



18 April 2017

The Chairman
Accounting Professional & Ethical Standards Board
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Via email: channa.wijesinghe@apesb.org.au

Dear Nicola

Exposure Draft 01/17 – Proposed Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 *Code of Ethics for Professional Accountants*

CPA Australia welcomes the opportunity to respond to the above Exposure Draft. CPA Australia represents the diverse interests of more than 160,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports amendments to APES 110 *Code of Ethics for Professional Accountants* to incorporate changes made by the International Ethics Standards Board for Accountants (IESBA) to the *International Code of Ethics for Professional Accountants* (Code). We understand that as a member body of IFAC we cannot apply less stringent standards than those stated in the Code.

We have provided our comments to the IESBA exposure drafts on *Long Association of Senior Personnel (Including Partner Rotation) with an Audit Client*. CPA Australia has been consistently calling for evidence-based standards. In the case of the IESBA changes to the long association of personnel with audit or assurance client provisions of the Code, we have no evidence that the proposals deal with clearly defined issues with solutions that would reliably address them.

The proposed changes are very complex and their impact on small and medium firms, as well as geographically remote markets and industry specific segments, have not been clearly identified. The proposed changes may in fact lead to greater market concentration and reduced competitiveness in the provision of auditing services, with flow-on effects and unintended consequences.

We, therefore, urge the collection and analysis of reliable data in different jurisdictions.

We note that IESBA has committed to review the long association sections in the Code, before the December 2023 transitional provision period, to take account of the relevant legislative and regulatory developments, as well as experience of their application in practice. We support this review and again urge all key stakeholders to collect relevant data that would inform this review.

If you require further information on our views expressed in this submission, please contact Dr Eva Tsahuridu, Manager – Accounting Policy at CPA Australia on +61 3 9606 5159 or by email at eva.tsahuridu@cpaaustralia.com.au.

Yours sincerely

A handwritten signature in grey ink, consisting of a stylized, cursive 'S' followed by a horizontal line extending to the right.

Stuart Dignam

General Manager - Policy & Corporate Affairs