

# CPA Australia

## Objective 1

### **1. Are there further reforms governments should consider that will improve the quality and integrity of the sector?**

CPA Australia supports the overall direction laid out in the International Education and Skills Strategic Framework, however some modifications are needed.

Australia's international education sector is critical to Australia's economy, society and influence. It provides employers, both in Australia and overseas, a consistent supply of quality new graduates, upskills the existing workforce and enhances the employment prospects and income-earning ability of graduates.

An education sector underpinned by quality, and a proportionate regulatory regime enforced by an appropriately funded regulator, is essential to the sector's long-term success.

The key aim of any reforms to the sector's regulatory system must be to support scrupulous actors and detect and punish bad actors. For the system to be sustainable, the regulatory settings must be balanced and stable, and regulators appropriately funded. The enforcement of any reforms must also be proportionate, risk-based, and supportive.

### **2. What more can providers do to improve the integrity of the international education sector?**

No comment at this stage.

## Objective 2

### **1. What factors should inform government's approach to allocating international student enrolments across sectors, providers, and locations in Australia?**

We note that a key element of the strategic framework centres on meeting the skills needs of the Australian workforce. While this should be part of the framework, it downplays the key role the sector plays in meeting the skills needs of the home countries of international students.

Aligning Australia's onshore education and training offering solely to the nation's skills needs is therefore not appropriate.

We recommend that the framework should better acknowledge the key role Australia's international education sector plays in meeting the skills needs of the home countries of international students. Given that most international students return to their home countries after graduation, the framework needs to recognise that Australia's international education sector fills critical workforce needs in many countries, not just Australia.

In short, the allocation of international student enrolments should also be informed by the skills needs of major markets for international students. Engagement with employers and industry associations in Australia and in those markets will help inform the government's approach.

Most international students come to Australia to gain qualifications that are in demand in their home country. Designing an international education framework solely around Australia's workforce needs ignores that most international students seek qualifications that improves their employability in their home country, not Australia.

International students make up the majority of students in some courses. One of them being accounting. As a professional accounting organisation, we very much welcome international students. Most find employment in their home country, as Australian accounting qualifications are highly regarded. Many of those accounting graduates that return to their home countries stay connected to Australia by becoming a member of one of Australia's three Australian professional accounting organisations, including CPA Australia.

Those international accounting graduates that stay in Australia are vital to meeting the strong demand for accountants – an occupation that still is in shortage.

Proposed reductions in international student numbers will make this and other skills shortages worse. This is because demand for accounting, audit and finance professionals is forecast to grow, while the supply of domestic accountants is well below what is needed.

The employment of accounting, auditing and finance professionals grew at the average annual rate of 2.7 per cent over the last five years. Official forecasts are that growth will slow to 1.9 per cent over the next five years and 1.7 per cent over the next 10 years. Even accepting these conservative forecasts, the number of people working as accountants in Australia will grow by 31,000 over the next five years, and 58,000 over ten years. Considering those who retire or otherwise exit the Australian profession, then the number who will need to enter the local accounting profession to meet this growth in demand is significantly larger than these forecasts.

Domestic completions of university-level accounting qualifications fell from 4158 in 2011, to 2235 in 2021. In short, the supply of domestic accounting graduates will fall well below even the conservative estimates for what the accounting profession needs to meet demand over the next decade.

There is a much healthier number of international accounting graduates. However, most will return to their home country to meet the growing demand for accounting professionals globally. With the likelihood of being able to migrate permanently being low, we are likely to see greater numbers of international accounting graduates return home. Data shows that the number of international students starting accounting courses has been declining for several years and is expected to decline further.

Any reduction in international student numbers is likely to make shortages in the Australian accounting profession worse. This in turn has significant consequences for the financial success of Australian businesses, their ability to meet compliance obligations imposed by governments, and impact investor and community trust in the capital markets. These in turn, will have negative consequences for Australia's economic growth, productivity and jobs.

## **2. What considerations for government should inform the overall level of international students in Australia?**

Australia is highly regarded as a destination for international education. However, the government cannot assume that this advantage is permanent. Students have choices and many governments are investing heavily to improve their tertiary education sector.

Poorly considered policies, especially those focused on achieving short term domestic objectives run the real risk of making Australia seem less welcoming to international students. Adding to that, negative public commentary on international students may also add to this impression. Falls in international student numbers will have consequences for the economy and jobs, and in the supply of skilled workers across many industries.

As inferred in our response to the previous question, not only should the short, medium and long-term domestic skills shortages inform the overall level of international students in Australia, but also the skills needs of the major markets for international students.

We recommend that the government not only engage with education providers but also the broader community, including industry associations. They are well placed to inform government of their industry's future employment needs, both in Australia and more broadly. They are also well placed to advise the government of the consequences (unintended or otherwise) that reductions in international students could have.

### **3. How will this approach to managing the system affect individual providers?**

No comment at this stage.

### **4. Should sectors other than higher education and vocational education and training, such as schools, ELICOS and non-award be included in approaches to manage the system for sustainable growth?**

No comment at this stage.

### **5. How should government determine which courses are best aligned to Australia's skills needs?**

As discussed in response to previous questions, CPA Australia's believes it is inappropriate for the government to align Australia's onshore education and training offering solely to the nation's skills needs.

In determining which courses are most appropriate for international students, the government should be considering both Australia's skills needs and the skills needs of major markets for international students.

In determining this, the government should be reviewing its own research, plus research of foreign governments and other sources. Importantly, the government should verify such research with industry associations.

To illustrate this point, data from our destination survey of graduates of the Accounting Professional Year (PY) Program for international accounting students, shows strong overall employment outcomes achieved by the program. In 2023, 76 per cent of Accounting PY Program graduates in employment were working in accounting roles.

However, the data reported in Treasury's Employment White Paper (see page 103) showed that skilled accounting migrants (from all pathways, including the Accounting PY Program) stand out as having very poor labour outcomes (that is, less than 30 per cent work in their nominated occupation or at their skill level).

While the difference in timings of the two surveys may explain some of this variance, given the significant size of the difference between the results from two related data sources, it is unlikely to explain all of it.

We note that the consultation paper states that in 2023, "35 per cent of tertiary level international students studied business and management—skills not generally in shortage in Australia." This is not correct. As discussed in this submission and in other submissions to government, there are areas of business and management such as accounting and auditing where there are key shortages. Further, we don't understand why the discussion paper makes this point - most international students are studying courses that will increase their employment prospects in their home country, not Australia.

Another reason why the government should also consult with industry and employers is that the pipeline of new talent into an industry may be significantly disrupted by the decisions taken on international student numbers and courses.

**6. How should government implement a link between the number of international students and an increased supply of student housing?**

No comment at this stage.

**7. What transition arrangements would support the implementation of a new approach?**

No comment at this stage.

**Objective 3**

**1. What are the barriers to growth in offshore and transnational delivery of Australian education and training?**

No comment at this stage.

**2. Where can government direct effort to support transnational education?**

No comment at this stage.