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Ref: KLB/TN

06 April 2017

Ms Nicola Roxon
The Chairman
Accounting Professional & Ethical Standards Board
Level 11, 99 William Street
MELBOURNE VIC 3000

Dear Ms Roxon,

**SUBMISSION – PROPOSED AMENDMENTS TO LONG ASSOCIATION OF PERSONNEL WITH
AN AUDIT OR ASSURANCE CLIENT REQUIREMENTS IN APES 110 CODE OF ETHICS FOR
PROFESSIONAL ACCOUNTANTS**

We appreciate the opportunity to provide comment to the Accounting Professional & Ethical Standards Board (APESB) on the *Proposed Amendments to Long Association of Personnel with an Audit or Assurance Client requirements in APES 110 Code of Ethics for Professional Accountants* (the Code).

Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network “the Network” are full service firms and we are committed to high ethical standards across all areas of our practice. Our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, government entities, and small to medium sized enterprises.

While we are supportive in principle of the APESB’s continued focus on actions to ensure that auditors are viewed as being independent as a critical foundation of the auditing profession, through appropriate rotation guidance, we do have a number of comments. While the paper sets out proposed transition rules to the revised minimum cooling-off periods for PIEs proposed under the Code, we do not necessarily agree that the revised cooling-off periods will be appropriate in all instances.

Within our Network, we have a number of smaller firms who none the less have PIE clients for whom the imposition of longer rotation periods would impose an unnecessary burden, and potentially lead to a reduction in audit quality, as the number of Partners in some of our Network firms would mean that the alternative audit Partner if there is one at the Network firm would not necessarily have the industry expertise to undertake the work. Consequently, Partners from other Network firms or external partners may be required to ensure the

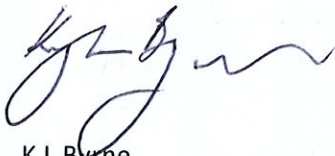
engagement is appropriately performed, which would be a potentially onerous burden on those Network firms.

Further, the inability to consult or perform the Engagement Quality Control Review role would be additionally challenging to some of our Network firms. Therefore an unintended consequence of this proposal may be to reduce the competition in the market for audit services as smaller firms are unable to retain a client within their practice through rotation due to insufficient resources. Or alternatively a firm may lose clients because while they have the skills to perform work the client has requested in addition to the audit they do not have sufficient Partner resources to comply with the rotation and cooling-off periods and provide the services the client has requested. Reduced competition in the market place is likely over time to lead to a reduction in auditor independence rather than an increase, as only larger firms can support enough audit partners to comply with the rotation rules.

In conclusion while we support the intent of the proposed extension of cooling-off periods for PIEs to improve the perception of auditor independence, we do not think that this is the appropriate method and nor does it consider the profession as a whole and may actually cause a reduction in the competitive market for audit services, and consequently negatively impact the quality of services provided to the market as a whole in the long term.

Please contact either myself or Tim Nesbitt, Director - Audit & Accounting Technical (03) 8612 9596 or tim.nesbitt@pitcher.com.au, in relation to any of the matters outlined in this submission.

Yours sincerely,



K L Byrne
Partner



T Nesbitt
Director, Audit & Accounting Technical