



Accounting and Legal Services

Automation is transforming accountancy and finance jobs through automation of routine tasks from payroll administration and bookkeeping to transactional accounting and audit functions.

Industry Developments and Workforce Issues

Accounting Industry

Regulatory Disruption. The accounting industry has been impacted by numerous disruptions over the past few years. The Future of Financial Advice (FoFA) reforms and subsequent regulatory imposts, mandating education and licensing requirements for accountants providing advice, has resulted in a significant decrease of accountants applying for a Limited Australian Financial Services Licence (AFSL) and an exit of experienced accounting professionals providing financial product advice associated with self-managed superannuation funds (SMSF) and related advisory services. This is creating demand for candidates with up-to-date SMSF knowledge and experience.¹ Further fallout is expected following the new standards set by the Financial Adviser Standards and Ethics Authority (FASEA), mandating base tertiary requirements for existing and new financial advisers.² While FASEA's mandate does not refer to accountants directly, it impacts accountants operating under limited and full AFSLs. Under the new arrangement, anyone providing SMSF advice must have obtained approved degrees and coursework, typically not those held by accountants. It is anticipated this will impact a range of occupations which require the provision of financial and product advice.³

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.

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.⁶ As technology and software programs become more affordable, small and medium sized

¹ Ibid.

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

³ Wealthdigital, [2030: Advice, investment and superannuation in a brave new world](#), March 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 Bankwest, [Future of Business: Focus on Professional Services](#), 2019.



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.⁷ 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.⁸ 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 2020.⁹ 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.¹⁰ 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.¹¹ 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. Projected revenue in the accounting services sector is forecast to grow by 9.4% in the five years to June 2023. Nationally, Western Australia holds a 10% accounting services market share with growth anticipated in high value advisory services. Reportedly, accountants are now considered the most important professional services provider to SMEs in terms of business performance.¹² Hays' latest skills report points to a growing demand for highly skilled professionals: senior accounting roles to assist organisations with system implementation and process improvement, data analytics, budgeting and forecasting, local tax and audit. Increasingly, employers and businesses are seeking experienced accountants with business acumen, analytical skills and the ability to interpret data and provide strategic operational insights.¹³ Growth in contract, project-based, temporary and other non-permanent employment continues in the accounting professions. Construction and infrastructure projects are driving a demand for project accountants, anticipated to grow as business confidence returns and new construction, infrastructure and mining projects commence. McGowan Government's commitment to the development of a 20-year infrastructure strategy¹⁴ flags a pipeline of projects, as does the \$1.6 billion allocation of Federal Government funds for road and rail infrastructure across Perth and regional WA.¹⁵ Access to grants through the New Industries Fund may see an influx of new and emerging businesses requiring specialist accounting services to support their financial obligations and drive small business productivity and efficiency. Similarly, the government's plan to restructure personal income tax and our ageing population are also expected to drive strong demand for financial advice into the future, including tax related services and advice provided by personal accountants. PwC for Australia anticipates a growth in demand for specialist knowledge to support retirees accessing financial services and people with a disability under the NDIS scheme.¹⁶

⁷ Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.

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

⁹ PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

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

¹¹ IBISWorld, [Accounting Services – Australia Market Research Report](#), February 2019.

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

¹³ Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.

¹⁴ Media Statements, [Infrastructure WA Bill next step to growing the economy and creating jobs](#), 19 February 2019.

¹⁵ Infrastructure Magazine, [Major investment in WA transport infrastructure](#), 29 March 2019.

¹⁶ PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.



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, 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.¹⁷ 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.¹⁸ 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.¹⁹ 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 have come in to force 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.²⁰ 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.²¹ 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.²² 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

¹⁷ Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.

¹⁸ Institute of Public Accountants, [Small Business White Paper, Small Business: Big Vision](#).

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

²⁰ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

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

²² Australian Government, The Treasury, [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#), 2019.



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, 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.²³ 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.²⁴ Similarly, FoFA's educational and licensing requirements for accountants providing advice and now FASEA's mandated base tertiary requirements for existing and new financial advisers, also point to a move towards higher degrees. In light of this, PwC Skills for Australia highlight the importance of training packages in providing clear pathways to higher education and the provision of micro-credentials for graduates with bachelor degrees or higher.

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.²⁵ 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.²⁶

²³ PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

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

²⁵ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

²⁶ Hays Jobs Report, [Hotspots of skills in demand: Accountancy & Finance](#), Jan – June 2019.



Industry Developments and Workforce Issues

Legal Industry

Economic Conditions. According to a recent Bankwest report, the profits of the professional services industry are dominated by legal (and accounting) services with Western Australia representing 7.8% legal services market share. Nationally, the legal industry employs 109,600 people.²⁷ The report points to consistent employment, establishment and revenue growth in recent years. IbisWorld expects industry revenue to grow at an annualised rate of 2.1% over the five years through 2018-19 to reach \$21.3 billion.²⁸ However, while nationally business confidence was positive, WA's subdued economic environment saw employment in professional services drop by 5.3% in the five years to November 2018. Anecdotally, the last few years have seen a period of constrained legal spend with increased competition from big firms and emergent mid-tier firms offering specialist services. The slower economy and patchy activity saw some firms trimming numbers and others experiencing substantial growth. Employment data collected from 25 law firms in WA indicates an overall increase in partners and legal professionals since 2017.²⁹ Business confidence is starting to return due to increased levels of commercial construction, major civil infrastructure projects and signs of recovery in WA's mining sector which have a flow on effect to the rest of the economy.³⁰ However, while the economy is showing some signs of improvement, the sector remains a highly competitive, cost conscious environment with corporate clients looking to reduce their legal spend.³¹ The largest market for legal services in Australia, according to IBISWorld, contains corporate and business client accounts. Of these, the largest are the banking, finance and insurance sectors.

Demand. The increase in mid-tier mining activity and related support services are increasing demand for legal services, as are banking and commercial property. The Royal Commission has fuelled growth for lawyers and paralegals with financial regulatory experience. The reports, reforms and pending regulatory guidelines will result in a tighter organisational legal and regulatory framework.³² A slowed growth rate is expected in this area due to the renewed focus from regulators and board caution around compliance and governance.³³ Similarly, legal reviews, internal audits and risk management services are anticipated to increase with a focus on financial advice, document development and record control, compliance and auditing processes, and risk. Demand for adoption of technology, increased efficiency and innovation are also growing demand for legal services. Other areas of activity include: commercial litigation, arbitration, tax controversy, technology law and consulting, capital markets, mergers and acquisitions, regulatory and renewable energy and family law. In-house legal activity continues to grow as companies cut down on outsourcing their legal functions. This will increase demand for legal roles such as paralegals, legal, senior and general counsels with relevant industry experience, particularly across the commercial, banking and finance industries.³⁴ The government sector continues to seek legal candidates with experience in contract and procurement experience, ICT procurement and legislative development due to amendments and project work. Hays reports a shortage of experienced candidates to fill Freedom of Information Officer roles across the public sector and a steady demand in government for employment, commercial and generalist lawyers. Majority of employment opportunities are for senior level roles favouring candidates with between two to eight years post admission

²⁷ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

²⁸ IBISWorld, [Legal Services - Australia Market Research Report](#), May 2019.

²⁹ BusinessNews, [Legal Review: Taking stock as sector splutters](#), April 15 – May 5 2019.

³⁰ Bankwest for Business, [Bankwest Future of Business: Focus on Mining Services 2019 release](#).

³¹ Financial Review, [Lawyers fear slowdown after Hayne 'sugar hit'](#), 28 June 2019.

³² PwC Skills for Australia, [Industry Skills Forecast and Proposed Schedule of Work Draft for consultation, Financial Services](#), April 2019.

³³ Financial Review, [Lawyers fear slowdown after Hayne 'sugar hit'](#), 28 June 2019.

³⁴ Hays Jobs Report, [Hotspots of skills in demand: Legal](#), Jan – June 2019.



experience.³⁵ It appears that many junior lawyers are leaving Perth for different experiences on the east coast or overseas.³⁶

Changing Landscape. A lulled WA economy has seen strategic business shifts from competing firms. Some entered new practice areas and lateral hires, offering a range of supplementary services to support revenue and others differentiated themselves by providing specialised services in niche areas such as insurance and litigation. Mergers and global partnerships provided an avenue for broader client base, expanded service offerings and international investment. A significant portion of work was conducted interstate and offshore due to expertise and established relationships. Larger firms relied on their depth of presence and brand recognition and others on continued government requirements for legal services.³⁷ This landscape continues to depict current practices.

Supply. In order to become a lawyer, law graduates are required to undertake a post-graduate Practical Legal Training program, which requires work experience under an approved, senior practitioner and must be completed within five years of graduation. While work placements are reportedly readily available, paid employment on completion of the program is not. Graduates entering the legal industry typically work for a firm, a legal aid office, organisations with in-house legal activity, government or lobby groups. Entry roles may entail the provision of legal advice and representation, development of legal documents, legal advice and advocacy services to those in need, providing in-house counsel at a company, processing patents and creating or advising on policy.³⁸ Industry has access to quality, skilled and appropriately qualified entry level legal professionals due to a continued oversupply of legal graduates in Western Australia. While it has been suggested that not all law graduates seek to enter the profession finding alternative employment opportunities in areas such as accounting and advisory, consulting, public service and utilities, it appears that those who do far exceeds the number of openings in the industry.

External Competition. The Australian legal profession is facing increasing competition. Globalisation, offshoring, virtual assistants and the emergence of alternative legal service providers such as paralegal technicians and legal document preparers are all disrupting traditional models. Automating and digitising legal services delivery has led to an increase in the number of virtual law firms.³⁹ Large accounting firms are expanding their legal service offerings to large corporate clients as a point of diversification, value-add and growth. Market share is further impacted by large firms and government departments as they expand their in-house counsel. Adoption of technology by competing organisations threaten the margins of more traditional firms with fewer resources to invest in technology and innovation.

Technology and Automation. According to a Bankwest report⁴⁰, legal-tech entrants have quadrupled in the past two decades, improving employee productivity and streamlining operational processes. Australian legal technologies range from data analytics for in-house legal teams and intelligent cost-comparison technologies, to transaction deal rooms, file sharing and collaboration software, and blockchain-based access to legal aid.⁴¹ Overseas there is a growing technology-powered legal industry with major firms in the US and UK deploying *robotic attorneys* that can automate document drafting and review, track cases, monitor compliance and aid in e-discovery. However, the legal practice involves a high level of human engagement. Efficiencies gained through artificial intelligence and automation allow for a redirection of effort towards customer service, strengthening client relationships and business development.

³⁵ Hays Jobs Report, [Hotspots of skills in demand: Legal, Jan – June 2019](#).

³⁶ BusinessNews, [Legal Review: Taking stock as sector splutters](#), April 15 – May 5 2019.

³⁷ Ibid.

³⁸ GradAustralia, [Law industry overview](#).

³⁹ FindLaw Australia, [6 Trends Shaping the Legal Industry](#).

⁴⁰ Bankwest, [Future of Business: Focus on Professional Services](#), 2019.

⁴¹ Smart Company, [Australia is leading the legaltech revolution, but what does this mean for lawyers, firms and clients?](#)



Industry Workforce Priorities

Good Practice. IbisWorld research points to a number of areas critical for success: good reputation, quality personnel, ability to effectively manage risk, understanding government policies and their implications, access to niche markets and staff development.

Skills Development. Companies value entrepreneurial and digital skills, advanced communication and reasoning, emotional intelligence and networking capability. Legal practitioners rely on their ability to understand and advocate for their clients. Increasingly they rely on their ability to build and sustain client relationships in a highly competitive environment while responding to growing expectations and requirements. Business acumen and business development skills are critical, as is the ability to adapt to emerging business needs and delivery of adjunct services. The ability to craft a strong personal brand and online/social media presence continue to be sought after amongst graduates.⁴² Similarly, business administration and management skills are required by legal firms and smaller private practices, and skilled legal administration/practice management professionals are likely to remain in demand.

Alternate Pathways. Those that pursue legal qualifications via a pathway that includes prior business experience, undergraduate business or dual commerce/law degrees, or who opt to include business practicums or entrepreneurship/commerce/business electives in their Bachelor of Laws may be more attractive to organisations engaging graduate legal practitioners. Employers value candidates with a demonstrated ability to apply cross-disciplinary capability and skills to meet and grow emerging business opportunities and business performance.

Gender Balance. Women make up the majority of law graduates. However, while they hold close to 66% of senior associate roles only 27% are partners and just 8% are senior counsels. Similarly, only 18% of WA Supreme Court judges are female.⁴³ Family-friendly work environments and flexibility have been highlighted as a potential causes.⁴⁴

Vocational Education and Training. Although traineeships exist in the VET sector these remain underutilised. While Certificate III in Business Administration (Legal) supports entry level pathways and Certificate IV in Legal Services aligns to pathways for legal administration professionals, the legal services sector assigns entry level roles to tertiary graduates, already disproportionate to fewer vacancies.

⁴² The College of Law, [How to land a graduate role](#), 2018, viewed 17/07/2018.

⁴³ Financial Review, [Women are taking over the engine room of law firms](#), 12 July 2018.

⁴⁴ Financial Review, [Chief Justice Wayne Martin laments 'serious' shortage of women at the top of law](#), 19 July 2018.