

# A Message from the Chair



Keith Farlinger, FCA

Back in my inaugural *CheckMark* Message last year, I noted that while the CA profession's policy priorities were clear as things stood then, many unforeseen issues were bound to emerge that would present new challenges and require new ways of thinking. In recent months, one such issue has indeed come to light: the Trade, Investment and Labour Mobility Agreement, known as "the TILMA", signed by British Columbia and Alberta in April of this year. The TILMA has crossed the Ontario Institute's radar because both the governing Ontario Liberals and the opposition Progressive Conservatives have signalled an interest in having this province become a signatory. All this as a provincial election approaches.

## The right principle

It's important to state at the outset that the Institute, and we would hope the membership we represent, support any measures that would reduce or eliminate barriers to the free movement of people, goods, services and investment within Canada and that establish an open, efficient and stable domestic market. At the same time, however, such measures should support and maintain appropriate standards that protect the interests of businesses, investors and consumers.

However, when it comes to the "labour mobility" part of this agreement, care must be taken to make sure that the necessary reconciliation of differing occupational standards continues to protect the public. Unfortunately, we have cause for concern when it comes to the TILMA.

## The risk: a "race to the bottom"

The TILMA's requirement to "reconcile" provincial standards and regulations simply states that, "*Parties shall mutually recognize or otherwise reconcile their existing standards and regulations that operate to restrict or impair trade, investment or labour mobility.*" There is no requirement to work towards existing higher legislated standards and regulations as part of the harmonization process. On the contrary, higher standards of care – in fields ranging from financial services to health care – could be eroded.

This risks creating a deteriorating regulatory environment with provinces vying to establish the most accommodating conditions as barriers to trade and human capital fall. The reality is that there are often wide discrepancies between the standards established among the provinces, and some provinces may not have set any standards at all. Here are just a few examples identified by Institute research staff:

- Respiratory therapists (RTs) are health care professionals who assist physicians with the diagnosis and treatment of lung disorders. Only four provinces (Alberta, Ontario, Quebec and Manitoba) have provincial legislation governing respiratory therapy. All RTs in Canada must complete an accredited education program and successfully pass the Canadian Board for Respiratory Care registration examination. However, in the four provinces with provincial legislation governing this profession, RTs are also required to participate in continuing competence and education programs.

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- In Alberta (as in most other provinces except Quebec and British Columbia), lawyers and law students are, by virtue of their profession, notaries public. The Minister responsible may also appoint notaries public. In British Columbia and Quebec, the profession is governed by provincial societies. British Columbia also limits the number of notaries practising in the province to 323.
- Chemists – who in the course of their duties can be expected to handle potentially hazardous substances – are regulated only in Quebec.

Last, but by no means least: The audit profession in Canada is faced with specific, government-mandated high standards of qualification for public accounting and ongoing regulation in some provinces – and *none whatsoever* in others.

### High standards for their own sake?

It goes without saying that high qualification standards are not necessary for every occupation. Facilitating easier entry to certain trades and professions can have economic and other benefits. However, within Canada, a case can most certainly be made for uniformly high occupational standards in key sectors such as financial services, health care and education, in the name of protecting consumers and the public interest. Indeed, Canadians would expect and demand such uniformity, benchmarked against the highest professional standards in any one jurisdiction.

Nor is this simply a matter of meeting the needs of our internal markets. In the *international arena*, meeting the highest possible professional and technical standards is not just desirable but essential. Consider financial services professionals, whose credentials must be recognized and respected by major international trading partners and investors to safeguard the reputation of Canada's business and capital markets. A similar case could be made for legal professionals engaged in international business ventures. Likewise, recognized credentials in the areas of aerospace, telecommunications and pharmaceuticals, to name but three examples, are essential to ensure Canada's competitiveness in key manufacturing sectors.

For this reason, in order to protect the public interest, it is essential that new initiatives or agreements also be based on the principle of harmonization among the provinces at the highest standards that exist in any province. The desirable objective of opening up markets to interprovincial competition must be appropriately balanced with the need to protect businesses, investors, consumers and the good reputation of our capital markets through the maintenance of high standards of qualification and regulation. Failure to do so would yield longer-term negative consequences for the Canadian economy and our international competitive position by causing an erosion of qualification standards in sectors – such as financial services – that are essential to Canada's global competitive prospects.

### Risks of exposing public to lower standards

Similarly, the risks of an environment that exposes the consuming public to lower standards are self-evident.

Indeed, the Council of Canadians observes that a proposal by the B.C. government to eliminate junk food from the province's schools and hospitals could be seen as limiting trade and investment and could therefore be challenged under the TILMA.

As well, the Canadian Centre for Policy Alternatives has warned that the TILMA's provisions would prohibit any signatory province from increasing professional standards for educators, if the proposed new standards were higher than those required of teachers in any other signatory province.

### The opportunity: a "race for the top"

Far preferable, in the Institute's view, is the approach to the qualification standards "reconciliation" challenge prescribed by another national initiative to facilitate unimpeded trade and labour mobility between provinces: the requirements of the Agreement on Internal Trade (AIT), which stipulates the following:

*Reconciliation of Consumer-Related Measures and Standards: The Parties shall reconcile their respective consumer-related measures and standards to a high and effective level of consumer protection. **No Party shall be required to lower its level of consumer protection as a result of reconciliation.** (emphasis added)*

Additionally, the Institute cites many international examples wherein the drive to *increase* standards of all kinds is held to be in the *transnational* interest, as well as those of relevant economic sectors and consumers. The requirements for eligibility to membership in the European Union, for example, impose stringent high standards across a range of fiscal and economic performance indicators for entire nations that seek entry.

In a more widely known example, the international ISO 9000 initiative makes a competitive and marketing virtue out of measurably high standards of quality and innovation in the manufacturing sector.

In these and many more instances, the operational dynamic is a drive to higher – not lower – standards in order to succeed in a competitive, globalized economy.

### A barrier to access?

Finally, we would submit that clearly defined high professional standards would not only protect the public interest but also serve as a guide for internationally trained professionals who seek to bring their skills and expertise to Canada. High standards are not a barrier to access, neither within Canadian occupations nor for the internationally trained, as long as fair and transparent systems are in place for professionals to have their prior education and experience evaluated, and to provide a "roadmap" to achieving the required occupational competencies in their new home jurisdiction of choice. All professionals, both domestic and international, should be allowed to practise in

their chosen field, provided they can demonstrate their ability to meet the standards that have been established under recognized provincial jurisdiction to protect the public.

#### The recommendation

The Institute has submitted, for the consideration of relevant federal and provincial policymakers, a draft “standards reconciliation” clause, modelled on a comparable AIT provision intended to safeguard high consumer protection standards, for inclusion in any current or forthcoming domestic trade and labour mobility agreements.

The intent of the clause would be to safeguard the public interest at two levels:

- **Between signatory provinces and territories,** occupational or professional standards will be reconciled to a common high standard, consistent with the highest mandated by any one signatory jurisdiction, in those cases where such high standards have been shown to be necessary for consumer or public protection.
- **With respect to Canada and our international trading partners,** standards governing the credentials of professionals whose work requires conformity with recognized international standards to facilitate trade and investment shall remain at an internationally recognized high standard, in order to safeguard existing international reciprocity agreements and protect the good reputation of Canada’s business and capital markets and investment climate.

Here, then, is a proposed clause for this purpose:

**“Reconciliation of Occupational and Professional Standards:** *The Parties shall reconcile their respective occupational and professional standards to a high and effective level of public protection, both between provinces and territories to ensure continued high credentials requirements where shown to be essential to the public interest, and for the benefit of Canada’s international trade relationships and obligations. No Party shall be required to lower its required high occupational and professional standards as a result of reconciliation.*”

It should be noted that by adopting a clause of this kind, signatories to the TILMA would simply be codifying a provision whose spirit, with respect to consumer protection-related standards, is already endorsed by all provincial and territorial governments through their ratification of the AIT.

We will keep you posted as the TILMA issue evolves – as evolve it must.

*If you would like to comment on these or any other matters, please contact me at the Institute. My e-mail is [kfarlinger@icao.on.ca](mailto:kfarlinger@icao.on.ca).*

## CAs Well-Represented at Liberal Party Event



Institute representatives attended a Liberal Party function hosted by the Hon. Michael Bryant, MPP, Attorney General of Ontario, and his Parliamentary Assistant David Zimmer, MPP. From left: Chris May, the Institute’s Director of Government Relations; Michael Bryant; Keith Farlinger, the Institute’s Chair; David Zimmer; and Brian Hunt, the Institute’s President and CEO.

## Strong CA Presence at John Tory’s Golf Tournament



The CA profession was well represented at the 2nd Annual John Tory Caledon Woods golf tournament. Seen here, from left, are: John Tory, MPP, Leader of the Progressive Conservative Party; Robert Bradbury, BDO Dunwoody Mississauga Partner; Keith Farlinger, the Institute’s Chair; Gilles Chaput, CEO of BDO; James Blackwell, BDO Orangeville Managing Partner; and Sylvia Jones, PC Candidate for Dufferin-Caledon.