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Government of Ontario Standing Committee on Social Policy
Submission through the submission system on the Ontario Legislative Assembly website at:
https://www.ola.org/en/apply-committees

To Whom It May Concern

Re: Bill 27, Working for Workers Act, 2021

The Chartered Professional Accountants of Ontario (CPA Ontario) would like to thank the Standing Committee on Social Policy for its work on the proposed Bill 27: Working for Workers Act, 2021. We recognize that a key purpose of this Bill is to remove barriers to entry for foreign trained professionals seeking to enter the Ontario workforce, and we fully support that objective. However, we believe it is important to share our perspective on how the proposed ban on Canadian work experience requirements will impact CPAs.

CPA Ontario is the qualifying and regulatory body of over 97,000 chartered professional accountants and over 22,000 students across Ontario. We exist to protect the public interest by ensuring that the accounting profession, including licensed public accountants who hold the CPA designation, our members, students, and firms, meets the highest standards of integrity and expertise.

We are concerned the proposed wording of the new legislation may have unintended consequences on a particular segment of our membership that have the authority to practice public accounting and will ultimately put the public at risk. Further, we believe important work still needs to be done to define what 'Canadian work experience' means. Barriers that prevent internationally trained individuals from accessing a profession are distinctly different from knowledge and experience requirements that are integral to a particular role. If this distinction is not considered in the definition of Canadian work experience, there is the potential for significant and negative impacts on consumer and investor protection, and on the reputation of Ontario's capital markets.

To address these concerns, CPA Ontario is requesting to participate in future consultations on the regulations of Bill 27 and the definition of Canadian work experience. Further, we recommend that the Standing Committee amend the exemption clause proposed in Section 10.2 to include public protection alongside health and safety so the Minister may consider future exemption requests on these grounds.

The Accounting Profession has no Canadian Work Experience Requirements

With respect to the ban on Canadian work experience requirements, we fully support efforts to break down barriers for internationally trained professionals wishing to pursue meaningful careers that match their skillsets. CPA Ontario prides itself on having no Canadian experience requirements for internationally trained accountants pursuing admission to membership with CPA Ontario. There are several pathways to membership for internationally trained accountants through international agreements with CPA Ontario including Mutual Recognition Agreements, Reciprocal Membership Agreements and Memorandums of Understanding. Accountants with designations in good standing from approximately 13 professional accounting bodies in 12 international jurisdictions are accepted as CPAs via these international agreements. Ontario's accounting profession is an open profession as is further evidenced by the increase in international applications that we admitted into the profession over the last several years.

CPA Ontario also grants advanced level standing for entry to the CPA program to members of 152 international accounting bodies in 118 countries that are members of the International Federation of Accountants (IFAC.) Members of IFAC bodies are required only to complete or challenge the CPA Professional Education Program and the Common Final Exam and are eligible to receive full recognition for the work experience they completed outside Canada. As part of the emphasis we place on pathways to enter our profession, we work with agencies in the countries we have international agreements to help internationally trained accountants resettle in Canada. Additionally, any required competency experience can always be obtained either in Canada or abroad.

With that said, we were disappointed to hear the dialogue during Second Reading Debate of Bill 27 suggesting that the accounting profession requires Canadian work experience for internationally trained professionals to access membership. We hope that as this discussion moves forward it will accurately reflect the criteria and realities of our profession and the over 97,000 members we represent in Ontario.

Public Accounting License Holders

There is a license that can be obtained by existing CPA Ontario members, a Public Accounting License (PAL), which permits a particular segment of our membership to practice public accounting in Ontario. Approximately 4 per cent of our membership are PAL holders. This segment of our membership is held to higher standards of education and work experience specific to licensing activities. They must demonstrate additional depth of Canada-specific experience and expertise that aligns with the importance of the competencies necessary to issue audit reports on publicly traded companies. The work of PAL holders is relied on by shareholders and the public, ensures consumer and investor protection, and helps uphold the integrity of Canada's capital markets.

Additionally, to fulfill the qualifying and professional experience, under certain international agreements, licensure experience must be supervised by a CPA Ontario member who is licensed. As a result, work experience that can only be gained in Canada is required to obtain a PAL. Removing the requirement for this work experience as part of the licensing requirements for PAL holders in Ontario introduces two key issues: (i) the increased risk to public protection due to a lack of proficiency in Canadian specific accounting, assurance, and code of ethics standards, and (ii) inconsistency with international negotiated agreements across the provinces.

1) Public Protection

Securities regulators require reporting issuers to file audited annual financial statements. In turn, PAL holders review and provide assurance on the financial statements of public companies, which can have a significant impact on the reputation of Ontario's capital markets. It is critical that PAL holders have knowledge of accounting and assurance standards in this Canadian context and fully understand securities regulation, taxation, and Canadian business law in doing this work. This requirement protects consumers, investors, and

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the integrity of Canada's capital markets. This knowledge and experience can only be obtained in Canada and is not taught by international bodies.

In Ontario, there are a number of Canadian accounting, assurance and code of ethics standards that differ from international standards. PAL holders must ensure compliance with these Canadian-specific standards (e.g. Accounting Standards for Private Enterprises and CPA Code of Professional Conduct). This is in addition to the expectation that a PAL holder understands the structure of applicable laws and regulations in Canada. Depending on the type of public accounting service being provided PAL holders may also be required to understand securities regulation (including capital markets) and the tax system.

There are several well-known examples that underscore the significantly negative impacts on consumers, shareholders and trust in capital markets when public accounting fails. The collapse of Enron in 2001, WorldCom in 2002 and Carillion plc in 2018 have all been attributed to off-the-books accounting practices, accounting fraud or a failure relating to their audits. They represent some of the largest corporate bankruptcies in their respective country's history, resulting in billions of lost savings for their investors, many of which were pension funds and retail investors.

As Ontario moves forward with economic recovery, we understand and agree that receiving more skilled immigrants is a critical part of strengthening our economy. However, it is equally important, for us as a regulator and for the government, to ensure that we protect the integrity of our capital markets system and the best interests of consumers and shareholders who rely on the financial information provided by publicly traded companies that has been audited by CPA Ontario's PAL holders.

2) International Negotiated Agreements

CPA Ontario is committed to maintaining pathways to membership for qualified international accountants by facilitating the development of policies and pathways to admission that are fair, transparent and objective. These efforts to evaluate knowledge are guided by the International Qualifications Appraisal Board ("IQAB"), an interprovincial committee of the CPA profession established to conduct studies and reviews of professional accounting bodies outside Canada. IQAB recommends to the provincial and territorial Chartered Professional Accountant bodies in Canada, whether and under what conditions, if any, members of any such professional accounting body outside Canada may be admitted to membership based on the qualification they hold. These recommendations must be adopted uniformly across the country to prevent arbitrage opportunities in Canada. The recommendations are based on an evaluation of the programs of each membership body as compared to the requirements for Canadian CPAs. These consistencies also facilitate the mobility of internationally trained accountants from province to province upon arriving to Canada.

CPA Ontario's Recommendation

Important work still needs to be done to define what 'Canadian work experience' means within the context of the proposed legislative amendments, and CPA Ontario looks forward to participating in future discussions about how the government will define this. We believe barriers that prevent internationally trained individuals

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from accessing a profession is distinctly different from having knowledge and experience requirements that are integral to a particular job.

The knowledge and experience requirements for the 4 per cent of our membership who pursue public accounting licensure preserve the protection of public interest. If this distinction is not considered in the definition of Canadian work experience, there is potential for unintended consequences that put the public and shareholders at risk and could significantly jeopardize public confidence in Ontario's capital markets.
We want to ensure Canadians, and Ontarians, are protected. To that end, to safeguard public protection in this legislation, CPA Ontario recommends the Standing Committee consider amending the exemption clause in Section 10.2 to include public protection as a ground for exemption. We are concerned that, as written, the exemption provision does not provide the Minister with the power to consider or grant exemption requests on the basis of public protection.

CPA Ontario supports the government's efforts to help address labour shortages by increasing the ability of international trained immigrants to practice their chosen profession in Ontario. We are proud there are no Canadian work experience requirements for internationally trained accountants pursuing admission to membership with CPA Ontario. We strive to balance the need to protect the public interest with the desire to ensure qualified individuals from other jurisdictions are integrated into the Ontario CPA community and believe we have been well recognized for these efforts.

CPA Ontario is eager to work with the government to ensure the province's accounting profession continues to support international applicants and a diverse profession, while maintaining best practices and protecting the public interest.

Respectfully submitted,

Chartered Professional Accountants of Ontario

Carol Wilding, FCPA, FCA
President & Chief Executive Officer

CC:
Honourable Monte McNaughton, Minister of Labour, Training and Skills Development
Honorable Doug Downey, Attorney General
Honorable Peter Bethlenfalvy, Minister of Finance