



**The Institute of
Chartered Accountants
in Australia**

Wednesday, 3 February 2010

Productivity Commission
email: tradeagreements@pc.gov.au

Review of Trade Agreements Study

Dear Commissioners

The Institute of Chartered Accountants in Australia (The Institute) represents more than 50,000 Chartered Accountants and 12,000 accounting graduates who are currently enrolled in our postgraduate Chartered Accountants Program. Our members work in diverse roles across commerce and industry, academia, government and public practice throughout Australia and around the world. The Institute is particularly strong in the auditing profession where our members represent some 70 per cent of registered company auditors in Australia.

Interest in Bilateral and Regional Trade Agreements

Accountancy and particularly the auditing profession has become increasingly regulated over recent years as governments throughout the world seek to strengthen the integrity of their respective country's capital markets. Whilst the development of international accounting and auditing standards and their adoption by many countries throughout the world has led to "global standards" the importance of capital markets to the economic wellbeing of individual countries has made governments throughout the world sensitive to retaining control of areas such as auditing which impacts the integrity of local capital markets. This has manifest itself in the form of restrictions on who can provide auditing services with the result that whilst we have an increasingly globalised set of standards which facilitate a greater trend to cross border service providers such as the Big 4, individual auditors within those organisations are restricted to providing services in the countries in which they are registered to practice (usually being limited to their home country).

We therefore believe that for our particular profession government support is best directed at mutual recognition amongst regulators of the auditing profession as this will encourage jurisdictions which do not presently have comparable regulatory environments to raise the standard of their local profession with the benefit to Australia being derived through greater stability and integrity of regional capital markets. This in turn would then create an environment where individual jurisdictions would be prepared to grant mutual rights to practice although differences in taxation and corporate law would still necessitate completion of some additional educational requirements.

The Institute seeks to support this approach through its current capacity building activities in the Asian region some of which involve working with the support of Ausaid.

Should you wish to discuss our comments in further detail please contact me on 02 9290 5611 or by email at bill.palmer@charteredaccountants.com.au.

Yours faithfully

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