



The National Institute of Accountants

Submission to the Department of Foreign Affairs and
Trade on PACER Plus
July 2009



The National Institute of Accountants

The National Institute of Accountants (NIA) welcomes the opportunity to make this submission to the Department of Foreign Affairs and Trade on PACER Plus.

The NIA is one of the three recognised professional accounting bodies in Australia, representing over 20,000 accountants, business advisers, academics and students throughout Australia and internationally. The NIA was first established in 1923 and is the second oldest professional association in Australia. The NIA prides itself in not only representing the interests of its members but also the accounting profession in general as well as the public interest more broadly. Being a full member of the International Federation of Accountants (IFAC), the NIA is dedicated to promoting the development of the industry and profession. Members of the NIA work in all fields of accounting including in private practice, government, industry and academia. The NIA is actively involved in setting and enforcing professional standards and in reviewing and commenting on legislation at all levels. As a professional accounting body the NIA's key roles include:

- offering post-graduate study in accounting through the Professional Education Program – a Master of Commerce (Professional Accounting) from the University of New England;
- conducting quality reviews of members in public practice, instigating investigations and where necessary discipline against members who have breached the NIA's professional and ethical requirements;
- offering Continuing Professional Education for all members (and non-members);
- providing members with information about legislative, regulatory and other changes that are affecting or may affect them;
- advocating on behalf of members and the profession as a whole, on issues of national importance;
- liaising with regulatory bodies on issues affecting members, particularly in the areas of taxation, superannuation, financial services, *Corporations Law* and accounting and auditing standards;
- setting and enforcing professional and ethical standards; and
- promoting issues of importance in the accounting profession.

For more information on the NIA please visit our website: www.nia.org.au

Our submission is made from both the perspective of our members and with regard to matters which affect the public interest.



If you have any queries or require further information with respect to our submission then please don't hesitate to contact Jane Gao on either (03) 8665 3147 or jane.gao@nia.org.au.



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Introduction

The NIA supports the initiative of the new trade and economic agreement between Australia, New Zealand and Forum Island Countries, known as PACER Plus, and believes it will provide further assistance to the region to promote sustainable economic development. It will improve market access and enhance opportunities for Australian exporters, investors and service providers in Pacific markets.

As an accounting professional body and full member of the International Federation of Accountants (IFAC), the National Institute of Accountants (NIA) is dedicated to promoting the industrial development in the region. This submission is focused on the possible solutions to improve financial services and the trading environment of the Forum Island Countries by assisting in the development of the accounting profession in the region.



Forum Island Countries

Many Forum Island Countries (FICs) confront weak economic growth, increasing population, poor employment creation and weak governance. Geographic isolation, limited natural resources and a small population hamper the development of an independent economy of some small island states within the region. Lack of access to education and employment opportunities contributes to the high-migration rate in FICs. Poverty remains a major issue in many FICs.

Most of the FICs heavily rely on foreign development funds from the United States, Australia and New Zealand which are vulnerable and inherently short-term focused. Changes in global economic circumstances, domestic concerns, government re-election and foreign policy review and so on are potential factors that affect the donors and may lead them to adjust the manner in which and the amount of the funds provided. Such development aid should be focused on developing the economic capabilities of the FIC's so they can become more economically self-reliant.

FICs should put more emphasis on generating economic growth under the assistance of foreign funds which will support in turn social development. Therefore, we support the position that the funds are being used appropriately by beneficiary countries and are aimed at long-term sustainable development through sound implementation procedures. Such procedures should include:

- Research on barriers in each FIC hindering economic development; identify key barriers that affect long-term development and list them according to priorities agreed by both parties (donor and beneficiary).
- Develop practical project plans focused on removing barriers according to the funds available.
- Rigorous and regular reviews of the performance of the project by appointed project officers/representatives from both parties and adjust accordingly.

As the public sector in FICs plays an important role in providing social services, first of all, it is important for the government in FICs to improve governance and their nation building, including improving budget, financial and audit management, strengthening the skills base from central government to provincial and district governments.

Due to the limited economic scale in many FICs, financial services and the accounting industry tend to be less developed. Only Fiji and Papua New Guinea among FICs have established an accounting industry and are represented in IFAC as members (Fiji Institute of Accountants) and Associate (Certified Practicing Accountants Papua New Guinea) respectively.

Being an important part of the economic framework, the accounting profession plays an important role in trade and business activities. Therefore, it is essential for each FIC to develop a national fiscal policy, an accounting industry and a financial services system that meets their specific needs.

Australia is in a unique position to provide accounting training to countries where the skills in this area are low:

- Australia is in a leading position of adopting of the International Financial Reporting Standards (IFRS) in the region.
- The accounting industry in Australia is well developed and administrated through three professional accounting bodies, that is, the NIA, CPA Australia and the Institute of Chartered Accountants in Australia.
- Various professional development training programs delivered by accounting professional organisations are available to accounting professionals and students worldwide.
- Accounting professional bodies have the technical resources to develop tailored accounting training programs to meet the specific needs, including accounting regulation, corporate governance, financial services, public sector, small business, taxation and so on, of FICs.

A large, faint watermark of the NIA logo is positioned in the lower right quadrant of the page. It features the letters 'NIA' in a bold, sans-serif font, with a small red triangle above the 'I'. Below the letters, the words 'NATIONAL INSTITUTE OF ACCOUNTANTS' are written in a smaller, all-caps, sans-serif font. At the bottom of the watermark, the tagline 'Every member counts' is written in a light blue, italicized font.

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Every member counts

Recommendations for assistance to Forum Island Countries

General assistance to FICs

Australia is already working with FICs on a package of trade capacity and trade development assistance, including: the Australian Leadership Award Pacific Trade Fellowships program and Trade Research Initiative. In addition, Australia also provides funds to individual FICs and acts as a development partner in the region.

As a more developed economy, Australia can make a major contribution, especially through the involvement of relevant professional organizations to improve the skills base of the public sector in FICs. The NIA is capable and willing to assist the Australian Government to provide technical support and professional education to FICs in the following areas:

- Consultation with individual FIC governments on establishing accounting regulations by adopting relevant parts of IFRS.
- Consultation on issues relating to budget, financial and audit management, especially at a more practical level.
- Developing and providing tailored training to build accounting and governance skills generally through government sponsored programs designed to assist leaders in government or business in individual FICs.
- Developing mutual exchange arrangements where FIC accounting and finance personnel can work in Australia to improve their skills and to transfer Australian accounting and finance personnel to FIC countries to impart knowledge and grow the skills base.

The NIA also believes that Australia should work with the FIC nations to develop professional bodies covering accounting and finance professionals and para-professionals aimed at promoting education and professionalism.

The NIA recommends that professional advisory groups in the region should be involved in consulting on issues regarding professional development in FICs. The Trans Tasman Accounting and Auditing Standards Advisory Group (TTAASAG) would be able to provide support to FICs. It was established in 2004 with the purpose of advising the Australian and New Zealand accounting and auditing standard and oversight bodies, and Governments, on strategies to:

- establish a single set of trans-Tasman accounting standards within the broader context of both jurisdictions' objective of adopting international accounting standards; and

- maximise the influence of Australia and New Zealand in the development of international accounting standards and the international accounting standard setting process.

As a member body of TTAASAG, the NIA is willing to facilitate between TTAASAG and FICs on accounting standards development.

Fiji and Papua New Guinea

Both Fiji and Papua New Guinea have close trade relationships with Australia. The economic scale and population in these two countries are relatively large and the accounting profession is much more developed than other FICs, that is, the Fiji Institute of Accountants is a full member body of IFAC and the Certified Practising Accountants Papua New Guinea is an Associate member body of IFAC.

The cooperation with these two countries in the accounting industry should focus on the following areas:

- promoting recognition or exemption of accounting professional qualifications among accounting professional bodies in both countries through training; and
- working with local, reputable educational institutions on providing professional programs.



Conclusion

The NIA supports the initiative of PACER Plus between Australia, New Zealand and Forum Island Countries and is willing to work with the Australian Government to provide technical support and tailored training programs to FICs through government sponsored programs. The NIA has a focus on promoting quality and professionalism in the accounting profession and is willing to share its experiences and contribute to sustainable development throughout the region.



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