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Ms Kate Spargo
Chairperson
Accounting Professional & Ethical Standards Board
Limited
Level 7, 600 Bourke Street
Melbourne Vic 3000

Our ref APES110CP01/09 Submission

29 January 2010

Dear Ms Spargo

Consultation Paper: Proposed Revision of Code of Ethics for Professional Accountants

We are pleased to have the opportunity to comment on the Consultation Paper issued by the Accounting Professional and Ethical Standards Board ("APESB").

We consider that the international language of ethics and independence should be as consistent as possible across jurisdictions to limit possible cross-border misunderstandings and expectation gaps. Therefore our overall view is that APESB should make as few changes as possible from the IFAC Code when revising APES 110.

Specific responses are outlined in more detail in the attachment to this letter.

We would be pleased to discuss our comments with members of APESB or its staff. Should you wish to do so, please contact me on (07) 3233 3101.

Yours sincerely

Warren Austin
Ethics and Independence Partner

ATTACHMENT

Responses to Consultation Paper questions

**Question 1 (a) Mixture of mandatory requirements and guidance
(b) Defined terms
(c) Capitalisation of defined terms**

We have grouped our responses to the questions posed under the above headings as our view on each is the same.

To minimise diversions from IFAC, no changes in format or content should be made away from IFAC. In particular, splitting mandatory and guidance paragraphs has the potential to lose context and lessen the overall importance of all of the paragraph content. It is important that, if any drafting conventions are changed, the underlying meanings and impacts of IFAC content are not changed.

Any drafting conventions essential to proper interpretation (such as use of “shall”) could be dealt with in the preface to APES 110.

Question 1(d) Definition of “public interest entity”

The IFAC definition should be adopted in its entirety with no modifications as such will preserve the focus of its intended coverage to the specifics of listed entities.

We note that such is also consistent in approach to the Australian Corporations Act which also applies its highest independence requirements to listed entities.

However, to provide some consistency around interpretations of what other additional entities or categories of entities may be considered as public interest entities, separate guidance should be developed by way of public consultation. Our co-regulatory environment provides an imperative to develop consistency across our local jurisdictions. For example, the AASB currently has a Consultation Paper out for response that uses the term “publicly accountable entities” and it is in the process of determining what Australian entities should be captured by the definition thereof. We recognise that co-regulatory development and agreement of guidance on public interest entities will be time consuming. Although desirable, such need not be finalised prior to implementation of the IFAC changes on 1 January 2011.

Question 2 Incorporation of specific references

We consider that there should be a mechanism to provide mapping of the Corporations Act and Australian Auditing Standards requirements to those of APES 110.

In line with our view that minimal changes should be made from IFAC, we consider that the addition of “Au” paragraphs to the text could cause loss of context and impact. Both the options of either using footnote references or having a separate mapping appendix would achieve the same purpose of linking-in definitions and specific contexts from the Corporations Act and Australian Auditing Standards.

Question 3 Structure of sections 290 and 291 of the IFAC Code

We consider that the sections should be presented in their current form.

Standards should have ease of use/reference as a high priority, and should minimise the amount of cross-referral between paragraphs.

Sections 290 and 291 address two fundamentally different forms of engagement. Potentially, section 291 will be referred to by individuals from outside the audit/accounting profession such as engineers, environmental scientists and the like given such other assurance engagements can be of broader, non-financial focus.

Whilst there is duplication, section 291 does make the other assurance requirements “self contained” and avoids any need to have cross-referral back into section 290 which deals with audit and review engagements and could thus cause possible confusion to a reader not familiar with those terms/requirements.