



## Macquarie University ResearchOnline

---

**This is the version of an article from the following conference:**

Evans, Elaine Rose (2009) 'Accounting education in Australia 1944-1988 : why the professional accounting bodies were 'locked in' to higher education as the platform for accounting education', in AFAANZ Conference (5 - 7 July 2009 : Adelaide)

**Access to the published version:**

[http://www.afaanz.org/openconf/2009/modules/request.php?module=oc\\_proceedings&action=proceedings.php&a=Accept+as+Paper](http://www.afaanz.org/openconf/2009/modules/request.php?module=oc_proceedings&action=proceedings.php&a=Accept+as+Paper)

# **Accounting education in Australia 1944-1988: Why the professional accounting bodies were 'locked in' to higher education as the platform for accounting education**

Elaine Evans

Faculty of Business and Economics  
Macquarie University  
Sydney Australia

## **Abstract:**

In Australia, the professional accounting bodies monitor accounting education in higher education institutions through a system currently referred to as course accreditation. This system differs from monitoring processes in the UK and the US. This paper addresses the question of why this monitoring mechanism was developed over a forty year period and how the professional accounting bodies have maintained the system throughout periods of massive shifts in Commonwealth government education policies. It concludes that, despite the evidence that the monitoring mechanism has been ineffective, the maintenance of the system until recently, has resulted in mutually beneficial outcomes for both the professional accounting bodies and the higher education institutions.

**JEL Classification:** M49

**Key words:** accounting education; professional accreditation; professional examinations; common core of accounting knowledge

Elaine Evans is an Associate Professor in the Department of Accounting, Macquarie University, Sydney Australia, [eevans@efs.mq.edu.au](mailto:eevans@efs.mq.edu.au)

## **Accounting education in Australia 1944-1988: Why the professional accounting bodies were 'locked in' to higher education as the platform for accounting education**

Since World War II, accounting education in Australia has developed in higher<sup>1</sup> education institutions under the 'monitoring' gaze of the professional accounting bodies. These higher education institutions are publicly funded and therefore subject to changes in Commonwealth government education policy which in turn impacts on accounting education in these institutions. This paper tells the story of how changes in Commonwealth government policy in relation to higher education between 1944 and 1988 impacted on the relations between the professional accounting bodies and the education institutions whose courses, at different times, were accepted as partial or full preparation for entry into the accounting profession. The changes to educational policies of the accounting bodies, often as a direct result of changes to Commonwealth government education policy, required renegotiation of settled patterns of accommodation between the higher education institutions and the professional bodies. These patterns are discovered through the construction of 'inside' stories from the minutes of meetings of the accounting bodies, their annual reports and professional journals. Other sources include reports of Commonwealth government inquiries and surveys into accounting education in Australia.

Unlike the UK where professional accountancy training and academic accounting programmes remain separate (King and Davidson 2009), and where the Institute of Chartered Accountants in England and Wales (ICAEW) do not accredit courses, accounting education in Australia since the 1970s has been more closely aligned to the US system which emphasises university-based education in preparation for entry to the accounting profession (Pincus 2009). However, in the US accreditation of higher education courses is undertaken on a peer review basis through the Association of American Collegiate Schools of Business (AACSB). In Australia, initial educational preparation for the accounting profession is now predominantly undertaken in Commonwealth government funded higher education institutions and this has resulted in a mutually dependent relationship between the education institutions as providers of accounting education and the professional accounting

---

<sup>1</sup> The terms 'tertiary' and 'higher' in relation to education and educational institutions can be used interchangeably where 'higher education' replaced 'tertiary education' in the late 1970s. However for consistency, this paper uses the term higher education.

bodies as monitors of accounting education. This interdependency was problematic for both providers and monitors as power relations shifted, in different eras, over different actions and reactions to changes in Commonwealth government education policy, in particular changes in funding and structures of higher education. This paper asks the question, why do the professional accounting bodies in Australia accredit accounting courses in higher education institutions? In seeking an answer, it traces the professional accounting bodies' monitoring mechanisms of *recognition*, *approval* and *accreditation* and the actions and reactions of higher education institutions, following significant shifts in Commonwealth government policy and identifies patterns that persisted over a forty year period. Of interest is the fact that these monitoring mechanisms have received little outside scrutiny yet throughout this forty year period they were an important legitimising sign of quality control for the higher education institutions.

### **Beginnings**

In Australia, accounting as an academic discipline started to develop in the early twentieth century. At the University of Adelaide in 1902 there was a course leading to an Advanced Commercial Certificate. It was the first Australian university to make formal provision for the teaching of commercial studies at an advanced level. At the University of Sydney, accountancy was taught on a part-time basis in 1907 within the Faculty of Arts in the School of Economics and Commerce. The University of Queensland set up a Faculty of Commerce in 1922 and established a Commercial Certificate and a Diploma in Commerce. From 1925, the University of Melbourne taught accountancy within the Bachelor of Commerce and Diploma of Commerce. At the University of Western Australia, a Diploma in Commerce was offered in 1932.

By the mid 1940s there were five accountancy institutes: the Association of Accountants of Australia (AAA); Australasian Institute of Cost Accountants (AICA); Commonwealth Institute of Accountants (CIA); Federal Institute of Accountants (FIA); and the Institute of Chartered Accountants in Australia (ICAA). The ICAA, FIA and AAA were perceived as representing the interest of public accountants whilst the other institutes represented commercial accountants.

Although there were established courses at universities, before World War II candidates for the various accountancy institutes were prepared for their examinations

by private coaching colleges<sup>2</sup>, correspondence schools and private tutors. Some technical colleges taught accounting subjects but their certificates and diplomas were not *recognised* by the accountancy institutes. All this changed with the advent of the Commonwealth Reconstruction Training Scheme (CRTS) which was inaugurated in February 1944. The Commonwealth government embarked on a plan to recruit into training ‘for the professions and posts of leadership’ (Anderson and Eaton, 1982a: 6), returned servicemen who would contribute to social and economic post-war reconstruction. At this time, universities and technical colleges came under the mantle of Commonwealth government (financial) support with the provision of full-time training in degree, diploma and certificate courses for returned servicemen. The Commonwealth government funded places in these universities and technical colleges as well as granting subsidies direct to the student (Spaul, 1982). As reported by Waddington et al (1950), part-time students who were employed received the full award wages from their employers while the government paid the difference between the employee’s assessed earning capacity and the award rate. These financial schemes made accounting education in government funded institutions very attractive, and made the accountancy institutes very vigilant about whether or not the subjects offered at these institutions would be equivalent to subjects in the professional examinations for which the majority of candidates had been prepared previously by the private coaching colleges. These private colleges specifically tutored for the accountancy institutes examinations, however because of the CRTS these institutes needed to establish formal relations with the universities and technical colleges to ensure alignment with their syllabi and examinations. Potential candidates would be supported by Commonwealth government funding to attend either universities or technical colleges to study accountancy.

One of the institutes, the CIA<sup>3</sup>, responded to these changes by declaring that ‘no further steps are to be taken to secure correspondence tuition in commercial subjects through private institutions’ (Report of the CIA Education Committee, 25 May 1944). The CIA established working relations with technical colleges in each of the states through a Joint Board of Examiners and granted exemptions from their own examinations for individual subjects passed in courses offered at these technical

---

<sup>2</sup> Examples include Hemingway Robertson Institute, Australian Accountancy College, Metropolitan Accountancy College and A. E. Speck Commercial College.

<sup>3</sup> At this time, the CIA was the largest and most influential of the four accountancy institutes (excluding the ICAA).

colleges. At the same time the CIA negotiated agreements to recognise university examinations and in some cases gained membership of university Advisory Committees. As for the ICAA, it granted exemption from the Intermediate Examination for holders by examination of a diploma or degree in Commerce or Economics from an Australian university (GCM, 1947: 3821). In addition it granted exemptions from subjects in the Intermediate Examination to graduates of some technical colleges where representatives of the ICAA participated in the setting and marking of relevant examination papers (GCM, 1951: 4264). The ICAA did not grant exemptions from the Final Examination. It was certainly in the best interests of the universities and technical colleges to maximise the exemptions granted for their subjects in the professional examinations and a number of universities and technical colleges were 'willing to make the necessary changes in the course to meet the requirements [of the accountancy institutes]' (Report of the CIA Education Committee to General Council, August 1945). It was in the best interests of the providers (of accounting education) and the monitors (of accounting education) to achieve a state of equilibrium in their power relations.

When the Australian Congress on Accounting was held in Sydney in 1949, the status of the accountant and the link to education were discussed. A paper presented by Young<sup>4</sup> (1949) urged the accountancy institutes to abandon the conduct of examinations and look to the universities and technical colleges to provide the required instruction and examinations. Yorston (1949) who was Principal of the Australian Accountancy College at the time argued that professional status would be conferred according to educational attainment. Fitzgerald (1949) advocated closer association between the universities and the accountancy institutes while Smyth (1949) wanted to see a common educational policy between all the accountancy institutes. Finally Braddock<sup>5</sup> (1949: 270) expressed his disappointment that the profession had failed to convince universities that 'there was sufficient breadth and depth of knowledge to warrant the subject being elevated to a degree'.

In the late 1940s and early 1950s there were contending views about the value of higher education in relation to accounting. Sir Harold Howitt (1952: 543) a member of the Institute of Chartered Accountants in England and Wales (ICAEW) was arguing that university graduates did not necessarily make the best accountants.

---

<sup>4</sup> Sir Norman Smith Young was an influential chartered accountant at the time.

<sup>5</sup> L. A. Braddock was at the South Australian School of Mines and on the CIA Council.

The stance of the ICAA was that the Royal Charter conferred professional privileges and the status of profession was determined from the standing of the Institute (Young 1949). However, at the time the ICAA was entering into cooperative relations with universities and technical colleges for recognition of individual subjects as equivalent to ICAA Intermediate Examination subjects and the CIA was active in its pursuit of university education because it deemed this cooperation to be intrinsically linked to accounting's claim to the status of profession (Fitzgerald, 1952b: 417-8).

This period was the beginning of accounting education being 'locked in' to higher education with strong bindings of Joint Boards of Examiners at technical colleges, who closely scrutinised syllabi, examinations and membership of university advisory boards where appropriate. At this time, it was possible for candidates to meet the educational requirements of the CIA with equivalent subjects at technical colleges and universities where arrangements had been negotiated based on ensuring that standards were satisfactory. But for the ICAA there was always the Final Examination, irrespective of whether there were full or partial exemptions from Intermediate Examinations. The providers (of accounting education) and monitors (of accounting education) appeared to be in a mutually beneficial and supportive interdependent relationship.

### **Development**

Continuing changes in the educational policies of the accountancy institutes in the 1950s resulted in the entry standard for candidates being raised to matriculation level. This allowed accounting courses to develop both at universities and technical colleges with degrees being introduced in the former and diplomas (rather than certificates) introduced in the latter (CIA Annual Report, 1951). The winds of change were blowing for the accountancy institutes. The South Australian Division of the Australian Chartered Accountants Research Society (1952: 504) argued that 'Australian industry was growing rapidly and her economy daily becoming more complex, necessitating a greater need for the business executive to have a wide experience of accounting problems'. G. E. Fitzgerald suggested that the role and perception of the accountant and accountancy was changing and that the accountant was a guide to management rather than 'a routine man of numbers' (1952a: 158). Further, he argued that the accountancy institutes needed to maintain the closest possible association with all educational institutions where accountancy was taught

for the purpose of extending [professional] knowledge. The accountancy institutes sought to establish 'education for the profession' within universities (Forster 1952: 204). What was acknowledged was that changes to accounting work required broader skills and knowledge than the institutes were providing in their education programs. What was not acknowledged was the impending shift in power relations as the universities in particular sought to broaden education for the profession beyond technical training and beyond the narrow confines of the syllabi of the professional bodies. As accounting became established in universities, their dependency on the professional bodies for curriculum development would disrupt established power relations.

At the same time as the accountancy institutes were recognising the importance of higher education for the 'profession', the Commonwealth government recognised the need to devise a long term policy in relation to university funding and how universities could contribute to long-term national economic development. In 1956, Sir Keith Murray who had been the Chairman of the University Grants Committee in Britain was asked to chair an inquiry into universities in Australia (Davies 1989: 9). In 1957, the Committee on Australian Universities (the Murray Committee) was set up and established new shared funding arrangements with the states as well as the Australian Universities Commission (AUC). Sir Leslie Martin from the University of Melbourne was appointed as its chair. The late 1950s and early 1960s marks the second phase of post-war expansion of higher education in Australia. The expansion took place both in existing and new institutions as a massive injection of Commonwealth and state money flowed into university development. It was a fundamental plank in Commonwealth government policy that 'it must be responsible for ensuring that the nation has a provision of universities to train graduates in the numbers and kinds which the country's situation demands' (The Parliament of the Commonwealth of Australia 1958: 328). As a result the number of accounting courses increased and the (now) two accounting bodies<sup>6</sup> started to change their processes of *recognition* from individual subjects in technical colleges and universities to *recognition* of courses. During this time Chairs were established and full-time accounting lecturers engaged at universities. Joint Boards of Examiners and representation on university Advisory Boards was a prerequisite for this *recognition*.

---

<sup>6</sup> In 1953 the Australian Society of Accountants, the antecedent body to CPA Australia, was formed through the amalgamation of the CIA, AAA and the FIA, whilst the AICA joined in 1966.



The ICAA did distinguish between technical college and university graduates by exempting the former from Intermediate Group 1 examinations only whilst exempting the latter from Groups 1 and 2<sup>7</sup>. The (now) Australian Society of Accountants (ASA) was willing to give full status to technical college and university examinations.

Even though increasing numbers of candidates were satisfying ASA educational requirements by completing university and technical college examinations, the great majority was still sitting for ASA examinations (Meredith 1974a: 1974b; 1974c; 1974d; 1974e). However, the General Council of the ASA was concerned about the standard of its qualification; in particular there had been criticism from overseas bodies when the ASA started to negotiate mutual recognition. In 1960, the ASA Executive Committee recommended a comprehensive survey of accountancy education in Australia, but it required the co-operation of the ICAA. However, the ICAA was looking at a survey of its own educational standards and examination system (Minutes of ICAA General Council May 16 1960: 5609c and g). This survey would be undertaken by a panel comprised of university professors and ICAA members whereas the ASA envisaged a survey undertaken by an overseas accounting scholar and with wide community representation. After a series of negotiations, in 1964 both bodies decided to cooperate in the *Survey of Accountancy Education in Australia* (the Vatter Survey) (1964), undertaken by William J. Vatter, Professor of Business Administration, University of California at Berkeley.

At the same time as the two accounting bodies were negotiating to undertake a national survey of accounting education in Australia, the Commonwealth government commissioned a committee to undertake a comprehensive review of Australia's provision of and requirements for higher education. The appointment of the Martin Committee in 1961 was a direct outcome of the dramatic increase in funding for universities which the AUC had won in its first round of negotiations with state and Commonwealth governments. The Martin Committee in Australia was far more limited in scope than the Robbins Committee in the UK; it had no independent status (Encel 1963). It was a committee of the AUC with Sir Leslie Martin as the chair. The Martin Report (Australian Universities Commission 1964) concluded that the existing system of higher education in Australia was restricted too closely to

---

<sup>7</sup> Intermediate Group 1 examinations comprised Accounting, Auditing and Commercial Law. Intermediate Group 2 examinations comprised Company Law, Banking and Exchange, Bankruptcy Law and Miscellaneous Law.

traditional forms of university education and there were many who needed opportunities for other kinds of higher education. It was critical of the quality of the non-university sector and commented negatively about the influence that the accounting bodies had on both universities and technical colleges. In particular, the Martin Report argued that detailed bookkeeping techniques, routine auditing procedures and business practices lacked analytical content and had no place in a university course. The report also suggested that the granting of exemptions from the professional bodies' own examinations had not always had a beneficial effect on educational standards which was due to the fact that the professional bodies tended to grant exemptions only in respect of courses in which the broad pattern of syllabi corresponded to their own (Australian Universities Commission 1964: 10.35).

The recommendations of the 1964 Martin Report spawned Colleges of Advanced Education (CAEs)/Institutes of Technology which would be practically oriented to the needs of industry and commerce, flexible in their teaching methods and admission arrangements and essentially diploma-granting institutions. The Martin Report criticised the universities as being excessively professional or vocational in character, with too many students in pass degrees and with staff who had heavy teaching loads with no time for research. This binary policy demanded a dual system of institutions that were 'equal but different'; that is comparable in standards but different in function (Davies 1989: 135).

The binary system would impact on the structure of accounting education as old 'actors' (technical colleges) exited the stage and new 'actors' (CAEs/Institutes of Technology) entered at the beginning of 1967. Commonwealth government policy would require universities to focus on research and accounting education needed a clear identity as an academic discipline if it was to grow and create a stable platform for professional education in universities. This would leave the newly-created CAEs/Institutes of Technology to concentrate on professional training to cater for part-time students who hoped to be employed in some type of accounting work. A knowledge base or mode of education delivery that suits one form of higher education system may not suit or be sufficient for another. Yet the professional accounting bodies would have to *approve* different courses in different higher education institutions whilst at the same time be cognisant of those institutions dependence on Commonwealth and state funding, and reliance for establishment and growth on state-based accreditation mechanisms in the form of Higher Education Boards. The

accounting education terrain was indeed shifting and stable relations had to be re-negotiated and managed and close monitoring undertaken as old mechanisms in the form of Joint Boards of Examiners were defunct.

### **Growth and Stability**

The ICAA and the ASA had two reports before them as they contemplated the nature of accounting education and its place in these new institutions, many of which were 'upgraded technical colleges'. Both Martin and Vatter had recommended a qualifying examination. The ICAA's Final Examination was in fact a qualifying examination but the ASA needed to consider introducing such an examination because it did not have an equivalent. Both bodies reconsidered the nature of courses in universities and CAEs/Institutes of Technology that would lead into their different qualifying examinations. In 1966, the deliberations of the ASA included consideration of courses that majored in accounting, interpreted as the equivalent of a full accounting subject in each year of the course<sup>8</sup>, for the purpose of entering the Qualifying Examination. The course would also include cognate disciplines such as economics, law, mathematics and statistics. *Approval* of a major in accounting would depend on discussions with professorial staff with regard to the nature and content of the university syllabus and teaching staff at a CAE/Institute of Technology and not determined on the basis of a published syllabus (Report of ASA Education Committee to General Council 18 April, 1966). This added a layer of complexity to the relationship between higher education institutions and the ASA because the Qualifying Examination would have to be constructed in accordance with the curriculum of *approved* courses or the higher education institutions would construct their examinations in accordance with the requirements of the Qualifying Examination. A further complexity was the relative independence of the higher education institutions in constructing their accounting curriculum in the absence of any agreement on what is core content in the teaching of accountancy. In general the universities could afford to be less compliant while the CAEs/Institutes of Technology would more compliant because many of the latter were commencing new courses from 1967 and they may have had to construct their curriculum under the influence of the professional bodies. Later, when Houston and Harman reflected on

---

<sup>8</sup> At this time subjects were run on a yearly basis.

the development of professional courses in universities and CAEs/Institutes of Technology, they questioned whether professional bodies had too much power in courses at both universities and CAEs/Institutes of Technology and if this influence on curricula was desirable (1978:51).

The ICAA also changed its basis of recognition from individual subjects at universities to *approved* courses at tertiary level (including CAEs and Institutes of Technology). The approved courses included a major in accounting (still unspecified) with commercial law including Company Law and Taxation. Because of its concern about standards at the newly emerging higher education institutions, the ICAA looked to ways of strengthening its Final (Qualifying) Examination (Minutes of ICAA General Council 8 May 1967: 7001). However, this task was stalled by unity talks between the ASA and the ICAA because of an anticipated support for a joint qualifying examination. At the end of 1969 when the unity proposals failed, the ICAA introduced a new final examination to commence in 1972 named the Professional Year (PY) of Study which addressed its concern about the standard of accounting education in the new higher education institutions. Now both bodies would have an examination to act as the arbiter of acceptable standards in higher education institutions. Yet the professional bodies had not reached agreement with academics on the vital question of a common body of knowledge for accountants (Andersen 1968: 144).

The *approval* of accounting courses involved a complicated system administered separately by the professional bodies. However the growth in accounting courses as a result of Commonwealth government policy, differences in course content and the quality of students and staff necessitated a close association between the two professional accounting bodies and the CAEs/Institutes of Technology. The 'locking in' mechanism was *approval* of courses required because of a shift to mass education for national development.

At this point in the story it is interesting to note the emergence of a second tier accounting association that was 'locked out' of the professional accounting bodies through initial patronage and funding. In fact, Athol Carrington (1970: 48) had raised the issue of a sub-professional qualification in a presentation to the New Zealand Society of Accountants. He warned that the public was unable to discriminate between grades of membership and therefore it was better to have a separate body for accounting technicians rather than have two tiers within one body. The notion of a

separate body was supported by both the ICAA and the ASA. In 1966 it was agreed that the National Institute of Accountants (NIA)<sup>9</sup> be reconstituted as a sub professional body. The NIA was prepared to change its name to delete any reference to 'accountancy' and the ASA made funds available to cover costs of drafting a new memorandum, articles and examination syllabi. In 1967 the name was changed to the Institute of Commercial Studies (ICS).

However, because it had agreed not to use 'accounting' or 'accountant' neither in its name nor in the designation of a member who was awarded a certificate, the ICS struggled to establish itself as a sub-professional body. Its position was further undermined by the Commercial Education Society (CES) that had been formed in 1910 to conduct public examinations in commercial subjects. The CES was supported by the private coaching colleges that had become disenfranchised with the change in education policy of the ASA and the ICAA. The CES offered diplomas and the ASA was forced to prepare a public statement distinguishing between the diploma at CAEs/Institutes of Technology that were approved by the ASA and the diplomas issued by the CES.

Both professional accounting bodies saw the two-tier pattern of accountancy education in Australia as an essential step in raising the standard of the 'professional' qualification. The bodies advocated a change to the designation given to ICS members – they would be able to describe themselves as 'Affiliate Accountants' and a logical sequence was to change the name of the ICS to the Institute of Affiliate Accountants (IAA) (ASA Annual Report 1970)<sup>10</sup>.

At this developmental stage accounting education was growing in both universities and CAEs/Institutes of Technology but different influences were noted. Williams (1970: 122) argues that 'universities emphasise the freedom to teach and do research according to principles developed inside the university, and not prescribed from outside'. Further, he explains that although universities are involved in professional education, the judgements on that training are made within the university and not by practitioners. Significantly, Williams presents the academics view that current 'relevance' to the workplace and practice was a 'poor basis for professional

---

<sup>9</sup> The antecedent bodies of the NIA are the Institute of Factory and Cost Accountants, founded in 1923 which changed its name to the Taxation and Cost Accountants in 1950 and to the National Institute of Accountants in 1957 (Creaney 1984).

<sup>10</sup> In 1988, the ICS changed its name back to the National Institute of Accountants (NIA). For the past twelve months approximately it has been a member of the Australian Joint Accounting Bodies, together with CPA Australia and ICAA.

education precisely because university research undermines the basis of present practices' (ibid). Juchau (2005) notes that at this time universities were facing pressures from outside agencies who attempted to guide their educational practices.

### **Turbulence**

The 1970s witnessed turbulent times for the higher education sector, and the professional accounting bodies. The Whitlam Labor Government came to power in 1972 and in 1974 it abolished tuition fees for higher education, establishing the Tertiary Education Assistance Scheme (TEAS) to provide living allowances for all students (subject to a means test) who were accepted to study at an approved higher education institution. Commonwealth government policy meant that the states were no longer responsible for funding higher education. According to Davies (1989) a legacy of the Whitlam era was tightened control of higher education but more generous funding at least in the early part of the 1970s. In 1975, the Fraser Liberal-Country Party government came to power on a platform of cutting central government expenditure and bureaucracy, at a time when there was public disenchantment with higher education. Perhaps as a result of the Whitlam excesses, the new government's education policies implied more rigorous measures of evaluation and accountability of education programs and expenditures. From 1976, under its policy of 'New Federalism' the Fraser government attempted to disengage from some of its acquired responsibilities for higher education.

Anderson and Eaton (1982b: 103) describe the late 1970s as characterised by 'accountability and decline'. The establishment of the Commonwealth Tertiary Education Commission (CTEC) in 1977 mandated no further growth in the university and CAE/Institutes of Technology sector. In 1976, the Committee of Inquiry into Education and Training was appointed to consider the provision of educational facilities and services and the relationship between the educational system and the labour market. The Williams Report notes that 'in Australia the power of professional and para-professional associations to act alone on educational requirements is limited by their dependence on publicly financed universities and colleges of advanced education' (Education, Training and Employment 1979: 9.28). King (1978) argues that the higher education sector was not ready to cope with contraction and that there was a growing disenchantment among academics about the direction of

Commonwealth government education policy and West (1978) observes that university education in Australia was no longer demand driven.

Because accounting education in Australia was 'locked in' to higher education, which was subject to variances in Commonwealth agendas for 'manpower planning', the changing education policies of the professional bodies appeared to be piecemeal changes with many of those changes suggesting that expedience, or the feeling of having to do something different, here and now, had exercised a greater influence than prolonged reflection on what was necessary or desirable from the general viewpoint of the profession (Chambers 1956: 73-80). In the Whitlam era when Commonwealth government funding of higher education was expanding, the Qualifying Examination, the ASAs monitoring mechanism to control the entry point into that professional body (established because of the increase in the number and quality of accounting courses) was proving to be problematic. By 1973, the ASA had all but abandoned that examination because so many exemptions were granted on the basis of *approved* courses at universities and CAEs/Institutes of Technology. In the end, the ASA simply reserved the right, where special circumstances applied, to require some candidates to sit for a qualifying examination. Professor Ray Chambers criticised the accounting bodies for a lack of consensus as to the core of accounting knowledge and the relationship of that core to practice and argued that unless the accounting bodies were satisfied that 'the universities and colleges of advanced education acquainted their students with that common core [as yet not agreed upon] and its relationship to practice, there was a need for a national examination of prospective members of the professional body' (Report of ASA Education Committee to General Council May 1971). But what would they examine?

With no clear resolution to the problem of a agreed common core of accounting knowledge and the need for a professional qualifying examination (as argued by some), the ASA turned its attention to the implementation of a new membership structure (Minutes of ASA General Council 17-18 May 1973). The new structure had two levels: the level of Provisional Member that required a major study in accounting; and the Associate level that required additional knowledge of commercial law, taxation law and auditing. A new Professional Orientation Programme (POP) would be the means by which Provisional Members could progress to Associate. In May 1974, the General Council (G15/74) set out the purpose of POP: to cultivate an awareness of the work situation; to inculcate a professional outlook; to

create an awareness of the ASA's objectives; and to engender a desire to participate ... in professional development. The ASA wanted to reconnect accounting education and accounting work because the old qualifying examination did not provide '... a test of the candidate's fitness to enter into professional life as an accountant'. By inference, neither did the *approved* courses at universities and CAEs/Institutes of Technology. However, the introduction of the POP was delayed until 1977 when several CAEs were evaluated, with a view to obtaining assistance from them because of their experience in course design. This assistance would facilitate the evolution of a more rigorous programme that would rival the ICAA's PY.

However, the PY was no without its troubles. An ICAA Education Policy Committee was appointed in 1977 to review the PY and initially reported that in the development of the PY, too great an assumption had been placed on the academic knowledge of the candidates and that the 200 hours of study, recommended by Professor Athol Carrington had developed nearer to 600 hours. The Committee believed that candidates required these longer hours because of the deficiencies with and inadequacies of their basic accounting degree. Further, it considered that the problems could be overcome if the basic educational qualifications for entry to the PY were expanded to include an Admission Test which not only showed aptitude for clear and systematic thought but also accounting and auditing knowledge. Discussion of the matter ensued over a number of years and finally a trial Achievement Test was first administered in 1983 with a further test in 1984. All 1984/85 PY candidates were required to sit for the test in 1984 and candidates who received a score below 50 were contacted and advised to consider remedial studies, seek counselling or delay their entry to the PY. However, because so few candidates were affected it was decided not continue the test after 1986. The ICAA again looked to strengthen the PY itself as the final arbiter of fitness for the accounting profession because of the wide variation in standards of students and courses at higher education institutions (Minutes of ICAA National Council 2 June 1980: NLC 716).

The higher education institutions were not clear as to what was adequate accounting knowledge because there was no consensus as to a common core of accounting knowledge and their graduates were perceived as being inadequately prepared for the accounting profession. As a result, the accounting bodies strengthened their own examinations thus signalling that higher education courses were not sufficient professional preparation for candidates.



## **Decline**

Harman (1981; 1982) states that in the history of Australia, there is no comparable example of such extensive, dramatic and sudden cutback in Commonwealth government functions and pruning of government agencies than the Committee of Review of Commonwealth Functions – the ‘Razor Gang’ 1981. Prime Minister Fraser was committed to push back some Commonwealth government functions to the states and education was lacking public support. Harman (1981) claims that media and other interest groups asserted that universities and CAEs/Institutes of Technology had expanded their enrolments to an unnecessary extent; that public money had been wasted and there should be more emphasis on the Technical and Further Education (TAFE) sector. In addition, the government wanted amalgamations of some CAEs/Institutes of Technology. Cutbacks in funds forced higher education institutions to reduce expenditure and many were unable to fund academic staff to support new developments. An example of the impact of reduced funding for university accounting departments is the University of Tasmania where there were four senior staff vacancies in 1986 and it was possible that two subjects required for the course to be accredited would not be offered thus jeopardising accreditation of the accounting course (Minutes of ICAA Education/Examination Committee 1 December 1986: ED. 976).

If higher education institutions were hard hit by these decisions, then commerce departments suffered more than other departments. Henderson (1982) bemoans the poor share of resources that commerce received, claiming that it reflected its low status in universities. The major issue in relation to accounting education was the problem of the quality of education provided in under-resourced accounting departments and the impact this had on relations with the accounting bodies.

So concerned was the ICAA that its National Council decided to tell members that when recruiting new graduates, they should be aware of the significant variations in the course content, quality of teaching staff, and the entry and exit standards of higher education institutions, and to remind them of their responsibility to provide appropriate training for PY candidates (Minutes of ICAA National Council 24 November 1980: NLC. 750). In addition, the Education Policy Committee blamed the proliferation of business courses and the perception that candidates for the PY had neither the aptitude for nor the interest in being a professional accountant. The

committee thought the problem could be solved by either introducing an admission test like the Graduate Management Admission Test (GMAT) from the Graduate Management Admission Council at Princeton University, or a general admission test or even a 'College of Accounting' similar to the College of Law. The resolution came in the form of a 'Statement of Knowledge' expected of a candidate entering the PY. In 1982 a representative from the ICAA met with department heads from universities and CAEs/Institutes of Technology who protested about another layer of monitoring by the ICAA. These protests were to no avail and the *Accreditation Requirements for Tertiary Courses* were issued, based on a prescriptive Statement of Knowledge. The language of monitoring had shifted from *approve* to *accredit*.

In fact the accounting bodies were discussing 'joint' accreditation. However, many of the recommendation made by ASA's National Education and Membership Advisory Committee (NEMAC) were not acceptable to the ICAA, in particular a full disclosure of the ICAA's PY results. The ASA claimed that this could be used to indicate variations in academic standards achieved by graduates at the various higher education institutions. It was not until the *Taskforce for Accounting Education in Australia Report* (1988) was released that joint administration of accreditation procedures was introduced. They ensured that the procedures 'did not impinge on policy issues and differences between the two bodies' (Minutes of NEMAC 2 May 1988: ED.6/88).

In 1983, there had a change of government at the Commonwealth level and the Hawke Labor government came to power with yet another 'full-blown national reform of higher education' (Bessant 2002: 87). These reforms could not come quickly enough for accounting academics like Professor Peter Standish (1983) who, at the time, was the President of the Association of Accounting Academics of Australia and New Zealand (AAANZ). In his address at the 1983 AAANZ Conference, he reported on a member survey undertaken. The results showed that:

- accounting education was funded at a level 40% less than the average;
- there was little collaboration between academic and professional practice; and
- a three year degree structure was too short for a professional degree.

At this time supply of graduate accountants had increased at 5% per annum with demand outstripping supply at around 7%, and membership of the two accounting bodies was levelling out with a predicted decline after 1987 (Wallace 1987).

These issues, combined with declining funding of accounting education in higher education institutions brought together AAANZ, the ASA and the ICAA in the Task Force for Accounting Education in Australia which met between 1985 and 1987 and issued its report in 1988. It targeted the following issues:

- the common core of accounting knowledge;
- future professional entry requirements because of changes to accounting work and their effects on educational processes;
- accreditation of accounting degrees; and
- accounting conversion courses.

Tippett (1992: 103) depicts the report's most important recommendations as greater flexibility of undergraduate degrees and later specialisation at postgraduate level in a fourth year part-time program (never realised) and increased funding for accounting departments through a fairer resource allocation (never achieved).

As was the case with the Vatter Survey in 1964, when the release of the Martin Report overshadowed some of the recommendations and constrained reform because of the structure of accounting education in publicly funded educational institutions, the Task Force operated in the shadow of the release of the Dawkins *Green* and *White Papers* in 1987 and 1988 respectively. The implications of the White Paper were that the binary system of 19 universities and 47 CAEs/Institutes of Technology would be reduced to a unitary system of 35 universities. In many cases it was a painful merger as each sector came from a contrasting tradition in higher education (Mahony 1994). Any recommendations from the Taskforce would be tempered by Commonwealth government reforms.

Whilst the recommendations of the Taskforce were being considered and accounting education was seen as being in crisis, the ICAA again looked to the PY to overcome the problems of university education. However, there was growing discontent with the PY and criticisms included: poor quality group leaders who did not have the necessary knowledge, experience and interest to be effective; the heavy workload of group leaders in marking the case studies; candidates lack of contribution to the workshops and their lack of commitment to the course as a whole; and poor quality material. At this time the ICAA turned to the higher education institutions to rescue the PY and transform it into a postgraduate qualification. As opinions were canvassed around Australia, there was a polarisation of those opinions. The academics

expressed the view that most universities would resist if the ICAA wanted to exert too much control over curriculum, staffing and examinations and besides resources were strained already. The ICAA expressed concern over the ability of the academics who might just add an additional year of theory with non ICAA members training graduates rather than Chartered Accountants training Chartered Accountants. The notion of moving the PY into higher education institutions in the foreseeable future was dropped in 1988. However, the long-term ideal that the PY's educational components be delivered through higher education institutions as part of a fee-paying, part-time two year course of postgraduate accounting education remained<sup>11</sup>.

In the late 1970s and early 1980s, the ASA was exploring ways to overcome its dependency on the higher education system to 'produce' competent graduates. The POP had been implemented in 1977 as a discriminator between members at Provisional level and those who wanted to move to Associate level. It was agreed that candidates would not be formally examined but they would be expected to attend an induction program. In spite of a sub-committee being set up in 1978 and a National Task Force being established in 1980 to investigate reforming the programme, the ASA confirmed in 1982 that there was no need for a single stand alone qualifying examination before full membership. The emphasis would be on the development of a professional program for the orientation and development of graduates during their first few years in the profession (Minutes of ASA National Council 14-15 February 1982: NC.23.2/82; Dickens 1983) and not on examining them. However, at this time there were persistent complaints from employers who claimed that graduates were illiterate and technically incompetent (Henderson 1982) and NEMAC was asked to review education policy. Its first task was to provide a definition of the term 'accountant' because that was central to establishing the objectives of an education policy. However, after a number of attempts the National Executive Committee concluded that any attempt to define 'accountant' was futile and abandoned the project (Minutes of ASA National Council 2 June 1986: NC.2.6/86). Instead NEMAC turned its attention to establishing criteria for recognising an institution and approving a course of study and monitoring those courses to ensure their relevance to the profession and their continuing quality. When

---

<sup>11</sup> The ICAA did not pursue its plan to deliver the PY as a postgraduate university course. Instead, in 2001 it was successful in securing recognition for itself as a private education provider, and gaining postgraduate diploma for its CA Programme (the successor of the PY).

Professor Carrick Martin was appointed Chairman of NEMAC, he proposed a revision of the Professional Schedule whereby a Provisional Associate was a graduate having a major study in Accounting and introductory studies in Information Systems while an Associate was a graduate with an additional coherent group or sequence of subjects in Taxation, Business Associations Law and Auditing or Finance or Management Accounting or Information Technology or other approved combinations (Minutes of NEMAC 16 February 1987: ED.5/87). At the same time it was decided that entry requirements for graduates where the first award did not include a major in accounting, would be a postgraduate course from a university that included prescribed subjects. These were to be known as ‘conversion courses’ and were considered by the Taskforce as a way of meeting the future requirements of the profession by encouraging graduates with ‘non-relevant’<sup>12</sup> degrees to undertake postgraduate study.

The decline in funding for higher education institutions resulted in major issues for the accounting bodies and impacted on the ability of the institutions to provide accounting education at an appropriate level. The joint administration of *accreditation* of higher education courses failed to stem the criticism of accounting education, as had its previous incarnations as *approval* and *recognition*. Yet it continued to be ‘locked in’ as the monitoring mechanism for the accounting bodies.

### **Why and how?**

The accounting education environment in Australia between 1944 and 1988 consisted of three key players; the Commonwealth and state governments as funders of higher education institutions; the universities, CAEs/Institutes of Technology, technical colleges and private coaching colleges as providers of accounting education; and the professional accounting bodies as monitors of accounting education outside the profession. The power relations between these key players were destabilised by changes to Commonwealth government education policy, including changes to funding. There was a growing dependence on higher education institutions to ‘produce’ professional accountants but the accounting bodies expressed dissatisfaction with the ‘products’ of the higher education institutions. As a monitoring mechanism, the accounting bodies recognised subjects and then approved/accredited accounting courses as being of sufficient quality and quantity to

---

<sup>12</sup> ‘Non-relevant’ is the term used for degrees that do not have an accounting major and therefore not accredited by the accounting bodies as a suitable entry qualification to the professional examinations.

prepare candidates for their own professional examinations or professional levels of membership. When the courses were found wanting, the accounting bodies strengthened their own professional examinations. This is a pattern that has been identified over a forty year period.

But how effective has been this 'locked in' monitoring mechanism of *recognition/approval/accreditation*? From the evidence drawn from 'inside' those accounting bodies, the monitoring has not been very effective and the professional bodies continually strengthened their own professional examinations or professional levels of membership. So why have the professional accounting bodies continued to accredit accounting courses and why have the higher education institutions been reluctant to challenge the system? This paper has not uncovered a definitive answer but speculates that professional monitoring is intended to bring about standardisation of accounting knowledge for those who choose to be candidates for membership of the professional bodies. This standardisation of knowledge provides a safety net for the higher education institutions as they develop their accounting curriculum as well as establish and maintain their legitimacy in the higher education system where accounting has struggled to establish itself as an academic discipline.

## **References**

### ***Primary sources***

- Australian Society of Accountants, Annual Report, 1970.
- Australian Society of Accountants, Minutes of General Council, 1973; 1974.
- Australian Society of Accountants, Minutes of National Council, 1982; 1986.
- Australian Society of Accountants, Minutes of National Education and Membership Advisory Committee (NEMAC), 1987; 1988.
- Australian Society of Accountants, Report of the Education Committee to General Council, 1966; 1971.
- Australian Universities Commission, 1964. *Report of the Committee on the Future of Tertiary Education in Australia*, Government Printers, Melbourne.
- Commonwealth Institute of Accountants, Report of the CIA Education Committee, 1944; 1945.
- Commonwealth Institute of Accountants, Annual Report, 1951.
- Education, Training and Employment, 1979. *Report of the Committee of Inquiry into Education and Training*, February, Vol. 3, AGPS, Canberra.
- Institute of Chartered Accountants in Australia, General Council Minutes, 1947; 1951; 1960; 1967
- Institute of Chartered Accountants in Australia, Minutes of Education/Examination Committee, 1986.
- Institute of Chartered Accountants in Australia, National Council Minutes, 1980.
- Taskforce for Accounting Education in Australia, 1988. *Report*, ICAA, ASA and AAANZ.

- The Parliament of the Commonwealth of Australia, 1958. *Report of the Committee on Australian Universities*, September 1957.
- Vatter, W. J. 1964. *Survey of Accountancy Education in Australia*, ASA, ICAA and AICA.

### **Secondary sources**

- Anderson, C. W. 1968. The Functions of Accounting Societies, *The Australian Accountant*, March, pp. 133-144.
- Anderson, D. S. and Eaton, E. 1982a. Australian Higher Education Research Society Part I Post-War Reconstruction and Expansion 1940-1965, *Higher Education Research and Development*, Vol. 1, No. 1, pp. 5-32.
- Anderson, D. S. and Eaton, E. 1982b. Australian Higher Education Research Society Part II Equality of Opportunity and Accountability 1966-1982, *Higher Education Research and Development*, Vol. 1, No. 2, pp. 89-128.
- Bessant, J. 2002. 'Dawkins' Higher Education Reforms and How Metaphors Work in Policy Making. *Journal of Higher Education Policy and Management*, Vol. 24, No. 1, pp. 87-99.
- Braddock, L. A. 1949. The Status of the Accountant in Australia, *Proceedings of the Australian Congress on Accounting*, Australian Congress on Accounting, Sydney, p. 270.
- Carrington, A. S. 1970. *Education for the Profession*, New Zealand Society of Accountant's Convention, Auckland, March.
- Chambers, R. J. 1956. Educational Policy A Suggestion, *The Australian Accountant*, February, pp. 73-80.
- Creaney, E. 1984. The History of the I. A. A., An address by the National Secretary, Perth, WA, July.
- Davies, S. 1989. *The Martin Committee and the Binary Policy of Higher Education in Australia*, Ashwood House, Melbourne.
- Dickens, C. 1983. Professional Programme, *The Australian Accountant*, March, pp. 19-22.
- Encel, S. 1963. The Robbins Report, *Vestes*, Vol. VI, No. 4, pp. 247-250.
- Fitzgerald, G. E. 1949. The Status of the Accountant in Australia, *Proceedings of the Australian Congress on Accounting*, Australian Congress on Accounting, Sydney, pp. 265-267.
- Fitzgerald, G. E. 1952a. The Institute, *The Australian Accountant*, May, p. 158.
- Fitzgerald, G. E. 1952b. Valedictory, *The Australian Accountant*, December, p. 417-418.
- Forster, A. 1952. The Profession and the University, *The Chartered Accountant in Australia*, September, pp. 204-205.
- Harman, G. 1981. The 'Razor Gang' Decisions, the Guidelines to the Commissions and Commonwealth Education Policy, *Vestes*, Vol. 24, No. 2, pp. 28-40.
- Harman, G. 1982. The 'Razor Gang' Moves, the 1981 Guidelines and the Uncertain Future, in *Federal Intervention in Australian Education Past, Present and Future*, eds G. Harman and D. Smart, Melbourne, George House, pp. 163-180.
- Henderson, M. S. 1982. The Graduate Entry Scheme, *The Australian Accountant*, June, pp. 300-303.
- Houston, H. S. and Harman, G. S. 1978. Course Accreditation in Australian Colleges of Advanced Education, *The South Pacific Journal of Teacher Education*, Vol. 6, No. 1, pp. 48-68.

- Howitt, H. 1952. Training for Accountancy, *The Chartered Accountant in Australia*, March, pp. 539-548.
- Juchau, R. 2005. *Advance Accounting Fair*, Pearson Education, Sydney.
- King, R. and Davidson, I. 2009. University accounting programmes and professional accountancy training in the UK: The evolution of a parallel existence? *Australian Accounting Review* forthcoming.
- King, R. C. 1978. Institutional Reactions in *The Future of Higher Education in Australia*, eds T. Hore, R. D. Linke and L. H. T. West, Higher Education and Advisory and Research Unit, Monash University.
- Mahony, D. 1994. A Comparison of the Australian and British Post Binary Higher Education Systems, *Higher Education Research and Development*, Vol. 13, No. 1, pp. 71-84.
- Meredith, G. G. 1974a. Membership Survey 1973 Part 1, *The Australian Accountant*, February, pp. 26-34.
- Meredith, G. G. 1974b. Membership Survey 1973 Part 2, *The Australian Accountant*, March, pp. 115-122.
- Meredith, G. G. 1974c. Membership Survey 1973 Part 3, *The Australian Accountant*, April, pp. 168-172.
- Meredith, G. G. 1974d. Membership Survey 1973 Part 4, *The Australian Accountant*, May, pp. 214-217.
- Meredith, G. G. 1974e. Membership Survey 1973 Part 5, *The Australian Accountant*, June, pp. 305-308.
- Pincus, K. V. 2009. International differences in educational systems: Accounting education in the United States, *Australian Accounting Review*, forthcoming.
- Smyth, E. B. 1949. The Status of the Accountant in Australia, *Proceedings of the Australian Congress on Accounting*, Australian Congress on Accounting, Sydney, pp. 268-269.
- South Australian Division of the Australian Chartered Accountants Research Society, 1952. Is Public Accounting Worthy of a degree? *The Chartered Accountant in Australia*, February, pp. 497-509.
- Spaull, A. 1982. *Australian Education in the Second World War*, UQP, St Lucia.
- Standish, P. E. M. 1983. Accounting Education in Australia: 1982-83, *Accounting and Finance*, November, pp. 1-30.
- Tippett, M. 1992. The plight of accounting education in Australia: a review article, *Accounting education*, 1 (2), pp. 99-127.
- Waddington, D. M., Radford, W. C. and Keats, J. A. 1950. *Review of Education in Australia 1940-1948*, MUP, Carlton.
- Wallace, M. 1987. The Supply and Demand for Accounting Graduates in Australia, *Australian Accountant*, June, pp. 46-53.
- West, L. H. T. 1978. Demand for Higher Education in *Higher Education in a Steady State*, ed. J. P. Powell, HERDSA, pp. 19-25.
- Williams, B. 1970. A Functional Differentiation? *Vestes The Australian Universities Review*, Vol. XIII, No. 2, pp. 121-125.
- Yorston, R. K. 1949. The Status of the Accountant in Australia, *Proceedings of the Australian Congress on Accounting*, Australian Congress on Accounting, Sydney, pp. 263-265.
- Young, N. S. 1949. The Status of the Accountant in Australia, *Proceedings of the Australian Congress on Accounting*, Australian Congress on Accounting, Sydney, pp. 245-260.