



Accounting Services 2020

Industry Developments and Workforce Issues¹

Accounting Industry

Regulatory Disruption. The Financial Adviser Standards and Ethics Authority (FASEA) is responsible for setting the education and training standards for financial advisers and financial planners.² Recent changes to the educational requirements for financial advisers affect individuals authorised to provide personal advice to retail clients in relation to complex Tier 1 products. In a joint effort, the Institute of Public Accountants, Chartered Accountants of Australia and NZ and Chartered Practising Accountants are working on formulating a regulatory framework for the accounting profession that allows accountants to give limited financial advice to clients based on sound and ethical practices. The new framework will give a clear focus to revisit definitions, licensing regimes and harmonised obligations when members operate under multiple regulatory frameworks to provide the one piece of advice³.

Banking Royal Commission. The Banking Royal Commission further examined the banking, superannuation and financial services industry. Released in 2019, final report recommendations focus on governance, compliance, leadership, culture, service delivery and remuneration, all of which will increase regulatory oversight and have substantial implications for industry.⁴ Existing regulatory guidelines (e.g. RG146) are yet to be determined by the Australian Securities and Investments Commission (ASIC) and are expected to shape significant change. Further regulatory change will impact the industry following the 2018 Productivity Commission's report on efficiency and competition in the superannuation industry and the current Royal Commission into aged care quality and safety.⁵ The impact of these reports, reforms and pending regulatory guidelines is yet unknown but it is expected these will have a significant impact on the financial services industry in the future. Already, there are signs of increased early retirements by experienced, ageing practitioners set to be affected by these changes.

Single Touch Payroll. Single Touch Payroll (STP) is a new way of employers reporting tax and superannuation information to the ATO and is a major change for businesses. With STP, employers report employee's payroll information – such as salaries and wages, PAYG withholding and super – to the ATO each time they pay them through STP-enabled software.⁶ STP is streamlining the payroll reporting process while also ensuring that employers are compliant and paying superannuation and employee tax obligations on time. While the implementation of the new system has been a huge impost on particularly small businesses, the introduction of STP will mean employers no longer need to prepare Payment Summaries or the Annual Payment Summary Statements and some fields on the Business

¹ Parts of the report are consistent with the 2019 submission.

² Financial Adviser Standards and Ethics Authority, [Education Standard commenced 1 January 2019](#).

³ Institute of Public Accountants, [Regulatory Framework and the Accounting Profession](#), October 2019.

⁴ Australian Government, The Treasury, [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#), 2019.

⁵ Australian Government, Productivity Commission, [Superannuation: Assessing Efficiency and Competitiveness](#), Productivity Commission Inquiry Report, 21 December 2018.

⁶ Australian Taxation Office, [Single Touch Payroll](#), accessed 7 July 2020



Activity Statements will be prefilled in the future, so the new process should mean less administration for employers going forward. While STP started for employers with 20 or more employees in 2018, the gradual introduction of STP for employers with less than 20 employees started from July 2019.⁷

Technology and Automation. According to a recent Bankwest report, accounting firms are increasingly seeking to streamline workflow and processes and leverage technology to grow profit and increase value.⁸ As technology and software programs become more affordable, small and medium sized businesses are able to take advantage of adopting these to gain operational efficiencies and reduce cost. A great focus is being placed on system implementation to streamline workflow and processes, and informed decision making based on data analytics to drive productivity and add value in a highly competitive environment. Cloud-based accounting continues to grow and automation is transforming accountancy and finance jobs through automation of routine tasks such as payroll, tax, audits and banking.⁹ Some businesses and accounting firms are integrating use of cryptocurrency into their operations and service offerings. Reportedly, this has the potential to completely disrupt the processes and general mechanisms of accounting.¹⁰ Research by PwC into FinTech's growing influence on financial services shows a rapid move by mainstream financial institutions globally to include blockchain as an in-production process or system by 2020.¹¹ As technology becomes broadly adopted, small to medium size businesses (SMEs) will need to specialise and move into more niche markets to remain competitive.

Offshoring and Adjunct Services. The continued movement towards globalisation is transforming accountancy and finance jobs. The outsourcing of professional services to overseas markets increased by 33% in the five years to June 2018. Over that time, accounting services have seen the greatest offshoring growth (63%) with clients seeking more cost effective alternatives for functions associated with routine operational tasks.¹² However, it would seem this exodus of finance functions has not been flawless and some SMEs are bringing accounting functions back in-house for increased visibility within a business.¹³ Despite this, automation and offshoring continue to reduce the need for duties typical to graduate and entry level roles, resulting in a local shift towards a provision of adjunct value-add technology-based service provision, including: industry specific advisory services, audit services, data analytics and cloud-based accounting.

Demand. The Australian Government has reported that the current labour market rating for Accountants in Western Australia is classified as no shortage, noting that approximately 85% of vacancies are being filled and on average there are multiple suitable applicants per vacancy.¹⁴ Local industry has indicated that they have not experienced any unmet demand. Although sometimes retention of staff can be an issue, particularly at junior levels as graduates are deciding which aspect of the industry they wish to specialise in, there has been no issue with supply of qualified staff. A state migration pathway for this occupation still exist however industry have indicated a preference for local candidates with Australian qualifications, knowledge and experience. Candidates for junior roles are almost universally expected to either hold or be working towards certification with a legally recognised professional association (Chartered Accountants Australia and New Zealand CAANZ, Certified Public Accountants CPA, or Institute of Public Accountants IPA) and the continued training and professional development requirements may be seen as a time or cost barrier to new entrants however there are employment options for those not wanting to engage in further study.

Supply. Although employment is expected to grow for accountants in the near future, there are decreased opportunities for accounting graduates, impacted by automation and the offshoring of low level accounting functions. Graduate numbers remain high, maintaining a graduate oversupply. Small,

⁷ SRJ Walker Wayland, [Are you ready for single touch payroll?](#)

⁸ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

⁹ Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.

¹⁰ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

¹¹ PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

¹² Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

¹³ IBISWorld, [Accounting Services – Australia Market Research Report](#), February 2019.

¹⁴ [Occupation report for Accountants in Western Australia](#)



public accountants have a preference for experienced technically strong and commercially minded candidates with well-developed soft skills, able to influence stakeholders to meet business objectives.¹⁵ While there are some reports indicating an increase in demand for entry level accountant assistants, these are predominantly contract roles within the public sector driven by system upgrades. Growth in the accounting sector is dominated by the provision of advisory services reliant on highly skilled professionals able to improve business performance.

Cyber Security. Increasing development and adoption of technology and automation, as well as digital and cloud-based services are directing industry focus on information security, data protection and privacy. A recent white paper published by the Institute of Public Accountants points to the vulnerability of small business in this area, advocating for rising awareness and developing affordable systems to mitigate risk.¹⁶ This is particularly relevant to accounting firms many of which are SMEs and which are privy to highly confidential client information. As outlined in the recent Draft Industry Skills Forecast and Proposed Schedule of Work Draft (Financial Services), the increased use of big data analytics means maintaining privacy of confidential customer data will present risk factors for the sector.¹⁷ The cyber security cross sector project will inform skill requirements around financial risk management, data protection and privacy.

Industry Workforce Priorities

Service Provision. FASEA's new Standards came into effect in January 2019 with transitional arrangements existing advisers until the end of 2023, already causing disruption to accounting professionals providing SMSF product advice. Recent reports, reforms and pending regulatory guidelines are anticipated to further impact the accounting services sector with more than one third of accountants believing the operating market will become increasingly harder.¹⁸ These will shape the direction of service provision across the sector and determine skill requirements into the future.

Individual Accountability. Heightened scrutiny on the finance sector is altering industry practices, culture, leadership and regulatory oversight.¹⁹ Report findings are pointing to a continued shift towards individual accountability across the financial services sector around compliance, ethics and risk management, previously seen as the responsibility of the organisation and senior staff.²⁰ All individuals will need to understand regulations and manage risk in order to meet the rising standards of the sector. PwC Skills for Australia is currently conducting a risk management and compliance project to ensure current VET qualifications meet industry needs. This will include the development of a skill set for up-skilling purposes to assist the transition into risk or compliance officer roles. Similarly, they recently developed a business ethics and conduct skill set to meet the changing needs of industry.

Digital Disruption. Digitisation of products, platforms and services require accountants to be highly proficient in the use of current technologies and systems. They need to be skilled across multiple web and cloud based accounting systems, accounting software and accounts management systems. This is particularly relevant for those providing advice to clients around system selection/implementation and business efficiencies. Increasingly, accountants need strong analytical skills for financial modelling and interpretation of big data. Flexibility and adaptability are core skills needed to apply knowledge and broaden capability across emerging technologies and processes. Recent hotspots of skills show demand for technical skills in Enterprise Resource Planning (ERP) systems, Structured Query Language (SQL), Software as a Service (SaaS) systems, accounting and payroll software such as Xero,

¹⁵ Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.

¹⁶ Institute of Public Accountants, [Small Business White Paper, Small Business: Big Vision](#).

¹⁷ PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

¹⁸ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

¹⁹ PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

²⁰ Australian Government, The Treasury, [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#), 2019.



Chris21 and Preceda. With change being a constant, it is important for accounting personnel to continue to up-skill and access development programs to ensure currency.

Soft Skills. The provision of quality accounting services is reliant on combined technical, multi-disciplinary financial and enterprise skills. Accountants require strong business partnering and enterprise skills to deliver adjunct consulting and business development services and provide business owners with a greater return on investment. In a competitive market vying to gain and retain clients where income from traditional accounting services is being driven down by offshoring and technology, they increasingly rely on sophisticated interpersonal and communication skills to engage with internal and external stakeholders. Business acumen is critical as the role of accountants continues to change and move closer to one of a trusted business advisor. Likewise, analytical and advisory skills are paramount to support SMEs throughout different stages of their business lifecycle, directing business efficiencies, implement cost saving measures, assisting with financial literacy and guiding financial obligations. Growing project management work and the gig economy also call for a diversity of skills. PwC Skills for Australia have identified a number of projects in their review of the Financial Services Training Package, one of which will focus on the inclusion of multidisciplinary skills that underpin and complement account management, industry capability, practice management, organisational skills and financial literacy.²¹ A number of cross sectoral projects also address development of skills such as teamwork and communication, consumer engagement, digital skills and data analytics.

Higher Degrees. While the recent review of vocational accounting, accounts administration and bookkeeping qualifications addressed relevance to occupational outcomes and updated pathway requirements, the changing accounting services environment points to a growing appetite for higher degrees. A decision to merge Certificates IV in Accounting and in Bookkeeping into one qualification seems to more adequately reflect a cross-over of entry level skills applied in the workplace by graduates and greater clarity to guide student expectations on likely career opportunities upon completion. As the need for traditional accounting services and entry level roles reduce due to technology and offshoring, and companies increase adjunct consulting and business development services, there will be an increased dependence on broader and more complex multi-disciplinary skills to meet employer and client expectations. This shift is evident when looking at the skills in demand identified in the latest Hays report.²² Candidates for junior roles are almost universally expected to either hold or be working towards certification with a legally recognised professional association (Chartered Accountants Australia and New Zealand CAANZ, Certified Public Accountants CPA, or Institute of Public Accountants IPA). With only IPA accepting VET qualifications as the training requirement for membership, a minimum Bachelor qualification is considered entry level for most of industry.

Loss of Expertise. According to Bankwest data, 52% of accounting firms have partners retiring in the next five years with only a quarter having a documented succession plan.²³ This could lead to a significant shortage of critical high-end finance business skills. Already finance business partners are in demand due to their ability to apply integral whole-of-business knowledge with critical thinking and complex analytical capability to inform decisions and improve business performance.²⁴

Industry Response to COVID-19. Businesses were able to continue to operate during the pandemic, largely working from home and dealing with clients remotely. Industry noted they were inundated with queries regarding Government assistance schemes and it was imperative that they were providing correct advice to clients. The schemes were unprecedented and introduced quickly and as such, there was no existing training available. Workers in this industry are almost universally expected to hold certification with a legally recognised professional association (CPA, CAANZ, IPA) who were able to respond quickly and provide online training/professional development round COVID-19 working from home, JobKeeper payments etc.

²¹ PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

²² Hays Jobs Report, [Hays Accountancy & Finance](#), Jan – June 2020.

²³ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

²⁴ Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.