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MARCH/APRIL 2022

## *Women in the C-Suite*

Five female executives weigh in on the journey to parity



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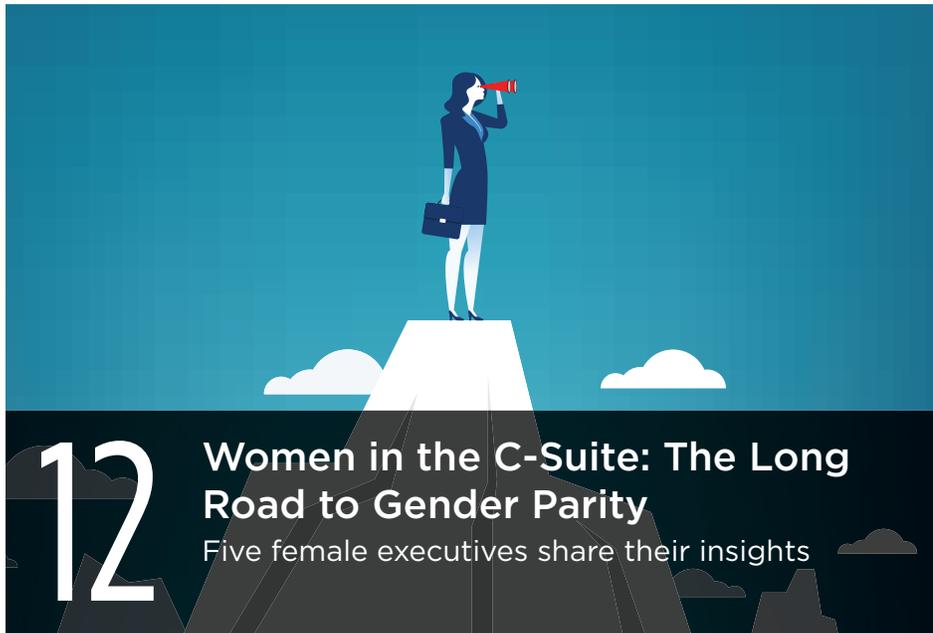
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Cover image:  
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Nelson Soh, CPA, CA

Co-founder & CFO of FSQ

Consulting Inc., TEDx speaker, author



Photo by Bobo Zhao Photography



# CPABC **INFOCUS**

March/April 2022, Vol. 10, No. 2

*CPABC in Focus* is the flagship magazine of BC's chartered professional accountants.

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## **About**

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### Keeping the Conversation Going

Heading into winter, it seemed that things would soon be getting back to normal—or at least settling into a *new* normal. Then came Omicron. And as case numbers rose, we had to pivot once again—shelving plans to increase our in-person events and adding more virtual and online offerings to our roster instead. This included adding two new events to CPABC’s recruitment program.

At the time of this writing in early February, we’re getting set to launch our new CPABC Talent Talks and Career Week events, both of which will be held quarterly. Geared toward hiring managers, CPABC Talent Talks will feature moderated discussions on attracting and retaining talent, while CPABC Career Week will give employers, recruiters, and job seekers three days of informative sessions and networking opportunities (see page 9).

Recruitment events such as these are key to generating interest in the profession and attracting future CPAs to the profession. They also provide an opportunity to highlight the many BC CPAs who are out there making a difference. It’s important that we, as an organization, acknowledge the efforts and achievements of individuals who are actively volunteering and making positive contributions within their organizations, their communities, and the CPA profession.

With that in mind, I’d like to congratulate CPABC’s 2021 Member Recognition honourees. We are pleased to welcome 12 members to Fellowship, honour one FCPA with the Lifetime Achievement Award, and recognize one member for Early Achievement and two for Distinguished Service. The honourees’ names appear on page 7, and you’ll find their profiles in the May/June issue of *CPABC in Focus*. These members go above and beyond the norm, setting a standard for excellence, and we look forward to celebrating their achievements at a virtual event in May.

Lastly, as we look forward to International Women’s Day on March 8, I encourage you to read our cover story, which showcases five women who are setting the standard for excellence in the C-suite. ■



Karen Horcher, FCPA, FCGA, CFA  
CPABC Chair

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### Building for the Future

As we look forward to spring, it’s hard to ignore the fact that we are now entering the third year of the pandemic. The last two years have been incredibly difficult, but I’m proud to say that our organization and its people have risen up and found solutions to the many challenges that we have encountered.

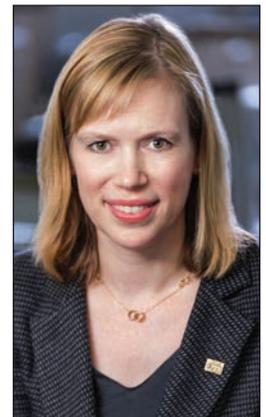
I am thrilled to share that CPABC has been recognized as one of BC’s Top Employers for the third year in a row. Creating a safe and inclusive workplace that fosters a sense of belonging has long been a top priority for us, and is key to allowing us to fulfil our mandate of protecting the public.

Collective learning has helped us build inclusiveness and belonging. In 2021, we focused on our commitment to equity, diversity, and inclusion (EDI) by holding lunch and learn sessions to raise awareness. We also reviewed our policies and procedures to ensure they continue to align with our commitment to EDI. Our organizational priorities are reflective of the changing environment in which we live, work, and invest.

Investment is the focus of CPABC’s next report and survey, slated for release in early March. The *BC Check-Up: Invest* report focuses on BC’s investment activity in 2021 and looks at what’s in store for the province’s major projects in 2022. The survey results capture members’ perspectives on BC’s economic prospects and on governmental efforts to support the economy and make life more affordable for British Columbians. You’ll find insights from both the report and survey in our feature story, starting on page 22.

By the time this magazine reaches you, CPABC will have commented on the provincial budget (scheduled for release on February 22). As the government looks to build back better, CPABC will continue emphasizing the need to address the labour shortage and the need for strategic investments that will boost productivity, enhance skills training, and encourage investment in innovation.

Finally, I would like to specifically draw your attention to the article “Twenty Years Later: Lessons from Enron,” starting on page 32. As CPAs who must act in the public interest, we need to be highly alert to the signs of fraud and aware of the steps that can be taken to prevent or identify fraudulent activity. ■



Lori Mathison, FCPA, FCGA, LLB  
CPABC President & CEO

A THANK YOU TO OUR VOLUNTEERS

## Leading with Empathy: A Salute to CPABC’s Volunteers

Canada’s National Volunteer Week is an annual campaign that celebrates the commitment, dedication, and generosity of community volunteers across the country. This year’s theme, “Empathy in Action,” will celebrate volunteers across the nation for their commitment to building a stronger Canada. The campaign will run from April 24 to 30.

The COVID-19 pandemic has continued to put a strain on community organizations working to deliver essential services to help those in need—especially as many in-person volunteer initiatives have had to be postponed or cancelled. CPABC encourages members, candidates, and students to support the national campaign and help out where they can.

CPABC’s volunteers, including those serving on the board and those who contribute to regulatory committees, member forums, and chapters, demonstrate “empathy in action” through their efforts to help the profession carry out its mandate to protect the public.

We would like to take this opportunity to recognize their contributions. To all CPA members, candidates, and students who continue to volunteer in the profession and in the community: Thank you for all that you do!



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### WANT TO VOLUNTEER WITH THE PROFESSION?

CPABC’s student recruitment and employer relations team is looking for volunteers for their 2022 recruitment activities, which include some new initiatives. See page 8 for details.

To learn about other CPABC volunteer opportunities—such as becoming a financial literacy instructor, a volunteer income tax preparer, or a chapter leader—visit [bccpa.ca/volunteer](https://bccpa.ca/volunteer).

## DUES REMINDER

### IMPORTANT: 2022-2023 Annual Member Dues Deadline Is April 1, 2022

An email notification was sent to each member in late February 2022 indicating that the deadline to pay 2022-2023 member dues is **April 1, 2022**.

Please log in to our secure online payment system at [services.bccpa.ca](https://services.bccpa.ca) to print your annual member dues notice and pay your dues online before the deadline. As an additional security measure, CPABC recently introduced an *optional* two-factor authentication service for logging in to [services.bccpa.ca](https://services.bccpa.ca). Individuals who choose to enable two-factor authentication will be required to enter a verification code, in addition to their username and password, when logging in.

**Reminder:** By default, member dues notices display full dues payable, without any reductions. Members seeking a dues reduction must declare, on an annual basis, that they meet the eligibility criteria. Please review the eligibility criteria for member dues reductions carefully by visiting [bccpa.ca/memberdues20222023](https://bccpa.ca/memberdues20222023) and choosing the “2022-2023 Member Dues Reduction Categories” option.

If you did not receive your 2022-2023 CPABC annual member dues notification by email, contact [memberrecords@bccpa.ca](mailto:memberrecords@bccpa.ca) to ensure that we have your current email address or log in to [services.bccpa.ca](https://services.bccpa.ca) to update your member profile. Please note that you are required to update your contact information immediately with any changes.



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### Questions?

For more information on your 2022-2023 member dues, visit [bccpa.ca](https://bccpa.ca), click on the Member Services tab, and choose 2022-2023 Member Dues. You can also contact CPABC’s finance department by email at [finance@bccpa.ca](mailto:finance@bccpa.ca).

**AGM ANNOUNCEMENT**

**Save the Date:** BC AGM Scheduled for June 22, 2022

CPABC will hold its 2021-2022 annual general meeting on Wednesday, June 22, 2022. The call for nominations for the CPABC Board of Directors will be sent out in early April, and AGM meeting materials will be posted to [bccpa.ca](http://bccpa.ca) in early June.

**NOTE: Date for Yukon AGM**  
At the time of this writing, the date for CPA Yukon's 2021-2022 AGM had not been set. Details are forthcoming.

**MEMBER RECOGNITION**

**Save the Date:** Virtual Member Recognition Event – May 16, 2022

CPABC is proud to recognize the accomplishments of our 2021 Member Recognition Program honourees with a special virtual event that will be broadcast on May 16. Family members, colleagues, and friends of the 16 outstanding CPAs listed below are encouraged to join in the celebration. Event details are available at [bccpa.ca](http://bccpa.ca).

**CPABC's 2021 Member Recognition Honourees**

**Early Achievement Award**

Jane Long-Haggerty, CPA, CA

**Distinguished Service Award**

Jennifer Cudlipp, CPA, CGA  
Edward Pereira, CPA, CGA

**Fellowship**

Ryan Barrington-Foote, FCPA, FCA  
Paul Challinor, FCPA, FCA  
Carol Chiang, FCPA, FCA  
Michael Cinnamond, FCPA, FCA  
Victor Giacomini, FCPA, FCA  
Grant Lee, FCPA, FCA  
Lenora Lee, FCPA, FCA  
Benita Loughlin, FCPA, FCA  
Stanley Mitchell, FCPA, FCA  
Matthew Murray, FCPA, FCMA  
Carolyn Rogers, FCPA, FCMA  
Rahul (Ray) Walia, FCPA, FCMA

**Lifetime Achievement Award**

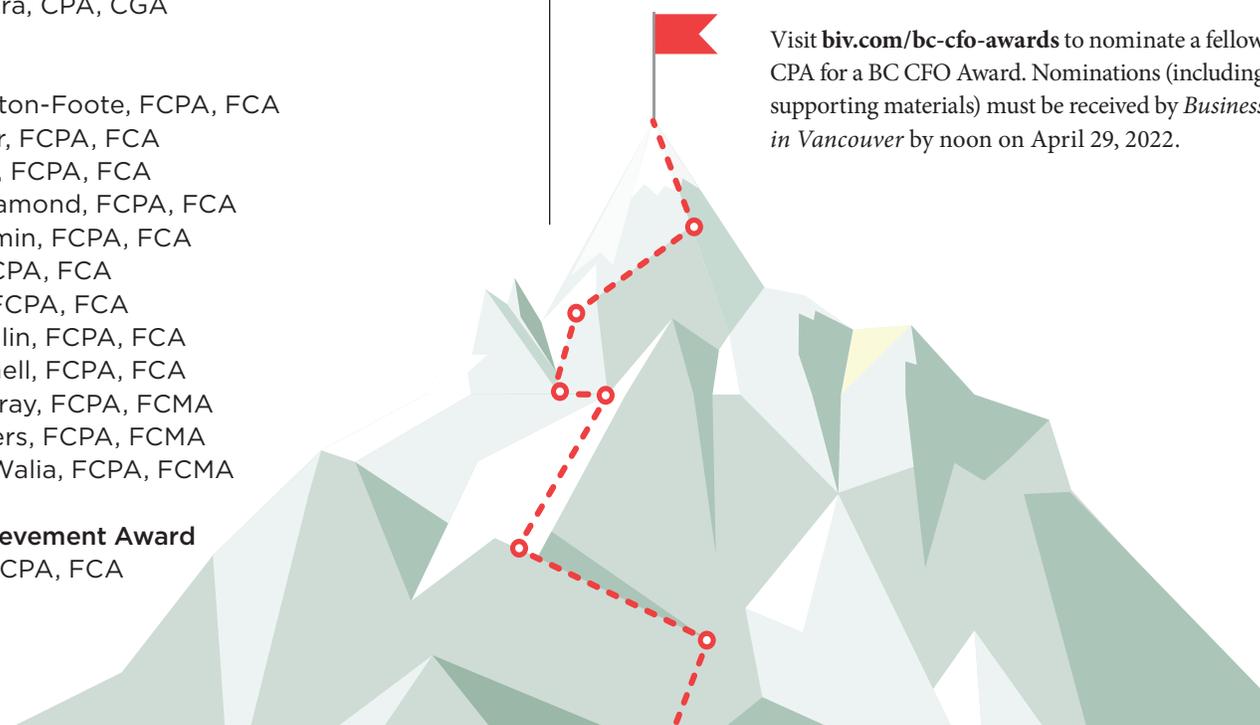
Olin Anton, FCPA, FCA

**Nominate a CPA for a 2022 BC CFO Award!**

Once again, *Business in Vancouver* and CPABC are partnering to recognize and celebrate the top CFOs in British Columbia at the BC CFO Awards. Honourees are chosen based on their performance relating to corporate growth through strategic decision-making, as well as overall performance and execution, sound business principles, and reporting. Awards will be presented in the following categories:

- Large Public Company (revenues > \$75 million)
- Small Public Company (revenues < \$75 million)
- Large Private Company (revenues > \$75 million)
- Small Private Company (revenues < \$75 million)
- Publicly Accountable
- Non-Profit
- Transformation Agent

Visit [biv.com/bc-cfo-awards](http://biv.com/bc-cfo-awards) to nominate a fellow CPA for a BC CFO Award. Nominations (including supporting materials) must be received by *Business in Vancouver* by noon on April 29, 2022.



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**VOLUNTEER OPPORTUNITIES**

## Passionate About the Profession? Volunteer at CPABC's Recruitment Events



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**S**tudent recruitment activities are in full swing for 2022 and we're looking for keen CPA members and candidates to join our volunteer roster. Sharing your time and experience with prospective students is a great way to stay engaged with the profession and help shape the next generation of CPAs. Here are a few current opportunities:

### Be a guest speaker for high school presentations

CPABC's student recruitment and employer relations (SRER) team visits high schools through the school year to give presentations about the CPA profession, and they're looking for enthusiastic CPA members and candidates to share their CPA stories. Email Larry Jung, student recruitment officer, at [ljung@bccpa.ca](mailto:ljung@bccpa.ca) for more information.

### Join the CPA Ambassador Program

CPABC is seeking proud CPAs to join the CPA Ambassador Program. Volunteer opportunities for member ambassadors include attending networking events; representing CPABC at career fairs; speaking about your CPA career path at high school information sessions; being a panellist or keynote speaker at gala dinners and other events; and judging CPABC's annual Business Case Competition for post-secondary students.

### Share your CPA PEP journey in our new webinar series

The SRER team is also developing a special webinar series to showcase the journey to becoming a CPA. If you'd like to get involved in this new initiative, email Alice Wong, student recruitment officer, at [alice.wong@bccpa.ca](mailto:alice.wong@bccpa.ca) for details. Topics will include:

- What to expect in Core 1 of the CPA Professional Education Program;
- Practical experience routes:
  - ◆ Working in a Pre-Approved Program position;
  - ◆ Working in an Experience Verification position; and
- Life after obtaining the designation. (This topic is only open to CPA members who have earned their designation within the last one to two years.)



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## RESOURCES FOR EMPLOYERS AND JOB SEEKERS

## CPABC Debuts New Recruiting Events to Help CPAs Level Up Hiring and Job Search Skills

To keep up with BC's ever-evolving workforce demands in 2022, CPABC's student recruitment and employer relations team launched two new quarterly event series for employers and job seekers in February.

### CPABC Talent Talks

Presented in partnership with local recruitment experts, CPABC Talent Talks features moderated discussions on important topics such as this year's hiring outlook, how to attract and retain top talent, and how hiring managers can position their organization as an employer of choice in a competitive market.

This event series kicked off on February 3 with a lively conversation between Stéphanie Roy, CPABC's employer relations manager, and recruitment experts Ben de la Fosse and Michael Dha from Strive Recruitment about the hiring outlook for 2022.

### CPABC Career Week

CPABC Career Week brings together employers, recruiters, and job seekers for three days of discussion, expert business insights, and dynamic conversations about careers in accounting and finance. This event series features the best of our past career events paired with exciting new opportunities, including career panels, job search workshops, career fairs, speed interviews, and more!

At the time of this writing, preparations were underway for the inaugural Career Week on February 22-24.

### MARK YOUR CALENDARS!

Whether you're an employer looking for talent or a job seeker looking to sharpen your skills, you won't want to miss these upcoming events:

#### CPABC Talent Talks

- April 7 (presented by Robert Half)
- July 14 (presented by Randstad)
- October 6 (presenter TBA)

#### CPABC Career Week

- May 17-19
- August 23-25
- November 1-3

Visit [bccpa.ca/news-events/upcoming-events](https://bccpa.ca/news-events/upcoming-events) for the latest details on all upcoming career development and hiring events.



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process?

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and find out how CPABC can  
support your talent acquisition  
strategy. Details are available at  
[bccpa.ca/employernetwork](https://bccpa.ca/employernetwork).

NOTES & NEWS

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Access Resources on the CPABC Website

Newsroom



[bccpa.ca/newsroom](https://bccpa.ca/newsroom)

Anti-Money Laundering



[bccpa.ca/aml](https://bccpa.ca/aml)

Financial Literacy



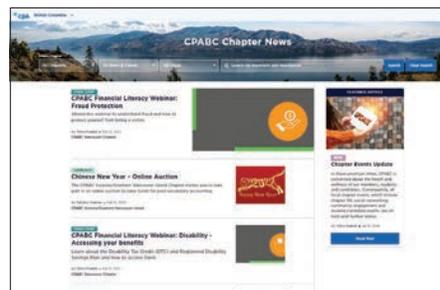
[bccpa.ca/finlit](https://bccpa.ca/finlit)

Public Practice Knowledge Base



[bccpa.ca/kbase](https://bccpa.ca/kbase)

Chapters



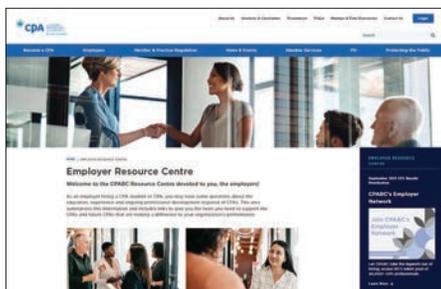
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Protecting the Public



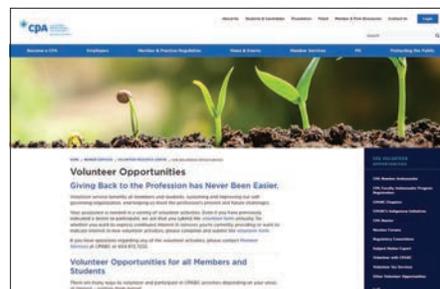
[bccpa.ca/protecting\\_public](https://bccpa.ca/protecting_public)

Employer Resource Centre



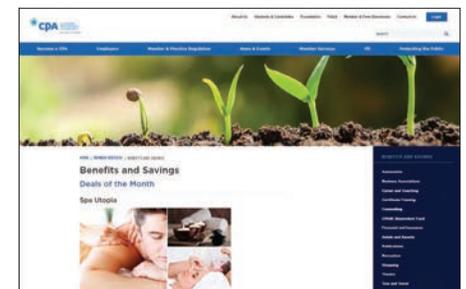
[bccpa.ca/employer](https://bccpa.ca/employer)

Volunteer Resource Centre



[bccpa.ca/volunteer](https://bccpa.ca/volunteer)

Benefits and Savings



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# Do you need financial assistance?

Support is available

The Benevolent Fund of the Chartered Professional Accountants of British Columbia provides short-term financial assistance to members in need.

Visit [bccpa.ca/benefits](http://bccpa.ca/benefits) and select “CPABC Benevolent Fund” for details.



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# Women in the C-Suite

## *The Long Road to Gender Parity*

Five CPA executives share their insights

**S**hortly before COVID-19 hit, the World Economic Forum estimated that it would take approximately 100 years to achieve gender equality globally, with progress incremental at best.<sup>1</sup> Unfortunately, the pandemic has added mileage to an already long road, and the Forum now estimates that it will take 135.6 years to close the global gender gap, assuming we continue on our current course.<sup>2</sup>

In North America, the estimate is now 61.5 years,<sup>3</sup> but progress in the workplace continues at a slow pace, especially at the management level. As is the case globally, the gender gap in North America widens as the level of management increases—a phenomenon that has been dubbed the “leaky pipeline.”<sup>4</sup> In short: The higher up the corporate ladder we look, the fewer women we find.

Story by Michelle McRae



Catherine Dahl



Rajveer Hundal



Azra Hussain



Neelam Sahota



Winnie Shi

According to statistics compiled by Catalyst, men continued to hold over 90% of the executive roles in the C-suite in Canada in 2019.<sup>5</sup> That same year, women accounted for only 35.3% of all managers in Canada and just 31.5% of senior managers (globally, the percentage of women in senior management roles peaked at 29% in 2019). Additionally, those women who made it to the senior leadership level tended to be overrepresented in support functions like administration and underrepresented in areas considered pipelines to CEO and board-level positions, such as research and development.

There is substantial research showing that gender diversity is good for the bottom line,<sup>6</sup> and education levels for men and women are now at par in Canada.<sup>7</sup> So what accounts for the ongoing disparity, particularly in management?

We asked five award-winning women working in the C-suite to share their thoughts on obstacles to parity, the importance of mentorship and representation, and the opportunities to speed progress. They are: **Catherine Dahl, CPA, CMA**, CEO and founder of Beanworks and a co-recipient of the Entrepreneur of the Year Award from *BCBusiness* in 2021; **Rajveer Hundal, CPA, CA**, a partner with PwC Canada and a BIV Forty Under 40 honouree in 2021; **Azra Hussain, CPA, CGA, CFRE**, COO of Surrey Hospitals Foundation and a recipient of the 2021 Canada's Top 100 Most Powerful Women Award in the C-suite category; **Neelam Sahota, FCPA, FCGA**, CEO of DIVERSEcity and a past recipient of the Surrey Board of Trade's Women in Business Award for Non-Profit Leader of the Year; and **Winnie Shi, CPA, CA, CFA**, co-president and CFO of InTransit BC and a recipient of the 2021 Canada's Top 100 Most Powerful Women Award in the C-suite category.

## Why do you think we've made so little progress in terms of gender parity, especially at senior levels?

**Catherine Dahl, CPA, CMA:** I've seen some key trends that have, in my view, limited the ability for women to make it to the C-suite level: women's confidence levels, the tendency for people to hire those who are like themselves, organizations' unwillingness to make the effort required for gender parity, and business decisions as well as policies that put women at a disadvantage for taking maternity leave. In general, I would also say that if the workplace environment is off-balance due to too much male influence, it would not be a happy workplace for women. In my experience, men and women do not approach work the same way.

To the first point, I often find women undervaluing themselves. I have a team at 50/50 gender parity, so I give performance reviews to both men and women. Even though I've provided my female reports with the feedback to correct this, without fail, they grade their performances consistently lower than I would, while my male reports grade themselves higher. It blows my mind to see this in my own team! As well, I've noticed that men tend to have the confidence to push for and apply for roles that they may not be fully qualified for in terms of skills or experience. Women, in general, approach work differently—they often feel they must be overqualified to apply for the job. Of course, there are exceptions on both sides.

Secondly, like attracts like—men tend to hire men like them, and the same goes for women. Achieving gender diversity means actively filling roles in a gender-balanced way right from the start. If you build

**Note to readers:** This article looks at gender parity through a binary lens, as the research referenced herein does not reflect a non-binary view of gender gaps. CPABC is committed to equity, diversity, and inclusion for all gender identities.

*Above: Photo of Catherine Dahl by Myshsael Schlyecher Photography; photo of Azra Hussain by Photography by Marlow; photo of Neelam Sahota by Brit Kwasney Photo. Photos of Rajveer Hundal and Winnie Shi provided by the members.*

<sup>1</sup> World Economic Forum, *Global Gender Gap Report 2020*, 2019 (15).

<sup>2</sup> World Economic Forum, *Global Gender Gap Report 2021*, 2021 (preface).

<sup>3</sup> Ibid (6).

<sup>4</sup> Catalyst, "Women in Management: Quick Take," August 11, 2020, [catalyst.org](https://catalyst.org).

<sup>5</sup> Ibid. All data in this paragraph from Catalyst.

<sup>6</sup> Jonathan Woetzel, Anu Madgavkar, Kweilin Ellingrud, Eric Labaye, Sandrine Devillard, Eric Kutcher, James Manyika, Richard Dobbs, and Mekala Krishnan, *The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth - Executive Summary*, McKinsey Global Institute: September 2015.

<sup>7</sup> World Economic Forum, *Global Gender Gap Report 2021*, 2021 (147).

your leadership team with a strong commitment to gender parity, it will positively impact the gender balance of the business overall. You'll find more women applying to companies with a healthy balance of male and female leaders.

Then there is the issue of maternity leave. Unfortunately, we do not see enough men taking on the childcare role and leaving their positions for 12 months. And sometimes when women do, their career progression slows down, or they lose their careers entirely. As a workforce society, we are not advanced in such a way that we reward parents who take time out and make the necessary sacrifices to raise their children. Not only that, most companies' hiring practices also do not make it easy for them to come back to work.

“As a workforce society, we are not advanced in such a way that we reward parents who take time out and make the necessary sacrifices to raise their children.

Not only that, most companies' hiring practices do not make it easy for them to come back to work.”

**Neelam Sahota, FCPA, FCGA:** Like every pervasive inequity issue, there must be systems-level change in order to change the status quo. I think the push for gender parity in the workplace began with earnest efforts to make shifts in the workplace—for example, through hiring practices—but fell short when it came to identifying the critical issues *upstream* that need to be equalized in order for women to enter *and stay* in senior-level positions. These include systemic changes needed to make high-quality childcare affordable and reevaluate how we as a society value care-giving periods and roles in our lives.

This is just one of the critical issues that have been left under-addressed. And when you add in the paradigm of privilege and the barriers different women experience well before even entering the workforce, you have a really complex issue at hand that requires bold actions, which have been completely missed in the colonial context of gender parity.

“... when you add in the paradigm of privilege and the barriers different women experience well before even entering the workforce, you have a really complex issue at hand that requires bold actions, which have been completely missed in the colonial context of gender parity.”

The World Economic Forum's global top 10 continues to be dominated by Nordic countries, with Iceland, Norway, Finland, and Sweden all making the top five in 2021. Canada ranked 24th.  
- *Global Gender Gap Report 2021* (6, 9).

**Winnie Shi, CPA, CA, CFA:** Achieving gender parity will take more than just education and training. We have to address the unconscious bias that results in words and actions by *both* men and women that sabotage, in varying degrees, women's career progression.

In addition, society has been slow in providing support to allow women to fully realize their career potential. Childcare, in particular, continues to be a barrier that forces women to choose between having a family and having a career.

## What can be done to speed the rate of progress?

**Catherine:** I believe some countries are getting it right—Norway and Sweden are great examples. North America needs to think holistically and promote women and men even if they take time to care for their children. Companies should also consider offering daycares for their employees.

At Beanworks, we stay connected to mothers on maternity leave and actively promote the idea of both parents taking time off. We hold positions open for the parents on leave for childcare and seek a healthy gender balance when hiring staff as best as we can. Another step we took to support gender equality was to create a job family matrix with each position's skills and pay scale clearly documented. Once our staff demonstrate they've advanced their skills, they get elevated to the new pay band accordingly. We find that men sometimes negotiate better salary increases for themselves than women, so this transparent and consistent approach helps to remove any potential imbalance in pay.

In general, women need to value themselves more than they do, and governments can help by providing incentives to promote female leadership in their respective countries. Furthermore, companies can and should provide training for female leaders. For instance, Quadient, our new parent company, has its own female leadership empowerment program designed to help women with career advancement. Also, the Business Development Bank of Canada has a huge venture capital fund focused exclusively on investing in companies with women in the C-suite called Women in Technology. These kinds of initiatives are helping to move the dial on gender parity in the workforce.

**Neelam:** I think we need to apply an equity-centered design model to gender equity in the workplace, whereby a model of gender equity is designed focusing on the needs of the most vulnerable members of the population. This approach will require input from *all* women, not just those in the workplace today but also—and especially—those who are on the sidelines or who don't see themselves ever entering into senior levels because of the barriers they face. Governments, employers, and community groups need to work together to ensure that they're providing a platform for and listening to these critical voices so that legislation and policies are created with data from all voices that matter.

**Winnie:** As I said earlier, to truly achieve gender parity, we need to fundamentally change the unconscious bias that restricts women to traditional gender roles. Even at senior management levels, it's surprising to see women being asked to take on a disproportionate share of the administrative, human resources, and other "traditionally female" tasks. While all of these tasks are important to the smooth running of an organization, leaders should be more conscientious in assigning them evenly between genders.

Ultimately, however, the real work starts with what we teach our children. When I was a child, it was expected that I would do well in school and pursue post-secondary education, but gender stereotypes were still reinforced every day. Girls were supposed to be nice and take care of others—to be nurses not doctors, secretaries not CEOs. And while attitudes have changed significantly since then, most men and women in my generation probably still hold unconscious biases that prevent women from moving forward in their careers.

I think there's a real opportunity now to change these gender stereotypes by presenting the next generation with real-life female role models. We can show them that girls are every bit as smart and strong as boys *and* can do whatever they want with their lives. We can also teach boys to share responsibility for the tasks that are traditionally assumed by females—especially childcare, which remains a huge barrier to career progression for women. For a lot of women, the period in her life when she chooses to have a family coincides with a critical point in her career, forcing her to choose between motherhood and career promotion. The expectation still persists that a woman will be the primary caregiver and that her career will become secondary to that of her spouse. That attitude needs to change.

Governments have to provide better support as well, by creating accessible and affordable childcare. And removing the social stigma associated with working moms will also make a significant difference. It's important that society supports women's career progression throughout their working lives, as the benefits from both organizational and socioeconomic perspectives are well documented.

.....

“... to truly achieve gender parity, we need to fundamentally change the unconscious bias that restricts women to traditional gender roles. Even at senior management levels, it's surprising to see women being asked to take on a disproportionate share of the administrative, human resources, and other 'traditionally female' tasks.”

.....

**Canada's progress between 2006 and 2021, according to the World Economic Forum's Global Gender Gap Index**

**Overall:** 2006: 0.716 ↑ 2021: 0.772

**Economic participation and opportunity:**  
2006: 0.730 ↑ 2021: 0.741

**Educational attainment:**  
2006: 0.999 ↑ 2021: 1.000

**Political empowerment:**  
2006: 0.159 ↑ 2021: 0.381

**Health and survival:**  
2006: 0.978 ↓ 2021: 0.968

- *Global Gender Gap Report 2021* (147). For all indicators except health and survival, the equality benchmark is 1, meaning equal numbers of women and men. Health and survival have slightly different benchmarks due to variables in birth and life expectancy rates (74).

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## Despite the discouraging stats, have you seen a positive shift in attitude regarding women’s participation in the C-suite?

**Catherine:** Yes, I believe the next generation coming up is much more balanced in its thinking towards gender parity in the workforce and leadership teams. But organizations need to be more proactive. Gender parity needs to be built into the corporate KPIs—you can’t change what you don’t measure.

“Gender parity needs to be built into the corporate KPIs—you can’t change what you don’t measure.”



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**Neelam:** There has definitely been a positive shift, especially in certain industries; however, women of colour are still way behind in being represented at the C-suite level. Until all women—not just those who hold systemic privilege—are able to reach the C-suite, we will see progress stagnate. And as the COVID-19 pandemic has shown us (with an unprecedented number of women leaving the workplace, including at senior levels), progress can even reverse course.

“Until all women—not just those who hold systemic privilege—are able to reach the C-suite, we will see progress stagnate.”

**Winnie:** Most definitely, yes. It’s much more common to see women hold C-suite positions than it was 20 years ago. When I was first starting out in my career, a woman in a senior leadership position was a novelty. Now, while it’s still not commonplace, it’s at least no longer surprising that a woman would hold a C-suite position.

Finance has made good strides in this area, and you can see women assume positions like CFO, VP finance, and controller. I think other disciplines are still behind in this area, such as CIOs and general managers. Interestingly enough, a predominant view still exists that CEOs are male. Clearly work still needs to be done in this area.

In 2019, the most common position for Canadian women at the executive level was CFO.

– Rosenzweig & Company, *The 15th Annual Rosenzweig Report*, March 2020 (7).

## How have things changed since you started your career?

**Catherine:** Things have changed massively. In my first management role, my boss—who was a woman—told me I should wear a skirt to work because that was the only appropriate attire for women in business. I entered the workforce in 1989 while in university, where my program was very gender diverse. I expected it would be that way outside of school too, but I was wrong. Women had very low glass ceilings then. When it came to salary equality, I was getting paid less than my male counterpart managers even though I was the only one with a four-year degree. If I hadn't had a female boss then, I would have never even known this.

“Women had very low glass ceilings [when I started my career]. When it came to salary equality, I was getting paid less than my male counterpart managers even though I was the only one with a four-year degree.”

**Neelam:** As a woman of colour, I've seen more awareness built around the challenges women face and more willingness to talk openly about these challenges. And now with socio-political pressures brought to the forefront, diversity, equity, and inclusion are more common discussion points, although many organizations and governments need to see these issues as “mission critical” as opposed to “nice to haves.”

Additionally, thanks to pioneers in their cultures, women from non-western backgrounds now have a greater ability to deconstruct stereotypes and break through their own “glass ceilings within glass ceilings.”

**Winnie:** In the 25 years since I started my career, I've seen significant changes. Not only are there more women in senior leadership positions, but the way women are treated has changed significantly. It surprises me that comments made to and about women that were deemed appropriate in the workplace back then are clearly inappropriate in this day and age—and, in fact, would likely result in sexual harassment charges. I think changes in language have changed people's attitudes about women's roles in society, and that has allowed women to achieve more in their careers.

More recently, the “Me Too” movement has really brought that type of behaviour under the microscope. Unfortunately, it's a double-edged sword. I think the unintended consequence of the movement is that men are less willing to be mentors and outspoken advocates of women for fear of their actions being interpreted as being inappropriate.

## What were the biggest barriers you faced on your journey to the C-suite and how did you overcome them?

**Catherine:** In my case, I fell into a small startup and was the only one on staff qualified to act as the CFO—this led to the CEO role I am in today. But I would say my biggest challenge over the years as CEO managing an ever-growing company was building my confidence to allow myself to say: “For sure, I can do this!”

**Azra Hussain, CPA, CGA, CFRE:** I started my career in a financial services organization in India, with mostly male team members. Learning how to speak to be heard and how to be assertive but not “aggressive” were skills I needed to master early on. Being a career woman facing not only gender biases but also cultural barriers, I had to “prove my mettle” both professionally and personally. This was just the first time I was faced with barriers and obstacles on my way to the C-suite.

Immigrating to Canada meant starting life over and experiencing a new country, a new culture, and new criticisms. I'd completed my bachelor of commerce degree in India but knew I had to earn a Canadian certification to further my career. I worked and studied part-time to complete my CPA (then CGA) certification while raising two young children, which was a huge challenge in and of itself.

I overcame the many obstacles on my journey to the C-suite by taking the time to identify my core strengths—intellectual curiosity, patience, and a strong work ethic instilled in me by my father—and then challenging myself to have the confidence to use these strengths in every part of my life. I call it having “confidence in your competence.” Using these strengths confidently has also made it possible for me to lead through the COVID-19 crisis and achieve rapid transitioning with minimal disruption.

“Being a career woman facing not only gender biases but also cultural barriers, I had to ‘prove my mettle’ both professionally and personally.  
... Immigrating to Canada meant starting life over and experiencing a new country, a new culture, and new criticisms.”

**Neelam:** Self-confidence was a bit of barrier for me, but the bigger barrier was knowing that taking this step would have repercussions on so many other aspects of my life. I'm very fortunate to have a supportive partner with whom I share common values on gender equity, so I took this time to reflect with him. The decision to move forward in this next phase of my career then became really clear, as I was able to see how I could balance being in the C-suite with motherhood and being a partner, along with the myriad of other roles we, as women, play.

**Winnie:** The biggest barriers were believing in my own abilities to reach the next level and having the courage to ask for what I wanted. I think a lot of women undervalue their abilities and hesitate when it comes to advocating for themselves. Having supportive mentors and role models gave me the courage I needed to pursue the next step in my career.

## How important was it to have a mentor along the way?

**Catherine:** I've had a business coach for about six years now, and it has been the best mentorship and support system I have had overall. I was also fortunate to have a strong board of directors with women on it—they supported me and my commitment to gender equality when I was building Beanworks.

**Rajveer Hundal, CPA, CA:** I've had a number of mentors and advocates over the years who've played an important role in my journey. The time in my career when having an advocate, mentor, and sponsor was most key was when I was promoted from a senior manager to partner. This individual was another female partner, Kate Furber, CPA, CA. I worked closely with Kate, and she supported me by opening the door to various opportunities and making sure that I had a seat at the table. She played an important role in me being where I am today.

“The time in my career when having an advocate, mentor, and sponsor was most key was when I was promoted from a senior manager to partner.”

**Azra:** Mentors are a must for a person to grow and mature in any organization. We only have one pair of eyes with which we see the world. Even when we think we're being open-minded and attempting to look at ourselves and/or a situation from all different angles, we're still seeing things through our own eyes only. Nothing in this world is that one-dimensional.

This is why, regardless of where I am on my career path, I always have what I call my “personal board of advisors.” They are my champions and truth tellers—a group of people who care about me enough to have the courage to tell me the truth, even when it's tough and difficult to hear.

I strive for diversity on my “board,” enlisting male and female mentors with diverse backgrounds in education, expertise, and industry. Over the years, I've continually taken stock to see who I might need to add before embarking on the next stage of my career.

By sharing their personal experiences with me, my mentors help me make hard decisions. They hold up a mirror for me to see my true self. The advice and guidance I've received from my mentors has been invaluable—it has helped me grow both professionally and personally.

**Neelam:** It was incredibly important to me to have a mentor and support from peers along the way. It made all the difference, especially in the beginning, knowing that I had people in my corner, so to speak. When I needed to work through ideas or get critical feedback, I knew I could do so in a safe space. Good advice, even if it isn't what you want to hear, is priceless.

**Winnie:** When I graduated from university, I thought hard work was going to be the key to my success. I had no idea then how important it would be to have mentors and advocates throughout my career. I've had many mentors and advocates throughout my career who took the time to give me valuable advice, listen to issues as they arose, open doors for me, help me build relationships, and advocate for me. I'm so grateful to them—I simply couldn't have done it without their support.

Mentors and advocates don't appear out of thin air, so I would advise all young professionals to actively cultivate these relationships. I also try to be generous with my time and advice and look for opportunities to give back and mentor and advocate for others.

“When I graduated from university, I thought hard work was going to be the key to my success. I had no idea then how important it would be to have mentors and advocates throughout my career.”

## We know representation matters—did you have a female role model?

**Catherine:** I've had many. There were big names that led the way for me—women like Kim Campbell, Canada's first and only female prime minister. I had the pleasure and good fortune of meeting her and being in her company for several hours in 2007—I found her to be such an incredible and smart lady. More locally, Shannon Byrne Susko [founder & CEO of Metronome United] has had an impact on me as well.

**Azra:** Yes, absolutely. As a matter of fact, I believe that having powerful, intelligent women extending their helping hands and offering their wisdom is what helped lift me to great heights.

I would say the earliest role model was my mother. I grew up watching her overcome adversities and always standing strong in the face of any hardship. I believe it's important that women today have these kinds of role models in resilience. We need to look for help and guidance from women who have worked through adversity and risen up in spite of it. The power realized from these relationships can enable women to thrive and succeed in leadership positions.

In working with mentors over the years, I learned it was important to make the best use of their valuable time. With this in mind, we embarked on what we called our “minute mentoring moments”—short regular meetings to monitor my goals and objectives.

We used a SWOT analysis as a feedback mechanism, and if I was seeking advice on an issue, I always sent the details a few days in advance. I now share these secrets to a successful role model relationship with women within my community who have come into my life looking for guidance and support.

I believe that as we move through our lives, personally and professionally, we should consistently keep one hand reaching up for guidance and support from a role model and the other reaching down to be that role model for someone else.

“... we should consistently keep one hand reaching up for guidance and support from a role model and the other reaching down to be that role model for someone else.”

**Neelam:** Earlier in my career, I was aware of many women in the South Asian community who were real trailblazers, but their stories were rarely shared in a tangible way that other women could see as stories of success. The lack of women of colour at senior levels was glaringly obvious growing up, but as I progressed in my career, so did my circle of peers who were trailblazers in their own right, and a sense of community did form.

Representation is incredibly important, but even though my own mentors didn't look like me, I learned so much from them. Over time, my own experiences also shaped my views on women in leadership, and I'm grateful that all of this diverse input has enabled me to approach leadership through a truly intersectional lens.

**Winnie:** I have many female role models from whom I draw the courage and inspiration to go farther in my career. In addition to the many women I've encountered in the course of business, I've had the privilege of engaging with some of the most successful and courageous women in my sector through my work on the steering committee of the Women's Infrastructure Network. I'm constantly amazed by what they are able to accomplish in their humble fashion, and they inspire me to adopt a “can-do” attitude. I'm a firm believer in the importance of role models.

Addressing the impact of COVID-19 on gender equality, the World Economic Forum says it will take gender-sensitive recovery strategies to make up the considerable ground lost in 2020. These strategies include advancing women's rise to leadership and embedding gender parity into the future of work.

– *Global Gender Gap Report 2021* (preface).

## The COVID-19 pandemic has disproportionately affected women in terms of job loss. Have you seen an impact at the executive level as well?

**Catherine:** From personal experience, I can't say with certainty that women have been disproportionately impacted by the pandemic career-wise. I'm sure they took on more of the housework and childcare when everyone was forced to work at home and kids did not go to school. I imagine this would have had a significant impact on their capacity to work relative to their male counterparts.

**Neelam:** I've definitely seen an impact at the executive level with turnover and complete exhaustion with those that remained in their positions. The COVID-19 pandemic didn't create these underlying barriers/pressures for women—they've always been there (like still being responsible for the vast majority of caregiving, organizing households, and being paid less than their male counterparts)—it simply exposed the fault lines as our lives got turned upside down.

**Winnie:** I personally haven't seen job loss disproportionately affect women at the executive level. Management positions generally allow for working remotely, which permits women to retain their positions. Having said that, the impact of COVID-19 on childcare needs is disproportionately borne by women at all levels, and I think the stress level of juggling career and home responsibilities is at an all-time high.

## How do you think things will shake out after the pandemic?

**Neelam:** I think we have a real opportunity here to not just patch up the fault lines and revert to the way things were. Obviously, people will need to make choices that work for them—especially economically, given that dual incomes are a necessity for most families. However, if government and businesses are savvy, they will see the potential to leverage the entire economic base—not just the privileged ones—to bring us through to an era of economic prosperity where everyone has the opportunity to find purpose and be valued for their skills and experience. This is a long game though, and it will be interesting to see if government and businesses would much rather propel a short-term knowledge-economy approach to a recovery.

**Winnie:** I honestly don't know how things will shake out. I think it will affect women unevenly across levels and disciplines. With labour shortages, I think there's a real opportunity for greater representation of women in certain industries, such as trades. Also, I think a work-from-home or hybrid model is likely here to stay, which will change how childcare is managed. Whether that will mean that women take on a bigger share or that childcare will be more evenly distributed than before the pandemic remains to be seen.

## How can women in senior leadership positions lift up the next generation and remove barriers?

**Catherine:** Actively work at hiring a balanced team.

**Rajveer:** It's our responsibility as leaders to use our voices to make a positive impact and support other women and other individuals with diverse backgrounds in building successful careers. We must ensure that we continue to prioritize diversity and inclusion and make it part of the overall business strategy. We all know that gender parity is good for business. There's ample evidence that having a diverse workforce and implementing deliberate inclusion efforts drives better outcomes. In turn, these better outcomes elevate business growth and catalyze the broader economic development of our society, which benefits everyone.

For myself, personally, I believe it's my responsibility as a leader to ensure that I have the courage every day to share my perspectives and challenge unconscious biases to further drive diversity and inclusion. I want to make sure others from diverse backgrounds—whether it be gender, cultural, or another form of diversity—can learn and benefit from the lessons I've learned during my journey.

This is why being a mentor and champion for diversity and inclusion within the firm and in the broader business community has been so important to me—it means that I am doing my part to make sure we continue moving the dial, not only from a gender equality perspective but from other diverse perspectives as well.

Researchers for McKinsey have identified the following five initiatives used by “best-in-class” Canadian companies to drive progress on gender equality:

1. Articulating a clear business case for change.
2. Setting targets, tracking performance, sharing results, and holding leaders accountable.
3. Creating formal sponsorship programs to help promote women.
4. Making flexibility compatible with promotion and career progression.
5. Raising awareness of, and combatting, unconscious bias to create a truly inclusive environment.

– McKinsey & Company, *The Power of Parity: Advancing Women's Equality in Canada*, June 2017 (executive summary).

“... it's my responsibility as a leader to ensure that I have the courage every day to share my perspectives and challenge unconscious biases to further drive diversity and inclusion.”

**Azra:** As women in senior leadership positions, we have a responsibility to make ourselves available and create a space—an ecosystem of communication, collaboration, and inspiration—to share what we've learned.

We also need to embrace what it means to be champions for the next generation. A big part of being a champion is having the strength to be vulnerable and showing the next generation that being vulnerable does not make you weak—it makes you accessible. This may include discussing the psychological barriers many women impose on themselves due to expectations handed down from their cultures, traditions, or societies. These internal barriers are difficult to navigate and can be just as challenging as any external ones.

I think women in positions of power need to turn the conversation to creating a diverse support system—one that has a knowledge base around different cultures, traditions, and societies—to create a more inclusive company culture.

We also need to look at hybrid work models, because we're on the cusp of a new working world. We've learned a lot about what's possible with hybrid models of work during the pandemic, and taking these models forward would remove many of the barriers the next generation faces when wanting to start a family. It could also encourage more young women to join the workforce.

Having conversations about the various barriers the next generation may encounter could even help us create a new workforce that is able to focus less on balancing work/life and more on harmonizing it.

“... women in positions of power need to turn the conversation to creating a diverse support system—one that has a knowledge base around different cultures, traditions, and societies ...”

**Neelam:** I think women in senior leadership positions can lift up the next generation in a number of ways. First off, we have a responsibility to advocate for systems-level change, whether that's by influencing policy at the government level or speaking up in the boardroom.

Secondly, I think we really need to amplify our voices—especially those that are speaking truth to power on difficult topics. Creating allyship and advocating change needs to be a movement.

Last but not least, we need to share our vulnerabilities openly and demystify what it means to be senior leaders. We need to talk openly about our challenges, hurdles, and fears while also championing our accomplishments. Our stories need to resonate so the next generation can see themselves one day in these senior roles and know that they're supported by a network of women who've walked in these boardrooms before them.

“We need to talk openly about our challenges, hurdles, and fears while also championing our accomplishments. Our stories need to resonate so the next generation can see themselves one day in these senior roles ...”

**Winnie:** Be a visible role model. Be a mentor and advocate for the next generation. Speak out about the importance of gender parity. Be involved in organizational change to promote gender parity.

**What would you say to a young girl who wants to be the head of her own company someday?**

**Catherine:** Go for it! You can do whatever you set your mind to!

**Rajveer:** You have the power to achieve anything you put your mind to. Drive, ambition, and dedication are key to achieving your goal. Build relationships in a way that is authentic to you and lean on these relationships over the course of your journey. View each learning opportunity and experience as an investment in yourself as a professional and in your career. It’s critical to face challenges head-on—these experiences will shape you into a resilient leader.

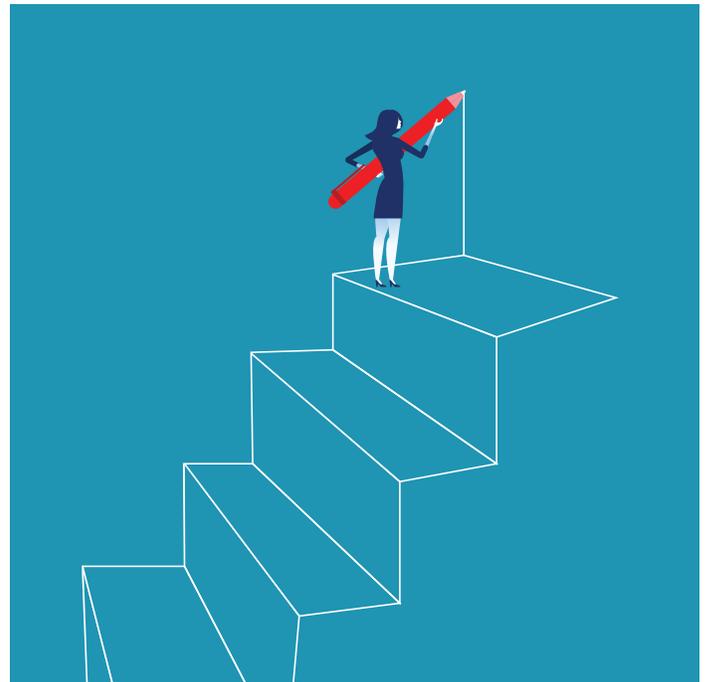
**Azra:** Be confident in your competence. You have skills to contribute to the world and specific traits and abilities that are as unique as your own fingerprints. These are your core strengths. Take the time to identify these strengths and then have enough confidence in them to use them in every part of your life—this is where your true power lies. Additionally, find a mentor who will help you see your true inner beauty, which you may not be able to see for yourself just yet.

**Neelam:** Be focused in what you want, and know that sometimes along the way you may take one step forward and two steps back. You may fall or even fail, but that is part of the process. Success is achieved through iterations, and only *you* can define what success means for you. Own your own narrative and believe in yourself.

**Winnie:** Go for it. Be courageous and reach high. Don’t be afraid to ask questions and to ask for help. Don’t be afraid to fail and pick yourself up. Believe in yourself. ■

“Be courageous and reach high. Don’t be afraid to ask questions and to ask for help. Don’t be afraid to fail and pick yourself up. Believe in yourself.”

*Michelle McRae is the managing editor of CPABC in Focus. She thanks these five trailblazers for taking time out of their busy schedules to participate in this article.*



uzenzen/Stock/Getty Images

## Resources for women in business

CPABC is committed to providing education and resources that support all members in their careers, and this includes supporting women’s progression to senior leadership.

At [bccpa.ca/women](https://bccpa.ca/women), you’ll find a variety of resources curated for women in the profession, including inspiring profiles and links to career navigation workbooks and toolkits produced by CPA Canada.

Additionally, CPABC is launching the Leadership Certificate Program for Women in September 2022. This cohort-based professional development program is designed for female CPAs at the early-to-mid-career level. It will provide training on a variety of leadership-related topics and give participants opportunities to network and build relationships with peers. The program is open to anyone interested in supporting women’s leadership development. More details will be available at [pd.bccpa.ca](https://pd.bccpa.ca) this spring.

# BC Check-Up: INVEST

CPABC's latest report highlights strong investment recovery across BC, but challenges remain

By Aaron Aerts

As previously highlighted in this magazine,<sup>1</sup> BC's investment climate worsened in 2020 due to the COVID-19 pandemic, with the number of active businesses, housing starts, and non-residential investments all declining considerably from the record highs set in 2019.<sup>2</sup> However, since the low point in the summer of 2020, BC has experienced one of the strongest economic recoveries in Canada.



As economic activity began to pick up in 2021 and investors gained greater certainty about the province’s ability to weather the strain of the pandemic, investment activity increased. In fact, several key investment indicators actually reached record levels in 2021, including the number of active businesses, the number of housing units started, and the amount of major project activity (underway and planned) across the province.

There are still challenges, however, as the COVID-19 pandemic has caused lasting damage to our economy. For example, investment in private non-residential construction remains far below the level set in 2019, and GDP per capita is not expected to fully recover until later in 2022. Further, the government’s many important support policies, combined with its reduced revenues, have driven up debt and increased pressure on government finances.

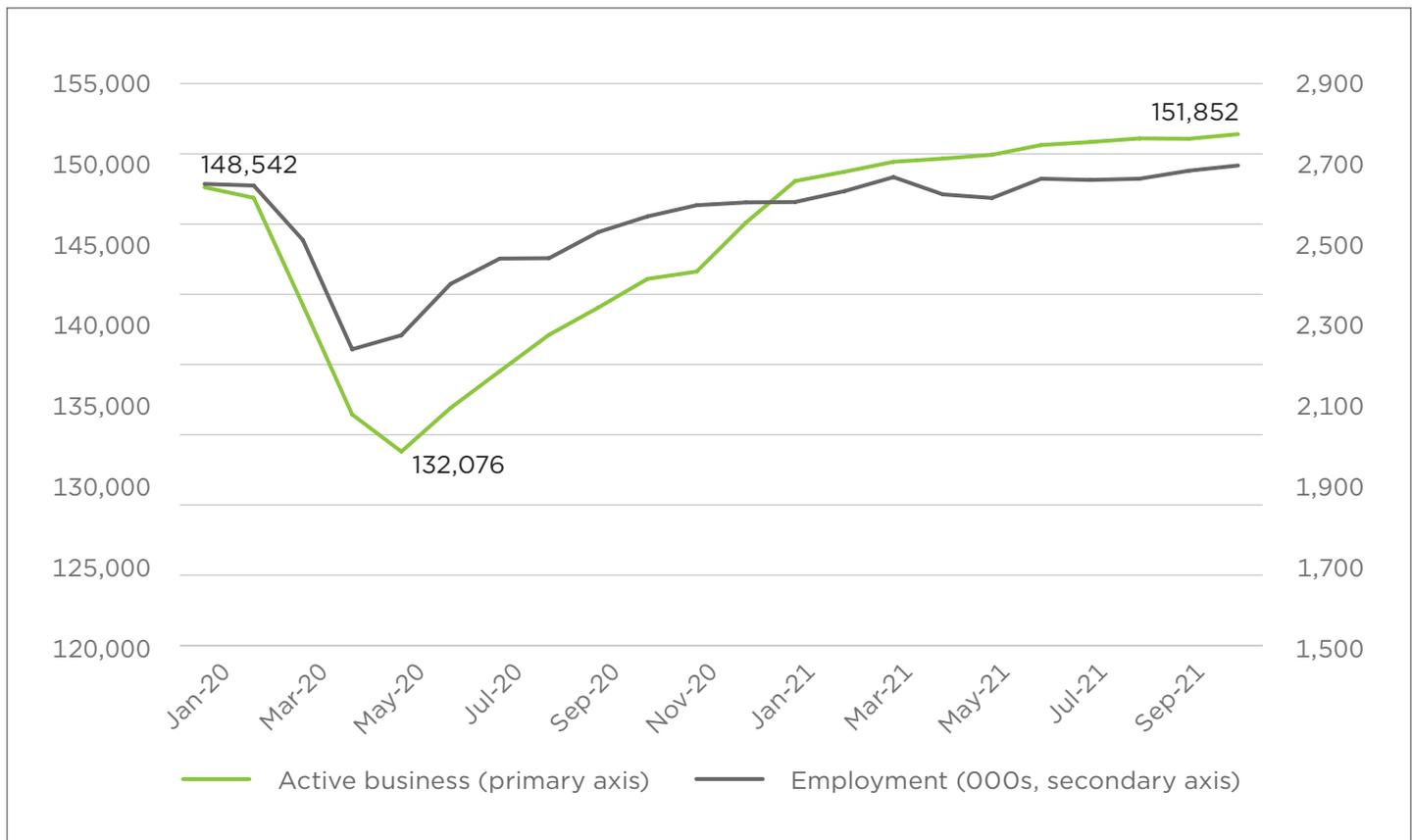
Here’s a closer look at some of the details.

### Active businesses surpassed pre-pandemic levels

Given the number of business closures in 2020, the resultant decline in business activity and corresponding job losses were two of the clearest signs of the pandemic’s impact on BC’s economy. In fact, by May 2020, more than one in 10 businesses in BC (11.1%) had ceased operations, and the unemployment rate had reached 13.4%.

As business restrictions eased and economic activity picked up, those losses were recovered. In fact, the number of businesses increased in all but one of the 17 months between May 2020 and October 2021, for a total gain of nearly 20,000 businesses (see Figure 1), and by October 2021, there were 151,852 active businesses in BC, an increase of 2.2% over January 2020. This business growth supported significant employment gains across the province, with BC’s workforce numbering 2.7 million in October 2021, an increase of nearly 50,000 workers compared to January 2020.

**Figure 1:** Active Businesses and Employment in BC, January 2020-October 2021



Source: Statistics Canada, Tables 33-10-0270-01 and 14-10-0287-01, seasonally adjusted.

<sup>1</sup> Aaron Aerts, “BC Check-Up: Invest,” *CPABC in Focus*, March/April 2021 (14-20).

<sup>2</sup> Sources: Albert Van Santvoort, “Housing Starts Hit Record High in 2019,” *Business in Vancouver*, January 10, 2020; Statistics Canada, “Table 33-10-0270-01: Experimental Estimates for Business Openings and Closures for Canada, Provinces and Territories, Census Metropolitan Areas, Seasonally Adjusted,” accessed January 25, 2022; and Statistics Canada, “Table 34-10-0175-01: Investment in Building Construction,” accessed January 20, 2022.

**Table 1:** Largest Active Business Decrease: January 2020 to October 2021

Tourism	-2.2%
Wholesale trade	-2.0%
Arts, entertainment, and recreation	-0.7%

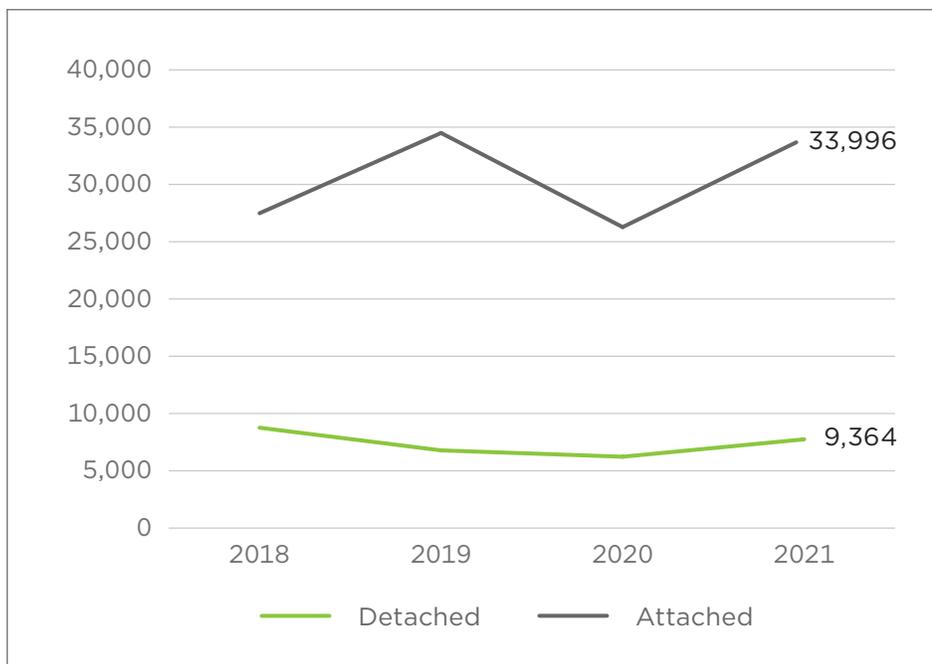
Source: Statistics Canada, Table 33-10-0270-01, seasonally adjusted. Captures industries with 500 or more active businesses.

**Table 2:** Largest Active Business Increase: January 2020 to October 2021

Information and culture	+10.0%
Professional, scientific, and technical services	+7.8%
Food manufacturing	+6.3%

Source: Statistics Canada, Table 33-10-0270-01, seasonally adjusted. Captures industries with 500 or more active businesses.

**Figure 2:** Housing Units Started in British Columbia, 2018-2021



Source: Canada Mortgage and Housing Corporation, *Housing Starts, Completions and Units under Construction*, accessed January 28, 2022.

Despite these improvements, however, business activity has varied, with some industries stagnating below pre-pandemic levels while others witnessed significant growth.

In particular, tourism and the arts, entertainment, and recreation sector suffered tremendously due to ongoing restrictions on customer-facing industries (see Table 1). The number of operational wholesale trade businesses also declined.

By contrast, the media-creation industry (i.e., information and culture) led the pack for growth in BC. In addition to benefiting from high levels of media production since the latter half of 2020, the industry continued to expand as travel restrictions between Canada and the US loosened<sup>3</sup> (see Table 2). The professional, scientific, and technical services industry also saw strong business growth, as did the food manufacturing industry.

### BC saw record-breaking housing starts in 2021

Given the significant price escalation of residential real estate in BC and the provincial government’s strong desire to increase supply, another positive investment trend was the rise in the number of housing units started across the province.<sup>4</sup> In fact, BC set a new record in 2021 with 43,360 total housing units beginning construction, slightly above the previous high set in 2019 and 24.3% higher than the number in 2020 (see Figure 2).

This growth primarily resulted from a large increase in the number of attached units, such as condos and townhomes, which had faced a steep decline in 2020. Attached units accounted for 78.4% of all units started in 2021. (More recently, demand has been strongest for larger units, so it will be interesting to see how residential real estate investments shift in the coming years.)

<sup>3</sup> Sources: Alissa Thibault, “BC Film Industry Bounces Back Stronger than Before COVID-19 Pandemic,” *CTV News*, October 24, 2020; Kareem Gouda, “BC Film Industry Enjoys Boom as COVID-19 Border Rules Loosen,” *CityNews*, August 15, 2021.

<sup>4</sup> Kerry Gold, “BC Housing Minister Eager to Spur Supply,” *Globe and Mail*, January 28, 2022.

**Table 3:** Non-Residential Investment in BC

	Value in 2021*	Since 2016	Since 2019	Since 2020
Total private sector	\$4,043,072,923	13.3%	-36.2%	-13.1%
<i>Industrial</i>	\$686,869,870	17.2%	-30.4%	-7.5%
<i>Commercial</i>	\$3,356,203,053	12.5%	-37.3%	-14.2%
Institutional and government	\$1,581,152,815	35.6%	-10.3%	12.2%
<b>Total private and public sector</b>	<b>\$5,624,225,738</b>	<b>18.8%</b>	<b>-30.6%</b>	<b>-7.2%</b>

Source: Statistics Canada, Table 34-10-0175-01. Seasonally adjusted and adjusted for inflation.

\*January to November 2021; compared to same period in prior years.

### Private non-residential investment declined

While residential investment improved in 2021, the same cannot be said for private non-residential investment, which decreased to \$4.0 billion between January and November 2021. This represented a loss of \$2.3 billion compared to the same period in 2019 and a loss of \$609.3 million compared to 2020 (see Table 3).

Commercial projects were hardest hit, although industrial projects also struggled to find private investors. It's important to note, however, that private investment in both commercial and industrial projects remained well above the levels set in 2016.

Interestingly, institutional and government investment was more resilient in 2021. While down compared to 2019, public investment was 12.2% higher than in 2020 and 35.6% higher than in 2016. This strength in public investment is why major project activity has continued to grow despite the ongoing challenges of the COVID-19 pandemic.

### Investment in major projects boosted economic activity

Major projects—those with a capital cost of \$15 million or higher—are also cause for optimism. Driven by natural resource and infrastructure projects, BC's inventory of major projects increased to \$393.4 billion in Q3 2021, a 6.4% increase over the previous year (see Table 4).

**Table 4:** Major Project Inventory by Development Region, Q3 2020

	Estimated cost of major projects (\$ millions)	One-year change
<b>British Columbia</b>	<b>\$393,408</b>	<b>6.4%</b>
<i>Southwest BC</i>	\$101,386	20.0%
<i>Northeast BC</i>	\$45,233	12.1%
<i>Cariboo</i>	\$16,782	9.8%
<i>Northwest BC*</i>	\$173,539	1.0%
<i>Vancouver Island/Coast</i>	\$30,702	-0.5%
<i>Thompson-Okanagan</i>	\$18,935	-2.6%
<i>Kootenay</i>	\$6,831	-10.2%

Source: Ministry of Advanced Education and Skills Training, *British Columbia Major Project Inventory: Third Quarter 2021*.

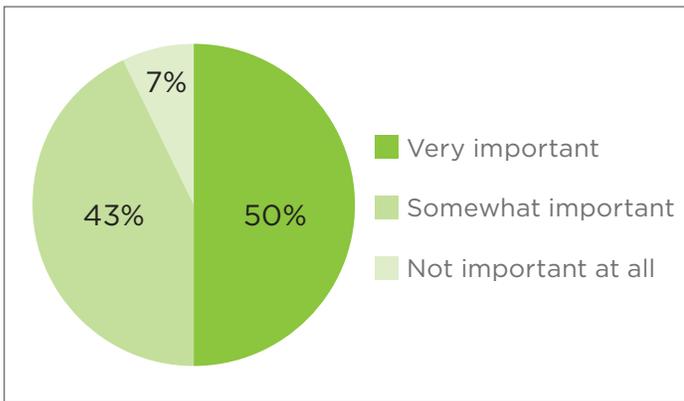
\*Northwest BC consists of the Nechako and North Coast development regions. Data for these two regions has been combined here.

**Table 5:** Real GDP per Capita in BC

2019	\$53,983
2020	\$51,518 (↓4.6%)
2021F	\$53,623 (↑4.1%)
2022F	\$55,136 (↑2.8%)

Sources: BC Stats, *Population Estimates & Projections for British Columbia*; and Statistics Canada, Table 36-10-0222-01. F = forecast, based on the average of the five largest banks' forecasts, per CPABC's Economic Dashboard as of January 14, 2022.

**Figure 3:** CPAs on Importance of Medium-Term Fiscal Recovery Plan



Source: CPABC, *BC Check-Up: Invest* survey, December 8-29, 2021. N=908.

About a third of these major projects are now under construction, and the three largest are the LNG Canada Facility (\$36.0 billion), the Site C Project (\$16.0 billion), and the Coastal GasLink Pipeline Project (\$6.2 billion). As of Q3 2021, the largest projects that have come online are the Lougheed Town Centre (\$7.0 billion), the Broadway Subway Project (\$2.8 billion), and the St. Paul's Hospital Replacement (\$2.2 billion).

The economic activity these projects have brought to every region of the province has been a prime driver of our robust economic recovery. This is good news given the significant economic downturn of the 2020 recession. Real GDP per capita fell by 4.6% in 2020, and it is not expected to exceed pre-pandemic levels until 2022 (see Table 5).

### BC government debt-to-GDP expected to jump

As mentioned earlier, the fiscal support programs launched by both the provincial and federal governments to address the pandemic, coupled with depressed revenues from lower economic activity, have significantly damaged both governments' financial positions. In BC, for example, the net debt-to-GDP ratio increased by five percentage points in just one year, rising from 15.0% in FY2019/20 to 20.0% in FY 2020/21—an increase that represented an additional \$2,508 of net debt per capita.<sup>5</sup>

It's worth noting, however, that the 2022 BC budget had not been tabled by the time of this writing in early February, so up-to-date forecasts on debt trends over the short term were not yet available. Still, while we anticipate an improvement over the outlook provided in the 2021 BC budget, the provincial government's fiscal situation remains considerably weaker than prior to the pandemic.

Concerns about BC's worsened fiscal situation were captured in our recent *BC Check-Up: Invest* survey, with 93% of CPA respondents saying the need for a plan to return to fiscal balance in the medium term (i.e., five to seven years) is important (see Figure 3).

<sup>5</sup> RBC Economics, *Canadian Federal and Provincial Fiscal Tables*, [rbc.com/economics](http://rbc.com/economics), accessed January 25, 2022.


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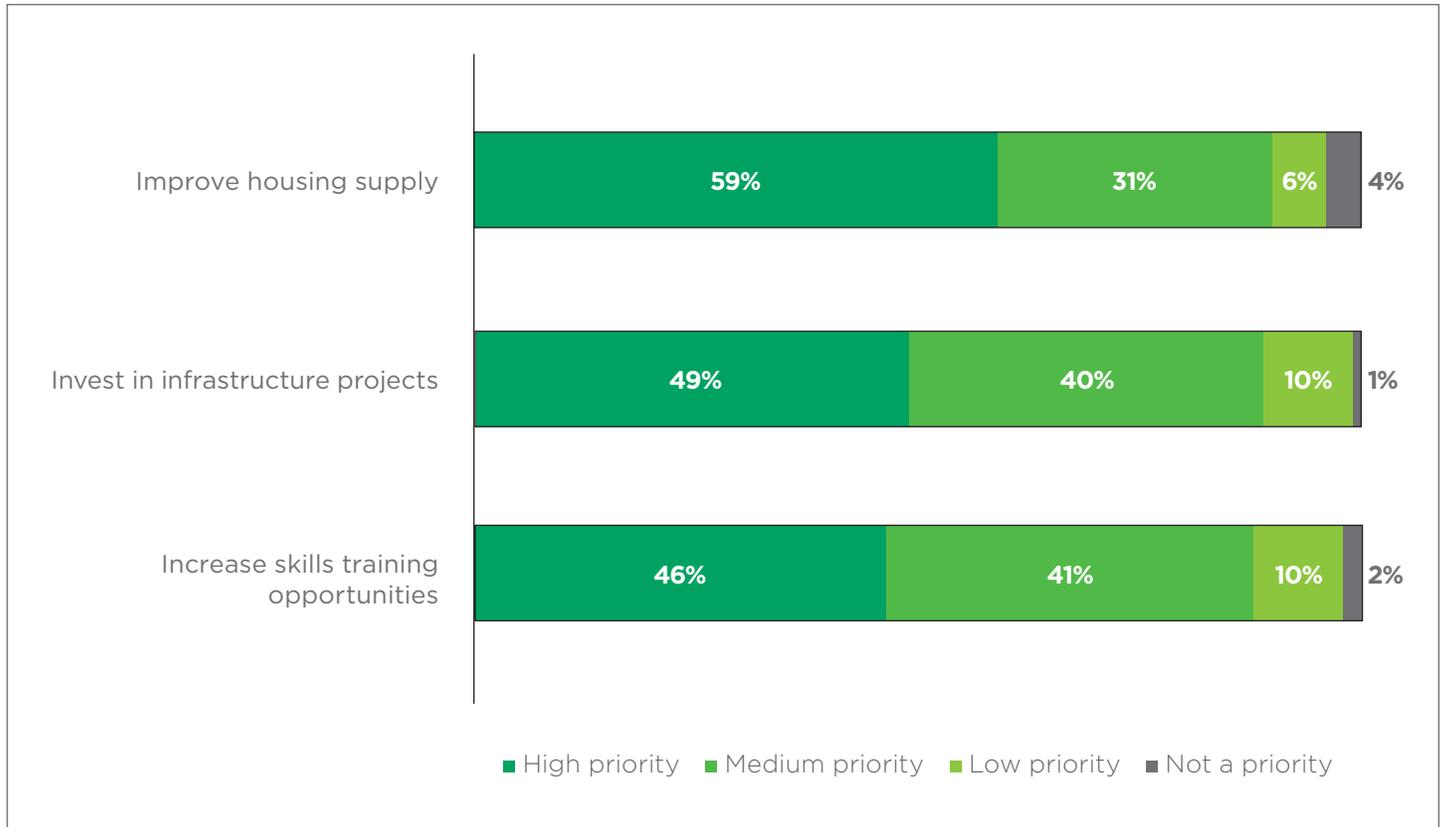
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**Figure 4:** Top-Priority Policy Options for the BC Government in 2021 as per BC CPAs



Source: CPABC, *BC Check-Up: Invest* survey, December 8-29, 2021. N=908. Percentages may not sum to 100% due to rounding.

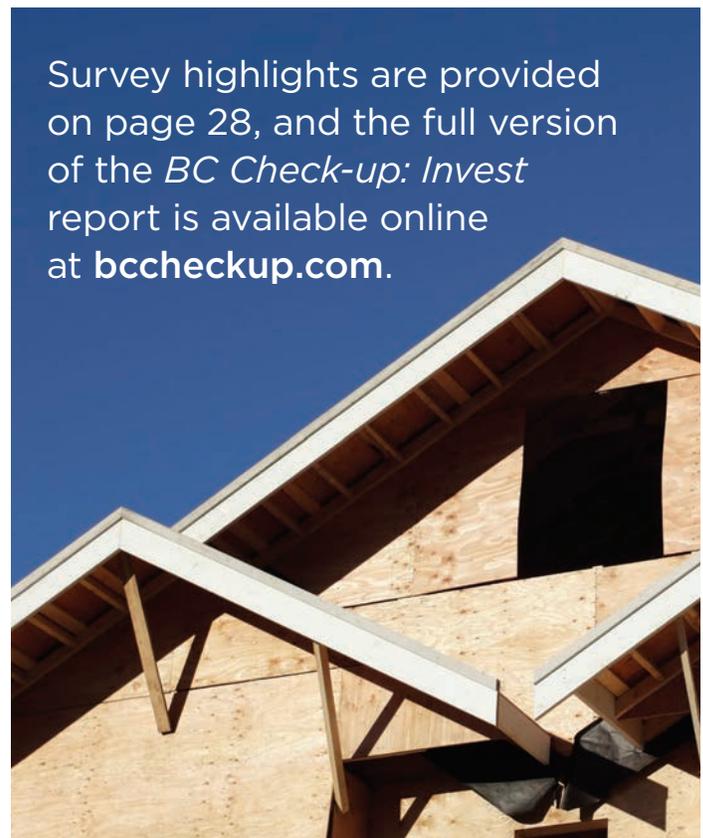
### CPAs are optimistic but say more incentives to invest are needed

The *BC Check-Up: Invest* report indicates many reasons to be optimistic about British Columbia’s economic climate, including robust housing and business activity and major project investments. However, there are clear signs of uneven economic recovery and lasting damage. Given the significant increase in government debt and the 2020 recession’s continued impact on GDP levels in this province, we will need to create an environment that attracts more capital if we want to boost business productivity.

Responding to our recent *BC Check-Up: Invest* survey, CPAs said the top policy priorities to accomplish this are working with other levels of government to improve the housing supply, increasing investments in infrastructure projects, and offering additional skills training to BC workers (see Figure 4; for more survey data, see page 28).

Going forward, CPABC will advance these ideas to government as part of a strategy to attract greater capital investment and improve the province’s economic outlook. ■

Aaron Aerts is CPABC’s economist.



Survey highlights are provided on page 28, and the full version of the *BC Check-Up: Invest* report is available online at [bccheckup.com](http://bccheckup.com).

# Highlights from CPABC's BC Check-Up: Invest Survey

CPABC's *BC Check-Up* survey is conducted three times a year to measure members' perception of BC as a place in which to work, invest, and live. More than 900 CPABC members responded to the most recent survey, *BC Check-Up: Invest*, which was conducted in December 2021. We asked them for their thoughts on the economy and the investment climate, and here's what they told us:

## ON BC'S ECONOMIC OUTLOOK:



- **71%** of respondents said they expect BC's economic performance to be "average" or "good" in 2022. This is a six-percentage-point decrease compared to the results of the *BC Check-Up: Work* survey, which was conducted in July/August 2021.
- **32%** expect BC's regional economies will benefit from an increase in capital investment in 2022, while 16% expect capital investment in their region to decline. The balance (52%) expect it to remain the same.
- The top three challenges identified for BC businesses in 2022 were the ability to attract labour (80%), housing prices (78%), and labour compensation (75%).

## ON THEIR ORGANIZATION'S OUTLOOK:



- **73%** of respondents said they're confident in their organization's economic prospects in 2022. Only 7% said they are not confident.
- **56%** expect their organization's capital expenditures to increase in 2022 compared to 2021, while 11% expect expenditures to decline. The balance (33%) expect expenditures to stay the same.
- Even after travel restrictions are lifted, **54%** expect their organization's travel budget will remain below pre-pandemic levels. Just 9% anticipate it will increase, while the remainder believe it will return to the same level.

## SURVEY DEMOGRAPHICS

### Who are they?

908 CPABC members

### Where are they from?

Mainland/Southwest BC: 67%

Vancouver Island/Coast: 19%

Thompson-Okanagan: 7%

Rest of BC: 5%

Outside of BC: 1%

*\*percentages do not sum to 100 due to rounding.*

*CPABC commissioned Leger Marketing to conduct a web-based survey of CPA members about their impressions of the economy and their region. A total of 908 surveys were completed between December 8 and 29, 2021, representing an overall response rate of 13%.*

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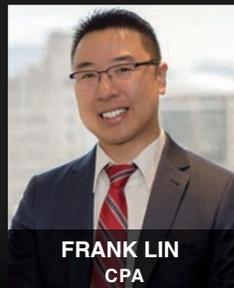


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# Fraud Prevention IN CANADA

Did you know that March is Fraud Prevention Month in Canada? To help ensure that your friends, family, and clients know what to look for, here's a quick look at the impact of fraud in Canada, the warning signs of common scams, and how to report fraudulent crimes. Visit [bccpa.ca/newsroom](https://bccpa.ca/newsroom) for articles, podcasts, and more about fraud prevention.

## FRAUD BY THE NUMBERS

### The impact of fraud

CPA Canada's *2021 Fraud Study*<sup>1</sup> revealed that 1 in 3 Canadians had fallen victim to fraud at some point in their lives.

According to the Canadian Anti-Fraud Centre (CAFC), fraudulent activity was on the rise in 2021:<sup>2</sup>

- 74,525 fraud reports (↑ from 71,100 in 2020)
- 50,666 fraud victims (↑ from 42,184 in 2020)
- \$275M lost to fraud (↑ from \$106.6M in 2020)

### The COVID-19 FACTOR



The COVID-19 pandemic has introduced its own category of fraud. Since March 6, 2020, Canadians have lost \$7.8M (and counting) to COVID-19-related scams.<sup>3</sup>



### 5 most common types of fraudulent requests<sup>4</sup>

The CPA Canada survey results also showed that 73% of respondents had been targeted by at least one type of fraud in their lives. When asked to indicate all of the different types of fraudulent requests they've received, here were the top 5 answers:

- 1 Email - 44%
- 2 Telemarketing - 33%
- 3 Credit card - 27%
- 4 Online - 21%
- 5 Cell/mobile phone - 20%



### 5 steps to take if you've been a victim of fraud<sup>5</sup>

The CAFC recommends that you:

- 1 Stay calm and collect your documentation
- 2 Contact your financial institutions
- 3 Contact the police
- 4 Report the incident to CAFC toll-free at 1-888-495-8501
- 5 Protect yourself from future fraud



### 5 ways to protect yourself from fraud<sup>6</sup>

The CAFC recommends that you:

- 1 Use unique passwords and anti-virus software
- 2 Say no to unsolicited communications, especially if they ask you for personal or financial information!
- 3 Review your financial statements every month and report any irregularities immediately
- 4 Do your own research to verify who you're dealing with
- 5 Notify service providers of any address changes

## 5 COMMON SCAMS AND HOW TO SPOT THEM<sup>7</sup>

### 1 Identity theft & identity fraud

Identity theft occurs when someone's personal information is *stolen* for criminal purposes. Identity fraud happens once that information is *used* to commit a crime.



#### WARNING SIGNS

- Emails, texts, or phone calls from unknown sources asking for personal or financial information
- Mysterious credit card charges, loan applications, or even unexpected government identification showing up under your name

**A note about identity fraud:** While identity fraud didn't rank in the most commonly received fraud requests, 67% of CPA Canada's 2021 Fraud Study respondents said they were concerned about identity theft.<sup>8</sup>

### 2 Health and medical scams

Health and medical scams often involve fake pharmacies selling medications or treatment without requiring a doctor's prescription.



#### WARNING SIGNS

- Promises of dramatic results with little to no effort
- Offers of "miracle cures," weight-loss solutions, and alternative medicine or treatments

### 3 Phishing scams

Phishing scams use fraudulent emails and text messages to try to gain access to personal or financial information through hyperlinks or direct requests.



#### WARNING SIGNS

- Slight differences in the organization's name, email address, or logo
- Requests for personal or financial information

### 4 Tax scams

Tax scams often come in the form of emails or text messages claiming to be from the Canada Revenue Agency. Messages usually mention an extra refund or an outstanding tax bill.



#### WARNING SIGNS

- Requests to provide banking details or make a payment with a gift card or cryptocurrency
- Unusual methods of communication

### 5 Crypto/investment scams<sup>9</sup>

Crypto scams and investment scams offer high-return, no-risk investment, but the money and the broker disappear once the transaction is completed.



#### WARNING SIGNS

- Guaranteed returns
- Pressure to invest right away

<sup>1</sup> CPA Canada, *CPA Canada 2021 Fraud Study – Backgrounder*, February 22, 2021.

<sup>2</sup> Canadian Anti-Fraud Centre, [antifraudcentre-centreantifraude.ca](https://antifraudcentre-centreantifraude.ca), accessed February 1, 2022.

<sup>3</sup> Ibid. Most recent data available as of December 31, 2021.

<sup>4</sup> CPA Canada. Percentages do not sum to 100 as this was a multi-response question.

<sup>5</sup> Canadian Anti-Fraud Centre, "What to Do If You're a Victim of Fraud," [antifraudcentre-centreantifraude.ca](https://antifraudcentre-centreantifraude.ca), accessed February 1, 2022.

<sup>6</sup> Canadian Anti-Fraud Centre, "Protect Yourself from Scams and Fraud," [antifraudcentre-centreantifraude.ca](https://antifraudcentre-centreantifraude.ca), accessed February 1, 2022.

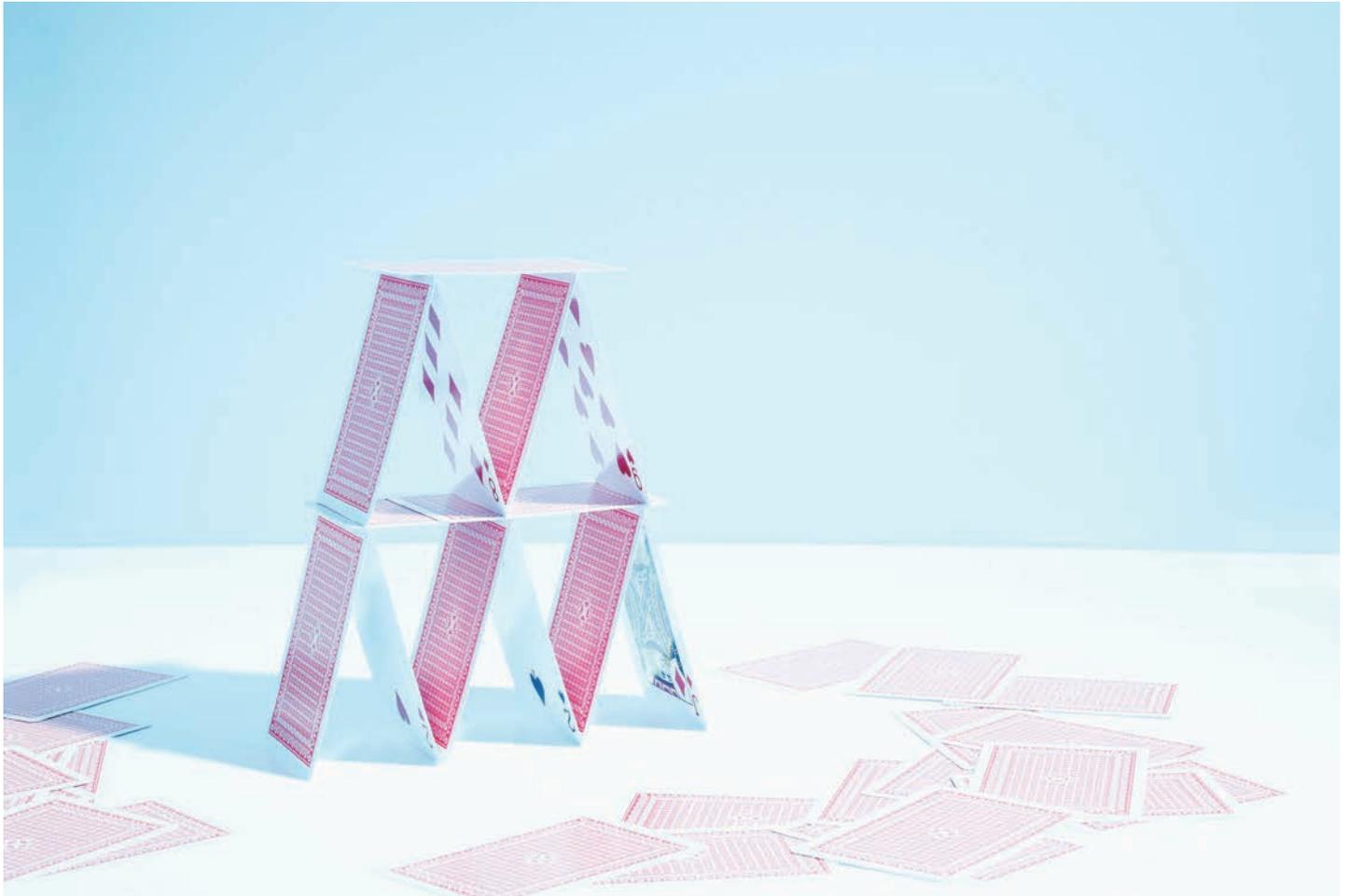
<sup>7</sup> Competition Bureau Canada, *The Little Black Book of Scams*, 2nd edition, 2018. ([competitionbureau.gc.ca](https://competitionbureau.gc.ca)).

<sup>8</sup> CPA Canada.

<sup>9</sup> BC Securities Commission, Invest Right, "Common Investment Scams," [investright.org/fraud-awareness](https://investright.org/fraud-awareness), accessed February 1, 2022.

## Twenty Years Later: Lessons from Enron

From CPABC's Professional Conduct Team



Martin Barraud/OJO Images/Getty Images

“The collapse of Enron was devastating to tens of thousands of people and shook the public’s confidence in corporate America.”<sup>1</sup>

—Former FBI Director  
*Robert Mueller*

On December 2, 2001, Enron Inc., a high-flying energy-trading company based in Houston, Texas, collapsed amid one of the largest cases of accounting fraud in history. Enron’s bankruptcy that day ruined many lives, led to the demise of one of the world’s largest accounting firms, and triggered the most significant changes in the accounting profession in 100 years.

This article reviews the root causes of the Enron scandal and outlines some of the biggest lessons learned.

<sup>1</sup> US Department of Justice, “Former Enron Chairman and Chief Executive Officer Kenneth L. Lay Charged with Conspiracy, Fraud, False Statements,” press release, [justice.gov/archive](https://www.justice.gov/archive), July 8, 2004.

## What happened?

After the deregulation of electrical power markets in the southern United States in the 1980s, Enron became an energy broker trading electricity and other commodities. Its modus operandi was to enter into one contract with an energy seller and a different contract with an energy buyer, and then make money on the difference between the selling price and the buying price. Enron kept these records closed, making it the only party aware of both prices. This system was immensely profitable, and over time, Enron began to design increasingly varied and complex contracts. As its services became more complex and its stock soared, Enron created a group of partnerships (a form of business which we now call *variable interest entities*) that allowed managers to shift losses and debt off their books—further increasing Enron’s recorded profits.<sup>2</sup>

By the late 1990s, Enron had become a darling of Wall Street. Its executives became multimillionaires by exercising stock options as Enron’s stock price increased.<sup>3</sup> *Fortune* magazine named Enron the most innovative company for several years’ running.<sup>4</sup> What Wall Street did not know—until it was too late—was that Enron was a house of cards, and its profits merely a mirage.

The house of cards began to collapse in 2001 as the US economy began turning downward. Sherron Watkins, an American CPA and vice-president of Enron, sent a memo to the company’s founder and then-CEO Ken Lay expressing her concern about the accounting for the partnerships, saying she was “incredibly nervous that we will implode in a wave of accounting scandals.”<sup>5</sup> Watkins later discovered that instead of investigating her concerns, Lay consulted Enron’s lawyers about how to fire her.<sup>6</sup> The firing never happened, but the

<sup>2</sup> C. William Thomas provides a detailed summary of these events in “The Rise and Fall of Enron,” published in the March/April 2002 issue of the *Journal of Accountancy*.

<sup>3</sup> Robert J. Samuelson, “Stock Option Madness,” *Washington Post*, January 30, 2002.

<sup>4</sup> Bethany McLean and Peter Elkind, “The Guiltiest Guys in the Room,” *cnn.com*, July 5, 2006.

<sup>5</sup> Sherron Watkins, “Twenty Years Later, Could Another Enron Happen?” *Fraud Magazine*, November/December 2021.

<sup>6</sup> *Ibid.*



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After 20 years of consistent profits, Enron shocked the market—and most of its employees—by announcing a \$544-million loss and subsequently declaring bankruptcy.

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implosion did. Only weeks after Watkins sent her memo—and after 20 years of consistent quarterly profits—Enron shocked the market by announcing a \$544-million loss.<sup>7</sup>

The U.S. Securities and Exchange Commission subsequently launched an investigation, and two months later, Enron declared bankruptcy. Three weeks before their winter holidays, most of Enron's 21,000 employees were suddenly terminated—with neither severance nor health insurance.<sup>8</sup>

### Where were the auditors?

The swift collapse of such a seemingly successful company naturally led the public to ask: Where were the auditors? Enron's auditors were Arthur Andersen LLP<sup>9</sup>—at the time, the fifth-largest accounting firm in the world. As reported in the *Chicago Tribune*, a high degree of trust had been built up between the two organizations, and it was commonplace for Enron to hire Arthur Andersen staff into its accounting team: “Alberto Gude watched it all play out on the 44th floor. As vice-president of information systems for Enron Corp., Gude worked for Rick Causey, a former Andersen audit manager who had become Enron's chief accounting officer. Gude's department shared the floor with Andersen's new team of internal auditors. ‘All of a sudden your independent auditor was your internal auditor, and probably right there you had a conflict.’”<sup>10</sup>

The *Wall Street Journal* also reported on the close relationship between the energy giant and the accounting firm, saying: “Andersen auditors and consultants were given permanent office space at Enron headquarters here and dressed business-casual like their Enron colleagues. They shared in office birthdays, frequented lunchtime parties in a nearby park and weekend fund-raisers for charities. They even went on Enron employees' ski trips to Beaver Creek, Colo. ‘People just thought they were Enron employees,’ says Kevin Jolly, a former Enron employee who worked in the accounting department. ‘They walked and talked the same way.’”<sup>11</sup>

Arthur Andersen performed a host of then-permissible—and more profitable—non-audit engagements for Enron, in addition to its assurance work, and by 2001, the firm's total annual fees from all Enron engagements were US\$52 million, divided almost equally between auditing work and consulting services.<sup>12</sup> Regarding Arthur Andersen's actions, Lynn Turner, former chief accountant of the Securities and Exchange Commission, mused, “One has to wonder if a million bucks a week didn't play a role.”<sup>13</sup>

### Were there warning signs?

Writing for *Fraud Magazine*,<sup>14</sup> Watkins said there were warning signs at Enron that should have alerted observers to a problem. These included:

- **State of risk management** – Enron's internal audit function was weak (fully outsourced), with little authority to affect corporate change. The Audit Committee was ineffective and rarely involved itself in risk management.
- **Tone at the top** – Enron's CEO engaged in a number of questionable ethical practices. His abuse of authority included requiring all staff to book their corporate travel through his sister's travel agency.
- **Stock option overuse** – Enron used stock options to reward employees through an increasing share price. Overusing this method incentivized short-term behaviours that harmed long-term corporate strategy.
- **Diffusion of responsibility** – Many of Enron's transactions were so complex that few employees or board directors could actually understand them. Only a small number of individuals were fully aware of the financial ramifications of the company's transactions.
- **Exceptions to the rules allowed** – Enron prioritized profitability over ethics when reviewing employee behaviour. Profitable employees received only minor disciplinary action when ethical lapses were detected.
- **Impeded internal communications** – There was no clear path for employees to take ethical concerns to management and no robust whistleblower function.
- **Internal conflicts of interest** – Enron's board of directors knowingly enabled CFO Andy Fastow to enter into a fraudulent investment partnership that enabled Enron to boost its earnings.<sup>15</sup>

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<sup>7</sup> Sherron Watkins, “Twenty Years Later, Could Another Enron Happen?” *Fraud Magazine*, November/December 2021.

<sup>8</sup> Richard A. Opiel Jr., “Employees' Retirement Plan Is a Victim as Enron Tumbles,” *New York Times*, November 22, 2001.

<sup>9</sup> The now defunct firm Arthur Andersen LLP is not in any way related to the firm currently doing business as Andersen LLP.

<sup>10</sup> Flynn McRoberts, “Ties to Enron Blinded Andersen,” *Chicago Tribune*, September 3, 2002.

<sup>11</sup> Thaddeus Herrick and Alexei Barrionuevo, “Were Enron, Andersen too Close to Allow Auditor to Do Its Job?” *Wall Street Journal*, January 21, 2002.

<sup>12</sup> Steven Pearlstein and Peter Behr, “At Enron, the Fall Came Quickly,” *Washington Post*, December 2, 2001.

<sup>13</sup> Ibid.

<sup>14</sup> Watkins, *Fraud Magazine*.

<sup>15</sup> Ibid. Excerpted and paraphrased from Watkins' article and the accompanying sidebar.

Watkins said she first noticed signs of fraud in 1996, five years before it was exposed.<sup>16</sup> “The warning signs of fraud were there in 1996, and I now take those much more seriously than I did back then,” she said in a 2007 interview in *Ethix* magazine. “In 1996, I simply protested, got nowhere, and switched divisions.” Watkins added that she should have “made an even bigger deal about it” at the time.<sup>17</sup>

### After the fall

The consequences of Enron’s collapse were swiftly felt. The U.S. Department of Justice charged and obtained convictions against 21 individuals, including Lay’s successor as CEO, Jeffrey K. Skilling, who was sentenced to 14 years’ imprisonment (the conviction against Lay himself was dismissed because he died before sentencing). Many of these individuals were accused of conspiracy to conceal Enron’s fraudulent transactions from shareholders and Arthur Andersen.<sup>18</sup>

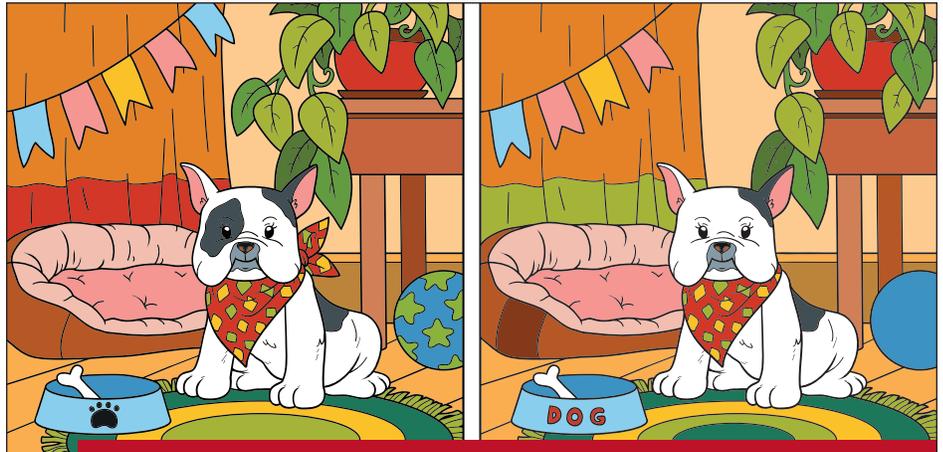
A few months after holding hearings on the scandal, the US Congress passed the *Public Company Accounting Reform and Investor Protection Act of 2002*—a major legislative reform more commonly known as the *Sarbanes-Oxley Act* (Sarbanes-Oxley). With Sarbanes-Oxley came the establishment of the Public Company Accounting Oversight Board, which made auditors of American public companies subject to government oversight for the first time in US history.<sup>19</sup> Sarbanes-Oxley also substantially reformed the role of auditors in public company audits by prohibiting many of the kinds of close relationships that existed between Enron and Arthur Andersen.

<sup>16</sup> Al Erisman, “Sherron Watkins: Did We Learn the Lessons From Enron?” *Ethix Magazine*, Issue 53, May 2007.

<sup>17</sup> Ibid.

<sup>18</sup> Watkins, “Enron Convictions” table, *Fraud Magazine*.

<sup>19</sup> Previously, in these respects, the profession was self-regulated by each US state.



## Spotting tax differences that can help or hurt is not a game.

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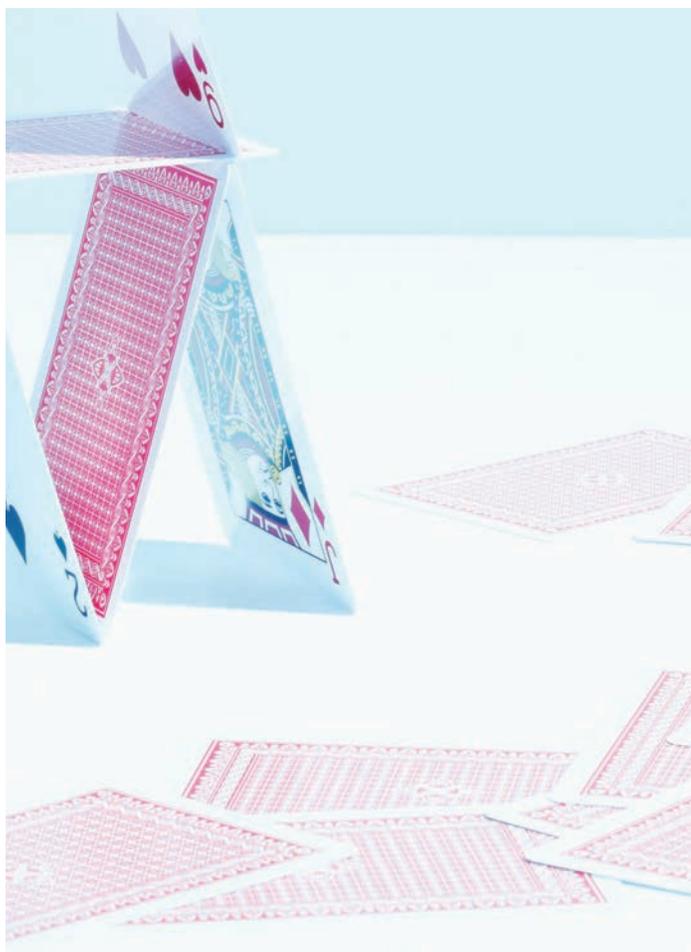
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Government regulators and the accounting profession soon realized that reforms were needed to prevent similar situations in Canada. Among these reforms were major amendments designed to ensure the independence of public company auditors.

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As for Arthur Andersen itself, the firm was charged with obstruction of justice when Arthur Andersen's engagement partner instructed his staff to shred any documents they considered unnecessary for their audit working papers. Ultimately Arthur Andersen was cleared of this charge by the United States Supreme Court, but the resolution came too late to save Arthur Andersen's reputation and business, and most of its 28,000 worldwide employees also lost their jobs. More than 1,200 public companies in the US (and countless more worldwide) suddenly had to find a new auditor after Arthur Andersen stopped auditing public companies.<sup>20</sup>

With Sarbanes-Oxley also came the mandate for significant changes to generally accepted accounting principles for variable interest entities—the kind of vehicles that had enabled Enron to hide its losses for years. In 2003, the US Financial Accounting Standards Board implemented these changes.<sup>21</sup>

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<sup>20</sup> ABC News, "Arthur Andersen Goes Out of Business," [abcnews.go.com](http://abcnews.go.com), December 8, 2009.

<sup>21</sup> Floyd Norris, "Accounting Rules Changed to Bar Tactics Used by Enron," *New York Times*, January 16, 2003.

## How Canada responded

As the Enron scandal unfolded south of the border, government regulators and the accounting profession in Canada realized that important reforms were needed to prevent a similar situation from happening here. Significant changes followed, including:

- **The establishment of the Canadian Public Accountability Board (CPAB)** – The CPAB was created by Canada's securities regulators to assess the audit quality of firms that perform public company audits in Canada. Under securities rules, any CPA firm that audits a public company must register with CPAB and adhere to CPAB's findings.
- **Amendments to auditor independence** – Major amendments were made to the rules of professional conduct<sup>22</sup> for accounting professionals to ensure the independence of public company auditors. In particular, Rule 204<sup>23</sup> of what is now the *CPA Code of Professional Conduct* (in BC, the *CPABC Code of Professional Conduct*) was greatly enhanced to cover issues such as:
  - ♦ Evaluating threats and safeguards to auditor independence;
  - ♦ The provision of non-assurance services by auditors;
  - ♦ Contingent fees;
  - ♦ Audit team rotation – long association of senior audit personnel;
  - ♦ Prohibited relationships; and
  - ♦ Gifts and hospitality.
- **New guidance on accounting standards for variable interest entities** – In 2009, Canada's Accounting Standards Board introduced a guideline that provided guidance on consolidation principles when accounting for the results of variable interest entities. This guidance, which was subsequently consolidated into section 1591 (Subsidiaries) of the *CPA Canada Handbook*, ensures that the results of appropriate entities are consolidated to accurately present a consolidated entity's financial situation.

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<sup>22</sup> This article refers to the rules of the Canadian CA and CMA legacy bodies. Similar amendments were made by the CGA legacy body, to the same effect. Since the establishment of CPA Canada, the former respective rules are now collectively known as the *CPA Code of Professional Conduct*.

<sup>23</sup> Rule 204 and auditor independence will be discussed in greater detail in a future issue of *CPABC in Focus*.

<sup>24</sup> "Registrants," as used in the *CPABC Code of Professional Conduct* (CPA Code), refers to members, students (candidates in the CPA Professional Education Program), and registered firms. The CPA Code does not apply to students enrolled in the CPA preparatory courses.

## Lessons reflected in the CPA Code today

Rule 205 (False or misleading documents and oral representations) of the *CPABC Code of Professional Conduct* (CPA Code) states that a registrant<sup>24</sup> must not:

*“(a) sign or associate with any letter, report, statement, representation or financial statement which the registrant knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor*

*“(b) make or associate with any oral report, statement or representation which the registrant knows, or should know, is false or misleading.”*

While the guidance to Rule 205 recognizes that certain circumstances may place a registrant in a difficult position with their employer or client, it requires the registrant to draw a clear line. Accordingly, in complex situations, registrants are advised to consider obtaining legal advice.

## What about whistleblower protections?

We discussed the requirements of the CPA Code with respect to confidentiality in the November/December 2021 issue of *CPABC in Focus* (page 30), and plan to pick up the thread in a future article, particularly as there is an ongoing debate in Canada and elsewhere about the need for and extent of whistleblower protections in accounting and other professions. ■

### Need guidance?

The guidance in the CPA Code explains how the rules should be applied. CPABC’s professional standards advisors are also here to help. You can consult them for confidential guidance to ensure that you stay compliant with the CPA Code when navigating difficult situations.

Contact our advisors by email at [professionaladvisory@bccpa.ca](mailto:professionaladvisory@bccpa.ca), or call them toll-free at 1-800-663-2677.

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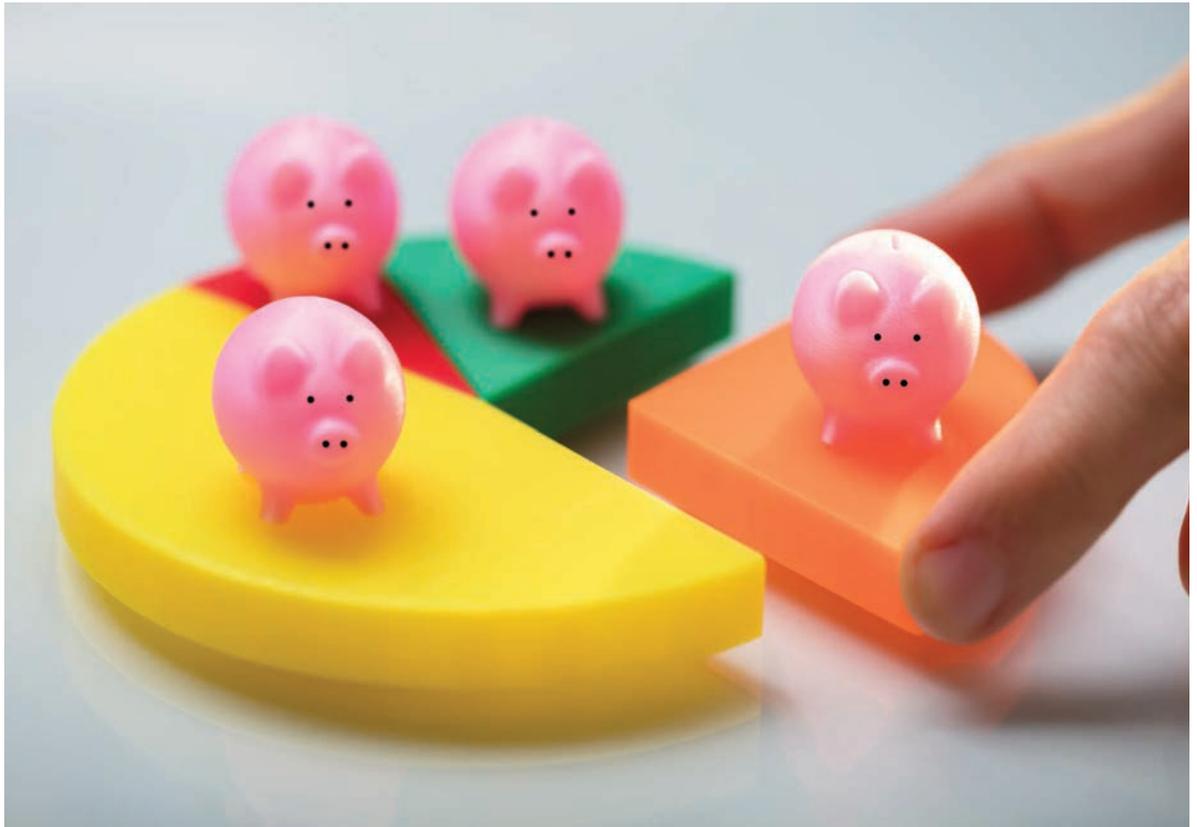
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Alex Ha is a tax manager with D&H Group LLP in Vancouver, where he specializes in tax planning, corporate reorganizations, tax dispute resolutions, and COVID-19-related tax incentives. Photo by Alastair Bird Photography.

## Bill C-30: Changes to the Taxation of Employee Stock Options

By Alex Ha, CPA



AndreyPopov/iStock/Getty Images

**A**n employee stock option plan (ESOP) may align the interests of a corporation's<sup>1</sup> employees with the interests of its shareholders and provide a method of compensating employees with minimal cash outlay. These plans may form a substantial part of an employee's total compensation package and provide them with a valuable tax deferral.

In its 2019 budget, the federal government proposed changes to the taxation of ESOPs to target highly compensated employees of large companies. The draft legislation was introduced in Bill C-30 on April 30, 2021, and after being approved by Parliament, it received royal assent to become law on June 29, 2021.

This article looks at the impact of Bill C-30 on options granted before and after July 1, 2021.

<sup>1</sup> Trusts that issue options to acquire their units follow similar rules; however, in this article, all references are to a corporation and its shareholders.

## Options granted before July 1, 2021

For options granted before July 1, 2021, there are no changes to the tax treatment. Where the requirements of Canada's *Income Tax Act* (the Act) are met, an employee of a corporation other than a Canadian-controlled private corporation (CCPC) will generally be taxed on ESOP compensation as follows:

- On the option grant date, the employee will receive no taxable benefit;
- On the acquisition of the shares when the option is exercised, the employee will be deemed to receive an employment benefit on the amount by which the fair market value (FMV) of the acquired shares exceeds the amount paid by the employee to acquire them.

In general, where the ESOP is not granted “in-the-money” (i.e., if the exercise price of the option is not less than the FMV of the shares on the date the ESOP is granted), the employee will be entitled to a deduction equal to 50% of the benefit they receive in respect of the ESOP. As a result, employees will generally be taxed on only half of the ESOP benefit received.

For an employee of a CCPC who's dealing at arm's length with their employer, the benefit will generally be deferred until after the shares are disposed of (rather than when the shares are acquired). This means that the employee will be taxed at their marginal tax rate on 50% of the option benefit, provided that certain other requirements of the Act are met. This is considered employment income and not a capital gain, although the 50% employment income inclusion rate is the same as the capital gain inclusion rate.

The employer will be denied any deduction in computing income for tax purposes from the stock option benefit. This results in some integration—while an employee in the top marginal bracket might save about 27% in personal income tax because of the 50% stock option deduction, their employer will be denied a deduction, costing them roughly the equivalent amount (27%) in corporate income tax.

## Options granted on or after July 1, 2021

The new rules apply to options granted on or after July 1, 2021, where the employer<sup>2</sup> is a “specified person” that meets all of the following requirements:

1. The employer is not a CCPC;
2. The employer's shares are “non-qualified securities”; and
3. The employer has gross revenue in excess of \$500 million on the most recent consolidated financial statements issued before the grant date (or, if consolidated financial statements are not prepared, they have gross revenue in excess of \$500 million on their entity-level financial statements).

When consolidated financial statements have been prepared, the last consolidated financial statements presented to shareholders before the grant date will generally be used for the revenue test. For certain multinational groups, the consolidated financial statements used for this purpose will be the consolidated financial statements presented to the ultimate parent entity.<sup>3</sup>

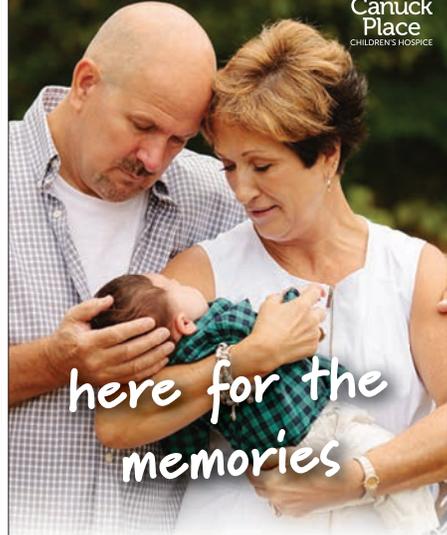
<sup>2</sup> Where the ESOPs being issued are options to acquire shares of a corporation with which the employer does not deal at arm's length, that other corporation is also included in the determination of whether the ESOP is a non-qualified security. For the purposes of this article, the ESOPs being issued are options to acquire shares of the employer.

<sup>3</sup> Where consolidated financial statements have not been prepared, there are rules specifying which financial statements are to be used to determine the employer's revenues.



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“Employers must notify employees that granted options are non-qualified securities within 30 days of the grant date.”

### What are “non-qualified securities”?

If ESOPs are granted by an employer that is considered a “specified person” to an employee, the ESOPs will be deemed “non-qualified securities” and the employee’s ability to claim the 50% deduction will be limited to an annual vesting limit of \$200,000.

A calculation must be performed in each vesting year to determine the amount of non-qualified securities issued to the employee. The calculation of non-qualified securities must be made for each ESOP grant based on the formula  $(A + B - \$200,000)/A$ , where:

- **A** is the total FMV of the shares included in the new ESOP granted to the employee in a given vesting year; and
- **B** is the lesser of:
  - ♦ \$200,000; and
  - ♦ The total FMV of the shares included in any past ESOPs granted to the employee in a given vesting year<sup>4</sup> (excluding the new ESOP grant and certain other factors).

The legislation includes two special ordering rules. The first rule applies to partial exercises; it deems that an employee must receive qualified securities before they may acquire non-qualified securities. The second rule is intended to address situations in which two ESOPs are granted to a particular employee at the same time; in such cases, the employer may designate the ordering of the agreements for the purpose of calculating the proportion of non-qualified securities granted.

In summary, an employee may claim the 50% option deduction on up to \$200,000 of the ESOPs granted to them in each vesting year, based on the FMV of the underlying shares on each grant date.

By contrast, the employee cannot claim the 50% stock option deduction for the acquisition of non-qualified securities; however, the employer can claim a tax deduction for the amount of the employment benefit. In such cases, the employee will pay more personal income tax than under the old regime, but the employer will pay less corporate income tax (assuming they have sufficient income to use the deduction).

An employer can also choose to designate shares acquired by an employee under an ESOP as non-qualified securities, regardless of whether the employee meets the \$200,000 FMV threshold. Doing so will allow the employer to realize a higher tax deduction and may simplify their recordkeeping in respect of non-qualified securities. Note, however, that employers that are not subject to the new regime, such as CCPCs and corporations with less than \$500 million of gross revenues, cannot opt into the new regime to designate shares as non-qualified securities.

Employers must notify employees that granted options are non-qualified securities within 30 days of the grant date. Employers must also notify the Canada Revenue Agency (CRA) of any non-qualified securities granted in a given taxation year, and must do so by the corporate income tax return due date for that same year.

### What employees and employers should do to prepare for the new rules

Employees of non-CCPC corporations with gross revenues in excess of \$500 million should be aware that a grant made under an ESOP on or after July 1, 2021, with a value of more than \$200,000 (based on the FMV of the underlying shares on the grant date) in a particular vesting year, may not be eligible for the 50% stock option deduction on a portion of this ESOP. Any employee who might benefit from the \$200,000 annual vesting limit should also be aware that their employer could simply designate the entire ESOP as non-qualified securities, thereby eliminating the employee’s entitlement to the 50%-stock option deduction altogether.

Employers should track the value of ESOPs granted to employees, based on the FMV of the underlying shares on each grant date, to: a) determine whether non-qualified securities have been granted to employees in a particular vesting year, and b) enable them to make the required notifications to employees and the CRA on time. Employers should also consider whether it would be beneficial to designate any new ESOP grants as “non-qualifying securities.”

Additionally, employers should consider whether an adjustment to future ESOPs should be made to take into account the increased personal income tax that might be payable by employees—and the potential tax savings to the employer—under the new regime. ■



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<sup>4</sup> Options granted before July 1, 2021, that vest after June 30, 2021, are excluded from the calculation of the annual vesting limit.



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PD EXPERTS

## Mindfulness: Five Simple Practices to Reduce Stress and Find Balance in 2022

By Glen Sollors



Glen Sollors is a partner in the business consulting firm Kwela Leadership and Talent Management, which publishes a leadership blog at <https://leadership-vancouver.ca/blog-posts>. Glen has more than 20 years' experience helping leaders develop strategic business opportunities, manage associated change, and enable team success through role modelling, training, coaching, and problem-solving. A recurring instructor with CPABC's Professional Development Program, Glen most recently taught the live webinar "Essential Skills for Managers." Look for upcoming courses this spring.

Our minds and bodies are designed to focus on survival. Second by second, day after day, these two systems devote significant energy and resources to helping us assess, respond to, and cope with threats and stressors. Our stress response systems are optimized through our five senses, which constantly monitor what is happening around us to determine whether or not we are at risk.

At the time of this writing in early 2022, COVID-19 continues to cause uncertainty and fear, keeping our stress levels elevated and our minds and bodies on high alert. Combine this mix of vigilance and anxiety with common daily stressors, such as email overload, and occasional and more extreme stressors, such as family emergencies, and it's no wonder we're feeling burned out.

Burnout can be particularly acute for those of us who face the ongoing challenges of a full workload mixed with competing demands. This stress can have an impact on our reactions, body language, and behaviours—for example, it may cause us to work longer hours, limit our availability, or focus less effectively. In turn, this can have a ripple effect on those around us.

Unfortunately, in many organizations, this kind of overload is the new normal due to pandemic-related financial pressures and downsizing. We're all striving to "do more with less." Unchecked, this pressure may cause individuals and teams to feel overwhelmed and deflated, reducing morale—in short, we feel like we can't move forward, never mind getting ahead.

Fortunately, while we can't make demands go away, we can improve how we handle all of the associated stress. The key here is mindfulness. Mindfulness is critical to reducing stress and feeling more balanced when you're operating in a state of overload. At its root, mindfulness means focusing on one thing at a time. In a work context, it is not about the pursuit of enlightenment but about regaining control over your work and creating a more positive work environment for yourself and your team.

In their book, *Mindfulness: A Practical Guide to Finding Peace in a Frantic World*, authors Mark Williams and Danny Penman provide great insights into the mind and how, if we can better control it, we can better manage stress.<sup>1</sup> The five stress management strategies that follow are adapted in part from their recommendations.

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<sup>1</sup> Mark Williams and Danny Penman, *Mindfulness: A Practical Guide to Finding Peace in a Frantic World*, Piatkus Books: 2011.

The original version of this article was published in the CPABC Newsroom at [bccpa.ca/newsroom](https://bccpa.ca/newsroom). The author also discusses this topic in the March 2021 episode of our *Coffee Chats with CPABC* podcast series, available on various podcast apps.



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### 1. Move your body

We are the most sedentary population in history. Many of us head straight for the couch when we get home after work, preferring to watch other people in action rather than being active ourselves.

Unfortunately, lack of movement not only decays our body, it also decays our mind. Exercise reduces the buildup of toxins in our body due to stress and helps us breathe and get oxygen flowing to our entire system. All parts need to function well, and exercise is a great way to keep our body and mind in tune.

### 2. Stop catastrophizing

Our mind likes to predict the future and solve problems that don't even exist yet. For many, that means creating and analyzing worst-case scenarios. This is also known as “monkey mind.” To combat monkey mind, it's important to stop fighting the stress, whatever the contributors may be.

This may seem counterintuitive, but if you accept your situation (say “I feel stressed!”), breathe, and stop analyzing, your mind and body will begin to relax and pump less adrenaline through your veins.

### 3. Focus on your breath

Close your eyes, put your hand on your abdomen, breathe in deeply, and imagine your body filling up with air. Now exhale slowly through your mouth and repeat 10 times. Congratulations—you've just accomplished some mindful breathing!

Even two minutes of mindful breathing will give you a momentary sense of calm and peace, not to mention giving your heart a rest. Studies have shown that doing this kind of exercise regularly makes a lasting difference in how we process stress.

### 4. Meditate

To reap the benefits of meditation, you don't have to levitate off a mat in cross-legged position while chanting a mantra. Instead, try turning off the television at least one hour before bed to calm your mind and sit in a quiet space with your eyes closed while striving to feel your body sensations (don't worry about trying to stop those pesky thoughts). This activity can not only lead to a more restful sleep, it may help you fall asleep quicker.

### 5. Be a friend to yourself

Too often in daily life, our inner critic takes over and focuses on the negative. It's important to counter this inner critic by deliberately taking the time to be compassionate and kind to yourself despite the stress. What are you doing well? Congratulate yourself for doing your best and acknowledge the care, commitment, and other positive behaviours you've demonstrated throughout the day. We matter, and yet quite often, we overlook ourselves!

Taking care of *you* is a critical prerequisite to taking care of others and your work. It will also help you avoid the serious damage ongoing stress can cause.

### Don't ignore stress

In a world that continually asks us to multitask, it may seem impossible to focus on one thought at a time—or even find the time to try. But stress is not something you can wish away, and combatting it requires conscious effort. With mindfulness, the benefits will far outweigh the time and effort involved. ■

PD PROGRAM HIGHLIGHTS

## Upcoming C-Suite Executive Programs

Executive professionals are responsible for setting the company’s vision, direction, and strategy so it can meet tomorrow’s issues head-on. CPABC’s executive-level programs give participants an opportunity to take a step back, reconsider strategies, and practise hands-on measures tailored to their organizations’ needs for increased competitive leverage. Each program focuses on critical thinking, with peer-to-peer exchange and personalized activities.

### The CEO Program

June 6-9 and 21-23 | Online

This is a practical, stand-alone advanced program for current and aspiring leaders who want to excel in the upper echelons of management with confidence. Included in the program are informative instructional manuals, instructive cases designed to help you hone decision-making skills, numerous diagnostic instruments, shared executive experiences, and performance coaching (if desired).

**Testimonial:** “Great instructor, great participation, everything was highly useful and applicable. Been a CEO for over 20 years—wish I would have taken a course like this 20 years ago.”

### The Enterprise Risk Management Fundamentals Program

June 13, 15, and 17 | Online

This three-day program is designed for finance professionals of any level who want to gain a competitive advantage by understanding and properly managing risk. Through this program, you’ll learn how to better identify and assess the various risks that may have a significant impact on your business and select the best risk-mitigation strategies.

**Testimonial:** “Bill Wesoly was a phenomenal instructor with a tremendous knowledge of the topic and variations on the application. He was excellent.”

### The Controller’s Management Program

June 23-24 and 27-28 | Online

This interactive program gives controllers an opportunity to hone their management skills in four key leadership areas: self-management, organizational influence, leading others, and effective communication. It will give you insights on top management and leadership techniques and show you how to apply these tools in your daily work environment.

**Testimonial:** “Instructors made it fun. I have never participated more! Self-awareness and [strengths profile self-assessment] info were super valuable. But the real value was in the discussions and listening to experiences of peers.”

### The Controller’s Operational Skills Program

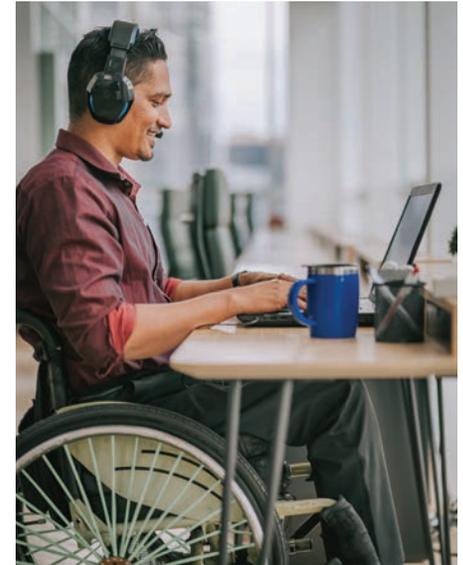
July 14-15 and 18-19 | Online

This program is designed to help controllers enhance their role on the management team by sharpening their skills in ethical leadership, planning, budgeting and forecasting, and financial reporting. You’ll gain insights on successful performance enablers with a focus on information management and human resources management.

**Testimonial:** “I enjoyed Mia’s presentation style and her tying in of industry/practical experiences to the course materials.”

## Save the Dates:

## Virtual PD Nexus Days in July



Edwin Tary/E+/Getty Images

### PD Nexus: Business & Leadership Insights

July 7, 2022

Our semi-annual Business Insights Day features three streams of content on current business, leadership, and work-life integration topics that will introduce you to new ideas and help you sharpen your skills as a business leader. Come explore new ways to be your best self—both at work and beyond.

### PD Nexus: Information Technology Insights

July 18 & 19, 2022

Get the latest on new technologies by attending this two-day event. You’ll explore practical technology topics designed to help alleviate the heavy workloads of today’s busy professionals.

Visit [pd.bccpa.ca/conferences/pd-nexus-days](https://pd.bccpa.ca/conferences/pd-nexus-days) for up-to-date information on sessions and speakers.

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Spring can be a particularly busy time for CPAs, making it harder to carve out time for ongoing education. Fortunately, CPABC offers a rich inventory of on-demand learning opportunities, with titles from a variety of respected third-party providers. On-demand learning provides an effective and practical alternative to regular training, and gives professionals greater flexibility in accessing the latest content.



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4.3/5.0

Average course rating



For more information about our in-house services and on-demand products, contact CPABC's professional development team at [pdreg@bccpa.ca](mailto:pdreg@bccpa.ca).

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## MEMBERS IN FOCUS

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### ANNOUNCEMENTS AND ACCOLADES

#### Kudos!



**Jamie Kirwin, CPA, CA**, co-founder and COO of Plenty Hard Kombucha in Vancouver, has been appointed to the board of directors of Cava Healthcare Inc. Jamie will also serve as chair of the company's Audit Committee.



**George Reznik, CPA, CA**, CFO of Tantalus Systems in Burnaby, has been appointed to the board of directors of Katapult Technology Corp. in Calgary. George will also serve as chair of the company's Audit Committee.



**Richard Konings, CPA, CA**, has been promoted to director of member advisory services at CPABC. Richard joined CPABC in 2020 as a professional standards advisor. His new position includes oversight of CPABC's professional advisory services and the CPABC Benevolent Fund.



**Praveen Varshney, FCPA, FCA**, director of Varshney Capital Corp. in Vancouver, has recently been appointed to the board of directors of two organizations: the Vancouver Foundation and Foundations for Social Change.



**David Ma, CPA, CMA**, has been promoted to managing director, credit structuring at BMO Corporate Finance, providing national support to several lines of business from BMO's Vancouver office. Prior to this promotion, David served as senior director of BMO's Private Equity & Sponsor Finance group for over five years.



**Queenie Wong, CPA, CA**, has been promoted to CFO of Gateway Casinos and Entertainment Ltd. in Burnaby. Queenie has worked for the company for 10 years in progressively senior roles, most recently serving as chief accounting officer and senior vice-president of finance.



If you have an announcement you'd like to share or you know of a fellow CPABC member, candidate, or student who's making an extra effort in the community, we'd love to hear from you! Email us at [infocusmag@bccpa.ca](mailto:infocusmag@bccpa.ca).



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## In Memoriam

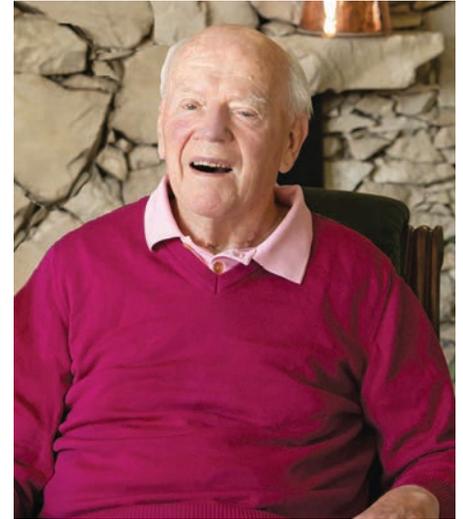
We wish to send our condolences to the family, friends, and colleagues of **Peter Woolley, FCPA, FCA**. Peter passed away on January 20, 2022, at the age of 88.

Peter was born in Hapsford, England, in 1934. He completed his master's degree in law and history at Trinity Hall, Cambridge, in 1957, but ultimately decided to pursue a career in accounting.

In 1960, Peter earned his accounting designation with the Institute of Chartered Accountants in England and Wales. He moved to Canada in 1961 and became a member of the Institute of Chartered Professional Accountants of British Columbia (ICABC) the following year.

Peter's move to Canada offered him the opportunity to embark on a career in teaching, which became his lifelong passion. He was one of the founding members of the Department of Financial Management at BCIT, where he taught financial accounting and auditing courses. Peter continued teaching at BCIT, Simon Fraser University, and other professional training programs until he retired in 2014 at the age of 80.

He also shared his expertise through volunteerism. From 1964 to 1981, he served on several ICABC committees, with a particular focus on professional development and education. For his contributions to the profession, Peter was elected to Fellowship in 1980.



Peter Woolley, FCPA, FCA. Photo provided by the Woolley family.

## CPABC Named to BC's Top Employers List for Third Consecutive Year!

CPABC has been recognized as one of BC's Top Employers for 2022, marking the third year in a row that the organization has received this distinction. Employers on the BC Top Employers list were evaluated and selected based on eight criteria: physical workplace; work atmosphere and social; health, financial and family benefits; vacation and time off; employee communications; performance management; training and skills development; and community involvement.

"I am proud to be a leader at CPABC, and the contributions of our outstanding employees create the supportive culture that makes us one of BC's Top Employers for 2022," says Lori Mathison, FCPA, FCGA, LLB, president and CEO of CPABC. "In the COVID-19 world, we have really prioritized engaging with staff, both socially as well as from an organizational perspective. Our people absolutely make CPABC, so we must have a people-first culture."

Members of CPABC's external affairs & communications team photographed by Bobo Zhao Photography. Left to right: Aaron Aerts, economist; Kim Taniguchi, digital marketing coordinator; Vivian Tse, manager, communications; and Vince Kanasoot, communications specialist.



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SNAPSHOT:

Nelson Soh,  
CPA, CA

**The job:** Co-founder and CFO of FSQ Consulting Inc. in Vancouver, TEDx speaker, author.

**Passion project:** Financial literacy. “I’m passionate about helping people build their wealth and find financial freedom. I was taught the bare bones of financial literacy in math class, but there is so much that I wish I’d known earlier!”

**How he gives back:** Nelson volunteers with the CPA Financial Literacy Program and offers free tips on social media. He also co-authored *Life Literacy: Real Life Knowledge and Resources for the Next Generation to Succeed* and delivered his first TEDx Talk in 2021.

**What he tells audiences:** “It’s not enough to just spend less money than you make. You must understand how money *works*. Once I see people change their perspective and improve their relationship with money, I know they’ll be set up for success.”

**Where he’s headed:** “Our goal at FSQ is to donate \$10 million to worthwhile causes by 2030.”

**How he gets it all done:** “I schedule *everything*, including quality time for myself. I take my personal health, self-care, and fitness seriously. You can’t pour from an empty cup.”

Learn more about Nelson at [bccpa.ca/newsroom](https://bccpa.ca/newsroom).



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# Crowe MacKay Welcomes the New Partners of 2022



Rachel Boulet, CPA, CA  
Hilda Leung, CPA, CA  
Lawrence Tam, CPA, CGA

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