A translated version of the original Chinese text of a letter to the
Chief Editor of the Hong Kong Economic Journal dated 9 October
2006 (And published on 10 October 2006)

Response to the Hon Mandy Tam Heung-man

In recent months in her newspaper columns, the Hon Mandy Tam Heung-man has
been lashing out at the Hong Kong Institute of Certified Public Accountants,
accusing it of unfair treatment against her and of applying political censorship to her
views.

Given Ms. Tam’s accusations, the Institute finds it necessary to issue a response.

In her column in the Oriental Daily dated 19 August 2006, Ms Tam criticised the
Institute for blocking her GST survey. The fact is that the Institute had, at Ms.
Tam’s request, sent out her questionnaire with the Institute’s mailing. The Institute,
as a courtesy, has done this for the LegCo representative’s newsletters in the past.
This criticism of the Institute was groundless.

Again in her column in the Oriental Daily dated August 22, the LegCo
representative continued to criticise the Institute for not conducting a GST survey
among members. She also criticised the Institute’s previous survey with members
on constitutional reform as not only misleading but creating fear amongst members
about subsequent persecution.

The Institute has approached the government’s GST consultation under the due
process it has followed in responding to and making representation on any other
government public consultations: The Institute held two GST forums in early
September and introduced a dedicated GST website at the end of September to
provide information and collect members’ views on the GST issue. The Institute
also plans to conduct a comprehensive survey with its membership to gauge their
views on the issue. A working group set up under the Institute’s Taxation
Committee will collect and collate members views and incorporate them into the
Institute’s official response to the government’s consultation paper before end of
the year. The LegCo representative should respect the Institute’s way of gathering
the views of the membership and presenting those views to the government.

As regards the Institute’s survey with members on constitutional reform, a total of
2,700 replies from members were returned, demonstrating that a sizeable
proportion (more than 10 percent) of the Institute’s membership agreed with the
methodology and approach to the survey. The Institute cannot concur with Ms
Tam’s view regarding its survey as expressed in her Oriental Daily column.

The LegCo representative’s recent GST survey, on the other hand, was not
controlled in its distribution as it was sent out via many different organisations.
Many of the Institute’s members received multiple copies of the questionnaire
and some of the members of these organizations are not CPAs. We question whether
Ms. Tam’s survey results can be said to represent the accountancy profession’s
views.
In another column appearing in the *Hong Kong Economic Journal* on 12 September, the LegCo representative criticized the Institute's qualification programme, stating that the Institute had deliberately set obstacles to becoming a CPA by making its qualification programme (QP) excessively difficult. This difficulty, she claimed, was frightening young people from the profession.

The LegCo representative considered our qualification requirements as too strenuous and suggested the Institute relax these. She asked for a reduction of number of examinations and workshops in the QP. She questioned our benchmark for recognising overseas accountancy qualifications.

Ms Tam may have failed to fully understand the level of competency expected and demanded of CPAs in the international business community today. Ms. Tam's suggestions can only be seen as a backward step.

When the Hong Kong Professional Accountants Ordinance was passed, the Institute was charged with the serious responsibility of ensuring the quality of entry into the profession. As a well-established international capital market, Hong Kong needs well educated accountancy professionals to provide quality professional services to complex and ever-changing markets. It is desirable for people aspiring to be Hong Kong CPAs to invest significant time and effort in achieving this qualification.

In fact, the accountancy degree places offered by Hong Kong universities has jumped by 20 percent in the past two years, while QP enrolments have also multiplied several times in the same period. The latest number of our registered students has passed the 10,000 mark. This proves that young people have not been scared off by the high standard of the QP.

The CPA designation is a highly regarded professional qualification. It also provides public trust and confidence in members of the Hong Kong Institute of CPAs and develops Hong Kong's position as a major international financial centre. The Institute's qualification programme is a post-graduate qualification comprising study, exams and structured practical experience. It is on par with all other top CPA qualification requirements worldwide and as such cannot be deemed as too demanding. In fact, the Institute set its long-term goals of a high benchmark for accountancy qualification in Hong Kong more than a decade ago.

Today, our QP has realised its position as an internationally recognized qualifications. We have signed various types of recognition agreements with more than ten top-tier accountancy bodies in the past five years. These agreements have provided broader opportunities for Hong Kong CPAs’ to work and practise overseas and have facilitated overseas qualified accountants a pathway to our CPA qualification in Hong Kong, which has helped relieve the great demand for CPAs in today’s economic boom.

As a regulatory body for CPAs, the Institute has the responsibility to issue practising licenses to CPAs. Overseas qualified accountants, like overseas doctors and lawyers; must meet certain local practising criteria and assessment before they are allowed to practise in Hong Kong. To set the standard for overseas qualified accountants, the Institute put in place an independent evaluation mechanism of
which the objectivity is beyond doubt. All overseas qualified accountants are subject to this mechanism.

Ms Tam also criticised our requirement for QP students to attain at least three years’ practical experience under an employer or supervisor authorized by the Institute. In her column, she wrote that this requirement was an unnecessary barricade for aspiring CPAs, and intimated that the requirement limited our students’ choices of the enterprises they might join.

Accountancy bodies throughout the world’s developed economies require similar practical experience as part of the requirement for their professional qualification training. The Institute’s requirement for practical experience is indispensable to a CPA’s training and is in line with other world-class accountancy bodies. Any lowering of this requirement would have a negative impact on our recognition agreements with overseas top-tier accountancy bodies and would be detrimental to the development of the profession.

At present, 798 organisations are authorized to train prospective CPAs and in addition to accounting firms, employers include organisations from various sectors such as the Securities and Futures Commission, HSBC, Hutchison Whampoa Property, Hong Kong Electric Holdings, Sun Hung Kai Properties, Hysan Group, Bank of East Asia, and so on. Moreover, 1,312 CPAs serving in various fields and industries are authorized to supervise CPAs in training. As our practical experience scheme continues to mature, it is gaining increased support from all types of businesses and the number of employers and supervisors is continuing to grow.

Lastly, the Institute must respond to Ms. Tam’s various accusations about the Institute’s distribution of her newsletter.

Since the accountancy functional constituency was given a seat on the Legislative Council two decades ago, the Institute has worked closely with its accountancy representative to serve the profession and the public at large.

Throughout our cooperation with Peter Wong Hong-yuen, Eric K.C. Li and Ms. Mandy Tam, the Institute has held to the principle of providing our representative with all necessary technical support to facilitate his or her work. As with our two previous Legco representatives, the Institute worked as a communications channel between the LegCo representative and members.

Out of our 26,000-plus members, about 10,000 opt for hard copy communication with the Institute while the other 16,000 choose electronic communication. Ms Tam’s newsletter is distributed free of charge by the Institute to members opting for hard copy correspondences via the Institute’s hard copy mailing to such members. For those members opting for e-communication, we have advised Ms. Tam to consider sending her newsletter electronically to save cost, but to no avail; the LegCo representative has insisted on sending her hardcopy newsletter by post to each and every Institute member. Further to many discussions, we have entertained her request. It is thus justifiable for Ms Tam to pay for the postage incurred for those extra 16,000 hard copy mailings, as the Institute cannot use members’ fees to subsidize the LegCo’s expenses. Moreover, we add a disclaimer
to the newsletter so that members know her views are her own and are free from any censorship. At the same time, the disclaimer allows some distance between the views of the LegCo representative and the Institute. This arrangement was a result of many rounds of discussion between the Institute and Ms. Tam, and it is highly unfortunate that Ms. Tam has continued to claim in her newsletter “Hong Kong Sentiment” that the Institute has declined to send her newsletter and force her to pay postage.

Given all these circumstances, the Hong Kong Institute of CPAs finds itself at a point where the relationship has deteriorated and become politicized. We have come to the decision to publicly announce our decision to stop distributing Ms. Tam’s newsletter, and disassociate ourselves from any of Ms. Tam’s political stances, opinions and representations. As such, future statements shall have no connection with or bearing on the stances or opinions of the other party.

Despite due respect given by the Institute to Ms. Tam’s rights of free speech, we deeply regret Ms. Tam’s decision to repeat accusations against the Institute without any prior communication with the Institute and without checking the facts with the Institute first.