

Submission to Productivity Commission

Vocational Educational Training Workforce

The Potential for Targeted Accounting Programs tailored for Indigenous Australians

A key area where there has been a complete absence of successful vocation education and training is the development of Accounting programs for Indigenous Australians. Recent research by Deakin University has found there are less than 10 Indigenous Australians * who have fully qualified as Accountants (CPA or CA). At the same time there is increasing demand for Indigenous Australians with Accounting skills which are invaluable for the social, cultural and economic growth of individuals, families, communities and businesses.

Successful vocational programs that raise awareness of career options in Accounting within our Indigenous population have the potential to play an important role in developing strength and options for Indigenous individuals, families and businesses.

Importantly there are no pre-existing successful programs in place that are generating a supply of potential candidates.

A change in dynamic required in the development of vocational education and training in Accounting options for Indigenous Australians

The following 3 steps forward are required to change the dynamic

1. Improved understanding of opportunities in an accounting career for Indigenous Australians
2. Support structures that ‘close the gap’ in employment opportunities for Indigenous youth in accounting
3. Enhanced cultural awareness within the Accounting Profession of how to access and foster the accounting careers of Indigenous Australians

Background

- Closing the gap on Indigenous disadvantage in Australia is a national priority.
- The Government has set ambitious targets for closing the gap.
 - ✓ The key is promoting economic participation, reducing welfare dependency, strengthening communities and developing solutions in partnership with Indigenous people; and
 - ✓ Building a sustainable workforce.
- Research conducted by the Australian Government in 2005 reported that the workforce is ageing faster than the general population. This could lead to labour

shortages which would increase pressure on wages and slow down Australia's economic growth performance.

Indigenous Facts

- The Facts, as per AMP Foundation Report, 2010
 - Indigenous Population 517,500
 - 2.5% of Total Population
 - Growing at 2% - twice the rate of the general population
 - Majority live in urban cities
 - Age Profile – lower, 50% school age
 - Lower attendance and achievement, post school qualifications, labour force participation, employment rates
 - Indigenous population of workforce age will peak over the next 20 years (as reported in the 2010 Indigenous Economic Development Strategy Paper) produced by the Federal Government.....now is the time for action

Economic Benefits

- A 2008 report prepared for Reconciliation Australia by Access Economics, analysed the economic benefits to the local economy if Indigenous people were to face the same opportunities and experiences as all Australians over the next 20 years.
- The report predicted the following benefits by 2029:
 - GDP would be approximately 1% higher which is equivalent to approximately \$10 billion today
 - Government revenue would increase by \$4.6 billion
 - Government expenditure in key Indigenous portfolios would decrease by \$3.7 billion
 - National living standards for all Australians would increase
 - Macroeconomic indicators such as employment and real investment would demonstrate cumulative percent increases of slightly more than 1%
 - A copy of the full report, 'An Overview of the Economic Impact of Indigenous Disadvantage' is available from Reconciliation Australia.

Pathways to a Career in Accounting

There are 3 pathways to a career in Accounting. A TAFE course is the first step in the process and could be a key 'entry point' for Indigenous Australians.

There are 3 potential levels in an Accounting career :

- Level 1 – Support in back office processing work – TAFE Certificate or Statement, Employer sponsored training.
- Level 2 – Responsibility for preparing Financial Reports – Diploma or Degree
- Level 3 – Driving the improved performance of an organisation and influencing all aspects of its growth, from financial performance, people and culture and strategy - Post Graduate Qualification with a Professional Accounting body
- Once an Accountant has reached the 3rd Level they have a seat at the decision making table and can influence communities, teams, organisations, industries, markets, economies and society

Pathway to a position of influence, leadership and a career beyond Accounting.....

Course	Pre Requisite	Details	Career Opportunities
Employer Sponsored Specific Training and TAFE Statements	No formal entry specific requirements	1. Company specific 2. TAFE training in particular financial products (Statements)	Support roles. Limited growth opportunities for individuals beyond current role.
Certificate III	No formal entry requirements	260 hours Part of Full Time	Employment as a bookkeeper. Skill is transferrable to other organisations
Certificate IV	NSW School Certificate or equivalent.	510 hours Part or Full Time	Office Manager, Senior accounts clerk, costing clerk. The real starting point for a career in Finance & Accounting
Diploma of Accounting	NSW Higher School Certificate	900 hours Part of Full Time	Company Accountant, Office Manager for a small to medium sized business
Advanced Diploma of Accounting	NSW Higher School Certificate	1200 hours Part or Full Time	Company Accountant.
Bachelors Degree in Accounting	Advanced Diploma or good Higher School Certificate results - Maths, English	3 years Full Time at University or Part Time	Finance Manager leading a team of accountants and support staff
CPA or CA membership	University Degree	2 – 3 years while working	Leadership roles in Business and Community

The 'sorry story' of the Accounting Profession and Indigenous Australia

- Quick Quiz *
- How Many Fully Qualified Accountants in Australia?
- How Many of these are Indigenous Australians?

Results

- 150,000 Accountants
- 714 Accountants for every 100,000 Non Indigenous Australians
- 1.8 Accountants for every 100,000 Indigenous Australians

What's happening in Corporate Australia?

- Awareness is growing
- Companies are developing 'Reconciliation Action Plans' (RAPS)
- Attempting to build
 - Employment opportunities for Indigenous Australians
 - Supporting local communities or specific initiatives
 - Increasing understanding and growing advocacy on Indigenous Issues

Case Studies 1 Banks

- Australia's major banks have developed Reconciliation Action Plans which include the following types of activities :
 - Improved access to financial services
 - Improved access to employment services
 - Mentoring, scholarships, building literacy and numeracy – (With Funding and Management Resources)
 - Building mutual understanding
 - Recruitment of Indigenous trainees with a focus on ensuring the candidates have the support they need to successfully complete their traineeship.
 - Reviewing and developing internal training programs
 - e-learning toolkit to provide staff with Indigenous cultural awareness training

Other Sectors – Building Awareness and Developing Targeted Programs

Companies in other sectors are also doing things such as :

- Building on tourism partnerships with Indigenous businesses, where appropriate, developing strategies to promote local Indigenous businesses.
- Creation of industry network groups to ensure sustainable employment beyond individual contributions.
- Inviting traditional owners to provide a welcome to country for significant events.

Good things are happening but to break through the Accountants glass ceiling.....the key is building personal awareness and strength for Indigenous Youth

- Are we providing a pathway for Indigenous Youth to join Corporate Australia from a position of strength, where they can attain positions of leadership and influence?
- Increasing raw numbers in support roles, providing employer sponsored training helps and is a start, but will it break the glass ceiling in Accountancy ?
- What is needed to connect with Indigenous kids, help them see opportunities, provide knowledge and support so as talented Indigenous kids can join a major corporate from a position of strength?

Federal Government Indigenous Economic Development Strategy Paper 2010

The Strategy focuses on 5 key areas :

1. Increasing individual capabilities and resources to participate in the economy through a strong focus on education and motivation
2. Increasing participation in the economy through sustainable jobs
3. Supporting Indigenous Business and entrepreneurship
4. Assisting individuals and communities to achieve financial security and economic independence by strengthening the capacity of Indigenous Australians and communities to identify, build and make the most of economic assets
5. Strengthening foundations for economic development by creating the right incentives for participation and investing in the underpinnings of economic activity

Without knowledge of Accounting concepts, principles and practicalities this journey will face many challenges

The Core Issues

- How can bodies such as TAFE connect with Indigenous Youth in Years 5 to 12 and help :
 - Raise awareness of opportunity
 - Provide support in completing the formal education required
 - Enable young Indigenous people to join organisations on their own terms
 - Create their own path to influence
- How can we assist current Indigenous business people and budding entrepreneurs develop the strength to forge lasting and successful careers in modern Australia ?
- What is the best way to connect with Indigenous youth and raise awareness of career options in Finance and Accounting ?.
- What role can TAFE play in connecting to Indigenous Youth in High Schools to raise awareness of career options in Finance and Accounting ?
- *It's about giving Indigenous kids and business people the strength to forge their own path*

Summary

Australia has reached a point in its history where there is a need for 'urgent patience' by organisations such as TAFE to develop targeted programs in Accountancy for our Indigenous Population. As indicated above, there are less than 10 Indigenous Australians who have fully qualified as Certified Practising Accountants (CPAs) or Chartered Accountants (CAs) and a body such as TAFE has the potential to play an important role in both raising awareness and providing a bridge to assist more Indigenous Australians undertake this career path.

Increased financial understanding is a core component in developing strength for individuals, families, communities and businesses and it is the contention of this Submission that a revised approach to Vocational Education and Training is needed to gain traction in this important area.

*Lombardi, L. & Clayton B. (2006), 'Indigenous Australian Accountants: Why so few? A Historical and Cultural Perspective', Global Business & Economics Anthology, Vol. 1, pp.63-74.