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10 September 2012

The Hon Kelvin Thomson MP  
Chair  
Joint Standing Committee on Treaties  
Parliament House  
CANBERRA ACT 2600

By email: [jsct@aph.gov.au](mailto:jsct@aph.gov.au)

**Office of the Chief Executive  
Alex Malley, FCPA**

**CPA Australia Ltd**  
ABN 64 008 392 452

Level 20, 28 Freshwater Place  
Southbank VIC 3006 Australia  
GPO Box 2820  
Melbourne VIC 3001 Australia

**T** +61 3 9606 9689

**W** [www.cpaustralia.com.au](http://www.cpaustralia.com.au)

**E** [alex.malley@cpaustralia.com.au](mailto:alex.malley@cpaustralia.com.au)

Dear Mr Thomson

**Inquiry into the Malaysia-Australia Free Trade Agreement (MAFTA)**

CPA Australia is pleased to make this submission to the Joint Standing Committee on Treaties' inquiry into the Malaysia-Australia Free Trade Agreement (MAFTA).

CPA Australia has an extensive involvement in Asia dating back to the 1940s, with our involvement encouraged by the Australian Government largely as a result of the Colombo Plan. Our initial engagement in Asia was aimed at developing and strengthening the accounting profession in Malaysia, Singapore and Hong Kong, and in time passing over the running of the profession to the local bodies. However, since the 1970s, CPA Australia's involvement in the region has become a permanent part of the organisation and an important component of the growth and success of CPA Australia.

As a result, CPA Australia today represents the diverse interests of more than 142,000 finance, accounting and business professionals living in more than 110 countries. Our members number more than 33,000 in Asia, with over 9,000 of these residing in Malaysia. Furthermore, we have offices in Kuala Lumpur, Singapore, Hong Kong, Beijing, Shanghai, Guangzhou, Hanoi, Ho Chi Minh City and Jakarta.

As a long-established regional organisation, CPA Australia is fully supportive of a deepening of Australia's economic, social and political links with our region, in this the Asian century.

Against this background, and recognising the ongoing impasse in the Doha Development Round, we welcome finalisation of the Malaysia-Australia Free Trade Agreement, as well as Malaysia's commitments that go beyond those offered under the Australia-New Zealand-ASEAN Free Trade Agreement (AANZFTA). In particular, CPA Australia welcomes the following market access outcomes achieved under MAFTA:

- For accounting, audit, and bookkeeping services: 100 per cent ownership by Australian entities (prior to MAFTA, Australian firms were restricted to 40 per cent ownership in joint venture with a Malaysian accounting firm).
- The removal of all market access limitations on the temporary entry of Australian accounting, audit, and bookkeeping service suppliers.
- For management consulting services (excluding financial management consulting): 100 per cent ownership by Australian entities, and for management consulting services, majority ownership by Australian entities.
- For taxation services: 51 per cent ownership by Australian entities and the removal of numerical limits on Australian suppliers of taxation services.
- More broadly: improved commitments from Malaysia to allow access for Australian citizens and permanent residents to live and work in Malaysia, including the potential for spousal and dependent work rights.
- Improved commitments from Malaysia relating to transparency of administrative and regulatory processes, intellectual property protections and investor protections.

CPA Australia also supports the framework negotiated under MAFTA for development of mutual recognition arrangements aimed at facilitating mobility of professionals between Australia and Malaysia. The broadening of mutual recognition arrangements amongst our professional bodies will underpin deeper economic and people-to-people engagement between our countries. To this end, I note CPA Australia and the Malaysian Institute of Accountants (MIA) signed a mutual recognition agreement in 2007 establishing guidelines under which members may be able to gain reciprocal membership. Under the agreement, CPA Australia members who hold CPA status are eligible to become members of the MIA without further requirement.

Finally, while CPA Australia broadly supports the MAFTA outcome, we would however note our concern over the proposal to incorporate provisions on labour and the environment into MAFTA at some point in the future. CPA Australia considers there are more appropriate international forums in place where discussions related to labour and the environment can take place. Trade treaties should be singularly focused on facilitating growth in international trade. The introduction of peripheral non-trade issues can only undermine this objective.

Furthermore, where there are genuine concerns over possible environmental impacts arising from international trade, the World Trade Organisation's General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS), both of which Australia and Malaysia are signatories to, already provide appropriate and sufficient environmental protections under the General Exceptions provisions. As such, CPA Australia considers that the attempt to introduce labour and environment provisions into Australia's trade treaties is an entirely unwelcome development.

Yours sincerely

Alex Malley FCPA  
Chief Executive Officer

cc: Mr Robert Thomason : Executive General Manager Business Development