CPABC

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CPABC INFOCUS

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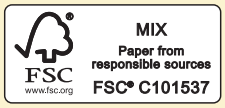
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A Changing of the Guard



Barry Macdonald, FCPA, FCA
CPABC Chair

It's hard to believe that my tenure as chair of the CPABC Board of Directors is coming to a close. This past year has given me an amazing opportunity to connect with members and play a role in steering this organization's governance.

One of my last official duties will be emceeing our 2019 Convocation Ceremony at the Vancouver Convention Centre on May 25. It's a pleasure to acknowledge the hard work of our 945 new CPAs as they celebrate this milestone with friends and family.

I'm also looking forward to attending the 2019 Spring Pacific Summit in Vancouver (May 15-17). Having volunteered throughout the unification process, the event's theme—"Stronger Together"—truly resonates. Our profession is stronger when we work together, especially in preparing for the future.

The world is getting more complex by the day, and we need to manage change effectively to position our profession and our members for continued success. This requires collaboration, diversity of thought, and innovation—all of which are discussed in this issue of *CPABC in Focus*.

On the topic of diversity, I'm pleased to say that CPABC actively seeks diverse representation at the board level through a multifaceted nomination process. The call for nominations for the 2019 board is now out, and the date has also been set for our AGM, board election, and member vote on bylaw changes—see pages 10 and 11 for details.

Every member should vote—both to elect board members and to ratify bylaw changes. A strong voter turnout ensures that the membership is engaged in and informed about the profession's activities.

As I close my last column I would like to say thank you. Thank you to the profession for giving me this amazing opportunity to contribute. Thank you to my fellow board members who've shared the journey with me. Thank you to the CPABC staff who've provided invaluable support along the way. And thank you in advance to Ben Sander, FCPA, FCA, who'll be stepping up as your new chair at the 2019 AGM. Best of luck, Ben! ■

Focusing on Government Relations



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

June 24 will mark the fourth anniversary of the *Chartered Professional Accountants Act*. During unification, CPABC worked with accounting bodies across Canada to achieve greater harmonization of regulations and ensure that the processes established for the new CPA profession met regulatory best practices.

In the four years since the passing of this landmark legislation, we've continued to reassess and adjust our regulatory framework to ensure that we meet the needs of the public and government while also meeting or exceeding international standards. As we enter our fifth year as a profession, it's no surprise that some changes are needed.

As you know, our legislation was tested shortly after proclamation—CPABC took individuals calling themselves professional business accountants to court. Although we were ultimately successful, protracted court challenges of this nature are costly and divert our focus. As a result, we are currently requesting legislative amendments that will provide more clarity for the courts with regard to what constitutes a regulated professional accountant and how individuals or educational programs may position themselves in the market. We believe the public should be able to easily differentiate between individuals who are regulated and those who are not.

On April 10, we presented our request to both government and opposition MLAs in Victoria. The Ministry of Advanced Education, Skills and Training, which oversees our Act, expressed general support, and we hope to see some movement on this file before the next provincial election.

It's critical that we continue to meet with government officials to ensure ongoing awareness of the issues affecting the Canadian accounting profession and, in turn, the BC economy. Of course, to provide salient commentary to government, we must first understand the environment in which we and our members operate. That's why CPABC continues to conduct yearly public policy initiatives such as the *Regional Check-Up*, which will be released in late May, and economic roundtable discussions with C-suite CPAs, which will take place in Kelowna and Victoria this June. These initiatives inform our recommendations to government on the provincial budget and other public policy changes that can keep BC's economy moving in a positive direction. ■

SPONSORSHIPS

CPABC Connects with Stakeholders

Through its multifaceted public affairs program, CPABC continues to promote the CPA profession and build relationships with stakeholders, including members of government, media, and the general public. A key component of CPABC's public affairs program is sponsorship of, and participation in, major events, three of which are summarized below.



BC Budget Breakfast (l to r): Diana Vuong, CPA, CA, VP of finance and CFO for Vancouver Airport Authority; Amy Carruthers, a partner with Fasken; Jan Sampson, FCPA, FCA, CPABC's EVP of member and student experience; the Honourable Carole James, BC's minister of finance and deputy premier; the Honourable Janet Austin, BC's lieutenant governor and a Greater Vancouver Board of Trade (GVBOT) governor; Kirsten Sutton, VP and managing director for SAP Labs Canada and a member of the GVBOT Board of Directors; and Iain Black, president and CEO of the GVBOT. Photo by Matt Borck for Sara Borck Photography.

BC Budget Breakfast with Finance Minister Carole James

CPABC was a presenting sponsor of the Greater Vancouver Board of Trade's BC Budget Recap on February 22. Held at the Fairmont Hotel Vancouver, the event featured a presentation by the Honourable Carole James, BC's minister of finance and deputy premier, who outlined the recent provincial budget and provided an update on BC's economic status. James was welcomed to the stage by Jan Sampson, FCPA, FCA, CPABC's executive vice-president of member and student experience.

In her address, the minister discussed aspects of the budget that will affect families, business, and the environment, including the new BC Child Opportunity Benefit, business tax reductions totalling $800 million, and the reduction of the small business corporate income tax rate. James also highlighted a $902-million investment in the CleanBC initiative, which will provide incentives for consumers to purchase cleaner vehicles, fund building renovations to improve energy efficiency, and support remote communities in using greener energy sources.



CPABC President & CEO Lori Mathison, FCPA, FCGA, LLB, presents CPABC's commentary on the provincial budget on February 22. Photo courtesy of the Urban Development Institute (Pacific Region).

What Could the BC Budget 2019 Mean to You?

Also on February 22, CPABC President & CEO Lori Mathison, FCPA, FCGA, LLB, participated in a panel seminar hosted by the Urban Development Institute (Pacific Region), entitled "What Could the BC Budget Mean to You?" The discussion centered on the provincial budget's potential impact on BC's economy, real estate industry, and housing strategy. In her presentation, Mathison noted that the new budget includes welcome changes for low- to middle-income individuals and families, such as the Climate Action Tax Credit and the elimination of MSP premiums. However, she also noted that more efforts—such as the lowering of corporate tax rates—are needed to encourage business in BC and create a robust, competitive economy that will give rise to a growing and stable tax base.



Amy Lam, FCPA, FCA, CPABC's EVP of corporate services and CFO, welcomes the Honourable Bill Morneau, Canada's minister of finance, to the stage. Photo by Matt Borck for Sara Borck Photography.

Post-Budget Luncheon with the Honourable Bill Morneau, Canada's Finance Minister

On March 26, the Honourable Bill Morneau, Canada's minister of finance, provided the keynote address at a post-budget luncheon held at the Fairmont Hotel Vancouver. Speaking to local business leaders, Morneau discussed how the 2019 federal budget will support a competitive Canadian economy. He also addressed current challenges to the Canadian economy, such as slower GDP growth and obstacles to expanding Canadian exports. CPABC was a partner sponsor of this event, which was hosted by the Business Council of British Columbia.

SPONSORSHIPS

A Conversation with President Barack Obama

On March 5, the Greater Vancouver Board of Trade (GVBOT) welcomed the 44th president of the United States to the Vancouver Convention Centre West for "A Conversation with President Barack Obama." CPABC was proud to be a community sponsor of the sold-out event, which opened with a surprise performance by musician Sarah McLachlan. Up next to the podium was CPABC President and CEO Lori Mathison, FCPA, FCGA, LLB, who greeted the enthusiastic crowd in her capacity as GVBOT board chair.

Following Mathison's introductory remarks, GVBOT President and CEO Iain Black invited former president Barack Obama to join him on stage for an engaging discussion that touched on the latter's time in office before shifting to current issues such as climate change (his biggest concern for the future) and the effects of globalization and automation on the middle class. On the latter point, Obama stressed the importance of investing in education to address changing employment conditions and growing economic disparity.

The former president said he views Canada and the United States as firm friends and allies, but expressed concern about the inclusiveness of Western democracies in general. Inclusiveness, he said, is a value that must be defended: "For all of us who are lucky enough to live in these countries and be citizens in these countries … that's really important."[1]

As the conversation came to a close, Obama discussed educational and leadership-focused initiatives he hopes to undertake in the future. He also reflected on life after the presidency, saying the adjustment back to a normal life has been relatively seamless—both for him and his wife Michelle—because they didn't become national figures until they were in their 40s. "We didn't believe our own hype."[2]

The former president also advocated for diversity, advising the next generation of leaders to embrace differences. "The best leaders typically are really good at empowering the people around them," he said. "They are predisposed to seeing potential."[3]

Obama left the crowd with a hopeful message, saying: "The world has never been wealthier, better educated, healthier, less violent … more tolerant than it is today. There's still so many problems out there, but in any case, the trajectory of human progress has been significant and extraordinary."[4]

1 Nick Eagland, "Obama Delivers Message of Hope to Vancouver Board of Trade," *Vancouver Sun*, March 5, 2019.

2 Darcy Matheson, "Former US President Barack Obama Brings Integrity and Reason to Vancouver," *Daily Hive*, March 5, 2019.

3 Ibid.

4 Eagland.







Top: CPABC President & CEO Lori Mathison, FCPA, FCGA, LLB, introduces former president Barack Obama. Middle: Obama shares a light-hearted moment with the crowd at the sold-out event. Bottom: Obama and GVBOT President and CEO Iain Black discuss Canada-US relations, current global issues, and life after the presidency. Photos by Matt Borck for Sara Borck Photography.

SPONSORSHIPS

CPABC Celebrates Influential Women in Business

CPABC was proud to be a gold sponsor of the 20th annual Influential Women in Business Awards gala, which was held at the Fairmont Waterfront Hotel on March 8. Each year, this *Business in Vancouver* event recognizes outstanding senior executives and entrepreneurs from across the province. Here are the honourees for 2019:

- Janice Abbott – CEO, Atira Women's Resource Society
- Kaity Arsoniadis-Stein – Executive director, Vancouver International Maritime Centre
- Jill Earthy – Head of growth, Female Funders
- Kate Furber, CPA, CA – Partner, PwC
- Stefanie Grieser – Co-creator, Shine Bootcamp; director of marketing, **sphereishere.com** (Rising Star)
- Martha Manual – Senior advisor, Indigenous relations, New Gold Inc. (Michelle Pockey Leadership Award)
- Sarah Morgan-Silvester – Corporate director (Lifetime Achievement)
- Susannah Pierce – Director, external affairs, LNG Canada

In interviews published by *Business in Vancouver* prior to the gala, the award recipients shared their views on leadership and career success. CPA Kate Furber reflected on her passion for helping others through mentorship, saying: "I really get a lot of self-reward from helping other people achieve their goals. That has nothing to do with being a man or a woman." Furber has mentored and coached several PwC employees, including through the firm's Women in Leadership program, and is highly regarded for her team leadership skills.





Above: The 2019 Influential Women in Business Awards honourees (l to r): Kaity Arsoniadis-Stein; Kate Furber, CPA, CA; Jill Earthy; Sarah Morgan-Silvester; Susannah Pierce; Janice Abbott; Martha Manual; and Stefanie Grieser. Right: Kate Furber celebrates her award with another influential woman in business, CPABC President & CEO Lori Mathison, FCPA, FCGA, LLB. Photos courtesy of *Business in Vancouver*.

NEW PRIVACY TOOLS

PrivacyRight: Online Privacy Education for BC Businesses

The Office of the Information and Privacy Commissioner (OIPC) recently launched PrivacyRight, a program designed to help BC organizations meet their legal obligations under the provincial *Personal Information Protection Act* (PIPA). With this new program, which features a variety of free online resources, including videos, webinars, and podcasts, the OIPC also aims to help BC organizations address clients' and customers' concerns about the protection of their personal information.

To access these resources, visit **oipc.bc.ca/privacyright**. New tools will be added to the website on the first Wednesday of each month throughout 2019, and you can sign up to receive notification of upcoming releases.

If you have any questions about PrivacyRight or would like to discuss your own privacy program, contact the OIPC at 250-387-5629 or **PrivacyRight@oipc.bc.ca**.



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CALL FOR BOARD NOMINATIONS

2019 Call for Nominations – CPABC Board of Directors

CPABC is entering its fifth year as a new profession. We have moved through the final phases of transition and integration of unification and are now delivering a mandate for the future. The nature of business is changing, as is the role of the accounting profession, and in this time of global change, the CPABC Board of Directors is looking for a diverse, accomplished, and forward-thinking group of candidates.

In accordance with the *Chartered Professional Accountants Act* and the *CPABC Bylaws*, this is our formal notice that nominations for 2019-2022 board candidates are now being accepted. There are five positions open.

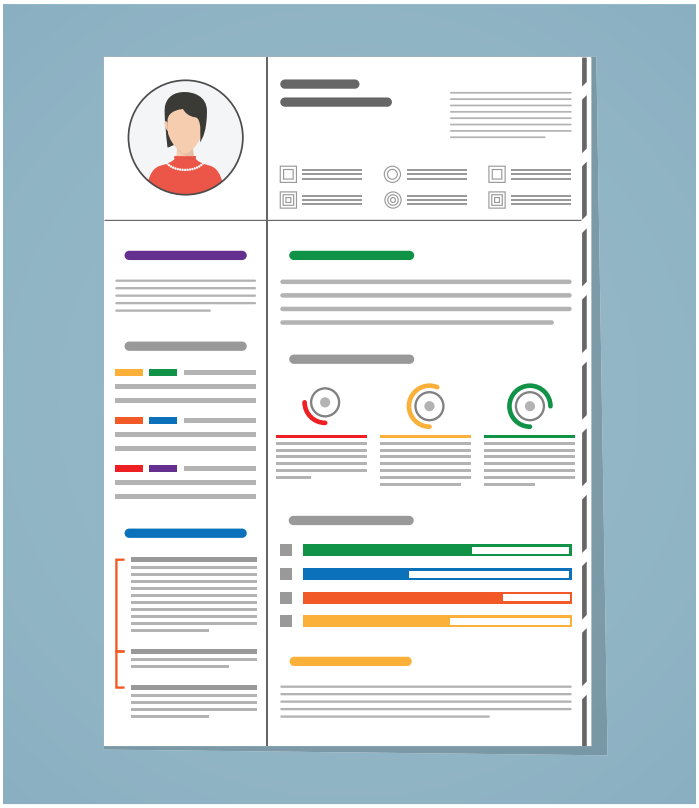
To maintain the minimum geographic representation requirements set out in Bylaw Regulation 200/2(2), at least one of these five vacant positions must be filled by a candidate from the North region. The remaining four vacancies may be filled by candidates from any region in the province, as the other geographical representation requirements set out in Bylaw Regulation 200/2(2) will be satisfied by incumbent board members who continue to serve.

While all BC CPAs who are members in good standing are eligible to stand for election to the CPABC Board of Directors, the CPABC Board Renewal Committee has identified the following seven competency areas in which it would be beneficial to strengthen the expertise of the CPABC board:

- Significant leadership experience, including strategy development and implementation;
- Visionary leadership to anticipate future changes;
- Risk management;
- Government relations;
- Professional regulation;
- Education; and
- Information technology, systems, and security.

CPABC board election process

Each year, the CPABC Board of Directors revisits its skills and diversity matrix to help identify gaps in representation and, accordingly, the most sought-after skills, attributes, and diversity for incoming board members. A formal interview process, conducted with the assistance of an independent external consultant, will take place for all candidates who put their names forward for election.



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The interview's purpose is to identify to the membership those candidates who most closely align with the skills, competencies, and diversity being sought by the board. Each candidate will have an initial discussion with the independent external consultant as submissions are received, and no later than May 16 or 17, to review the process and give the consultant the opportunity to learn more about the candidate's background. Candidates will then be interviewed by both members of the Board Renewal Committee and the independent external consultant between May 21 and 24. Please hold these dates open in your calendar if you are planning to submit a nomination package.

It is the board's goal to have, as much as is possible, a makeup that accurately reflects the entirety of the membership, including such considerations as experience and diversity. In addition, the board will aim to have representation from a cross-section of industry sectors, including small, medium, and large enterprises, post-secondary education, not-for-profit, public sector, and public practice.

Voting for board positions and other regulatory matters will take place from June 5 to June 19, and the results will be announced at CPABC's annual general meeting (AGM) on June 26, 2019, which will take place at the CPABC office in Vancouver. Formal notice of the CPABC AGM will be provided at a later date.

The Board Nomination Form is now available at **bccpa.ca** under Members>Forms>Leadership. Nomination forms must be received at the CPABC office by 4:00 p.m. on Wednesday, May 15, 2019.

AGM DATES ANNOUNCED

Save the Dates: AGMs for CPABC and CPA Yukon

British Columbia: June 26, 2019

CPABC will hold its 2018-2019 annual general meeting (AGM) at 4:00 p.m. on Wednesday, June 26. The AGM will take place at the CPABC office: Suite 800 – 555 West Hastings Street, Vancouver, BC.

Yukon: June 27, 2019

CPA Yukon will hold its 2018-2019 AGM on Thursday, June 27.

Details will be posted to **bccpa.ca** and **bccpa.ca/yukon** in early June.



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DUES REMINDER

IMPORTANT:
2019-2020 Member Dues Renewal Is Now Past Due



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CPABC would like to acknowledge and thank the majority of members who paid their dues on time. Timely payment minimizes the administrative cost of following up on collections.

If you have not yet renewed your member dues, please do so before May 31 to avoid the administration fee, which places the additional cost of collections on those members who pay late.

An email notification was sent to each member in late February 2019, indicating that the renewal date for the 2019-2020 member dues was April 1, 2019. If you did not receive this email, contact **memberrecords@bccpa.ca** to ensure that we have your current email address in our database or visit CPABC's Online Services at **services.bccpa.ca** to update your contact information. This will help ensure that you receive important messages from CPABC in the future.

To view your member dues renewal notice online, visit CPABC's Online Services at **services.bccpa.ca**. This will enable you to print the renewal notice for your records and give you the option of paying your dues electronically.



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STANDARDS

CPABC Hosts Accounting Standards Board's 2019 Meeting



AcSB Chair Linda Mezon, FCPA, FCA, CPA (Michigan), CGMA (centre), meets with fellow standard setters at the CPABC office for the AcSB's regional meeting in Vancouver. Photo by CPImages/Michael Desjardins.

In early March, the Accounting Standards Board (AcSB) held a two-day meeting at the CPABC office to consider standards for private enterprises, not-for-profit organizations, due process, and more.[1] While the independent regulatory body typically meets in Toronto, it recently adopted a new practice of holding one meeting per year in another part of the country, and Vancouver was selected for 2019.

The AcSB has the authority to establish accounting standards for use by all Canadian entities outside the public sector, and its activities are overseen by the Accounting Standards Oversight Council (AcSOC). Its 13 members from across Canada include Linda Mezon, FCPA, FCA, CPA (Michigan), CGMA, whose term as chair was recently extended to June 2023. This extension, made by the AcSOC, will ensure continuity for the AcSB at a time of significant activity in accounting standard-setting, both in Canada and globally.[2]

Action items of particular interest at the meeting included:

- Approval of a financial statement concepts project for Parts II and III of the *CPA Canada Handbook – Accounting*. The AcSB directed staff to prioritize work on the definitions of an asset and liability in conjunction with its ongoing domestic projects.
- A review of stakeholder feedback on the *Agriculture* exposure draft. The AcSB decided to make several clarifications to the final standard, which is expected no later than the fourth quarter of 2019.
- The decision *not* to expand the hedge accounting guidance in Section 3856 – Financial Instruments, despite the advice of its advisory committees. The AcSB decided the current guidance meets stakeholders' needs.

The AcSB also held an evening reception for local stakeholders where it gathered more feedback on its current activities. The meeting agenda and decision summaries are available on the Financial Reporting and Assurance Standards Canada website at **frascanada.ca**.

Have your say: Join CPABC's Professional Standards Advisory Committee

To ensure that new or proposed changes to standards undergo due process, it's vital that CPAs and the public provide input.

If you would like to participate in upcoming consultations, consider joining CPABC's Professional Standards Advisory Committee. This committee participates in the accounting profession's standard-setting process by reviewing and critiquing white papers, discussion papers, and exposure drafts circulated by the AcSB, the Auditing and Assurance Standards Board, the International Ethics Standards Board for Accountants, and government authorities.

Joining the Professional Standards Advisory Committee will give you the opportunity to provide input on current accounting, assurance, and professional ethics projects before they're formalized as standards. Not in Vancouver? Not a problem—meetings can be held via videoconference. All that's required is an advanced level of accounting or assurance knowledge and a willingness to share your views.

To express interest in participating, contact CPABC's professional advisory services team at **professionaladvisory@bccpa.ca** or visit CPABC's online Volunteer Resource Centre at **bccpa.ca/volunteer**.

WANT MORE INFORMATION ON STANDARDS?

Visit **frascanada.ca** to access exposure drafts that are currently open for comment, insight on the AcSB's rationale for specific decisions and standards, and news on emerging topics, consultations, and other relevant information related to standard setting.

[1] frascanada.ca/en/acsb

[2] AcSOC, "Media Release – AcSB Chair's Term Extended," February 13, 2019, frascanada.ca/en/acsoc.



Left to Right:
Farida Sukhia, Gary Mynett, Kiu Ghanavizchian, Rob Mackay, Lucas Terpkosh,
Vern Blair, Andrew Mackenzie, Andy Shaw, Jeff Matthews, Jessica Jiang

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THE FUTURE OF ACCOUNTING

CPABC Connect Panel and Young Professionals Forum Discuss Future Prospects

In September 2018, CPA Canada launched Foresight: Reimagining the Profession (Foresight), a national initiative designed to create a roadmap for the future of the accounting profession. The online platform engaged Canadian CPAs in a discussion about digital transformation and other global trends that are shaping the future of the accounting profession.[1]

Following the launch of Foresight, the project's Oversight Committee sought member input by holding a series of roundtables with CPAs across the country, including one in Vancouver in November 2018. Members were also invited to share their thoughts online. Discussion focused on the following:

- Potential future directions for the profession;
- Global and national regulatory implications for the profession in light of the evolving expectations of stakeholders;
- Potential impacts of technology disruptors;
- The skill sets accountants will need to continue adding value to employers and clients; and
- The many new opportunities that may result from these changes and the expected demand for CPAs.

Out of this consultative process came four plausible scenarios for the future of business and accounting. Video presentations were subsequently created to depict these scenarios and provide a glimpse of the future. You can view these videos on CPA Canada's YouTube channel at **youtube.com/user/CPACanada**. In addition, data analytics and information systems competencies were incorporated into each of the six technical areas of the CPA Competency Map. These and other developments were the focus of discussion at two recent events:

CPABC Connect Panel

CPABC's student recruitment and employer relations team hosted a panel discussion on February 25 at the Fairmont Waterfront Hotel in Vancouver. More than 300 CPA members, candidates, prospective students, and employment partners from all sectors attended the event to learn about the potential impact of automation, artificial intelligence, blockchain, and other emerging technologies on careers in accounting.

Panel moderator Selena Nisbet, CPA, CGA, managing partner of Galloway Botteselle & Company in Vancouver, kicked off the event by providing context for the discussion. "Many futurists are predicting that AI will create more jobs than it eliminates," Nisbet told the crowd. "The theory is: If we let machines take care of simple, repetitive tasks, human brains are freed for more important things like creativity, innovation, and growing the economy."

Following her opening remarks, Nisbet introduced the panel of senior business leaders: Shayne Gregg, CPA, CA, a risk advisory partner with Deloitte's Vancouver office; Laurence Ling, CPA, CMA, a senior manager at TELUS; Regan McGrath, CPA, CA, founder and CEO of Metrics Chartered Professional Accounting in Victoria; and Suzara B. Viray, CPA, CA, director of controllership for Best Buy Canada. Together, they tackled a range of topics, including future skill and labour demands.

The event concluded with a networking reception where participants had the chance to dive deeper into the discussion with peers and local business leaders.

To learn about future CPABC Connect Panel discussions, contact our student recruitment and employer relations team at **careers@bccpa.ca**.





Top: The panel of experts (l to r): Selena Nisbet, CPA, CGA (moderator); Laurence Ling, CPA, CMA; Suzara B. Viray, CPA, CA; Shayne Gregg, CPA, CA; and Regan McGrath, CPA, CA. Bottom: Shayne Gregg chats with attendees at CPABC's Connect Panel event. Photos by Aaron Aubrey. More photos from this event are posted on CPABC's Flickr page at **flickr.com/cpabc/sets**.

[1] CPA Canada, "Help Reimagine the Accounting Profession: CPA Canada Foresight," **cpacanada.ca**, September 21, 2018.

SHARE YOUR VOICE: JOIN A MEMBER FORUM

The Young Professionals Forum is one of 18 CPABC forums for members who share common interests. Information about these forums, including eligibility criteria, is available at **bccpa.ca/volunteer**, CPABC's online Volunteer Resource Centre. To join a forum, contact CPABC's advisory services team at **professionaladvisory@bccpa.ca**.

Young Professionals Forum

On March 1, the CPABC Young Professionals Forum (YPF) hosted a breakfast session at CPABC's office in Vancouver to discuss Foresight.

Gigi Dawe, CPA Canada's director of corporate oversight and governance, shared these developments at the YPF breakfast session. The event's opening and closing remarks were provided by Geoff Dodds, CPA, CA, second vice-chair of the CPABC board, who said the results of the Foresight initiative will help guide the profession as it sets its strategic priorities.

If you would like to receive an electronic copy of Dawe's presentation to the YPF, contact David Chiang, CPA, CA, CPABC's vice-president of member advice and programs at **dchiang@bccpa.ca**. And to learn more about Foresight and view the online discussions (now archived), visit the CPA Canada website at **cpacanada.ca**.



L to R: Geoff Dodds, CPA, CA; Gigi Dawe; and Stanley Chang, CPA, CGA, CPABC board treasurer, at the Young Professionals Forum's breakfast session on Foresight.

BYLAW REGULATIONS

Summary of Amendments to Bylaw Regulations from January 2019 to February 2019

CPABC Bylaw Regulations

January 2019

On February 21, 2018, the CPABC Board of Directors approved the following amendment to the bylaw regulations, effective January 1, 2019:

Part 7 – Licensure for Public Practice

Competency Declaration for Audit Licensees Bylaw Regulation 704/5 was added to the bylaw regulations. New and existing audit licensees will be required to declare that they have undertaken sufficient relevant continuing professional development (CPD).

February 2019

On February 13, 2019, the CPABC Board of Directors approved the following amendments to the bylaw regulations for immediate effect:

Part 5 – Membership

CPA Membership Bylaw Regulation 501/1 – The words "post-examination" have been removed.

Part 6 – Continuing Professional Development

Definitions Bylaw Regulation 600/1 – "carryover verifiable qualifying hours" was added to the list of definitions, enabling CPA certification students to claim post-admission CPD credit for certain pre-admission professional development courses. This addition was made due to an amendment to Bylaw Regulation 600/2 (see below).

Continuing Professional Development Program: Basic Requirements Bylaw Regulation 600/2 was amended to require new members to comply with CPD requirements in the year of admission to membership.

MEMBERSHIP MILESTONES

Did You Miss Being Acknowledged in 2018?

If you attained 10, 25, 50, or 60 years of membership last year but were unable to attend the 2018 Member Engagement Tour (MET), come join us at the MET in 2019 and be recognized for reaching your membership milestone. Contact **memberservices@bccpa.ca** to find out more. And if you're celebrating a membership milestone in 2019 and would like to be included in the program, make sure that you've subscribed to CPABC emails. To modify your email preferences, visit CPABC's Online Services site at **services.bccpa.ca**.

CASE COMPETITION

CPABC Business Case Competition Showcases BC Students' Business Savvy

CPABC's annual Business Case Competition highlights the talent and business acumen of post-secondary students throughout British Columbia by challenging students to apply their skills to business case analyses.

This year, 51 post-secondary teams, each comprised of three or four students representing a range of academic years, competed in the first round of the competition. Teams were given 72 hours in which to resolve a business case scenario and present their strategic recommendations via video submission.


1


2


3

Nine teams from eight post-secondary institutions—BCIT, Camosun College, KPU, Langara College, Selkirk College, SFU, UBC, and Vancouver Island University—advanced to the final round of the competition, which took place at Vancouver's Terminal City Club on Saturday, March 23.

During this final round, teams were given just three hours to analyze a new business case focused on finance and technology. Each of the final teams presented their findings to a panel of CPA judges who assessed the competitors on their presentation style, case knowledge, strategic implementation, and creativity, as well as on their handling of a rapid-fire question-and-answer period.

The winners of the 2019 Business Case Competition were formally announced at a banquet reception later that evening, which was attended by students and their guests, CPA members, and CPABC ambassadors.

The winning teams were as follows:

- **First place:** Team "Fearless" from UBC, represented by Lauren King, Sandy Pang, and Bob Zhang.
- **Second place:** Team "HEMM Consulting" from SFU, represented by Matthias Harvey, Ekam Khangura, Mina Labani, and Henry Nguyen.
- **Third place:** Team "MACK Consulting" from Langara College, represented by Christian Aguilar, Michael Lister, Austin Mah, and Kyle Rich.

CPABC congratulates the winning teams once again and thanks all of the teams and the judges for participating in this year's competition!



1. First place winners with judge Brianne Formosa, CPA (right). 2. Second place winners. 3. Third place winners with judge Laurence Ling, CPA, CMA (right). Photos by Raymond Chou Photography. For more photos from this event, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.

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FELLOWSHIP DESIGNATION	Recognizes CPAs for exceptional service to the profession and for exemplary leadership, professional achievement, and/or community service.
HONORARY CPA DESIGNATION	Recognizes non-members who have made significant contributions to the accounting profession.
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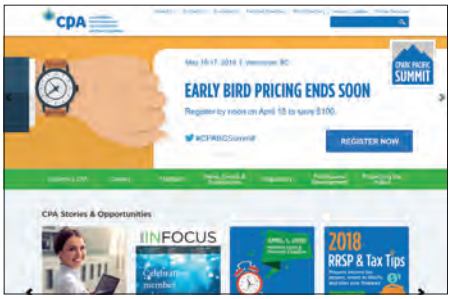
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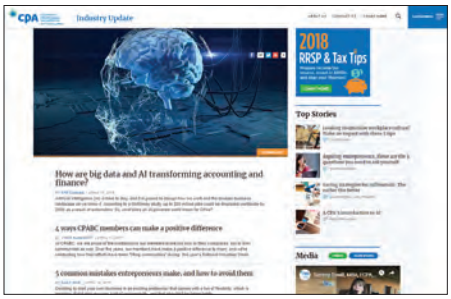
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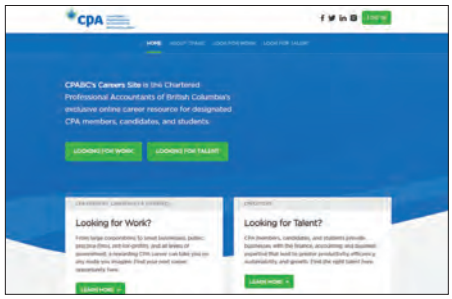
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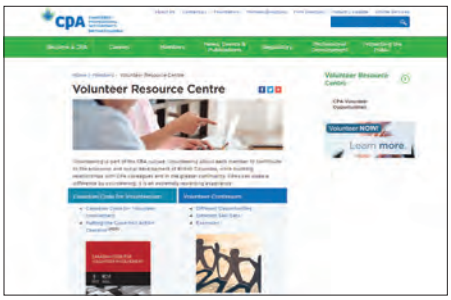
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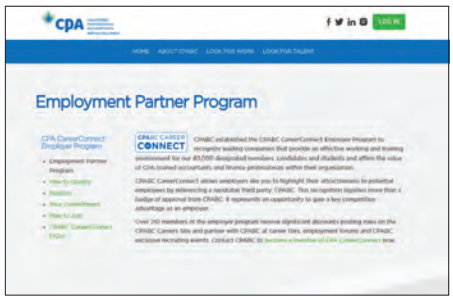
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Cover Story

Innovation at Work

With its new Ignition Centre, KPMG is facing disruption head-on

By Michelle McRae



Shelly Bardai and Walter Pela, FCPA, FCA, stand in front of a painting by artist Michael Markowsky, the newest addition to the Ignition Centre. Photo by jaredkorb photography.

Thinking outside the box, challenging the status quo, shifting paradigms, embracing new technologies—they're the hallmarks of innovation and the kinds of activities KPMG wants to spark at its new Ignition Centre in Vancouver. One of 15 such centres around the world, the Vancouver Ignition Centre is designed to serve as a collaborative hub where leaders, specialists, and clients can find technology-driven solutions to complex business challenges. Since opening its doors just a few months ago, the Ignition Centre has played host to more than 3,000 visitors.

Walter Pela, FCPA, FCA, regional managing partner for KPMG in the Greater Vancouver Area, and Shelly Bardai, client development & alliances manager for the Ignition Centre, recently sat down to discuss how the space works and how it connects to the firm's overarching commitment to innovation.

The coolest coffee bar you've never seen

There's no question that the Ignition Centre is a beautiful space. At 8,000 square feet, it takes up the better part of the 12th floor of KPMG's Vancouver office (digital innovation studio TTT Studios occupies the remainder), and it has an industrial aesthetic that's evident the moment you step off the elevator and see two giant shipping container doors ahead of you. Through these reclaimed doors is an open-concept space that has the look and feel of a hip lounge, complete with coffee bar—somewhere you'd want to hang out while enjoying free Wi-Fi.

It's easy to get hung up on the coolness of the space, but as Walter Pela explains, there's much more to the Ignition Centre than its visual appeal.

"What's really unique about the Ignition Centre is this idea of creating an ecosystem where we can bring in emerging technology in a very tangible way."

"Many of the interactions and sessions we have here could be had in a regular boardroom," he acknowledges. "The point of having a space like this is that it acts as a catalyst for innovative conversations with our clients."

Shelly Bardai elaborates: "It helps set a tone. It's a bit more of a fun and light-hearted atmosphere. We want people to feel empowered and creative in this space, so that they're already in a different mindset before the work begins."

As to what that work entails—it all depends on the day. The Ignition Centre hosts client sessions, workshops, events, technology demonstrations, data visualization exercises… you name it. One constant, however, is the use of visual and experiential learning tools.

"As accountants and business advisors, we often deal with the financial side of the house, but some of the important digital transformation projects right now are being led by CEOs and CIOs, or initiated by board members and shareholders," says Pela. "So, for a certain type of audience, we need to have different tools to be able to illustrate concepts. With data visualization, we can present very sophisticated, highly technical information in a way that's easier for our clients to understand and use."

Hands-on demonstrations also help bring concepts to life.

"We're not just *talking* about some of these technologies, we're demonstrating them," says Bardai, pointing to a full-size ATV in the corner. "This exhibit, for example, allows clients to experience mixed reality. Then we're able to work with them to identify their business challenges and see if mixed reality could help create operational efficiencies."

Making these data visualization presentations and in-house demonstrations possible is the firm's data analytics team, Lighthouse. Built in conjunction with the firm's Ignition Centres, KPMG Lighthouse is a substantial practice for the firm, with approximately 12,500 team members worldwide. These specialists—computer scientists, data scientists, and software engineers—work alongside CPAs to deliver data and analytics and digital solutions to clients, and to improve efficiencies and enhance quality in core audit and tax offerings.

"The Lighthouse team is doing things with data analytics that are absolutely essential to our core business and to the services we provide to our clients," Pela explains. "We need this in-house expertise to deliver on our digital transformation projects."

Adding to the mix of expertise are various outside contributors, referred to as "ecosystem partners." The ecosystem for exponential technology projects includes tech businesses, from large platform companies to local start-ups; organizations involved in innovation, exponential tech, and business transformation; community-based organizations; and educational bodies, like the newly launched KPMG Digital University, a graduate degree program KPMG developed with the Beedie School of Business at Simon Fraser University (see sidebar on page 22).

"What's really unique about the Ignition Centre is this idea of creating an ecosystem where we can bring in emerging technology in a very tangible way," says Bardai. "By having this space, as well as our 11th floor, we're better able to connect our clients to the broader ecosystem."

What makes the breadth of this ecosystem so important, say Bardai and Pela, is the power of diversity when it comes to dealing with digital transformation and disruption.

"The traditional view of business and innovation is to look within the sector," says Pela. "Often, however, the greatest breakthroughs come from outside of the industry. When we can bring different skill sets and a diversity of experience to the table—that's when the magic really happens."

"It's true," says Bardai.

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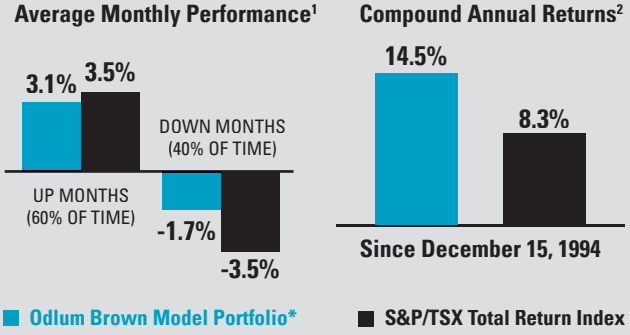
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Odlum Brown Model Portfolio: A Proven Track Record



¹Performance measured mid-month from December 1994 - March 2019. ²As of March 15, 2019. *The Odlum Brown Model Portfolio is a hypothetical all-equity portfolio that was established by the Odlum Brown Equity Research Department on December 15, 1994 with a hypothetical investment of $250,000. It showcases how we believe individual security recommendations may be used within the context of a client portfolio. The Model also provides a basis with which to measure the quality of our advice and the effectiveness of our disciplined investment strategy. Trades are made using the closing price on the day a change is announced. Performance figures do not include any allowance for fees. Past performance is not indicative of future performance.

"The future is happening very fast. We genuinely believe that our clients are going to undergo massive transformation over the course of the next five plus years. So it's a question now of 'disrupt or be disrupted.'"

"And that's something I would recommend for anybody—whether they're here or on their own," adds Pela. "Expand your network of collaborators, so you're actually getting fresh ideas."

There's a purpose-over-profit component to many of the fresh ideas generated and discussed at the Ignition Centre, as more and more businesses focus on their non-financial impacts, including social, economic, and environmental outcomes.

"Some of the businesses we're really interested in are the ones that are combining technology and innovation to tackle big global challenges," he says. "And it's not only about doing good for the world—a lot of these businesses are going to be successful because they're solving big problems. Some are already doing a fantastic job of defining their purpose beyond remuneration to shareholders and directing at least some of their activity toward longer-term challenges."

Noting that the United Nations' 17 Sustainable Development Goals are posted nearby on one of the Ignition Centre's few walls, Bardai adds: "With a lot of the exhibits we'll be bringing into the space and some of the work we do with our clients, which will be showcased in the space as well, we're looking for direct links to each of those UN goals."

Pela sees corporate impact and sustainability as a huge growth opportunity not just for his firm, but for the CPA profession as a whole.

"One of the CPAs featured in the national [#cpanotboring] branding campaign is Roopa Davé, who's a senior manager in KPMG's sustainability practice," he notes. "That whole practice area is around providing business strategy and assurance over more than just financial measures, and I think it's an area that's poised for explosive growth. It's taking longer than it should for the market to seek out that need, but it's shifting and that momentum is going to continue. So that's one area where we could absolutely build out the future of the profession."

Having recently participated in CPA Canada's Foresight initiative, Pela has the profession's future top of mind.

"We have to innovate as CPAs," he says. "The profession has always evolved and made itself relevant, but the pace is a lot faster now and the world is getting more complicated, not less. I think there are areas we need to put our stamp on as a profession. We're well-trained and well-suited, we have the right systems and processes and the sort of culture needed to take that leading role in key areas—whether that means algorithmic assurance or other new fields. We need to keep learning and training and pushing on the edge of all of these developments to make sure that we remain the leading profession. It's a question of forging the path to actually do things differently from what we're doing today. The whole profession needs to eventually shift."

He's not suggesting that CPAs become experts in artificial intelligence.

"I think every professional should know the basics, because our clients are reading about it and thinking about it," Pela explains. "So, at a minimum, we should know as much, if not more, than our clients. CPAs have to know when to use exponential technologies and how they apply, and who to bring to the table."

What about fears that machine learning and automation are going to take away jobs, including those in the accounting sector?

"I think people, generally, should not fear technology," says Bardai. "Once you remove the fear that a robot is going to take away your job, you can start to look at how technology can actually make your life better and free you up to do the things you're more passionate about."

"It shouldn't be something that's feared," agrees Pela. "It's something that should be harnessed, invested in, and promoted."

This is particularly true as disruption looms large. Both Pela and Bardai agree that we're approaching a tipping point, which explains the sense of urgency beneath the excitement at the Ignition Centre.

"The future is happening very fast," says Pela. "We genuinely believe that our clients are going to undergo massive transformation over the course of the next five plus years. So it's a question now of 'disrupt or be disrupted.' If you look at what's happening right now, there's a convergence of all of these emerging technologies that will absolutely revolutionize how we experience most things in the near future—or in the now, really. So there's some urgency for all businesses and clients to really examine and understand these different emerging techs and figure out which ones are most likely to converge and affect either their customers or the way they do business."

Most businesses are aware of the need for change, say Pela and Bardai, but many are unsure of the way forward.

"When you're so busy with day-to-day operations and just trying to keep the lights on, how do you take time to think about innovation?" asks Bardai. "You might know your business really well, but can you see what's coming around the corner to disrupt it?"

While it's certainly the function of the Ignition Centre to help with these strategies, Pela notes that the centre is part of a much bigger movement.

About KPMG Digital University

KPMG Canada teamed up with Simon Fraser University's Beedie School of Business to develop and deliver a unique graduate program that will help audit professionals develop advanced skills in digital and cognitive analytics. The program focuses on technology and data analytics to help prepare KPMG's auditors for the fast-changing world of machine learning, artificial intelligence, and technological transformation. It launched in Vancouver on April 5 and in Toronto on April 12. Look for more on this story in the July/August issue of *CPABC in Focus*.

"Getting ourselves equipped to help clients innovate through end-to-end digital transformation—from the customer all the way to the middle office, to the back office, to the cloud—it's more than just this space," he says. "It's from the third floor to the 12th floor and all the 40 offices across the country. We have the opportunity now to help bring the pieces together and create a roadmap for the transformation process. We can identify the core business challenges and key opportunities, see if opportunities can be enabled through emerging technologies, and then figure out how to execute on that. Because a lot of disruptive change is a change management exercise."

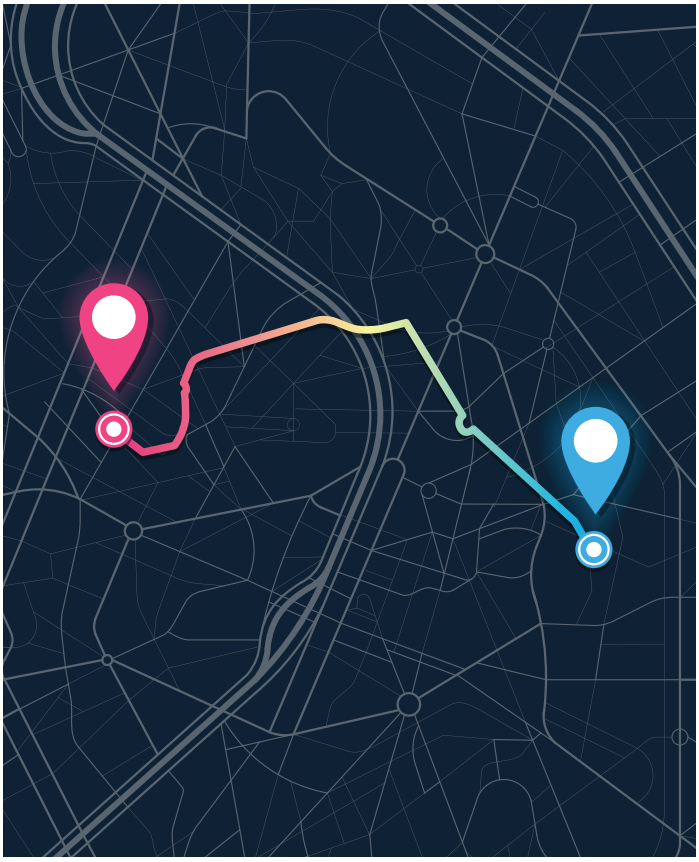
"Innovation," he adds, "is part creativity and problem-solving, and part of it is actually discipline. There's a strategy to it."

"There has to be," says Bardai. "Because often we'll see companies with 50 innovation projects in their portfolio that didn't go anywhere. And it's because you can't just have great ideas—implementation requires a strategic roadmap."

With the Ignition Centre now up and running, both Bardai and Pela are focused on the future.

"What I'm most excited about," says Pela, "is getting things done." ■

Michelle McRae is the managing editor of CPABC in Focus.



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Harnessing the Power of Diversity

Research shows that diversity is a driver of business success

By Suzanne Berry



Increasingly, the business world is recognizing the importance of diversity in the workplace—not just in terms of optics but also in terms of the bottom line. So why do some businesses still consider diversity as an option (or, worse still, a last resort when all other options fail) when others already recognize that it's an indispensable factor in hiring? What's behind all the diversity buzz, and what's keeping some employers from jumping on the diversity train?

Diversity is a business imperative

A wealth of research over the last decade indicates that diversity—be it cultural, ethnic, racial, generational, gender, thought, experiential, or other—is fundamentally good for business. "Non-homogenous teams are simply smarter," say David Rock and Heidi Grant of the NeuroLeadership Institute. "Working with people who are different from you may challenge your brain to overcome its stale ways of thinking and sharpen its performance."[1]

Citing findings from several recent studies, the pair note that diverse groups are more likely to:

- Raise more relevant facts and make fewer factual errors while discussing available evidence;
- Re-examine facts while scrutinizing behaviour and maintaining objectivity to mitigate against potential biases;
- Process and digest information carefully; and
- Innovate and develop new products.

[1] David Rock and Heidi Grant, "Why Diverse Teams Are Smarter," *Harvard Business Review*, November 4, 2016.

A-Digit/DigitalVision Vectors/Getty Images

Rock and Grant also reference *Diversity Matters*, a report released by McKinsey & Company (McKinsey) in February 2015 that shows an undeniable correlation between financial performance and diversity levels (defined as a greater share of women and a more mixed ethnic/racial composition in the leadership of large companies).[2] After examining proprietary data sets for 366 public companies across a range of industries in Canada, Latin America, the United Kingdom, and the United States in 2014, researchers found that:[3]

- Companies in the top quartile for racial/ethnic diversity at the executive level were 35% more likely to have financial returns above their respective national industry medians;
- Companies in the top quartile for gender diversity at the executive level were 15% more likely to have financial returns above their respective national industry medians;
- Companies in the bottom quartile for both gender and racial/ethnic diversity were statistically less likely to achieve above-average financial returns than the average companies in the data set; and
- The unequal performance of companies in the same industry and the same country implies that diversity is a competitive differentiator.

McKinsey's updated research in this area further supports the connection between diversity and financial performance. In 2017, the researchers expanded their data set to encompass more than 1,000 companies across 12 countries and measured not only profitability but also longer-term value creation. They also explored diversity at different organizational levels and broadened the definition of diversity beyond gender and race/ethnicity. Here are some of the key findings from the study, which was released in 2018:[4]

- Gender diversity on executive teams strongly correlated to profitability and value creation. In fact, for gender, the executive team showed the strongest correlation, with the percentage rising to 21% in 2017 (up from 15% in 2014).
- Executive teams of top-performing companies had more women in line roles (core business) versus staff roles (advisory and support), yet even among top-quartile companies, women executives were more likely to occupy staff roles than line roles.
- Companies with the most ethnically diverse executive teams were 33% more likely to outperform on profitability (down slightly from 35% in 2014, but still significant).
- Although gender and ethnic diversity clearly correlated to profitability, women and minorities remained underrepresented at the executive level.

Cognitive biases are holding employers back

Many challenges, obstacles, and misunderstandings in the workplace (and in life in general) can be traced back to cognitive biases. And most of the time, we're not even aware of their existence, given that approximately 95% of our decisions and behaviours are controlled by unconscious thought.[5] Thankfully, once we become aware of these biases, we can take action to address them with conscious behaviour.[6] Awareness, as they say, is key.

Two cognitive biases, in particular, can stifle diversity initiatives in the workplace. The first is the assumption that an "easy" decision-making environment is inherently more successful and more productive.[7] In reality, research shows that homogeneity can lead to a false sense of progress and that "working on diverse teams produces better outcomes precisely *because* it's harder."[8]

The second cognitive bias is an overestimation of the level of conflict that exists on diverse teams. Tied to this misperception is the belief that diverse teams are less productive.[9] This cognitive bias is understandable, as executives and managers are tasked with the responsibility of mitigating risk, and—let's be honest—diversity does present some risk factors, including the potential for conflict, friction, resentment, and culture clash. Fear of this conflict can lead to intense resistance.[10] It may also explain why employers and hiring managers typically hire the candidates they find most relatable or who seem most in tune with the company's existing culture. Beware, however—while the effort to create a harmonious team may come from a good place, it can actually be bad for business. Put simply, there *can* be such a thing as too much harmony.

2 Vivian Hunt, Dennis Layton, and Sara Prince, *Diversity Matters*, November 2014. (**mckinsey.com**)

3 Vivian Hunt, Dennis Layton, and Sara Prince, *Why Diversity Matters*, January 2015. (**mckinsey.com**)

4 Vivian Hunt, Lareina Yee, Sara Prince, and Sundiatu Dixon-Fyle, *Delivering through Diversity*, January 2018. (**mckinsey.com**)

5 Rebel Brown, "10 Shifts to Conscious Decisions," **rebelbrown.com**.

6 Rebel Brown and Gabrielle Bosche, "RETHINK: How to Win the War on Talent," webinar, March 22, 2019. (**powernoodle.com**)

7 David Rock, Heidi Grant, and Jacqui Grey, "Diverse Teams Feel Less Comfortable—and That's Why They Perform Better," *Harvard Business Review*, September 22, 2016.

8 Ibid.

9 Ibid.

10 A. D. Galinsky, A. R. Todd, A. C. Homan, K. W. Phillips, E. P. Apfelbaum, S. J. Sasaki, J. A. Richeson, J.B. Olayon, and W.W. Maddux. "Maximizing the Gains and Minimizing the Pains of Diversity: A Policy Perspective," *Perspectives on Psychological Science*, 10(6), 2015 (742–748).

How to increase diversity

It's clear from the research that diversity is beneficial for teams, organizations, and the bottom line. So how can organizations overcome cognitive biases and other barriers to diversity?

The authors of the 2018 McKinsey study referenced earlier identified some of the common strategies used by top-performing companies to increase inclusion and diversity (I&D). These companies:[11]

- Developed and committed themselves to I&D strategies that supported the business ethos and priorities;
- Communicated and "cascaded" their commitment to I&D throughout the organization, particularly to middle management;
- Conducted internal research to identify the I&D priorities best aligned to business growth strategies;
- Used targeted thinking to prioritize the I&D initiatives in which to invest; and
- Tailored I&D strategies to different parts of the business, recognizing that there may be no "one-size-fits-all" strategy, especially if the organization has global operations.

Ways to increase diversity were also identified by a separate research team in the 2015 paper, *Maximizing the Gains and Minimizing the Pains of Diversity: A Policy Perspective*. In addition to studying the positive impact of diversity on decision-making, innovation, and economic growth, the authors identified methods to remove barriers to diversity and opportunity. Transparency, they found, is key: "Transparency can be used at multiple levels to root out bias and discrimination and to increase diversity, fairness, and equity."[12]

We need to get comfortable with discomfort

The landscape of business will *always* be changing—that's a given. Hiring diverse teams will increase any organization's adaptability, which, in turn, will enable it to stay on track.

Of course, the ability to harness the power of diversity depends on the ability to manage it effectively, but that's a topic for another time. Until then, I hope this article has given you some food for thought. ■

Suzanne Berry is the career advisor for CPABC.

[11] Vivian Hunt, Lareina Yee, Sara Prince, and Sundiatu Dixon-Fyle, *Delivering through Diversity*, January 2018. (**mckinsey.com**)

[12] A. D. Galinsky, A. R. Todd, A. C. Homan, K. W. Phillips, E. P. Apfelbaum, S. J. Sasaki, J. A. Richeson, J.B. Olayon, and W.W. Maddux. "Maximizing the Gains and Minimizing the Pains of Diversity: A Policy Perspective," *Perspectives on Psychological Science*, 10(6), 2015 (742–748).

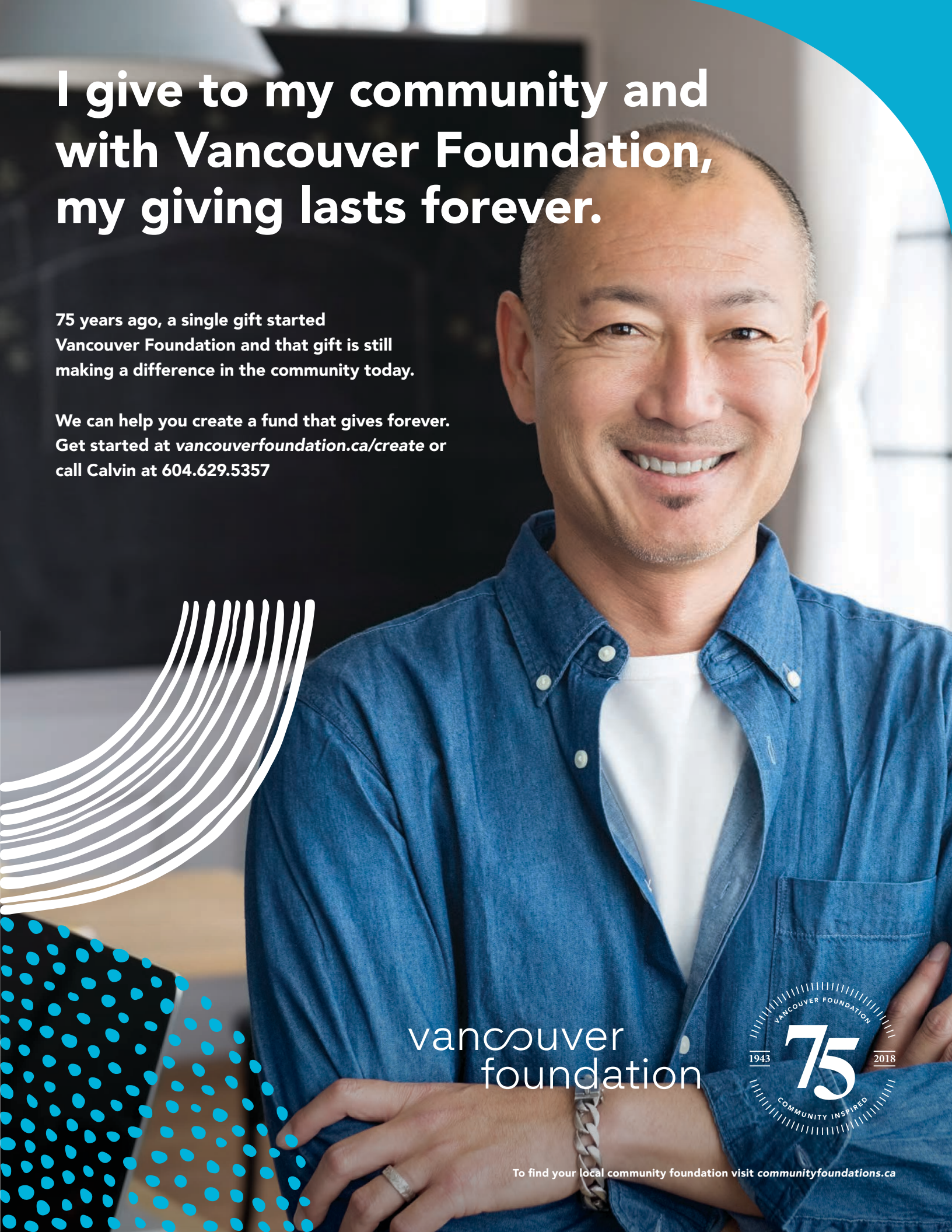


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How Happy Is Your Neighbourhood?

Happiness determines success, says PD Expert Paul Krismer on pages 38-39. But what determines happiness? While studying life satisfaction levels in comparatively sized regions across Canada, John Helliwell, CPA (Hon.), and two fellow researchers uncovered some interesting patterns. The trio reviewed data from 1,216 neighbourhoods across the country (776 urban and 440 rural), and here's a snapshot of their findings:[1]

Canadians' satisfaction with life
(average on a 0-10 scale)

All neighbourhoods: **8.04**
Rural neighbourhoods: **8.15**
Urban neighbourhoods: **7.97**



How does your neighbourhood compare? Check out the study's interactive map at **lifesatisfaction.ca**.

4 of Canada's 5 happiest regions are rural
(average on a 0-10 scale)

1. Neebing, ON: **8.94**
2. Shippagan, NB: **8.69**
3. Channel-Port aux Basques, NL: **8.63**
4. Hope, BC: **8.62**
5. St. Anthony, NL and Souris, PEI: **8.58** (tie)



How happy are we compared to other countries?

Canada made the top 10 in the United Nations' 2019 *World Happiness Report*, ranking ninth out of 156 countries (2016-2018).[2]



Most significant contributing factors to the urban-rural happiness gap:



~Sense of community belonging~
~Years of residency~
~% of income spent on housing~
~Population density~
~Commute time~



There's a stronger sense of community belonging in rural neighbourhoods

Rural neighbourhoods have a higher % of long-term (>5-year) residents

Urban residents are more likely to spend >30% of income on housing costs

Population density is 100 times higher in cities than in rural areas

Commute times tend to be shorter in rural neighbourhoods

- In urban neighbourhoods, income and unemployment levels correlate to levels of community belonging. Not so in rural communities.
- Residents of urban areas are more likely to have moved recently than residents in rural areas.
- Even the least happy rural communities have a stronger average sense of community belonging than the happiest urban communities.
- Newcomers to Canada are more likely to settle in large cities and urban areas.
- Higher population density means greater proximity, but this does not translate into a greater sense of community belonging.
- People in rural areas are more likely to live and work in the same neighbourhood.
- On average, commuting takes seven fewer minutes in rural communities (15 minutes versus 22 minutes).

[1] *J. Helliwell, H. Shiplett, C.P. Barrington-Leigh, "How Happy Are Your Neighbours? Variations in Life Satisfaction Among 1200 Canadian Neighbourhoods and Communities,"* PLoS ONE *14(1): e0210081, 2019. (**https://doi.org/10.1371/journal.pone.0210091**)*

[2] *J. Helliwell, R. Layard, J. Sachs,* World Happiness Report 2019, *New York: Sustainable Development Solutions Network, 2019.*



Lori Mathison is the president & CEO of CPABC.

Filling the Labour Gaps Now and Tomorrow

By Lori Mathison, FCPA, FCGA, LLB

Note to readers: This editorial was released to the media in March and subsequently picked up by various local news outlets.

Competition for the right talent is tight. BC's job vacancy rate reached a high of 4.8% in Q3 2018, and employers in all industries are struggling to fill positions. This issue will likely worsen over the next decade as our economy continues to expand and more workers are set to retire. In fact, nearly three-quarters of BC CPAs identified the ability to attract and retain talent as the number one challenge for their business in our annual *Business Outlook Survey*.

In a recent economic roundtable held in Vancouver with executive CPAs, we discussed possible solutions:

1. Identify new talent pools and equip them with the skills to succeed.

Supporting workers who are re-entering the labour market, workers with disabilities, and young people who do not have the means to pursue post-secondary education will expand BC's talent pool. According to Herman Chandi, CPA, CA, COO and co-founder of UrbanLogiq, bootcamps are a new delivery method of providing practical training that could set them up for success, especially in times of rapid technological changes. Bootcamps can help this untapped talent pool hone skills at a quicker pace and transition them more efficiently into the labour force.

2. Bring talent from other Canadian provinces.

Another solution, especially for those working in trades, is to import labour from other parts of the country. For Joel Holloway, CPA, CA, CFO at Metric Modular, his company has recruited workers from the Maritimes to work on their projects. He expects to see more of that, especially in the remote communities, as BC will require more workers to work on the capital projects. With 4.4% unemployment at the end of 2018, BC has to maintain a continuous in-flow of workers into the areas that are most beneficial to the economy.

3. Modernize existing immigration policy for working professionals.

Attracting international talent is another part of the solution to answering labour shortages. According to Paulina Cameron, CPA, CA, CEO of Forum of Women Entrepreneurs and board member of the Immigrant Employment Council of BC (IEC-BC), one of the barriers to connecting immigrant talent with the labour market is a disconnect between the way Canada selects skilled workers and the needs of employers. Canada's "Human Capital Model" favours applicants with higher levels of formal education, regardless of their practicality in the labour market. As we look to the future, we will require a model that identifies immigrants based on the skills and experience they possess and create pathways to allow the employer to better understand how the immigrant candidate can meet their needs and the candidate can better understand how they can fit within the Canadian labour market. Programs such as IEC-BC's competency assessment and online talent portals are examples of how these challenges can be overcome.

4. Accommodate talent by having flexible work locations.

Another way to address the retention of talent is to have flexible work locations. According to Kate Furber, CPA, CA, partner at PwC Canada, this strategy helped address the issue of talent retention, especially when Vancouver's cost of living is so high, making it unaffordable for many young professionals. With over 800 employees across BC and the average age of around 30 years old, PwC offers flexible locations to accommodate both the needs of their clients and their employees. PwC has seen more and more of their staff living and working in their Fraser Valley, Victoria, and Northern BC locations.

Filling the labour skills gap is an issue that we all have to address. Government, industry, and post-secondary institutions all need to work together to identify solutions that will help us fill the gap now and tomorrow. ■

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Key Audit Matter Reporting for Smaller Public Entities

By Fred Pries, PhD, FCPA, FCA, and Sandra Scott, CPA, CA*



Fred Pries is an associate professor emeritus at the University of Guelph. He is a CPA member in both British Columbia and Ontario.



Sandra Scott is an associate professor at the University of Guelph. *She is a CPA member in Ontario.

The Canadian Auditing and Assurance Standards Board (AASB) has decided to require communication of key audit matters (KAMs) in auditor's reports for entities listed on the Toronto Stock Exchange (TSX) for periods ending on or after December 15, 2020. In January 2019, the AASB issued an exposure draft proposing to extend the applicability of this requirement to TSX-venture issuers and other listed entities for periods ending on or after December 15, 2021.[1]

KAMs are the most significant matters encountered by auditors during the audit process. International Standard on Auditing 701 requires auditors to describe these matters—and the steps taken to address them—in their reports. The purpose of this requirement is to enhance audit transparency.[2]

In Canada, concerns have been raised about the costs of KAM reporting for smaller public entities and whether the benefits for audit report readers will exceed these costs. In this article, we use the Australian experience to explore the costs and benefits of KAM reporting for these entities and make suggestions for effective implementation.

Australia has required KAM reporting since 2016 and, like Canada, has a large number of smaller listed entities—many of which operate in the mining and metals sector and the technology sector. The following example of a KAM is excerpted from the 2017 annual report of Crater Gold Mining, an Australian gold mining company:

Carrying Value of Exploration and Evaluation Assets[3]

Key audit matter	How the matter was addressed in our audit
Exploration and evaluation assets of $8,953,712 form a significant proportion of the Group's assets as shown in note 13. The recovery of the carrying value of the exploration and evaluation assets are subject to successful exploration, exploitation or sale in the future and as such is subject to management judgement in accordance with *AASB 6 – Exploration for and Evaluation of Mineral Resources*. Management have relied on the valuations prepared by third party expert valuers to support the carrying value of exploration assets at 30 June 2017. The Group's exploration and evaluation assets are also exposed to market, economic, political and seasonal influences which may affect the value. Exploration and evaluation expenditure is recorded in accordance with the accounting policy detailed in note 1 of the notes to the financial statements.	Our procedures in relation to the carrying value of exploration and evaluation included, amongst others: • Assessing the competence, capabilities, objectivity and independence of the management experts engaged to value the assets, and the methodology they adopted; • Analysing the financial and operating commitments of the licenses to see whether sufficient expenditure has been included in the cash flow forecast to ensure expenditure conditions are met; • Assessing the Group's rights to tenure over the relevant exploration areas by obtaining the license agreements and also considering whether the Group maintains the tenements in good standing; • Assessing the ability of the Group to finance any planned future exploration and evaluation activity; and • Ascertaining whether management has any plans to abandon the held tenements.

[1] Auditing and Assurance Standards Board, Exposure Draft: *Communication of Key Audit Matters in the Auditor's Report*, January 2019. (**frascanada.ca**)

[2] International Federation of Accountants, International Standard on Auditing 701, *Communicating Key Audit Matters in the Independent Auditor's Report*, January 2015. (**ifac.org**)

[3] Crater Gold Mining, *Annual Report for the Year Ended 30 June 2017*, **cratergold.com.au**.

We examined auditor reports for 362 companies with market capitalizations of less than AU$10 million and year-ends between December 2016 and December 2017.[4] Here's a summary of what we found:

Audit costs

We compared the audit fee in the year KAMs were first reported with the audit fee from the previous year and found that the average audit fee declined by 2.9% in the year in which KAM reporting was introduced. We also found that the median audit fee was unchanged from the previous year.

However, while we found no significant change in audit fees associated with the introduction of KAM reporting, competitive pressures in the Australian audit environment may have kept audit fees stable. In addition, costs may have been incurred by both companies and their auditors in implementing the KAM reporting requirements that were not reflected in the audit fees charged.

Benefits of KAM reporting

We identified two potential benefits of KAM reporting in the auditor's reports we examined. First, we found that the KAMs reported were effective in directing readers to important audit areas. The KAMs most frequently reported for each industry were those we would expect based on the nature of the industry. For example, in the mining and metals industry, the most frequently reported KAMs related to exploration and evaluation assets, acquisitions and disposals, other non-current assets, and liabilities and provisions. Thus, KAM reporting can benefit readers by pointing them to important audit areas, providing information about key judgments involved in these areas and explaining the nature of the auditor's work.

The second potential benefit of this reporting is that it can provide audit report readers with more information about the matters identified as KAMs. We found this to be true in many cases; however, we also found situations in which KAMs were not transparent. For example, in our review of the annual report for Crater Gold Mining, we found that an impairment of AU$15 million was recorded during the year, reducing the exploration and evaluation asset from AU$23 million to AU$9 million. Total assets of the company after the impairment charge were AU$10 million. We did not find the KAM cited earlier in this article to be transparent, because it did not indicate that an impairment even occurred.

Implementing KAM reporting in Canada

As indicated earlier, the AASB has issued an exposure draft proposing that KAM reporting be a requirement for TSX-venture issuers beginning in 2021. This exposure draft gives all stakeholders an opportunity to express their opinions on the costs and benefits of KAM reporting for smaller listed companies.

As KAM reporting is implemented, we believe that it must be transparent. Relatively standardized wording may be appropriate in certain situations where it is "business as usual." Even boilerplate wording can help to educate users about the key judgments involved and explain how the auditor responded to specific issues. However, in cases like the one cited in this article, where unusual events have occurred, it is important that the issues faced in the audit are clearly captured in KAM descriptions. ■

[4] Fred Pries and Sandra Scott, *Costs and Benefits of Key Audit Matter Reporting for Smaller Public Entities: The Australian Experience*, September 2018, **http://hdl.handle.net/10214/14306**.





Lawrence Bell is a senior manager with the personal advisory services – global mobility and rewards practice of Ernst & Young LLP in Vancouver.

The Impact of British Columbia's Real Estate Taxes on the Mobile Employee

By Lawrence Bell, CPA, CA



Travel and Still life photography/iStock/Getty Images

In an effort to curb speculation in British Columbia's housing market over the last few years, the BC government and the City of Vancouver have independently implemented real estate taxes designed to increase housing affordability and convert underutilized properties into homes that are available for BC residents.

Whether these real estate taxes will achieve their desired outcomes remains to be seen. What is already evident, however, is the impact of these new taxes on mobile employees—those individuals who've been asked to relocate by their employers.[1] This impact and the exemptions available to alleviate it are the focus of this article.

Foreign home buyers tax

On August 2, 2016, the BC government introduced an additional 15% property transfer tax on residential property purchases made by all foreign nationals[2] in Metro Vancouver, based on their proportionate share of ownership. This tax applies in addition to the general property transfer tax.[3]

1 Mobile employees may be foreign nationals who are moving or have moved to BC and have purchased residences here or individuals who have left or are leaving Vancouver to work elsewhere.

2 A foreign national is defined as a non-Canadian citizen or a non-permanent resident.

3 The property transfer tax is 1% on the first $200,000 of assessed value; 2% on the value greater than $200,000 and up to and including $2,000,000; 3% on the value greater than $2,000,000; and a further 2% on the value exceeding $3,000,000.

The exemption under the BC PNP may explain the surge of people coming to BC through this program

When it introduced this additional property transfer tax, the BC government said it would continue to monitor data on foreign investment and foreign ownership in BC's real estate market.[4] Within a year, no doubt recognizing that this additional tax had put home ownership out of reach for many foreign nationals who'd relocated to Metro Vancouver for work, the government introduced an exemption. Effective March 31, 2017, this exemption applies to any foreign national who is a confirmed provincial nominee under the BC Provincial Nominee Program (BC PNP)[5] and who intends to use the property as their principal residence.

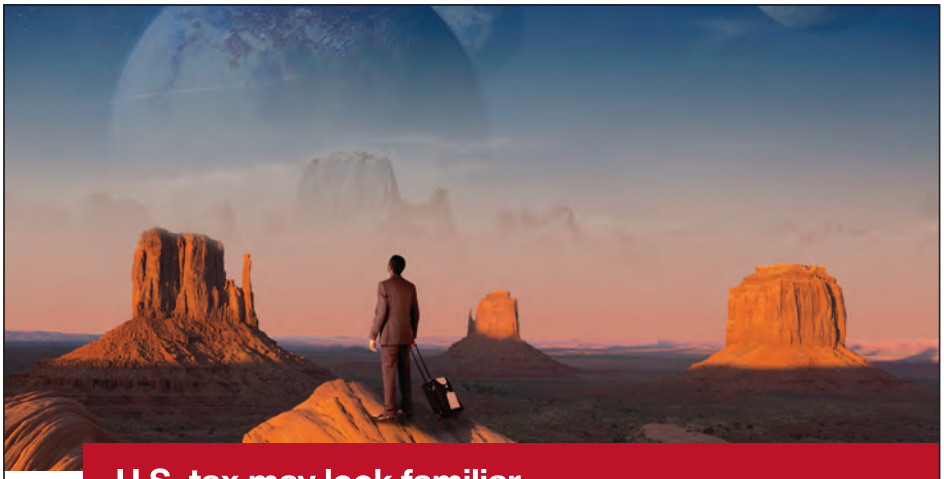
The new property tax exemption does not apply to individuals working in BC under a valid work permit, individuals who have applied to become permanent residents of Canada through normal channels, or BC PNP candidates in the entrepreneurial immigration stream.

This exemption for confirmed provincial nomineees under the BC PNP may explain the surge in the number of people coming to BC through this program: According to a recent *Vancouver Sun* article, 6,500 newcomers entered the province through the BC PNP in 2018 compared to 2,600 a decade earlier.[6] The article notes that many of these individuals were able to quickly purchase residences in Metro Vancouver.

4 Government of British Columbia, "Action on Foreign Investment, Consumer Protection and Vacancy puts British Columbians First," **news.gov.bc.ca**, July 25, 2016.

5 The BC PNP is a way for immigrants to become permanent residents of Canada, and it requires that the nominee have the support of an eligible employer who must fulfil certain responsibilities and requirements. These requirements can be found online at **welcomebc.ca**.

6 Douglas Todd, "Is BC Immigration Program a Back Door for Millionaire House Buyers?," *Vancouver Sun*, February 28, 2019.



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"If the property is the owner's principal residence, the property is exempt from the tax regardless of how much time they actually occupy the property."



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A further enhancement, which was made effective August 2, 2017, provides a refund of the additional tax if the purchaser:

- Is a foreign national at the time of purchase;
- Becomes a Canadian citizen or permanent resident on or before the first anniversary of the registration of the property;
- Continuously inhabits the property as their principal residence;
- Moved into the home within 92 days from the date the property purchase was registered;
- Continued to reside in the property as their principal residence for at least one full year after the property purchase was registered; and
- Has not previously obtained a refund or qualified for the exemption.

If a foreign national does not apply for the exemption at the time of purchase, they can apply for a refund of the tax paid within 18 months of registering the purchase transaction at the Land Titles Office. The application for a refund must be submitted after the first anniversary and within 18 months of the date the property transfer was registered.

Empty Homes Tax

Beginning in the 2017 tax year, the City of Vancouver implemented an annual tax of 1% on a property's assessed value if that property is deemed empty. Generally, properties used as a principal residence for at least six months of the year or homes rented for at least six months of the tax year are excluded from the tax.

So what if a person is travelling or has to relocate from Vancouver for an extended period of time and leaves their home unoccupied during their absence? If the property is the owner's principal residence, the property is exempt from the tax regardless of how much time they actually occupy the property. According to the definition of principal residence,[7] an owner is not required to physically occupy the property for any specific period of time as long as the property is their principal residence.

[7] City of Vancouver, "Empty Homes Tax FAQ," **vancouver.ca**.

Therefore, even if the owner spends more than six months of the year living elsewhere or travelling, their property is exempt from the tax as long as the owner takes sufficient steps to ensure that the home remains their principal residence.

Furthermore, the Empty Homes Tax does not apply if:

- An individual's principal residence is outside Greater Vancouver, but they own a second home within the City of Vancouver; and
- The individual occupies the second home for at least six months because they are employed full-time in Greater Vancouver and their employment requires their physical presence in Greater Vancouver.

These exemptions are not automatic: The owner is required to file a property status declaration each year.[8]

Speculation and Vacancy Tax

As part of the 2018 provincial budget, the BC government introduced its Speculation and Vacancy Tax, which targets individuals who own residences in BC but do not pay income taxes in the province. Where a residential property that is located in a taxable area[9] does not qualify for one of the exemptions (discussed below), the tax is payable as follows:

- For 2018 – 0.5% of the assessed property value for all properties subject to the tax; and
- For 2019 and subsequent years – 0.5% of the assessed property value for Canadian citizens or permanent residents of Canada who are not members of a satellite family[10] and 2% of the assessed property value for foreign owners and satellite families.

Non-refundable tax credits

The following non-refundable tax credits are available to offset any tax payable:

- BC residents, excluding satellite families, are eligible to receive a maximum credit of $2,000; and
- All other owners are entitled to a credit based on their reported BC income[11] and how they use their property. The credit is the lesser of:
  - The tax payable on the property; and
  - The tax credit balance (BC income x 10 x tax rate).

Exemptions

All property owners who own residential property in a taxable area must complete an annual declaration to claim any relevant exemptions. For individuals,[12] the various exemptions include but are not limited to the following: [13]

1. Principal residence exemption. To be eligible for this exemption, an owner must be a Canadian citizen or permanent resident of Canada who is a BC resident for tax purposes. Eligible circumstances for the principal residence exemption include but are not limited to:[14]
   a) Owners who lived in the residence before moving out of province. (This applies to part-year residents who lived in the home and then moved during the year, but still owned the property at the end of the year).
   b) Owners who lived away from home for other reasons. If an individual is away from their principal residence for an extended period of time or no longer lives in the property, they can claim an exemption once every 10 years.
2. Tenancy exemption.[15] This exemption applies to homes occupied by renters for at least six months of the year. It also applies to homes occupied by family or non-arm's length persons.

A mobile employee who has accepted a job posting outside of BC is exempt from the tax if they rent out the property during their absence. But if they decide to leave the property vacant during their absence, they could claim the principal residence exemption in the year they leave the province and subsequently claim the principal exemption once every 10 years. However, if they are gone for more than two years, they could be subject to the tax unless one of the other exemptions applies.

Final thoughts

To ensure that relocations succeed and mobile employees are able to maintain their standard of living, employers usually provide immigration and taxation support, including tax equalization programs and allowances. In light of these new real estate taxes, employers should review their programs to ensure that relocations are structured to take advantage of possible exemptions and that mobile employees are not disadvantaged. ■

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8 The 2018 Declaration was due February 4, 2019.

9 Government of British Columbia, "Taxable Regions for Speculation and Vacancy Tax," **gov.bc.ca**.

10 A satellite family is defined as persons who declare less than 50% of their total combined household income for the year on a Canadian income tax return. This could apply even if an individual is a Canadian citizen or BC resident.

11 Reported BC income is income that has been reported to the CRA for tax purposes and is the current year income plus the income from two previous years. However, BC income that has been previously used to reduce the tax liability cannot be used again.

12 If there is more than one owner on title, each owner claims their relevant exemption. Owners may claim different exemptions for the same property.

13 The full list of exemptions is available at **gov.bc.ca/gov/content/taxes/property-taxes/speculation-and-vacancy-tax/exemptions-speculation-and-vacancy-tax/individuals#exclusions**.

14 See footnote 13.

15 Government of British Columbia, "Tenancy Requirements for Speculation and Vacancy Tax Exemptions," **gov.bc.ca**.

PD EXPERTS

Practice Makes Happiness

By Paul Krismer

Phew! You've just finished a huge assignment that involved a lot of overtime and considerable pressure. Time to shorten your office hours and start packing for a well-deserved vacation, right? Those are both great ways of boosting your happiness after an intense work period, but what if you could prepare for stressful work cycles in advance, so you wouldn't need to recover afterward?

Anyone can build up their resilience to the inevitable stresses of life by increasing their baseline level of happiness. Scientific research has shown that people who invest in nurturing positive emotions get happier over time and less susceptible to negative external forces. And, what's more, becoming happier can also help you become more successful in life.

The science of happiness

Not so long ago, success—defined as a good paying job, a spouse, two kids, and a house in the suburbs with a white picket fence (aka "the American dream")—was seen as the key to happiness.

Not only has the definition of success changed, but scientific research over the past two decades has shown that it's actually happiness that determines success—not the other way around. That's because higher levels of happiness create the optimal conditions for success. Happy people see more opportunities. They have more energy and get sick less often. They have better social relationships, are more creative, and think more clearly. These benefits have been verified in scientific studies.

And it's not just individuals who benefit from increased happiness. Organizations that invest in improving their work culture over a long period of time benefit from the improved well-being of their employees. Employees in these environments are more co-operative, engaged, and productive—all factors that contribute to a better bottom line.

How to be happier

Tapping into this readily available resource is easier than you might think. Research on positivity has uncovered several tools we can all use to rewire our brains to access positive emotions more readily. The most accessible of these tools is the practice of gratitude.

One example of an effective gratitude practice that I often share is writing down three things that went well over the previous 24 hours. Over time, people who do this every day begin to default toward a more positive outlook. I know it works, because I've done it myself every morning for years. I now have several thousand entries on my list.

Consistency is key to the success of this practice. Making gratitude a regular habit is what makes it effective, because daily practice causes your brain to form strong neural connections dedicated to seeking out positive situations and experiences. If you only practise gratitude once in a while, you won't teach your brain to default toward happiness. It takes commitment.

SEE THE AUTHOR IN PERSON

Come learn more from Paul Krismer at the PD Nexus: Work/Life Balance Insights conference in Vancouver on June 17. In addition to providing the keynote address, "The Serious Business of Positive Emotions," Paul will be presenting the workshop "Mindfulness Everywhere."



Paul Krismer is the chief happiness officer and founder of The Happiness Experts Company, based in Victoria, and the best-selling author of *Whole Person Happiness: How to be Well in Body, Mind and Spirit*. He is a certified executive coach with over 20 years' experience as an executive leader of large teams.

Bring happiness to work

If you're a manager, you don't have to ask all employees to start practising gratitude. There are many practical ways to foster a happy workforce. One of them is showing appreciation. Leaders often misinterpret appreciation as giving thanks, but most people don't want to be thanked or given a pat on the back—instead, they want to be recognized for the unique contributions they make to the team, their clients, their customers, or the company as a whole.

An example of meaningful appreciation is telling a colleague or direct report, "I just looked over your work on the XYZ account. You caught some key issues everyone else missed, and the recommendations you made are going to have a big impact on XYZ's bottom line this year."

This kind of appreciation recognizes the positive impact of an employee's specific contributions. It shows that you notice their talent and/or dedication, which, in turn, fosters warm feelings and provides added motivation for future efforts.

Like practising gratitude, showing appreciation isn't a one-off exercise. It must be repeated. Research shows that managers and supervisors who engage in this practice regularly have happier employees who are more engaged, loyal, and highly productive.

Plan to be in it for the long haul

When you finally make it through a really busy period, don't just take time to relax—take time to invest in your future well-being by starting to implement the tools that will contribute to your resiliency over the long term. These tools are not quick fixes, but rather lifestyle choices that take time to strengthen. The pay-off for this practice will be worth it—not only will you be more resilient when stress returns, you'll be happier in general.

Similarly, organizations that invest in improving their cultures over a long period of time (at least 12 months) will benefit from the improved well-being of their employees. It's not some mystical, magical alignment of the stars that we're talking about—it's a conscious effort to work toward happiness. ■

Lower your stress level right now

Whenever you start to feel overwhelmed—whether at work or at home—there's a simple breathing exercise you can do to lower your stress level right away. The following exercise takes as little as a minute and will instantly calm your parasympathetic nervous system:

1. Inhale deeply.
2. Pause.
3. Exhale, taking longer than you took to inhale.
4. Repeat several times until you feel your body relax.

When you take longer to exhale than you do to inhale, you send a subconscious signal to your nervous system that induces calm. Try it the next time you find your stress level rising!

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CPABC Nexus Days



Work/Life Balance Insights
June 17 | Vancouver Convention Centre, West Building

Information Technology Insights 2019
June 18-19 | Vancouver Convention Centre, East Building

Business Insights Victoria
July 9 | Victoria Conference Centre

Business Insights Vancouver
July 12 | Fairmont Pacific Rim Hotel, Vancouver

EMAIL pdreg@bccpa.ca
WEB pd.bccpa.ca

PD PROGRAM HIGHLIGHTS – UPCOMING TITLES FOR SPRING/SUMMER 2019

Visit us at **pd.bccpa.ca** for a complete list of available titles, dates, and locations.

ACCOUNTING & ASSURANCE

Audit Engagements – Review of the Standards

This seminar provides a solid foundation in the practical application of the Canadian Auditing Standards to audit engagements. Using a case study approach, you will apply the standards to a set of client-specific facts. You will also explore the key elements of documenting an engagement working paper file, including planning, engagement execution, and reporting.

Controllership – Operational Management

This workshop will help you gain insights and new skills to improve the overall value you add to your organization, and you will come away with a much broader view of the overall role of the controller.

Interpreting Financial Statements

This seminar will strengthen your financial statement analysis capabilities. Over the course of the workshop, you will review financial statements, discuss the management of financial information towards desired outcomes, re-familiarize yourself with key reporting issues that have an impact on financial statement interpretation, and discuss ratio and trend analysis and its merits/pitfalls.

Review Engagements – Specific Topics

In this seminar, you will learn how to quickly identify incomplete review engagement documentation. You will come away knowing what needs to be done and documented to resolve outstanding issues.

ETHICS

Ethics at Our Core

This seminar is applicable to CPAs at all levels of their career in any type of organization. You will have an opportunity to refresh and update your knowledge of the *CPA Code of Professional Conduct* and build competence in interpreting and applying it to resolve a variety of realistic ethical dilemmas.

Shades of Grey: Ethics in the Workplace

This seminar aims to develop and enhance your understanding and application of business and professional ethics. Throughout the session, numerous case studies and ethical dilemmas will be used to encourage discussion and explore moral philosophy in the workplace.

STRATEGIC MANAGEMENT CERTIFICATE PROGRAM

Strategic Planning

Participants in this workshop will use several case studies to examine the link between stated organizational goals, the business environment, and visible strategies, with a focus on the functional strategy level.

Risk Management & Governance

In this seminar, you will examine the different types of risk that can undermine an organization's efforts to reach its objectives, as well as the management-level approaches and tools used to mitigate these risks.

Team Development

This interactive workshop will give you an in-depth understanding of issues that can have an impact on team effectiveness, including team design, the stages of team development, and the ingredients necessary for achieving results.

Change Management

In a world where change is an imperative, this workshop will explore how organizations can improve the odds and how leadership can support successful change. The seminar will also examine the main ingredients necessary to successfully implement change.

TAXATION

Doing Business in China

This seminar will discuss the opportunities and challenges for Canadian companies doing business in China, common cross-border taxation considerations that companies may face in their expansion into the Chinese market, and common outbound structures into China.

Income Tax – Income Splitting, A New Era

This half-day seminar will cover the tax benefits of income splitting, provide a detailed review of relevant income tax legislation, and offer an overview of remaining opportunities to accomplish income splitting. It will also offer suggestions and planning to manage, mitigate, and restructure with a view to the TOSI (tax on split income) rules.

Review of Corporate Tax Planning

This two-day refresher in corporate tax is designed for those who want to update and refresh their knowledge in both technical and tax-planning issues for corporations. Although taxation for public corporations is reviewed, the primary focus will be on the taxation of private companies.

PD NEXUS

Get the Latest on Accounting, Leadership, and Innovation at PD Nexus: Business Insights

Join us in Victoria (July 9) and Vancouver (July 12)

All of CPABC's PD Nexus conferences give CPAs the opportunity to network with peers while engaging in discussions on a variety of relevant topics. PD Nexus: Business Insights, which provides a mix of technical accounting topics and sessions on business leadership and innovation, is offered in July (Vancouver and Victoria) and December (Vancouver only) each year.

At the upcoming July offerings, attendees can expect breakout sessions on topics such as coaching and relationship development, legal and business issues related to emerging technologies, business transformation processes, and industry-specific tax issues.

As per tradition, both events will kick off with a keynote address on the economy. Daniel Muzyka, PhD, a professor at the University of British Columbia's Sauder School of Business and the former president and CEO of the Conference Board of Canada, will present the economic update in Victoria, and John Nicola, an award-winning entrepreneur and CEO with Nicola Wealth Management, will present in Vancouver. The closing keynote address at both events—"Developing a More Open Mindset to Thrive in a World of Change"—will be presented by Scott Orth, a resiliency and productivity coach with Mindful Wisdom Inc.

Why should you attend?

Just listen to what your peers have to say! After each conference, CPABC's PD team conducts an anonymous survey to check the pulse of members and ensure the quality of conference offerings. Survey results from the most recent PD Nexus: Business Insights conference showed that members appreciated the calibre of speakers and the opportunity to network with peers.

Held in Vancouver in December 2018, this latest event began with an economic update from keynote speaker Andrew Sweeney, CPA, CA, CFA,* who specializes in Canadian equity market dynamics and environmental, social, and governance factors for portfolios. Sweeney, a VP and institutional portfolio manager at Phillips, Hager & North Investment Management, provided an update on macroeconomic developments and shared his insights on economic risks and opportunities within BC and Canada.

The conference then offered a wide selection of breakout sessions on topics such as blockchain, automation, succession planning, employee retention, and risk management. The conference closed with a hands-on plenary session on "Mastering Leadership," led by leadership development expert Alex Wray, senior partner at Wray Consulting Group. Wray led a lively discussion about the leadership skills that best drive business performance and the behavioural patterns that can negatively affect a person's ability to lead.



Photo by Aaron Aubrey.

Here's some of the feedback we received:

On the event overall:
- "Very good pace of sessions this year and interesting topics."
- "I had a chance to meet a lot of people from a variety of sectors."
- "Best use of my one-day PD."

On Andrew Sweeney's opening keynote address:
- "Great economic update."
- "Exceeded my expectations."
- "Great presentation and pace."
- "The facilitator [was] very knowledgeable."

On Alex Wray's closing keynote workshop:
- "Very engaging speaker with strong knowledge of subject area."
- "Very insightful and good level of participant engagement for an end-of-day seminar."

On the breakout sessions:
- "Excellent facilitator with useful and concise tips that are very effective."
- "Very good speaker and an excellent topic to balance focus on technical achievement and automation."
- "I am going to make a point of attending one of [the facilitator's] seminars in Victoria as a result of this presentation. Truly excellent presentation and content."

Join us at the upcoming July sessions to experience these high-calibre offerings. More information about the Business Insights conferences and other PD Nexus Days is available at **pd.bccpa.ca/conferences**. You can also contact CPABC's PD department at **pdreg@bccpa.ca** for details.

* Andrew Sweeney authored "A Company Is More than Its Numbers" for the January/February 2019 issue of *CPABC in Focus*.

EVENTS

Leading in Times of Change

Get your innovation engine in gear

By Lee-Anne McAlear

SEE THE AUTHOR IN PERSON

Lee-Anne McAlear will be a keynote speaker at the 2019 Fall Pacific Summit in Whistler (September 25-27). For registration and event information, visit **bccpa.ca/pacificsummit** (fall event details will be posted in June—see ad on facing page).



Lee-Anne McAlear is a program director of the Centre of Excellence in Applied Innovation Leadership at the Schulich Executive Education Centre. She is an award-winning facilitator, speaker, writer, and consultant who has helped Fortune 500 companies around the world focus on innovation and change management.

I recently presented at a conference where the topic was "Leading Innovation." Speaking to a senior leader from one of the event's sponsoring companies, I mentioned that several surveys have identified employees as a primary source of innovative ideas. "If that's the case," he replied, "why aren't our employees busy generating ideas to improve how we deliver value to our customers?"

The truth is that employees have tons of ideas. Walk the halls of any organization, stop the first person you see, and ask them for three ideas on how to improve their processes, transform their meetings, or enhance their client deliverables—and then stand back. Three ideas will be the minimum you get. Ingenuity is everywhere, and generating ideas is not the problem. Nurturing, supporting, accessing, and implementing ideas—that's the challenge.

If your leadership is satisfied with the status quo and sees no reason to take risks or incur the inherent disruption and tension of innovation, your employees won't volunteer their ideas. In medicine, homeostasis is the process that regulates a body's internal environment and maintains a stable, constant condition. Organizations, like living things, also strive to maintain balance and resist change. Overcoming this universal tendency and getting your innovation engine in gear requires buy-in from leadership, open communication, recognition of contributions, and the creation of an environment where people feel safe to challenge the status quo.

To ignite innovation, you must first establish the need for change. Top management must lead in embracing innovation and build an infrastructure of agility by clearly communicating why change is imperative to business survival, providing the human resources and capital needed, and allowing time to deal with the messiness of transition.

Once you've established the reason for change, your next step is to get everyone talking about it and contributing to the effort, whether that means identifying needs, brainstorming new ideas, creating prototypes, or executing new methods. Innovation requires the right attitude throughout the entire organization. Workforce mobilization only comes through clear, repeated, and consistent communication.

The third step is recognition. People are motivated by the desire to make valuable and valued contributions. Without recognition, there is limited or no engagement. Moreover, most measurement scores are based on benchmarking the past, but innovation must be valued by the potential for future possibilities.

The fourth step is security. Unless you create an environment in which people feel safe to challenge the status quo, every idea will be throttled back, every moment of tough questioning will be met with resistance, and every move will be challenged. None of these behaviours contribute to innovation.

The "new" is hard to implement and puts the status quo at risk. Structures fight change and people are, by nature, homeostatic. Learning is usually shaped by what we already know and what we have already experienced. Organizations also learn from the past and duplicate ideas that have already succeeded. Experts are always experts of the past. There are no experts of the future. To innovate, an organization needs to alter, and sometimes break with, methods that have worked in the past. This can only happen in an environment that rewards people for recognizing possibilities, achieving innovative success, or discovering where failure lies.

As futurist Jim Harris puts it: There are no secure jobs—there are only secure people.[1] Ingenious people who are supported to innovate are the lifeblood of your innovation engine. Time to kick into high gear! ■

[1] Jim Harris, *The Learning Paradox: Gaining Success and Security in a World of Change,* Macmillan Canada: 1998.

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- Exclusive networking events where you can meet CPAs from every industry and career level.

Keynote Speakers



Lee-Anne McAlear

Innovation Specialist and Program Director, York University

Lee-Anne McAlear is a highly regarded innovation specialist who helps Fortune 500 companies around the globe adopt a reliable, strategically focused approach to innovation and change management.



Dan Pontefract

Leadership Strategist and CEO, The Pontefract Group

Dan Pontefract helps people and organizations enhance their corporate cultures and collaboration practices as head of the TELUS Transformation Office, a future-of-work consulting group. He provides critical insight on the importance of leadership, culture, and purpose.

Registration for the Fall Pacific Summit will open in June 2019. Visit **bccpa.ca/pacificsummit**.

ANNOUNCEMENTS AND ACCOLADES

Kudos!



Joel Ello, CPA, CMA, has joined the Vancouver office of Roper Greyell LLP as director of finance. Joel has more than 20 years of experience, having previously served as manager of business analysis and process design at Southern Railway of British Columbia in New Westminster and as controller of its subsidiary, Southern Railway of Vancouver Island.



Alison Fuller, CPA, CA, senior vice-president of finance for Venturis Capital Corporation and its flagship company Leavitt Machinery in Surrey, has received a 2019 Surrey Women in Business Award from the Surrey Board of Trade. Alison was the winner of the corporate leadership category.



Jaspreet Rehal, CPA, CMA, has been appointed chief financial officer for Grow Tech Labs in Vancouver. Prior to this appointment, Jaspreet served as the director of public safety operations for the City of Surrey. He previously held positions with the Canadian Coast Guard and Fisheries & Oceans Canada.

Two CPAs honoured with 2019 PEAK Awards

The Association of Women in Finance is recognizing two CPABC members with 2019 PEAK Awards: **Abigail Ma, CPA, CA**, director of financial planning and analysis for the British Columbia Lottery Corporation in Vancouver, is the winner of the Rising Star Award, and **Walter Pela, FCPA, FCA**, regional managing partner of the greater Vancouver area for KPMG (see pages 20-23), is the winner of the Champion Award.



Abigail Ma



Walter Pela

Five CPAs take home 2019 BC CFO Awards

Business in Vancouver has recognized the following CPABC members with CFO Awards: **Stephen Au, CPA, CGA** (small private company); **Neil Klompas, CPA, CA** (small public company); **John McLaughlin, FCPA, FCA** (large private company); **Ian Mortimer, CPA, CMA** (transformation agent); and **Gina Singh, CPA, CA** (non-profit company). Look for details in our July/August 2019 issue.

BCBusiness names 40 CPAs to BC's "Most Influential Women in Finance" list

CPABC's members were recognized in the following categories:

Banking: **Kathleen Conway, FCPA, FCA**; **Julia Kelly, CPA, CMA**; **Erica McGuinness, CPA, CA**; **Sophia Tsui, CPA, CA**; and **Frances Yip, CPA, CA**.

Corporate & entrepreneurship: **Gina Arsens, CPA, CA**; **Amanda Burns, CPA, CA**; **Paulina Cameron, CPA, CA**; **Megan Cash, CPA, CA**; **Morna Creedon Sileika, CPA, CA**; **Catherine Dahl, CPA, CMA**; **Sharon Driscoll, CPA, CA**; **Judy Leung, CPA, CA**; **Lauren Manteuffel, CPA, CA**; **Anna Marks, CPA, CA**; **Kathy Nguyen, CPA, CA**; **Maria Rezvanova, CPA, CGA**; **Morgan Whitney, CPA, CA**; and **Cheryl Yaremko, CPA, CA**.

Investing: **Meryle Corbett, FCPA, FCMA**; **Kelsey Dunwoodie, CPA, CA**; and **Ingrid Leong, CPA, CA**.

Professional services: **Kate Furber, CPA, CA**; **Lana Kirk, CPA, CA**; **Kari Lockhart, CPA, CA**; **Jessica Macht, CPA, CA**; **Katri Ulmonen, CPA, CA**; and **Philippa Wilshaw, CPA, CA**.

Public service: **Gayle Gorrill, FCPA, FCA**; **Amanda Hobson, CPA, CA**; **Mia Maki, FCPA, FCMA**; **Trish Pekeles, CPA, CGA**; and **Lori Wanamaker, FCPA, FCA**.

Trailblazers: **Bev Briscoe, FCPA, FCA**; **Leslie Cliff, CPA (Hon.)**; **Beverlee Park, FCPA, FCA**; **Fiona Macfarlane, CPA (Hon.)**; **Julie McGill, CPA, CA**; **Nancy McKenzie, FCPA, FCA**; and **Valerie Lambert, CPA, CA**.

CPAS IN THE COMMUNITY

Celebrating National Volunteer Week

As we mentioned in the March/April issue of the magazine, National Volunteer Week took place between April 7 and 13 this year. Organized by Volunteer Canada (**volunteer.ca**), National Volunteer Week is an opportunity to give thanks to the millions of Canadians who volunteer their time, skills, and experiences each year to helping others.

Among these volunteers are many current and future CPAs who contribute to their communities and to the profession.

CPABC benefits tremendously from the support of our member, candidate, and student volunteers. Several thousand individuals volunteer annually in various capacities on our provincial board, regulatory committees, advisory groups, forums, and chapters. Many more serve as CPA mentors, speakers, and recruitment ambassadors.

Several hundred BC members also support activities organized by CPA Canada—such as the financial literacy program and the Martin Family Initiative Accounting Mentorship Program (one such individual is profiled on page 50)—or serve on standard-setting boards, national committees, and working groups.

CPABC is proud to acknowledge our many volunteers, and in the spirit of National Volunteer Week, we recently recognized some of these individuals at two recent events:

- On March 7, CPABC and CPA Canada co-hosted an appreciation event in Victoria for local volunteers in the CPA Canada Financial Literacy Program. Li Zhang, CPA Canada's principal of corporate citizenship, was on hand to thank the volunteers. The financial literacy (finlit) program currently has more than 150 active CPABC member volunteers who deliver 280 sessions annually at BC schools, community centres, libraries, and workplaces. Since the launch of the program six years ago, more than 1,100 finlit sessions have been held in BC. Visit the CPA Canada website (**cpacanada.ca**) to find out how you can get involved as a finlit volunteer or to request a finlit session in your workplace or local community.
- On April 9, CPABC held a volunteer appreciation event in collaboration with CPABC chapters in the Greater Vancouver Area to thank chapter leaders and the members, candidates, and students who volunteered in chapter-organized community-engagement activities in 2018. CPABC Board Chair Barry Macdonald, FCPA, FCA, provided opening remarks and spoke about the value and importance of volunteerism. He was followed by two of CPABC's Distinguished Service Award recipients for 2018: Christine Woodington, CPA, CGA, and Caroline Andrewes, CPA, CMA, both of whom shared their personal experiences with volunteering. (You can read about their contributions in the March/April 2019 issue of *CPABC in Focus*.)



Left to right: Matthew Wong, CPA, CGA, chair of the Vancouver Chapter; Han Shu, CPA, CA, chair of the Burnaby/New Westminster Chapter; CPABC board treasurer Stanley Chang, CPA, CGA; and Barry Macdonald, FCPA, FCPA, CPABC board chair, at the volunteer appreciation event in Vancouver.

Give back by getting involved with CPABC

CPABC chapters are always looking for volunteers to join their boards and committees and help with planning, organizing, and hosting member events. These events including networking and chapter PD sessions, as well as community-engagement activities. Chapters will begin new terms in July, and we encourage all members, candidates, and students who are interested in volunteering to connect with their local chapter chairs. For more information, visit **bccpa.ca/members/chapters**.

And to learn about other volunteer opportunities at CPABC, visit the Volunteer Resource Centre on the CPABC website at **bccpa.ca/volunteer**.

MEMBER RECOGNITION

CPABC Celebrates Member Achievement at Two Signature Events



CPABC's 2018 honourees. Standing (l to r): Christine Woodington, CPA, CGA (Distinguished Service Award); Bob Holden, CPA, CA (Distinguished Service Award); Carlo De Mello, FCPA, FCA; Dave Gadhia, FCPA, FCA; Shelley Brown, FCPA, FCA, CM (Lifetime Achievement Award); Starr Carson, FCPA, FCA; Jennie Moushos, FCPA, FCA, FCMA; Terry Duggan, FCPA, FCGA; Ken Laloge, FCPA, FCA; David Schellenberg, FCPA, FCA; Judy Hoang, CPA, CA (Early Achievement Award); Len Boggio, FCPA, FCA (Lifetime Achievement Award); Eric Stebner, FCPA, FCA; Peter Norwood, FCPA, FCA, FCMA (Lifetime Achievement Award); and Gordon Holloway, FCPA, FCA (Lifetime Achievement Award). Seated (l to r): Cathy McLay, FCPA, FCMA; Roger Bissoondatt, FCPA, FCA, FCMA; Nancy McKenzie, FCPA, FCA; Mike Stubbing, FCPA, FCA; Leigh Sindlinger, CPA, CGA (Distinguished Service Award); Steven Reed, FCPA, FCA; Caroline Andrewes, CPA, CMA (Distinguished Service Award); Sandy Stedman, FCPA, FCA; Vickie Whitehead, CPA, CGA (Distinguished Service Award); and Matthew Anderson, CPA, CA (Early Achievement Award). Photo by Kent Kallberg Studios.

About CPABC's Member Recognition Program
More information about the program is available on page 16. You can also find details, including nomination forms and award criteria, online at **bccpa.ca**.



For more event photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.

Member Recognition Dinner

On February 12, CPABC held its annual Member Recognition Dinner at the Fairmont Waterfront Hotel to celebrate the newest recipients of the FCPA designation and the Early Achievement, Distinguished Service, and Lifetime Achievement awards. As visionaries, strategists, and trusted business advisors, these 25 members have brought honour and distinction to the profession through their remarkable career achievements and community contributions. More than 250 people attended the event to recognize the honourees.

Barry Macdonald, FCPA, FCA, chair of the CPABC board, served as master of ceremonies for the event, along with Heather Banham, FCPA, FCGA, immediate past chair of the CPABC board and chair of CPABC's two member recognition committees. Together, they presented the honourees with awards and certificates as an audiovisual presentation highlighted honourees' individual achievements.

FCPA Dinner

On April 3, CPABC held its annual FCPA Dinner at the Vancouver Club to celebrate the 14 members elected to Fellowship in 2018, as well as the four recipients of the Lifetime Achievement Award. Among the special guests at the event was Terry LeBlanc, FCPA, FCGA, chair of CPA Canada's Board of Directors.


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1. CPABC Board Chair Barry Macdonald, FCPA, FCA, presents Caroline Andrewes, CPA, CMA, with her Distinguished Service Award. 2. Distinguished Service honouree Christine Woodington, CPA, CGA, and Early Achievement honouree Matthew Anderson, CPA, CA, pose for a picture. 3. Newly elected FCPA Dave Gadhia, FCPA, FCA, with Lifetime Achievement honouree Shelley Brown, FCPA, FCA, CM. 4. Newly elected FCPA David Schellenberg, FCPA, FCA, with guest Jamie Stewart. 5. Newly elected FCPA Roger Bissoondatt, FCPA, FCA, FCMA (centre), celebrates with his family. 6. Chad Linger, CPA, CA (left), chats with newly elected FCPA Carlo De Mello, FCPA, FCA. 7. L to R: Cathy McLay, FCPA, FCMA, and Jennie Moushos, FCPA, FCA, FCMA, pose with their Fellowship certificates. 8. Len Boggio, FCPA, FCA, accepts his Lifetime Achievement Award from Barry Macdonald. 9. Lifetime Achievement honouree Peter Norwood, FCPA, FCA, FCMA (centre), celebrates with his family. 10. Early Achievement honouree Judy Hoang, CPA, CA (centre), was cheered on by her parents and husband Michael Hoang, CPA, CGA. Photos by Kent Kallberg Studios.


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Employment Opportunities



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Matthew Sousa, CPA, CA

The job: Manager at Manning Elliott LLP.

Passionate about: Advancing financial literacy in the community and mentoring students through CPA Canada's Financial Literacy Program and the Martin Family Initiative (MFI) Accounting Mentorship Program.

On the Financial Literacy Program: "It gives me flexibility in terms of the subjects I teach and who I teach them to—from basic savings concepts for elementary school students to more complicated matters for established business owners."

Biggest reward: "Seeing the spark in someone light up when they begin to understand or become interested in a topic. You can feel a dynamic shift in their desire to learn more."

On the MFI Accounting Mentorship Program: "High school students have great ideas and know what's important to them. My role is to help guide them and provide the tools they need to succeed."

Biggest reward: "Again, it's seeing that spark come alive. Students have a great desire to better themselves and the communities they live in. I believe, if properly inspired, they will achieve great things and pay it forward to the next generation."

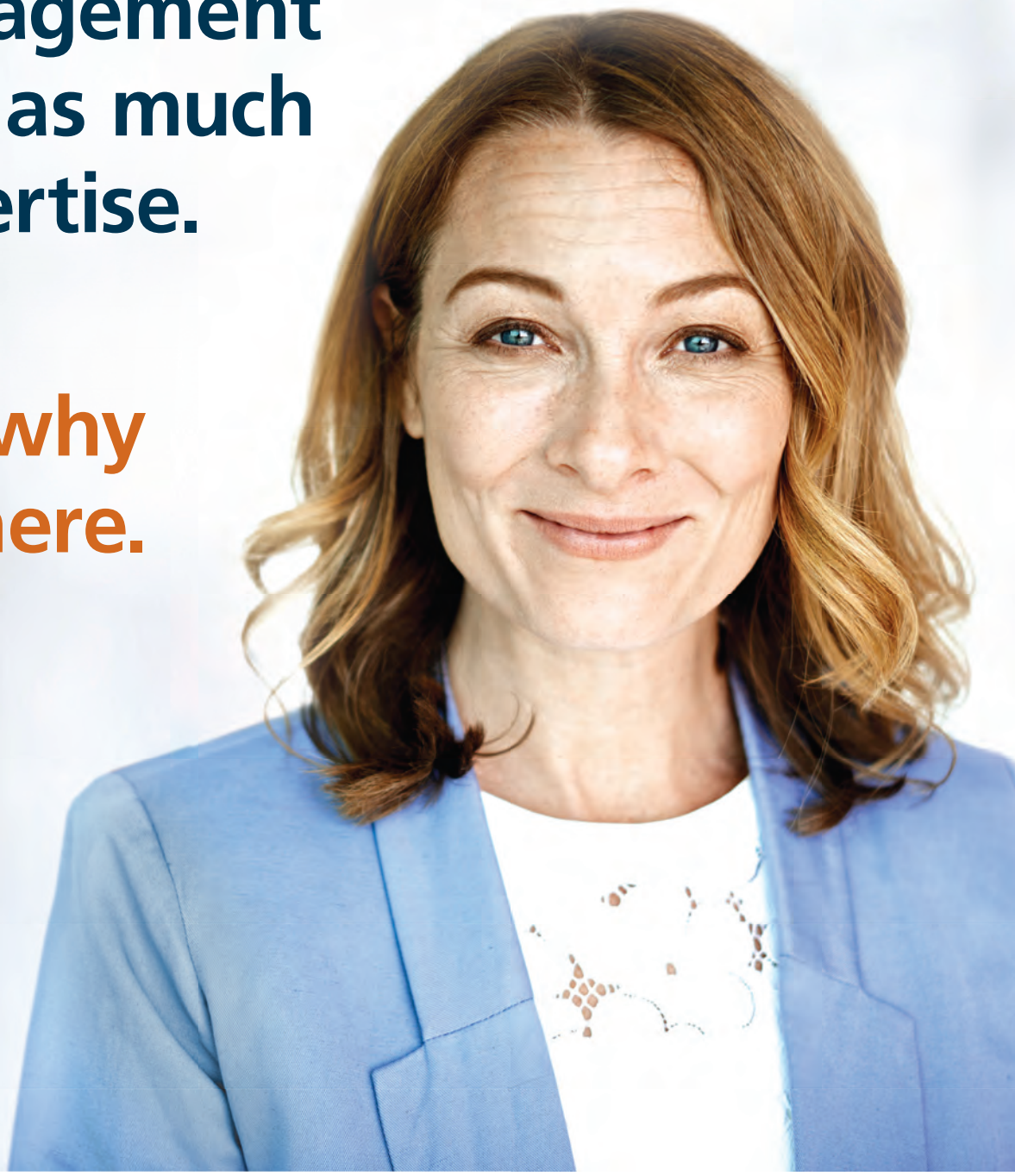
Read the full interview at **bccpa.ca** under Careers > CPABC Profiles.



Photo by Kent Kallberg Studios

When empathy and encouragement matter as much as expertise.

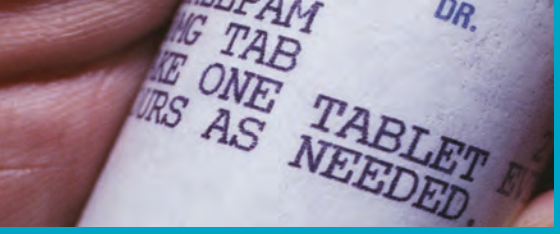
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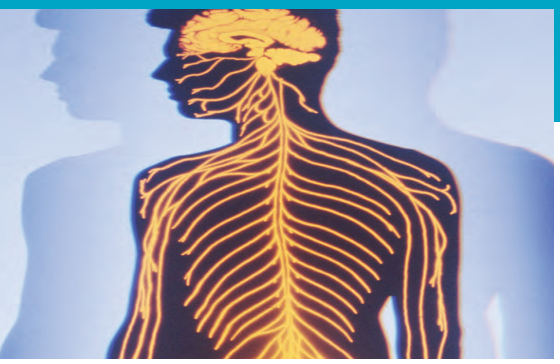
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WEALTH MANAGEMENT



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We've made Private Health Services Plans cookie-cutter simple!







Canada Revenue Agency (CRA) Federal Legislation allows business owners to fully tax deduct 100% of their healthcare costs as a business expense using a Private Health Services Plan.

Who qualifies?

Anyone who owns a business of any size, employees and dependents. No health questions or age limits. This is not insurance.

What's covered?

100% of virtually all dental and medical expenses. Visit our website www.trustedadvisor.ca for a complete list.

What's the cost?

There is a one-time set-up fee plus applicable taxes. The additional cost is 10% administration fee plus applicable taxes, depending on which province you live in.

Who uses a Private Health Services Plan?

Business owners who:

- > do not qualify for group insurance or find it too expensive
- > find group insurance coverage too restrictive; i.e.; orthodontics
- > have sick child or spouse
- > want front of line treatment
- > want to write-off child support relating to healthcare expenses
- > large groups who have been struggling with significant cost increases each year.

A partial list of qualified expenses:

Acupuncture
Alcoholism Treatment
Ambulance
Anesthetist
Attendant Care
Birth Control Pills
Blood tests
Catscan
Chinese medicine
Chiropractor
Crowns
Dental Treatment
Dental Implants
Dental X-rays
Dentures
Dermatologist
Detoxification Clinic
Diagnostic Fees
Dietitian
Drug Addiction Therapy
Eyeglasses
Fertility Treatments
Guide Dog
Hair Transplant
Hearing Aid and Batteries
Hospital Bills
Insulin Treatments
Lab Tests
Laser Eye Surgery
Lodging (away from home for outpatient care)
MRI
Naturopath
Nursing Home (incl. board & meals)
Optician
Oral Surgery
Orthodontist
Orthopedist
Osteopath
Out-of-Country Medical Expenses
Physician
Physiotherapist
Prescription Medicine
Psychiatrist
Psychologist
Psychotherapy
Registered Massage Therapy
Renovations & Alterations to Dwelling (for severe & prolonged impairments)
Special School Costs for the Handicapped
Surgeon
Transportation Expenses (relative to health care)
Viagra
Vitamins (if prescribed)
Wheelchair
X rays

Note: This is a partial list. All allowable expenses must qualify as outlined in the Income Tax Act

Why are your clients doing this with their healthcare expenses?

Healthcare Costs	$1600	Healthcare Costs	$1600
(3% of net income) Deduct	$1500	Admin Fee (10%)	$ 160
Available for credit	$100	Tax-deductible total	$1760
Tax Credit*	**$25**	**Tax Deduction**	**$1760**

When they could be doing this!

EXAMPLE:
Net income of $50,000 per year with family medical expenses of $1600
*Based on a combined Federal and Provincial rate of 25%.





Be the one to advise your clients...or someone else will.

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