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# Legislative Assembly of Saskatchewan

## DEBATES and PROCEEDINGS

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### **Bill No. 112 – *The Accounting Profession Act, 2013***

**Mr. Forbes:** Thank you very much, Mr. Speaker. I rise today to enter into the debate on Bill No. 112, *An Act respecting the Accounting Profession and the Institute of Chartered Professional Accountants of Saskatchewan and making consequential amendments to other Acts*. And we understand this is part of an initiative that's happening right across Canada to streamline the accounting profession and roll three designations, the CPA [chartered professional accountant], CMA [certified management accountant], CGA [certified general accountant], into one CPA, chartered professional accountant, which seems to be a laudable goal. And I think this will be an interesting discussion as we proceed forward to debate this in detail.

And it's quite a thorough bill in front of us, and I just want to take a minute and talk about the institute. What they are establishing is an institute, the Institute of Chartered Professional Accountants of Saskatchewan, and it would be operated under the name of the CPA Saskatchewan. And I think this is an interesting piece. It's always good to set out what are the duties and objects that you hope to establish. And of the institute, it is the duty . . . And it's section 4(1), so people who are listening or at home:

4(1) It is the duty of the institute at all times:

(a) to serve and protect the public; and

(b) to exercise its powers and discharge its responsibilities in the public interest.

(2) The objects of the institute are:

(a) to regulate the practice of the profession and to govern the registrants in accordance with this Act and the bylaws; and

(b) to assure the public of the knowledge, skill, proficiency and

competency of registrants in the practice of professional accounting and other services provided by registrants.

And all things flow from those to the duties and the objects the institute. So it's relatively straightforward, but if only it were so. And that's why we have accountants, because things do get complex and complicated. And it is a very important thing that we have well-trained professionals who are accountants, and we can only look as close as our own auditors here in our province and the good work that they do to make sure that we're on task and things don't veer off too far from what our targets were in terms of what our spending was and the efficiency and use of our financial resources because after all that is what we are tasked for here in the province.

But I want to step back and just say ... Well I just want to review the duties of the institute. And it's straightforward: serve and protect the public. That is straightforward. They don't talk about private interests. They talk about the public. And then it goes on, "to exercise its powers and discharge its responsibilities in the public interest."

I would have liked to have seen maybe a little bit more definition or some parameters or some discussion around what is the public interest. I often refer to a very good piece of work that was done earlier in the 2000s around the provincial interest, and it lays it out quite specifically, whether it be heritage, whether it be environmental, whether it be the water, whether it be even gravel. It's quite laid out nicely.

But here, when we just generally say public interest, what is the public interest here? That opens up a whole Pandora's box about what might be in my interest may not be in your interest. And what is the definition of this? And of course even somebody might argue the public interest as opposed to the common interest. And there could be shades of different you, know, different shades here, and I think that it would be interesting to have that conversation. And I hope, I hope when this is referred to committee that we may actually invite some of the accountants to be part of that discussion, and what's their interpretation of this.

Because I know it is well within the ability of the committee to ask witnesses to come forward. And I would hope that maybe we have those witnesses come forward and give some input into this because I would like to know about the public interest.

And of course the reason is, I mean for many of us, you know, the use of accountants decades ago was, you know, the sign of high finance. It was something that we didn't often associate with. But clearly in the last two or three decades, and I do think about particularly around 2000 when we saw what was happening in the world of some of the major corporations, particularly in the States — I think of Enron as one — where there was a lot of questions being asked about how could such a thing happen? People were investing. Apparently the corporation was on sound footing. And people were assuming that things were being checked, that all the bases were covered. And all of a sudden a major corporation, a major, major corporation collapsed. And then people had many, many questions about the professional responsibility involved in that type of thing, and the impact on shareholders and the impact of citizens in terms of retirement funds that

just disappeared overnight.

And we saw that again in the States with the housing collapse and the mortgage fiasco around, in 2007-2008. And again what happened there? What happened there? Because people were counting, were depending on professional responsibility of many disciplines — and I think accountants would be included in that because quite often they are the auditors of the corporations — and somehow things went astray.

So I think that it would be really interesting to talk about the public interest, and I know the minister had referred to how important this is going to be for consumers. And I'll get to that in a minute. But I do want to underline what is the meaning here and what is the interpretation of public interest? It would be very interesting to get that on record, and the minister did not refer to that in committee.

We can definitely see it at the provincial level when we have auditors doing the good work. And we know that the relationship with the auditors in this government, and particularly this minister when we talk about balanced budgets, they don't see things eye to eye. And when our auditors have said, let's do things in one set of books and people can understand that more easily, this government insists on using two sets of books, depending on the place the people are talking to. And of course there is a lot of confusion about whether the books are actually balanced in this province or not. There's some very big questions about that.

And so this is why it's very important to talk about the public interest because sometimes I think this government thinks it's about the government interest and not the public interest. But that is who they're charged to be responsible for; that's their mandate, the public, the public interest here in the province. But I sometimes wonder if they've taken it to a different level, and that is the government interest. And that's not, that's not what this is about. So when we get the minister and hopefully we might be able to get some accountants in, we can talk further about this.

So, Mr. Speaker, I think that this is how the stage is set out, and it's been asked for by the accounting profession. And it's one that, again, it's interesting. We're getting a lot of material. A lot of legislation is being created this way. Are there others that should've been consulted in this, in the development of this Act? You know, because once we create an Act, we want to make sure there are no unintended consequences. It is our goal to make sure that this is the strongest the legislation could possibly be.

And one of the ways of doing that is to talk to a lot of different stakeholders, not just one set of stakeholders who clearly . . . And I think they have the best interests at heart, the public interest they say, but we need to make sure we take a look from all different angles. In fact that's what auditors and accountants would probably say to us — make sure you take a look at this from all different angles and not just one angle. And I think that's important.

So who else did they consult? What things did they hear from those people? Did they consult at all with others? Now it might be the universities or the institutes from which

accountants are trained in. They may have some input into this. Some large financial institutions might have some input into this. It would be interesting if our own auditors had some input into this.

Did they go out and cast a wide net for more input on this? Because I think once we pass this, then our part as legislators is done. And we won't have a chance to take a look at this again until they start to find the mistakes and the oversights that they did. Then it comes back to us as an amendment, and I hope that's not in a year or two. Often that's what we see. In a year or two after the fact with this government, there's been amendments come back.

So we have a lot of concerns about that. And of course once it's passed here then we go into the regulatory, the regulations part, and we don't have a lot of input in that. We ask, we can ask in committee, but generally the work is then done by cabinet and it's removed from the public scrutiny to the same extent. So we have a lot of questions about that.

Mr. Speaker, one of the things I do take an interest in and that is around the discipline section. And it's fairly significant and that's a good thing. I am interested in this one particularly because, you know, I did talk about this last night about the legal profession. And I made remarks in terms of the teaching profession in terms of how for the teaching profession they went to a medical doctor for input on how they should discipline themselves. They didn't do that with the legal profession. They didn't go outside the profession for an outside opinion, and I don't know if they went outside the profession for an outside perspective.

Now clearly this government is making, breaking new ground in terms of the report on the STF [Saskatchewan Teachers' Federation]. And I think it was an interesting report. But I think it's important that, you know, when we're doing this kind of thing, particularly when it comes to discipline, how has this particular section been scrutinized? Has there been an outside body take a look at this to say, okay if we're looking at other disciplinary processes in professional organizations, how does this stand up to that same standard?

Now in education clearly, when there's children involved, they have a unique benchmark that they must meet. That's a unique benchmark, and I understand that and I appreciate it. And it's very important as a teacher, I think, that we have to always strive to do our very best when it comes to the situations that involve children. Parents absolutely must have confidence in that. And this process must be transparent and accountable and in fact there is some value in the public right to know.

Here in terms of discipline, and the minister did talk about the concept of consumer protection, and I refer back to the housing crisis that happened in the States: Enron, the large corporations that have failed. And there's been examples here in Canada.

I think that there needs to be — now I'm not sure, maybe it's in here — but the public right to know and how is that carried out. There are public appointees, and that's important. And I think almost all professional organizations have public appointees. But

the question really becomes, how is their work communicated to the public? How is their work communicated to the public? Quite often they do their work and they do good work, but it's not communicated at all. And in this case, well how is the public aware of the things that are happening in terms of the accountants?

I think it's a very important question because we have the Act open now. And it would be one that I hope we ask and we get answers to in terms of so what happens with the discipline because that's a big, big thing. Money is being invested and money moves around fairly quickly, and that's because people want to take advantage of good opportunities. And if there are situations that are problems, we want to know about it right away.

I think of only the White Bear situation with their accountant. We've read about that in the media where their accountant actually went back to Central America but came back. And we have yet to see how that plays out. But clearly this is a big, big issue. And when you have non-profits, you have reserves, you have a lot of organizations that are working with money that is precious, absolutely precious, and their work is significant in the health of our communities and in our families because of investments, particularly when it comes to retirement, it's important that the disciplinary action is even more than just transparent, but it's readily accessible.

And I see that there is a section 35, a duty to report, and I will just take a minute to see what that says. I think that it will be . . . and it will report its findings. And I'll read what it says:

If the professional conduct committee in its investigation pursuant to section 28 or the discipline committee at the conclusion of its hearing pursuant to section 31 believes that the registrant whose conduct is the subject of the investigation or hearing may be guilty of a criminal offence . . .

may immediately discontinue its investigation . . .

So this is a case of criminal misconduct so it's, report of its findings to the president of the institute and the Deputy Minister of Justice.

So there you go. That's what they do if it's criminal. But what do you do if it's otherwise? Now it may be that pretty much, and I would almost think that pretty much all their work if it's not done well could be the nature of a criminal offence because of the severe . . . the seriousness of their work. But I think it's important. I think this is something that, as I said in the case of Whitecap, you had a major impact in terms of, I believe, the loss was well over \$1 million, and it's a significant one. So this is something that we really, really need to take seriously.

And once we have the Act open like this, it's important that we take some time, scrutinize it. Clearly it's come from three credible sources and I think that bodes well for it. But we need to make sure that . . . It is our responsibility, you know. We are a body that scrutiny is so, so critically, so critically important. And so we will be checking with folks about this.

And it will be interesting to see, it will be . . . You know, might be even interesting to see what the RCMP [Royal Canadian Mounted Police] have to say about accountants. That would be interesting if they have any in terms of their work. Now I would imagine 99.9 per cent would be positive but, you know, in terms of the kind of fraud or crime, it might be of worth, interesting to see what they would have to say about this.

So I just want to take a minute as well just to review what the Minister of Finance had to say. And of course he talks about the three organizations: the CAs [chartered accountant], the CMAs, and the CGAs all represent the professional accountants in Saskatchewan. And there's approximately 4,400 members and 970 students. So there were extensive consultation, and of course there was a supportive vote to merge together. And this is something that, as he mentions, is happening right across, right across Canada. So that fits well as we know that we want to establish standards that fit right across, right across Canada. So he talks about the accounting profession and the regulatory system they have is internationally recognized as being robust, competitive, and consistent, and that supports our economic objectives. And truly, truly, that is . . . And that's why this is so critically important that we get it right.

And the merger into a modern streamlined regime will have benefits to the public in that we can know the CPAs are trained, licensed, and regulated by the professional accounting profession. Now that's really critical. And I know at some point sometimes we're always wondering which level, a CA or a CPA or a CGA, is which better for our processes. And that's very good.

It talks about better protection to the consumer: “. . . that they can feel assured that accountants are qualified to provide a service in their designated speciality.”

And so I hope that will be easily understood though I do worry about sometimes when we get overly complex. And we know that this government last year, a year ago, brought forward the employment Act where they were forcing unions to have audited statements. And because of that language, all of a sudden the costs for some organizations were going to actually be higher than the amount of money that they actually gathered because some of the locals were very small. And so I do worry that sometimes we . . . There is a balance, isn't there. Because we want to make sure the records are robust. They're transparent. They're accountable. People can have access to them and they're easily understood. But at the same time you don't want to overdo it where you're paying more for work than you're actually . . . the value matches the amount of money that's being involved. So that's very, very important.

So it is important we have the protection for the consumer but, as I said, the section around discipline, we'll have questions in terms of the accountability and the reporting out of that.

So, Mr. Speaker, I know other people will want to get up and speak to this. Of course this will be interesting to see how this plays out because we'll have time in the House to discuss this further, and we'll have questions in committee. But of course as with any piece of legislation, the devil will be in the regulations and how that all plays out

together. That will be interesting to see how that happens with this Act as you merge three designations and three organizations and the way they've done it before. And if there's any group that was ever a stickler for detail, I imagine it would be the accountants and that they could anticipate concerns.

So we do have questions. You know, as I said, were there other bodies that were consulted, and what was that? You know, generally this makes sense off the top of it. But as I've said, it's our duty, it's our role to make sure there are no unintended consequences and that we don't have to open up this piece of legislation next year because something was forgotten. Let's talk about this right now.

And as I said, I am interested in having the discussion about the parameters of the term public interest. What does that really mean? It's a term that can mean an awful lot to a lot of different people. I know that there are examples of where the definition of the public interest has been defined in a really helpful sense, but this is not the case here. It's a general term, and we really want to make sure that it's as clear as possible.

And you know, interestingly I was up on the floor last night in the legislature. *The Legal Profession Act* talked about how the public interest had priority over the individual lawyer's interest. So there was a discussion about that. We don't see that reference in here. Whether that's something that should have been in here, I'm not sure.

So with that, Mr. Speaker, I know that, as I said, many others will want to rise and debate this bill . . . [inaudible interjection] . . . They're that close, very close. Well that's interesting . . . [inaudible interjection] . . . We've talked that long? Mr. Speaker, I'd like to move adjournment of Bill No. 112, *An Act respecting the Accounting Profession and the Institute of Chartered Professional Accountants of Saskatchewan and making consequential amendments to other Acts*. I do so move adjournment.