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8 February 2013

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
23 Marcus Clarke Street
CANBERRA ACT 2601

Dear Dr Chadwick

CPA Australia Limited - Notification under section 93(1) of the Competition and Consumer Act

We act for CPA Australia Limited ("**CPA Australia**").

CPA Australia entered into a Mutual Recognition Agreement ("**MRA**") with The Society of Management Accountants of Canada ("**CMA**") in 2009, which is the subject of an exclusive dealing notification dated 12 March 2009 (Notification N93888).

CPA Australia wishes to amend and extend the MRA with CMA and, accordingly, wishes to notify the Commission of the proposed new arrangements under section 93(1) of the Competition and Consumer Act 2010 (Cth).

Consistent with the current MRA, the amended MRA provides a mechanism under which CPA Australia and CMA will recognise the qualification and training provided by the other and admit each other's members in good standing.

CPA Australia considers that the proposed arrangements involve substantial public benefits and no discernible public detriments.

We enclose, on behalf of CPA Australia:

- (a) a Form G (Notification of Exclusive Dealing) application in relation to the MRA;
- (b) a submission in support of the notification; and
- (c) a cheque for \$100 payable to the Australian Competition and Consumer Commission.

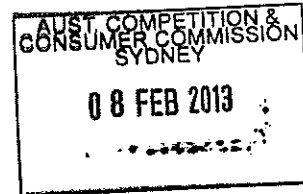
If you have any questions in relation to the enclosed notification or require any further information, CPA Australia would be pleased to assist.

Yours sincerely



Wayne Leach
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Encl



Form G

Commonwealth of Australia
Competition and Consumer Act 2010 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1 Applicant

- (a) Name of person giving notice:

(Refer to direction 2)

N96556

CPA Australia Ltd (ACN 008 392 452) (“CPA Australia”).

- (b) Short description of business carried on by that person:

(Refer to direction 3)

CPA Australia is an accounting body with a membership of more than 139,000 finance, accounting and business professionals world-wide. CPA Australia offers professional qualifications and other membership services to finance, accounting and business professionals who meet its specified admission requirements.

- (c) Address in Australia for service of documents on that person:

Mr Wayne Leach
Partner, King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

2 Notified arrangement

- (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

CPA Australia and The Society of Management Accountants of Canada (“CMA”), a professional accounting body based in Canada, wish to extend and amend their existing Mutual Recognition Agreement (“MRA”), which is the subject of an exclusive dealing notification dated 12 March 2009.

Under that MRA, members of CMA who have met specified professional requirements are eligible for membership of CPA Australia, and members of CPA Australia who have met specified professional requirements are eligible for membership of CMA.

Further details of the MRA are set out in the attached submission. However, in summary, the MRA provides a mechanism under which CPA Australia and CMA recognise the qualification and training provided by the other and admit each others' members in good standing.

In order to ensure that appropriate professional standards are maintained and continue to be met -- and as the opportunity to obtain mutual recognition under the MRAs arises *because* a person is already a member of CMA or CPA Australia -- the MRA requires accountants who obtain mutual recognition under the MRA, to continue to maintain their original membership.

- (b) Description of the conduct or proposed conduct:

(Refer to direction 4)

Please see the response to Question 2(a) above. The notified conduct relates to CPA providing membership/accreditation services under the MRA on condition that applicants have and retain membership with CMA.

3 Persons, or classes of persons, affected or likely to be affected by the notified conduct

- (a) Class or classes of persons to which the conduct relates:

(Refer to direction 5)

Persons likely to be affected by the notified conduct are those who wish to obtain accreditation and membership of either CPA Australia or CMA in accordance with the mutual recognition arrangements specified in the MRA.

- (b) Number of those persons:

- (i) At present time:

CPA does not have a definitive number. However, CPA currently has approximately 144,000 members, and CMA currently has approximately 50,000 members.

- (ii) Estimated within the next year:

(Refer to direction 6)

Please see response to section 3(b)(i) above.

- (c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses:

Not applicable.

4 Public benefit claims

- (a) Arguments in support of notification:

(Refer to direction 7)

Please see the attached submission.

- (b) Facts and evidence relied upon in support of these claims:

Please see the attached submission.

5 Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

(Refer to direction 8)

CPA Australia considers that the relevant market is the market for the provision of professional accreditation and other membership services to finance, accounting and business professionals in Australia.

6 Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:

(Refer to direction 9)

The Applicant submits that the notified conduct will have no discernable public detriments. For further details, please see the supporting submission.

- (b) Facts and evidence relevant to these detriments:

Please see the attached submission.

7 **Further information**

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Wayne Leach
Partner, King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Phone +61 2 9296 2327



Dated..... 8 February 2013

Signed ~~by~~ on behalf of the applicant

.....

(Signature)

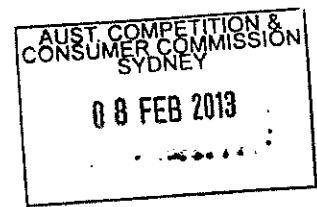
Wayne Leach
Partner
King & Wood Mallesons

DIRECTIONS

- 1 In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

- 2 If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
- 3 Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.
- 4 If particulars of a condition or of a reason of the type referred to in section 47 of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
- 5 Describe the business or consumers likely to be affected by the conduct.
- 6 State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
- 7 Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
- 8 Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
- 9 Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.



CPA Australia Ltd

Submission in support of a notification of exclusive dealing to the ACCC

Dated 8 February 2013

CPA Australia Ltd

Submission in support of a notification of exclusive dealing to the ACCC

1 Introduction

1.1 Purpose of submission

This submission is made by CPA Australia Ltd ("**CPA Australia**") in support of its notification submitted pursuant to section 93(1) of the *Competition and Consumer Act 2010 (Cth)* ("**CCA**").

1.2 Summary of notified conduct

CPA Australia and The Society of Management Accountants of Canada ("**CMA**"), a professional accounting body based in Canada, wish to extend and amend their existing Mutual Recognition Agreement ("**MRA**"), which is the subject of an exclusive dealing notification dated 12 March 2009.

Under the MRA, members of CMA (who have completed the Strategic Leadership Program and required supervised practical work experience) are eligible for membership of CPA Australia and members of CPA Australia (who have completed the CPA Program and the Practical Experience Requirement) are eligible for membership of CIMA.

Further details of the proposed new MRA are set out in Attachment 1. However, in summary, the MRA provides a mechanism under which CPA Australia and CMA recognise the qualification and training provided by the other and admits each other's members in good standing.

In order to ensure that appropriate professional standards are maintained and continue to be met -- and as the opportunity to obtain mutual recognition under the MRA arises *because* a person is already a member of CMA or CPA Australia -- the MRA requires accountants who obtain mutual recognition under the MRA, to continue to maintain their original membership.

1.3 The arrangements involve substantial public benefits and no discernible public detriment

The purpose of the mutual recognition arrangements under the MRA is to facilitate increased mobility of professionals in Australia and Canada, and enable Australian businesses to have greater and quicker access to a wider range of qualified professionals. Mutual recognition of CPA Australia members by CMA also provides additional opportunities for Australian finance, accounting and business professionals to pursue professional and other business opportunities in Canada.

Importantly, the MRA does not require members of CMA to obtain membership of CPA Australia (or CPA Australia members to obtain membership of CMA). Nor does it:

- limit or restrict the ability of either CPA Australia or CMA to admit as members people who meet the requirements of the relevant organisation; or
- prevent applicants from pursuing membership of either CPA Australia or CMA independently of the mutual recognition arrangements provided in the MRA (i.e. by meeting the full requirements of CPA Australia or CMA as the case requires).

Rather, the MRA provides an additional expedited or "short-cut" mechanism for members of CMA (who have met, and continue to meet, the professional

requirements of that organisation) to also obtain membership of CPA Australia (and *vice versa*), if they wish to avail themselves of that opportunity. The MRA merely provides an additional service or opportunity for existing members of CPA Australia and CMA.

On this basis, and for the reasons set out further in Section 3, CPA Australia considers that the mutual recognition arrangements contained in the MRA involve substantial public benefits and no discernible public detriment.

2 Background information on CPA Australia and CIMA

2.1 CPA Australia

CPA Australia is one of the world's largest accounting bodies with a membership of more than 144,000 finance, accounting and business professionals across the globe.

CPA Australia offers professional qualifications and other membership services to finance, accounting and business professionals who meet the specified admission requirements. To use the CPA designation, members must (unless they obtain membership through mutual recognition arrangements):

- have an undergraduate degree accredited by CPA Australia;
- complete a comprehensive post-graduate professional study program (the CPA Program);
- complete 3 years supervised or mentored experience in finance, accounting or business;
- undertake continuing professional development each year; and
- show continued adherence to a strict code of conduct set by CPA Australia.

To offer public accounting services, CPAs must also complete CPA Australia's Public Practice Program, which involves distance learning and a residential component, and must hold a Public Practice Certificate in accordance with CPA Australia's by-laws.

In Australia, CPA Australia competes with other professional membership bodies for accountants, including the Institute of Chartered Accountants of Australia and the National Institute of Accountants.

2.2 CMA

CMA is a professional accounting body based in Canada with approximately 50,000 members around the world. CMA, through its local affiliates, grants a professional designation in strategic management accounting and is responsible for standards-setting, accreditation and the continuing professional development of CMA members.

CMA's national activities include:

- (a) providing training and qualifications in management accountancy and related subjects;
- (b) promoting local education, training and management development operations; and
- (c) promoting new techniques through the CMA Canada Research Foundation, an independent organization that generates research for management accountants and other strategic management professionals, the business community and prospective members in educational institutions through publications and other media related activities.

3 The proposed arrangement involves substantial public benefits and no discernable public detriment

3.1 Summary

CPA Australia considers that the mutual recognition arrangements in the MRA, which are the subject of this notification, involve substantial public benefits and no discernible public detriment.

3.2 Substantial public benefits

The mutual recognition arrangements with CMA facilitate the increased mobility of professionals in both Australia and Canada, and enable Australian businesses to have greater and quicker access to a wider range of qualified professionals. In the absence of the MRA, CPA Australia and members of CMA would need to fulfil all of the membership criteria (including educational and practical experience requirements) if they wished to obtain membership of the other professional body.

Mutual recognition of CPA Australia members by CMA is also likely to facilitate opportunities for Australian finance, accounting and business professionals to pursue professional and other business opportunities in Canada.

These are both substantial public benefits. Mutual recognition arrangements between professional accounting bodies around the world are becoming increasingly common as a result of the increased globalisation of business and the international convergence of accountancy practices and principles.

The mutual recognition arrangements contained in the MRA also promote competition amongst Australian professional accounting bodies, who may also seek to pursue mutual recognition arrangements with overseas professional bodies, and the provision of other innovative services for their members, to the benefit of Australian finance, accounting and business professionals. The Institute of Chartered Accountants of Australia has a number of strategic alliances in place with professional accounting bodies in other jurisdictions.

3.3 No discernible public detriments

The MRA does not:

- require members of CMA to obtain membership of CPA Australia (or CPA Australia members to obtain membership of CMA);
- restrict the ability of either CPA Australia or CMA to admit as members people who meet their respective membership requirements; or
- prevent applicants from pursuing membership of either CPA Australia or CMA independently of the mutual recognition arrangements provided in the MRA (i.e. by meeting the full requirements of each of CPA Australia and CMA as the case requires).

Instead, it provides an additional service or opportunity for existing members of each of those organisations. Accordingly, CPA Australia considers that the mutual recognition arrangements do not involve any discernible public detriments.

If the Commission has any questions in relation to the proposed arrangements, CPA Australia would be pleased to assist.

CPA Australia Ltd
8 February 2013

Attachment 1

1. Mutual Recognition Agreement between CPA Australia and CMA

The Mutual Recognition Agreement between CPA Australia and CMA specifies that:

- (a) CMA will admit as its member, any member of CPA Australia of good standing who:
- (i) has completed the CPA Program and the Practical Experience Requirement and either a CPA Australia-accredited accounting degree, a non-accredited accounting degree that CPA Australia has assessed as meeting its entry requirements, or a non-accredited degree and has successfully completed either an appropriate accounting conversion course or the CPA Entrance Examination; or
 - (ii) has at least fifteen years work experience, at least five years of which has been at a senior level,
- and has successfully completed Strategic Management Accounting as part of their CPA Program and obtained at least five years practical experience at the Advanced Proficiency level of the 2011 CMA Competency Map.
- (b) CPA Australia will admit as a Certified Practising Accountant any member of CMA of good standing who:
- (i) has completed CMA's Strategic Leadership Program, has three years practical work experience and has completed either a CMA-accredited accounting degree, or a non-accredited accounting degree recognised by the National Office of Overseas Skills Recognition and CMA's Entrance Examination; or
 - (ii) has at least fifteen years work experience, at least five years of which has been at a senior level,
- and has successfully completed Audit as part of either their degree, as part of the Strategic Leadership Program, or completed Auditing & Assurance Services as part of the CPA Program.
- (c) CPA Australia and CMA will assess the membership applications of any member of the other body who does not fall into categories (a) or (b) above on a case-by-case basis and may require such members to undertake additional education, examinations, Continuing Professional Development courses or practical work experience to ensure the applicant has the appropriate standards of competence to carry the requisite designation;
- (d) neither CPA Australia nor CMA is obliged to admit as its member, any member of the other body:
- (i) who is a member of that other body by virtue of a MRA or any other mutual recognition arrangement with another professional body;
 - (ii) who is the subject of a current investigation into his or her professional conduct;
 - (iii) who has failed the final qualifying examination for either body; or
 - (iv) if CPA Australia or CMA have reasonable concerns that the applicant might not uphold the standards of either CPA Australia or CMA;

- (e) persons receiving membership of the equivalent overseas body must retain membership in his or her "original" membership body;
- (f) subject to appropriate privacy declarations, the bodies will exchange personal information about members wishing to gain membership of the other body for the following specific purposes:
- (g) allowing CPA Australia and CMA to verify (either at the time of application or at any time during the term of this MRA) that the member is a member of good standing of the other body and has met the specified entry requirements;
 - (i) ensuring that the member has retained membership of his or her "original" professional association;
 - (ii) conducting analysis of the members availing themselves of the mutual recognition arrangements offered by the MRA; and/or
 - (iii) providing information about any professional conduct issues concerning the member.

A mutual member must meet the professional standards of both organisations including disciplinary requirements.