



Accountants and their future in 2018

DHA announced back in July 2017 that 4,785 places would be available for the occupation of Accountant in the 189 and 489 (family sponsored) program for the 2017/18 program year. This was a large jump from the 2,500 that were allocated for the 2016/17 program year.

Initially DHA commenced inviting 239 EOIs each invitation round with an expectation that places would run out after 20 rounds, so about March 2018.

That is when the problems started...

First there was the spectre of wasted invitations. Many EOIs that are invited to lodge a visa application are not actually used to lodge a visa. This is mainly because a person will have multiple EOIs in the system and when they receive their 1st invitation, do not withdraw their unneeded EOIs from the skill select system. When one of these unrequired EOIs is invited it is not used by that person to lodge a visa, then 60 days later goes back into the pool of EOIs waiting for an invite. It then gets a second invite (again not accepted) before then expiring. Last program year of the 2,500 invitations sent out by DHA, it resulted in only 1,894 visa applications. So a loss of 24% to unrequired EOIs, or if you like “wasted invitations”..

Secondly there was a significant issue with fake invites. Where people for whatever purpose have lodged multiple (over two hundred in one famous case) fake EOIs at very high points. Resulting in those EOIs being invited and so taking away places from legitimate Accountants waiting. DHA have refused to say if these fake invites will ever be reinvited for legitimate people.

Thirdly, at the end of December 2017 DHA made an assessment that in fact there should not have been 4,785 places allocated to Accountants for 189 visas but in fact that this figure was also to include the visas given to Accountants in other visa categories such as 186, 187, 190 and 489 (state sponsored). This created a problem as the figures for these categories in 2016/17 alone came to 1,888. Although this included family members and so realistically came to around 1200 primary applicants. If you remove these from the 4,785 places that leaves 3,585 places for Accountants under the 189 program

We note that the figures for 2017/18 for 186, 187, 190 and 489s are less so far. In fact only 611 visas granted for the first 6 months of the program year. Although this is likely due to slower DHA processing time rather than less Accountant based visa applications in those categories.

The actual figures for Accountant visa grants (primary and secondary applicants) in those categories are listed below

<u>Subclass</u>	<u>2016/17</u>	<u>01/07/2017 to 31/12/2017</u>
186	450	72
187	127	42
190	1015	355
489	296	142
Total	1888	611

So DHA stopped inviting Accountants at the end of December 2017 by which point their invitations had then reached 2,633 for the 189s.

Fourthly DHA have a 189 program target of 43,990 visa grants. This includes family members (primary and secondary applicants combined) and so last year that equated to 30,524 primary visa invitations. This program year that also includes New Zealand citizens who have a much easier pathway to a 189 visa. This may take around 12,000 places (5,500 primary applicants) of the 43,990 program from initial estimates. And so in effect the 30,524 may be nearer 25,000 (primary applicants) for this 189 visa program.

Fifthly (getting tired and depressed yet ?) DHA seem to have an intention to introduce a new skilled visa structure shortly. Whether that includes a new points test or a provisional visa step we are not sure. But they have stated on their website that the number of invitations given each round will depend also on how many cases they have that they are still processing. We interpret this as DHA trying to not invite as many 189s so that they can get rid of their current 6 months backlog before a new skilled visa process is introduced. Maybe in 2018. This backlog of 189s that already have been lodged can be used instead to fill their 43,990 visa target (primary and secondary visa applicants).

The result is just 300 invites each round since 06/12/2017, when it should be around 1000 per round. That has meant that as well as halting Accountants for now they are only inviting around 25% of the numbers each round in each pro rata occupation so as to allow non pro ratas to get an invite as well.

As a result of this it is likely that even though there are in theory around 952 places (3585 minus 2633) for Accountants left in the 189 ceiling, DHA would have no real reason to invite these now given that ALL the other pro rata occupations also will not meet their targets for the 2017/18 program year. So likely there will only be a couple of hundred, or more likely NO more Accountants before July 2018.

After July 2018 is another story....

DHA will not have the same pressure on the 189 visa program from July onwards. Most of the eligible New Zealanders will have applied for their 189 visa by then (who would want to wait in case DHA change their minds about their pathway) and the current backlog of other existing 189 applications will be almost exhausted. So highly likely that the number each round will then be back closer to 1000 per round.

Further the company visa changes expected in March 2018 will dramatically reduce the number of visa applications in those categories from around 38,000 per year to nearer 10,000. Now DHA do have a backlog of over 12 months in processing of those applications. But once that backlog has gone there is a “hole” in the economically important skilled migration program of around 28,000. That has to be filled from somewhere to keep the total migration program at around 190,000. This is figure that the PM, Treasurer and (eventually) the Immigration Minister wished to maintain. The points test is the obvious way so it may lead to a rise in total 189 numbers. Or instead it may be that DHA finally introduce this regional visa they have been talking about for over 12 months, to encourage people to live away from Sydney or Melbourne.

Either way the future for skilled migration looks bright from July 2018 onwards.

Really importantly the main two Accounting bodies are on board with identifying a vast shortfall in the number of required Accountants in Australia. Just a few months ago they submitted a [joint CPA/CAANZ](#) report to DHA about the future of the Accountant occupation in relation to the points test. Here are a number of points they made

“Declining numbers of domestic graduates of accounting plus exits from the occupational labour force underscore the necessity of migrant accountants to meet the projected demand. Applied Economics estimate that over the medium term openings for accounting jobs will number around 11,000 per annum. This is in addition to the demand for accountants working in management or related financial and other services. It is, therefore, of significant concern that the trajectory of accountants migrating permanently to Australia through the skills stream has been in decline, most notably in recent years. The decline has been brought about in no small part due to the progressive lowering of the occupational ceiling (cap) on the numbers of accountants who can migrate independent of employer or state support. The decline has not been ameliorated in any significant way by growth through other pathways. Our employer stakeholders tell us that they regard the bureaucratic hurdles associated with employer sponsorship to be particularly onerous. Whether there is truth in this perception or not is in one sense irrelevant as it is perceptions that drive behaviours.

The operation of independent skilled migration policy does not provide optimism for the future. Indeed, in the most pessimistic of circumstances where accountants is removed altogether from the MLTSSL, the economic cost is large. Modelling using the Victoria University Employment Forecasting (VUEF) model this estimates that a seemingly modest policy change leading to around 6000 less migrant accountants is that real GDP (in 2016 dollars) would be \$1.5- \$2.5 billion less than it otherwise would have been in 2024.³

Recommendation: That a new approach to independent skilled migration is adopted in whereby the flow of migrants for each occupation is governed by adjusting a points threshold up or down based on labour market and other relevant considerations.

Recommendations: That post study work rights be extended for a minimum period of three years and that permanent visa applicants earn migration points for work experience only if they have worked three or more years”

Obviously when DHA come to set their program targets for 2018/19 a lot will depend on how many numbers they give to the 189 program and Accountants. As well as how they manage the fake and double invite problems. But the collapse of company sponsored migration, less NZ citizens applying and the backlog gone suggests a likelihood of increased numbers for points test migration. Also the continued support of the countries two major Accounting bodies could well see a more enlightened approach from DHA in regards whether Accountants should be artificially limited in numbers from July 2018 onwards. I would think after a period of time those with 80 points will all get invites and it may sneak into the 75 pointers through the program year.

Cheers

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