



Internal Trade Secretariat

News Release

Release of Panel Report regarding a dispute between the Certified General Accountants of New Brunswick and Quebec under the *Agreement on Internal Trade*

October 18, 2005 - The Panel Report on a dispute initiated by the Certified General Accountants of New Brunswick (CGA-NB) against the government of Quebec under the *Agreement on Internal Trade (AIT)* was released today. CGA-NB alleged that certain laws and regulations of Quebec restricted labour mobility in a manner that was inconsistent with the obligations under Chapter 7 (Labour Mobility) of the *AIT*.

The Panel issued its report on August 19, 2005. The Internal Trade Secretariat forwarded the report to CGA-NB and Quebec the same day. The report can now be found on the *Agreement on Internal Trade (AIT)* website: www.intrasec.mb.ca. The Panel was comprised of: Michel Desjardins of Moncton, New Brunswick, who chaired the Panel, Elizabeth Cuddihy of Hubbards, Nova Scotia and Phyllis Smith of Edmonton, Alberta. Under the terms of the *AIT*, the Panel was mandated to examine whether the measures at issue were inconsistent with provisions of the *AIT*. The Panel held a public hearing on the dispute on July 5, 2005 in Quebec City.

The Panel addressed the following issues:

- Whether the request by CGA-NB for dispute resolution is inadmissible under the time limitation provisions of Article 1712 (Initiation of Proceedings by Persons);
- Whether public accounting is a distinct occupation under the *AIT*;
- Whether Quebec's measures that restrict public accounting to Chartered Accountants are inconsistent with the requirements of the *AIT*, particularly Article 707 (Licensing, Certification and Registration of Workers) and Article 708 (Recognition of Occupational Qualifications and Reconciliation of Occupational Standards) ;
- Whether Quebec's measures can be justified as a legitimate objective under Article 709 (Legitimate Objectives) if they are found to be inconsistent with Article 707 or 708.

With respect to these issues the Panel found that:

- CGA-NB had met the limitation provisions imposed by Article 1712(4) of the *AIT*;
- Public Accounting is an occupation as defined by the *AIT*;
- The CA occupational standard as the occupational standard for the practice of public accounting is not in itself inconsistent with the *AIT*;
- Quebec's application of the CA occupational standard for public accounting to non-CA accountants from other jurisdictions, where those qualifications have already been recognized, does not relate principally to competence and is inconsistent with Articles 707(1)(a) and 708 of the *AIT*;

- Quebec's public accounting measures that have been found to be inconsistent with the *AIT* can not be justified under the provisions of Article 709;
- Quebec's public accounting measures that restrict access to the practice of public accounting by non-CA accountants recognized in other jurisdictions as qualified to practice public accounting have impaired internal trade and have caused injury.

The Panel therefore recommended that:

- Quebec take whatever steps are necessary to ensure that the *Chartered Accountants Act* and Regulations and all other Quebec statutes that restrict access to the practice of public accounting by non-CA accountants recognized as qualified to practice public accounting by other Parties are made consistent with the *AIT*.

Further the Panel awarded costs to CGA-NB in the amount of \$31,191.00 to be paid by Quebec.

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Background

The *AIT* came into effect July 1, 1995 in order to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services and investments within Canada and to establish an open, efficient and stable domestic market. Through the *AIT*, governments are working to remove existing interprovincial trade barriers, prevent the establishment of new barriers and harmonize interprovincial standards.

The *AIT* provides mechanisms for the resolution of disputes related to internal trade matters. Access to the dispute resolution mechanisms is open to governments, to individuals and to businesses. This was the eighth dispute Panel established under the dispute resolution provisions of the *AIT*.

The *AIT* encourages the resolution of disputes through consultations between the disputants and makes provision for progressive steps in the dispute resolution process. The first step is the consultations process within each chapter of the *AIT*. This process must be exhausted before moving into the general dispute resolution procedures under Chapter 17 of the *AIT* which provide for: 1) further consultations between the disputants; 2) a request for the assistance of the Committee of federal/provincial/territorial Ministers responsible for Internal Trade and finally, 3) the establishment of a dispute resolution panel.

A panel is composed of three members selected from a roster of panellists. Parties to the *AIT* can nominate up to five members to the roster. Each disputant selects one panellist from the roster that it has not nominated to the roster. The two designated panellists then select a chair from the roster.

Panel hearings are public. Documents submitted to the panel are public except when they are commercially sensitive or are otherwise protected by law. The panel is to produce its report within 45 days of the last hearing day.