

20 April 2015

Dear Commissioner,

This is a submission in response to the Issues Paper "Barriers in Services Exports" dated April 2015 I, [Name withheld] read on the Internet in April 2015.

I am an Australian citizen.

As a member (by exam) of the Institute of Public Accountants (IPA) who currently resides and works in Hong Kong (a current "Trade in Services Agreement, TISA" negotiation participant), I wish to draw the PC's attention to the uneven professional recognition members of IPA receive there in Hong Kong, in comparison with their Australian and Hong Kong counterparts, namely members of:

**Chartered Accountants Australia and New Zealand (CAANZ),**

**CPA Australia, and**

**The Hong Kong Institute of Certified Public Accountants (HKICPA),** *the professional body powered by the Hong Kong's Professional Accountants Ordinance, meaning the Hong Kong Government cannot skip this institute to directly recognise foreign qualified accountants.*

Note: all four institutes above require a degree qualification for entry, and professional examinations at postgraduate level passed as well as mentored work experience for 3 years for full professional membership.

It might not be a public knowledge that members of all three Australian professional accountancy bodies (CAANZ, CPA Australia, and IPA) are equally recognised by ASIC and the Australian legislation as qualified accountants, and the three were granted identical power to assess migrants' accountancy qualifications; besides, like the HKICPA, the three bodies are all full members of the International Federation of Accountants (IFAC) ; half a world away from the down under however, only members of CAANZ and CPA Australia are recognised in Hong Kong as qualified accountants by the HKICPA. The omitted IPA (the then National Institute of Accountants, NIA) had once attempted to negotiate a mutual recognition agreement (MRA) with HKICPA in 2007; the negotiation outcome however, was never announced as of the date of this submission. The effect of this is, put simply; members of the IPA are not regarded as qualified accountants in the accountancy profession there in Hong Kong with their hard earned IPA qualification not recognised.

Sadly, this is also the case in the Korea-Australia Free Trade Agreement signed in 2014 where, of the three recognised Australian professional accountancy bodies, only CAANZ and CPA Australia are recognised but the IPA.

Over the years, I came across members of many professional accountancy bodies around the world, in Hong Kong, and conducted sizeable dialogue with them. A concise summary of this uneven (or unfair by reality) fact we commonly concur is that, in Hong Kong, the lack of recognition of the members of the IPA, and the recognition of members of both CAANA and CPA Australia receive there are highly due to "behind-the-border" barriers, such as the HKICPA had had never issued a concrete set of criteria on how an MRA can be negotiated and importantly, signed in the end with them, rather, they only threw on their website, an ocean of questions for any interested professional accountancy body to answer, with the rest all done in an opaque box. HKICPA has absolute discretion to recognise who they wish to. This is somewhat similar to the hypothetical circumstance that only degrees awarded by University of Sydney are recognised in Hong Kong but degrees awarded by UNSW.

My research on the issue comes to notifying me the cold reality that in Hong Kong, the power to grant licence to accountants to practice accountancy and assurance services, and the power to perform disciplinary actions

against mal-practicing and mal-behaving members all rest with the HKICPA, unlike in Australia whose equivalent power rests with both the ASIC and the respective professional accountancy body the professional accountant being a member at. In fact, with the ASIC having the power to terminate practicing accountants in its own right, the three Australian professional accountancy bodies focus more on conducting of professional examinations, continuing professional education (CPE) and member services.

It is worth noting that HKICPA is not a governmental body in Hong Kong.

In 2006, HKICPA, together with the CAANZ, the then Institute of Chartered Accountants in Australia (ICAA), formed an eleven-member old boys' club named the Global Accounting Alliance (GAA). This club set the rule that each country can only be represented by one institute on the GAA member base, hence all countries that have multiple professional accountancy bodies like Australia would have to exclude their non-GAA chosen accountancy bodies for representation on the GAA; for example, CAANZ for Australia as member in the GAA, this means both CPA Australia and IPA must be excluded, so as the world-renowned Association of Chartered Certified Accountants (ACCA) of the United Kingdom is also excluded for GAA membership for the same reason since the Institute of Chartered Accountants of England and Wales (ICAEW) occupies the GAA seat for England. Since the establishment of the GAA, it was observed that, with the exception of the professional accountancy bodies in the EU that are backed by the EU qualification directive, which ensures all recognised professional accountancy bodies in the EU are recognised within the EU area, only a very handful set of professional accountancy bodies, could have got MRA signed with the GAA bodies around the world.

On the other side of the coin, the GAA bodies, are fans to an "apple to apple" practice, meaning they are looking professional accountancy bodies who are also GAA members to set up MRAs with *(the notable exceptions are the Japanese Institute of Certified Public Accountant (JICPA), a GAA member, who currently applies the no "recognition at all" practice to all professional accountancy bodies outside Japan, regardless of GAA and/or IFAC membership; and the ICAEW who at its discretion, opens pathway to members of some selected non-GAA bodies to become members of ICAEW for strategic purpose)*, and this can be seen as one of the reasons why HKICPA is happily and highly recognising CAANZ members since the establishment of the GAA, and only give members of a handful of selected international professional accountancy bodies such as ACCA and CPA Australia a lower level of recognition (due to historical reasons and ACCA's and CPA Australia's member volume and their respective international influence, ACCA and CPA Australia are still on the recognition list of HKICPA's though not as GAA members), with members of the IPA, not recognised at all.

The GAA is not an organisation recognised by IFAC; and with the exception of South Africa, all other GAA member bodies are based in countries and/or economic zones within the areas covered by the current on-going TISA negotiation.

So long as professional services (including the accounting services sector) was made as one of the agendas on the TISA vision, this GAA club will continue to exist as a behind-the-border measure that will selectively stop some Australian qualified accountants to work as recognised qualified accountants in the TISA zones should the problem remain not tackled. Though it is uneasy to remove such firmly existing behind-the-border services trade barrier, nevertheless, letting go of the once-in-a-lifetime opportunity of TISA will add to the status quo and the GAA an even stronger jacket to maintain the current shape they created, at the expense of other credible accountants, such as members of the IPA.

As now both the Australian and Hong Kong Governments are now parts of the TISA negotiation, besides, the work to fight behind-the-border measures planned as part of the TISA mission, I sincerely request that the situation above can be reflected in the TISA negotiation rounds as a means to tackle the behind-the-border measures that stop professional recognition worthy accountants like members of the IPA to work out of Australia without the politically-made hurdles they do not deserve.

Last but not least, I request the PC and/or the Australian Government to hold tight the TISA opportunity, and the potential Australia-EU FTA, to add to these negotiations whatever mechanisms necessary to ensure, all three Australian professional accountancy bodies will be receiving equal treatments in the clauses to be printed on the trade deals. This is neither unrealistic hope nor greedy wish as these trade agreements currently under negotiations all involve the EU who has in its Union regime, a number of countries that have multiple professional accountancy bodies just like case of Australia, which provides good room for Australian negotiators to pinpoint the importance that all professional accountancy bodies of these countries **are to be treated and recognised equally as this can help eliminate loophole in trade negotiations of other areas such as transport, telecommunications etc, that leading to negotiation outcome to be in favour of some but all, with the mission (TISA) of tackling barrier-the-border trade barriers coming to nothing.**

I wish the best trade negotiation outcome for Australia; and thank you so much for your time and attention spent on this submission.

Kind regards,  
[Name withheld]  
Member, Institute of Public Accountants (IPA)

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