia doing so much better than their Asia-born counterparts? The question is important because of the dominant role of Asia-born persons enrolling as overseas-students in accounting courses in Australia and amongst settlers arriving as accountants from overseas.

One influential argument has been that Australian employers are prejudiced against persons from non-English speaking backgrounds and thus reluctant to accept their qualifications. Other commentators regard the difficulties some Asian professionals have found in gaining positions commensurate with their qualifications as more to do with issues of English language capacity. It is possible to assess these hypotheses by examining

the occupational outcomes of persons from non-English speaking birthplaces by whether they have Australian training or not. If prejudice were not a factor, then birthplace should not affect job outcomes for those with Australian training. This analysis should also remove the English language factor as an issue, assuming for the moment that persons trained in Australia will improve their English skills by the time they finish their course.

Table 12 drawn from a customised 2001 Census data set addresses the question. The table divides the population of persons qualified at degree-level and above in accounting between those born in Australia, those born in main-English-speaking background countries (MESB) and the NESB born, The latter two populations are further dived into those who achieved their accounting qualification before arriving in Australia and those who (by virtue if the timing of their qualification) must have gained their qualification in Australia.

It is evident that the best outcomes are recorded by the Australia-born and MESB born. In the latter case, they are highly successful at gaining professional and managerial level work whether qualified in Australia or overseas. In the case of the NESB born those qualified in Australia do far better than those qualified overseas. Only a minority of those arriving in 1996-2001

who qualified overseas had found professional or managerial employment by 2001. This is also true of those who qualified overseas who arrived in the years 1991 to 1995. The extra time in Australia has not facilitated their attainment of professional-level employment.

Table 12: Labour force outcomes for persons aged 15-64 with bachelor or higher qualification in accounting by birthplace, time of arrival and probable place of qualification, 2001 (%)

Birthplace	Year of arrival	Time or Place of qualification	Persons	Accountant, Auditor, Corporate Treasurer	Manager/ Other professional	Other employed	Not employed	Total (includes not stated)
Australia-born		2000-2001	5,307	69	12	15	4	100
		1998-1999	6,663	66	16	15	4	100
		1996-1997	5,726	59	19	17	5	100
		1991-1995	14,977	50	24	20	7	100
		pre 1991	30,768	46	27	17	9	100
Australia-born Total (includes not stated time of qualification)			64,803	52	23	17	7	100
MESB-born	1996-2001	Australian qualification	68	69	13	13	4	100
		Overseas qualification	2,464	45	31	13	10	100
		Total (includes unknown)	2,589	46	31	13	10	100
	1991-1995	Australian qualification	168	55	23	13	9	100
		Overseas qualification	475	33	43	16	9	100
		Total (includes unknown)	854	38	37	16	9	100
	pre 1991	Australian qualification	2,307	50	24	19	7	100
		Unknown	4,720	38	34	17	11	100
		Total	7,027	42	31	17	10	100
MESB Total (include not stated year of arrival)			10,774	43	31	16	10	100
NESB-born	1996-2001	Australian qualification	987	38	7	26	29	100
		Overseas qualification	4,237	23	9	30	39	100
		Total (includes unknown)	5,407	26	8	29	37	100
	1991-1995	Australian qualification	1,499	52	8	22	17	100
		Overseas qualification	1,704	19	10	48	22	100
		Total (includes unknown)	3,842	36	10	35	19	100
	pre 1991	Australian qualification	6,747	55	16	21	8	100
		Unknown	9,966	35	18	32	14	100
		Total	16,713	43	17	27	12	100
NESB Total (include not stated year of arrival)			26,629	38	14	29	19	100
Total			102,935	47	22	20	10	100

Source: ABS, Census 2001, customised matrix

These results suggest that racial or cultural prejudice on the part of employers is not the source of the problem. Recently arrived NESB-born accountants, if trained in Australia, do better than their counterparts not trained in Australia but not as well as the MESB-born or the recently qualified Australia-born. The difficulties that overseas-trained NESB-born accountants face are likely to be due to accommodation of language difficulties and reluctance on the part of the employers to accept overseas qualification and experience as equivalent to that of those from MESB countries.

The jury is still out on the job prospects for thousands of former overseas students entering the Australian workforce. They are favoured by a buoyant labour market. But relative to domestic students who graduate in accounting (who, according to recent graduate destination surveys are doing well, they may struggle to find professional-level work. This is particularly the case for persons speaking a Chinese language who have completed masters courses of two years or less duration, and who may still be struggling to speak and write English at the level required within the accounting profession.

Conclusion

The accounting profession is at the centre of changes in the nexus between immigration regulations, the education of overseas students in Australia and subsequent entry into the accounting workforce in Australia. The introduction of immigration selection reforms in mid-1998 which favoured applicants with training in Australia have prompted a very strong response from overseas students with an interest in seeking permanent residence after completing their courses. By far the biggest impact has been on the computing and accounting professions. This is partly because computing and accounting professionals are amongst the limited number of occupations which are defined as 60 point occupations in DIMIA's selection system for the Skilled - Australian Linked and Skilled - Australian Sponsored programs. Another factor is that the courses required to achieve the standards for accounting and computing which are set by the respective accrediting authorities are relatively short in duration (now two years).

There is likely to be further expansion in the numbers of overseas students enrolled in accounting who subsequently seek permanent residence in Australia. This is because as long as accountants remain on the MODL, access to permanent residence is assured. There is no guarantee, however, that this situation will continue.

The size of the overseas-student market has stabilised over the past couple of years, partly because of numerical and quality control regulations introduced by the Australian Government and partly because of changing dynamics of the international student marketplace.

The most important conclusion flowing from this study for the Australian accounting workforce concerns the scale of training of domestic students. The numbers of domestic students being trained in Australia over recent years have, if anything, declined at a time of rapid increase in demand for qualified accountants.

As a result, the draw on overseas persons, whether trained in Australia or overseas, has increased sharply.

Opinions will differ on the merits of this situation. But there are at least two reasons why increased dependence on migrants might be queried. One is that further growth in their numbers cannot be guaranteed given the recent developments in the overseas-student market place. The second reason is that Australian employers seem to prefer accountants born in Australia or the other main English-speaking background countries, largely because of concerns about the communication skills of those coming from non-English speaking backgrounds. Most migrant accountants are coming from Asian countries.

Thus from the point of view of ensuring a continued flow of appropriately trained accountants with the required communication skills, and of enhancing opportunity for Australia residents, there appears to be an urgent need to increase the numbers of domestic students being trained in accounting in Australian universities. This statement raises questions beyond the original brief for this paper, since it brings into play issues about the recent Government reforms to higher education that seek to place the costs of domestic training more onto the students themselves. Perhaps shortages in the profession will lead to increased salary levels and prompt more domestic students to take on accounting on a full-fee basis. So far this has not been the case.

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