

Interprovincial labour mobility, yes. Lower standards, no.

Interprovincial labour mobility is a good thing as long as we insist on national standards for skilled workers

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During the worst economic crisis in decades, Canada needs to protect the reputation of its capital markets. Yet looming changes to the Agreement on Internal Trade (AIT) dealing with interprovincial labour mobility risk lowering standards for professional qualifications, including those for professionals who sign off on corporate financial reporting.

Long before the turmoil that struck the world economy, two major Canadian studies addressed the need for consistency and competency for financial services professionals in a globalized marketplace. First, the Competition Bureau in December 2007 called for nationally consistent standards of qualification for public accountants. Then, in June 2008, the Competition Policy Review Panel called for Canada to harmonize its professional standards with those of the United States, to safeguard this critical trading relationship.

Ontario chartered accountants applauded both recommendations.

Our original call for harmonized standards to be set at an internationally acceptable level came before the Wall Street meltdown of late 2008. Now, the need for integrity, competence and judgment in complex financial matters has been cast into dramatic relief.

Yet in the shadow of all this, at the First Ministers' Meeting in Ottawa today, our premiers are expected to sign off on significant changes to the trade pact respecting interprovincial labour mobility for occupations and professions.

Under the revised agreement, someone qualified for a specific profession or discipline in one jurisdiction would automatically qualify everywhere else. This could trigger "a race to the bottom," in which the lowest qualifications in one province become the minimum required in any other.

Canada's chartered accountants have long appreciated the benefits of unfettered professional mobility between provinces. That's why, from coast to coast, every CA must meet the same standards for education, qualification and practice. Our harmonized and mutually recognized standards permit full mobility in Canada, across North America, and with our major international trading partners.

We'll leave it to other leading professional bodies to describe how their fields may be affected.

For Ontario CAs, our concern is public accounting – the process of providing independent assurance that an organization's financial statements are a fair presentation of its performance and financial condition. Public accounting is recognized as a distinct discipline within the accounting profession.

Despite the vital importance of this financial discipline to the smooth functioning of our capital markets and investment environment, public accounting today is unevenly regulated across Canada.

There are stringent, internationally recognized, legislated qualification standards in some provinces – notably Ontario and Quebec, where the largest of our capital markets are located – but there are also lower standards, and in some cases, no legislation at all in other jurisdictions.

Considering the state of the world economy, the assurance that financial reporting has been reviewed and signed off on by qualified professionals is more important than ever. That's a key reason why Ontario and Quebec took steps to legislate standards for public accounting at a level recognized as equivalent to those of our major trading partners – especially the U.S. As Ontario Attorney General Chris Bentley wrote in a recent CA publication:

"We need the highest possible standards for auditors. We want to ensure that the financial information that is prepared is accurate and can be relied upon, not only by those within the institution or organization, but by those outside. People are making extremely important decisions on the basis of that information, and you cannot ensure you have credible, reliable financial information unless you have high standards for those who will be preparing and reviewing it."

Bentley speaks for a government that understands the need for rigorous professional standards.

Yet Ontario is just one voice at the table during these AIT negotiations. The rest need to recognize that in the end, all Canadians would pay the price for lower professional standards in a globalized economy.

There is no point in lowering provincial trade barriers if it means raising international ones because we've moved our country's position below the accepted norm for professional standards, whether it be in public accounting or other critical professional fields.

Ontario's CAs urge the premiers to use the AIT as a starting point to study the best possible standards for qualification and conduct in many fields and then harmonize to those standards. Protecting the public interest and Canada's international reputation demands nothing less.

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