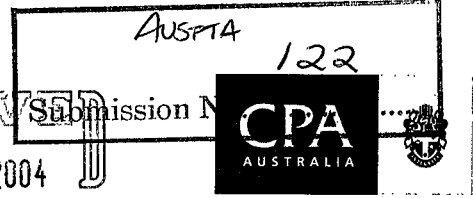


15 April 2004

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BY:.....

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Ms Julia Morris
Inquiry Secretary
Joint Standing Committee on Treaties
Parliament of Australia
Parliament House
CANBERRA ACT 2600
By email: jsct@aph.gov.au ✓ 15/4/04

Dear Ms Morris

Proposed Australia-United States Free Trade Agreement

Thank you for your letter dated 30 March 2004 addressed to our then President, Mr David Baulch, providing CPA Australia with an opportunity to comment on the proposed Australia-United States Free Trade Agreement (AUSFTA).

Overall, CPA Australia considers that the Agreement represents a positive outcome for Australian business. As the nation's largest accounting body representing over 100,000 finance, accounting and business professionals, CPA Australia has a direct interest in all areas of public and private sector enterprise. In this submission we would like to focus on two specific issues that are of particular interest to our members:

- reciprocal recognition of professional accounting qualifications, and
- rules for members and their partners entering and working in the US.

Reciprocal Recognition of Professional Qualifications

Accountants often encounter difficulties becoming licensed or certified in other countries or in establishing business operations to provide service to clients in foreign countries. Since the World Trade Organisation (WTO) introduced the General Agreement on Trade in Services (GATS) in 1994, the Australian accountancy profession has been working with the government to liberalise the trade in accountancy services to overcome these difficulties. The profession in Australia is, by current world standards, quite liberalised, and offers open and transparent systems and procedures that are not discriminatory. Under GATS, the profession has also been working to ensure Australian accounting professionals enjoy similar opportunities in overseas markets, including in the US. CPA Australia currently has a "Principles Agreement for Reciprocal Licensing" with The International Qualifications Appraisal Board representing The American Institute of Certified Public Accountants (AICPA) and The National Association of State Boards of Accountancy (NASBA). Under this Principles Agreement, AICPA and NASBA will recognise Australian CPAs who have also completed four years of study (e.g. an undergraduate accounting degree and recognised masters degree) as well as satisfactory completion of the CPA Program. These members are then eligible to sit an International Qualifying Exam (IQEX) which covers relevant local and national legislation, standards and practices. This Principles Agreement is scheduled for renewal in February 2005 and CPA Australia is working to ensure that it provides the same or better level of reciprocal recognition.

Nevertheless, even if the Principles Agreement is renewed as planned, it will not address the current US state based licensure and practise rules which require our members to register with each state in which they wish to practise, even though they are recognised by the AICPA and NASBA. This has proven to be cumbersome for our members working or wishing to work in the US. We acknowledge that even US accounting professionals are bound by these same rules, however the key point is that they are not similarly restricted here in Australia. Under our national licensing system, certification by CPA Australia will allow them to practice anywhere in the country. We believe that under a truly fair and equitable agreement on cross-border trade in services, the same freedom should be applied to our members working in the US.

CPA Australia feels that general coverage of reciprocal recognition issues under the Agreement does not represent significant improvement over the arrangements already in place through GATS. Specifically, it is unclear how arbitration decisions handed down by the Joint Committee (or Financial Services Committee) will be enforced; at present they appear to be non-binding. CPA Australia requests that the AUSFTA be revised to include specific provisions to ensure that:

- the Principles Agreement for Reciprocal Licensing will be renewed on terms at least as favourable for CPA Australia members as that currently in place, and
- the US implement a national system of registration for accounting professionals that is recognised in all states.

Travel and Employment in the US

CPA Australia notes that the proposed Agreement does not yet address the issue of streamlining rules for entry of Australian professionals into the US. This is a major point of difference between the proposed AUSFTA and the North American Free Trade Agreement (NAFTA), as well as the free trade agreements that the US has signed with Chile and Singapore. We believe that the historical level of Australia's relationship with the US, as well as the current standing that Australia enjoys, should translate into a much better outcome than the Agreement currently provides.

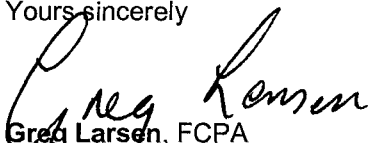
We acknowledge that issues relating to terrorism, crime and job protection represent a significant influence over the development of immigration policy in the US and that this in turn has complicated the effort to ease rules for business entry under the AUSFTA. Nevertheless, we are concerned that the subject of streamlined business entry was not specifically addressed, despite lobbying by a number of professional bodies including CPA Australia. The personal experience of many of our members applying for business entry into the US under current arrangements has included delays of up to two years in securing visas, time consuming and expensive processes, and uncertainty over visa renewal decisions even up to the point of expiration. Some members have been unable to take up employment offers or have nearly missed opportunities as a consequence of the restrictive processes currently in place.

CPA Australia feels that there should be specific provisions to streamline the current entry and work visa procedures if members are realistically going to be able to realise the potential opportunities that the Agreement provides. We therefore request that the Agreement be amended to:

- introduce transparent and streamlined process for visas for Australian accounting professionals with a view to removing the delays, costs and time consuming processes currently encountered;
- facilitate the employment of partners (including recognised de facto partners); and
- remove the current system of double-taxation of retirement benefits so as not to disadvantage CPA Australia members when they return to Australia.

We appreciate the opportunity to assist the Government in refining the Agreement as it approaches formalisation, and also look forward to commenting on the draft enabling legislation when it becomes available for public review. In the meantime, please do not hesitate to contact Jim Dickson, our Director International, on Tel: (61-2) 6267 8522 (or email: Jim.Dickson@cpaaustralia.com.au) if any further information is required.

Yours sincerely


Greg Larsen, FCPA
Chief Executive
CPA Australia

Copy: K Lewis, J Dickson, A Johns, J Hartcher, I Peek, D Maloney

Linton Maggie

From: on behalf of Larsen Greg
To: jsct@aph.gov.au; Peek Ian D.
Cc: Lewis Kevin; Dickson Jim; Johns Ann; Hartcher Judy; Maloney Donna; Lang Liz
Subject: CPA Australia's Comments on the Proposed Australia-United States Free Trade Agreement
Importance: High

Please find attached CPA Australia's comments in this matter in both Adobe and Word versions.

Kind regards
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15/4/04