CPABC

IN FOCUS

5 Notes from the Leadership
10 CPABC Career Week
24 ESG Standards
28 Digital Transformation
30 Ethics
34 Tax
38 Lifelong Learning
42 Kudos
46 Snapshot

NOVEMBER/DECEMBER 2023



Work in BC

Latest report looks at employment trends amid ongoing economic headwinds

PM 40069584

CPA CHARTERED PROFESSIONAL ACCOUNTANTS BRITISH COLUMBIA


AUDIT • TAX • ADVISORY
Growth by design
Innovative by nature
In today's rapidly changing business landscape, trusted advisors are more needed than ever. With a penchant for growth and service excellence, the financial experts at Baker Tilly provide a full spectrum of innovative assurance, tax and advisory solutions. As we continue to grow to serve our clients' evolving needs, so does our pursuit of great relationships, great conversations and great futures.
Local insight, global reach
Connect with us
604.684.6212 | vancouver@bakertilly.ca
Now, for tomorrow
bakertilly

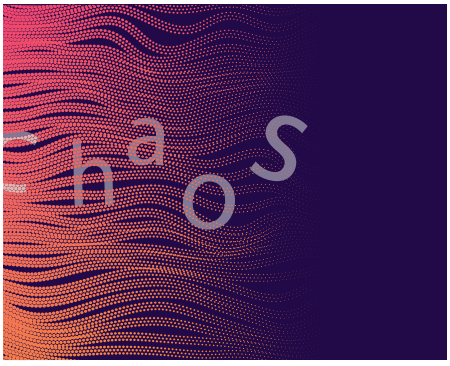
Contents

Cover Story



16 Work in BC
BC Check-Up: Work looks at employment trends amid ongoing economic headwinds

24 Order out of Chaos – Improvements in Corporate Sustainability Reporting



Recurring Columns

28 Digital Transformation
How digitalization is driving change in the natural resources sector

30 Ethics
Combatting money laundering: Important regulatory updates

34 Tax
Amendments to Bill C-208: Opportunities and new restrictions for intergenerational business transfers

7 CPD reporting reminder
8 Call for regulatory volunteers
11 Mentor Mingle event
12 Recruitment opportunities

Cover image:
bbossom/iStock/Getty Images

In Focus

5 Notes from the Leadership

6 Notes & News

27 This and That
Celebrating a decade of CPA financial literacy education

38 Lifelong Learning
- PD Experts: ASPE and the changing world
- PD Highlights: A look at new seminar titles, fall PD Nexus Days, ethics resources, and more.

42 Members in Focus
- Announcements and accolades
- Golf tournament recaps

46 Snapshot
Debra Neufeld, CPA
Founder & leader, Debra Neufeld, CPA



Photo by Kevin Suderman

CPABC INFOCUS

November/December 2023, Vol. 11, No. 6

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

CPABC Board

Chair	Chris Gimpel, CPA, CA
First Vice-Chair	Peter Guo, CPA, CA
Second Vice-Chair	J. Alain LeFebvre, FCPA, FCA
Treasurer	Sandy Stedman, FCPA, FCA
	Bernard Achampong, CPA, CMA
	Bill Chan, CPA, CGA
	Craig Elliott, CPA, CGA
	Lisa Ethans, FCPA, FCA
	Tom Fink, CPA, CMA
	Wendy Ham, CPA, CGA
	Ken K.L. Leung (Public Representative)
	Josie Lim, CPA, CA
	John Mackenzie, CPA, CA
	Bijan Pourkarimi (Public Representative)
	Tiffany Snauwaert, CPA, CA
	Andrew Sweeney, CPA, CA
	Peter Tingling, CPA, CGA
	Alicia Williams, CPA, CPA (Arizona)
	Grace Wong (Public Representative)

Executive Management Committee

President & CEO	Lori Mathison, FCPA, FCGA, LLB
EVP, Corporate Services & CFO	Amy Lam, FCPA, FCA
EVP, Regulation & Registrar	Stella Lam, CPA, CA
EVP, Learning and Engagement	Simone Leonard, FCPA, FCGA

CPABC in Focus

VP, External Affairs and Communications	Kerri Brkich
Managing Editor	Michelle McRae
Graphic Designer	Caroline Toth RGD
Communications Coordinator	Megan Hooge

Advertising

For advertising rates, contact Advertising In Print at 604 681.1811 or **info@advertisinginprint.com**. *CPABC in Focus* is the premier way to reach BC's professional accounting community. Advertising in *CPABC in Focus* does not indicate an endorsement of any business, organization, service, or product.

Inquiries and Letters

Contact us at **infocusmag@bccpa.ca**.

About

CPABC in Focus is published in British Columbia six times a year and is sent to approximately 30,000 CPA members, candidates, and students. Opinions expressed are not necessarily endorsed by CPABC. Copyright *CPABC in Focus* 2023. Visit us online at **bccpa.ca**.
Mailing address: #800 – 555 West Hastings St., Vancouver, BC, V6B 4N6

Publications mail agreement no. PM 40069584



Making New Connections



Chris Gimpel, CPA, CA
CPABC Chair

One of the reasons engaging with the membership is such an important priority for CPABC is that it enables us to ensure that all of our members, candidates, and students are receiving relevant and timely information about the profession.

At the time of this writing, preparations are underway for our annual Leadership Update. To allow for as many members as possible to attend, Lori and I will be facilitating three virtual sessions in November. I'm eager to connect with members, candidates, and students across the province on the important issues facing the profession.

Each session will include updates from CPABC's leadership on BC's economic and employment trends, anti-money laundering regulations, ESG, and important new standards related to quality management. We'll also be discussing any relevant developments related to the national Collaboration Accord and progress on the new certification program. As a friendly reminder, these sessions are eligible for up to one hour of verifiable CPD credit, and the deadline to complete your 2023 CPD activities is just around the corner (page 7).

November is also National Financial Literacy Month in Canada, and with that in mind, I'd like to encourage you to consider sharing your expertise as a volunteer with the CPA Financial Literacy Program. The program is celebrating its 10th anniversary this year, and our BC and Yukon volunteers have greatly contributed to its success—check out the infographic on page 27 to see how!

Another great volunteer opportunity with the profession is through service on one of CPABC's five regulatory committees (pages 8-9). As a longtime volunteer with the profession, I've enjoyed collaborating with my peers while learning more about how CPABC fulfils its mandate to protect the public. I encourage every member to get involved. ■

Finding Optimism in Challenging Times



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

As Chris mentions above, anti-money laundering (AML) measures will be one of the featured topics of this year's Leadership Update presentations. Taking an active role in combatting money laundering is one of the ways CPABC works to protect British Columbians.

After the Cullen Commission issued its final report in 2022, CPABC immediately established an AML working group to address the concerns and recommendations identified for the accounting profession. You'll find details on the first three actions taken by the working group in our Ethics article on pages 30-33.

CPABC also recently completed its *BC Check-Up: Work* report, which is the topic of our cover story on pages 16-23, along with some highlights from the companion survey. Although BC's tight labour market softened slightly between August 2022 and October 2023, 83% of CPA survey respondents identified the ability to attract and retain labour as a major challenge to business success in 2023, and many said their organizations were anticipating higher turnover and less business growth in 2024. The survey also revealed that although BC's economy continues to contend with rising inflation and high interest rates, the majority of CPAs remain relatively optimistic about the province's economic performance.

With members working in all sectors of the BC economy, we value your informed opinions on these matters. The next survey, *BC Check-Up: Invest*, will be sent out in the coming weeks, and I encourage you to share your thoughts with us.

We also know that the current economic volatility and rapid pace of change can take a toll on mental wellness. Understanding how our members are navigating these stressors is a priority for us, which is why we held virtual focus groups in September to find out what challenges members are facing and what additional supports could be of value. We appreciate the feedback we received, and I'd like to extend my thanks to everyone who participated. Look for more information in a future issue of the magazine.

In the meantime, I'd like to remind members, candidates, and students that you and your immediate family members can access free, confidential mental wellness support through the Telus Health Member Assistance Program. Details are available at **bccpa.ca/benefits**. ■

FINANCIAL LITERACY

CPA Financial Literacy Program: New Session Titles and Recruitment Events

As mentioned in this issue's Notes from the Leadership column (page 5), 2023 marks the 10th anniversary of the CPA Financial Literacy (FinLit) Program. To celebrate both this milestone and National Financial Literacy Month in Canada (November), we'd like to tell you about some of the new FinLit events that took place this year.

New Financial Literacy Sessions for 2023

Owning Your Financial Identity

Developed by CPA Canada, this six-part webinar series aims to empower women to enhance their financial knowledge and make more informed financial decisions at different stages of adulthood. Topics include building net worth, learning investment basics, managing family budgets, and preparing for life's unexpected challenges. Each session can be taken as a stand-alone webinar.

Money Basics for Teens

This newest addition to the CPA FinLit Program teaches teenagers the basics of financial responsibility to help them make smart decisions with money and develop positive financial habits early in life.

On August 24, 2023, CPABC held its first Money Basics for Teens session in partnership with the South Arm Community Centre in Richmond. Nearly 50 teens attended the session, which was presented by Christine Woodington, CPA, CGA. In addition to engaging in a thought-provoking discussion about personal finance, the participants had a chance to connect over tacos and other treats.

The next Money Basics for Teens event will take place in Surrey in early 2024.

Recruitment events for FinLit volunteers

Recognizing that volunteers are the driving force behind the success of the CPA FinLit Program, CPABC's FinLit team has been busy recruiting more CPAs to join the program. In September and October 2023, the team held recruitment events in Richmond, Surrey, and Vancouver to give current and prospective volunteers an opportunity to connect with their peers and learn more about the program.

During each networking reception, attendees also heard from Doretta Thompson, CPA Canada's director of social impact and FinLit leader, who spoke about the program's core mission, its accomplishments over the past 10 years, and the vital role played by its volunteers. Longtime FinLit volunteers Han Shu, CPA, CA, and Lily Dayson, CPA, CGA, also attended these events and shared their experiences with the program.



gremlin/iStock/Getty Images

Want to learn more?

For more information about the CPA FinLit Program, see the infographic on page 27 or visit **bccpa.ca/finlit**.

REMINDER: CPD REPORTING

2023 CPD Reporting Deadline: January 31, 2024

The deadline for members to report their 2023 continuing professional development (CPD) is January 31, 2024. To report your CPD activities, visit CPABC's Online Services site at **services.bccpa.ca**.

As a reminder, when you successfully complete an online on-demand course through the CPABC Learning Management System, the activity will be pre-populated into the online CPD reporting platform within 24 hours of completion. To avoid duplicate reporting, please do *not* manually enter a completed online on-demand course into your CPD report. Note that you will still need to review and post pre-populated activities to your CPD report.

For more details about CPD requirements, visit **bccpa.ca/cpd** or email us at **cpd@bccpa.ca**.



Tarchyshnik/iStock/Getty Images

YOUR COMMUNICATIONS

Members: Customize the Emails You Receive from CPABC



rvlsoft/iStock/Getty Images

Did you know that you can customize the types of emails you receive from CPABC? You can select the following communication preferences for email:

- *eNews*
- Professional Development (including free PD)
- Chapter Communications
- CPABC Surveys
- Engagement Activities (including volunteer opportunities and member consultations)
- All Other (including commercial electronic communications that do not fall into any of the preferences listed above)

Note that members *cannot* opt out of the *regulatory* communications CPABC is professionally and/or legally required to send out, such as the notice of the annual general meeting and notices for continuing professional development reporting and member dues renewal.

All members are asked to confirm their communication preferences as part of the annual online CPABC dues renewal process. To update your communication preferences at any other time of the year, sign into **services.bccpa.ca**, choose the Profile tab, and then select the "Communication preference" option.

If you find that you aren't receiving emails related to the categories you've selected, it's possibly because, at some point, you chose to opt out of all non-regulatory email using the global unsubscribe link that appears at the bottom of all CPABC emails. Clicking on the global unsubscribe link will override both your past and new email communication preference selections. If stopping all non-regulatory email was not, or is no longer, your intention, email CPABC's member records team at **memberrecords@bccpa.ca** using the subject line "Communication preferences update" for assistance.

CALL FOR REGULATORY VOLUNTEERS

Calling for Volunteers: 2024-2025 Regulatory Committees



tadamichi/iStock/Getty Images

CPABC is seeking expressions of interest from CPAs who want to serve on our regulatory committees for the 2024-2025 committee year. Service on a regulatory committee provides an opportunity to contribute to the profession in a meaningful way, extend your peer network, and gain insights into the profession's operations.

Effective regulation of the profession speaks to the very essence of the CPA brand. Regulatory committees are central to CPABC's regulatory processes, and these committees rely on the participation of suitably qualified volunteers. The CPABC Board of Directors appoints regulatory committee members annually, and committee members are generally expected to serve six consecutive one-year terms.

CPABC has five committees with regulatory mandates ranging from proactive and educational to reactive and adjudicative. In addition to overseeing relevant regulatory processes, regulatory committee members are called on to advise the board and make recommendations on governance and policy changes.

The five regulatory committees are described here.

Membership Committee

The Membership Committee's mandate is to ensure that only suitably qualified and competent persons of good character are admitted to membership and maintain their membership in accordance with requirements. This committee also advises the CPABC board on student and membership policies and establishes processes pertaining to annual dues and CPD requirements.

Public Practice Committee

The Public Practice Committee's mandate is to ensure that members engaged in public practice are meeting the standards of the profession by only issuing public practice licences to appropriately qualified members who have met the education, examination, and practical experience requirements for licensure in a particular category; assess a firm's compliance with professional standards through review of practice inspection results and recommend remediation of identified practice deficiencies; and approve organizations to train students in pre-approved pathways.[1]

[1] In this notice, "students" refers only to candidates enrolled in the CPA Professional Education Program.

Investigation Committee

In the event that a complaint is approved for investigation, the Investigation Committee will investigate the conduct of members, firms, and students to determine whether grounds exist for disciplinary action. The outcome of this process will be either a dismissal, a settlement agreement requiring the agreement of both the Investigation Committee and the member/firm/student, or a "Statement of Complaint," which refers the matter to the Disciplinary Committee.

Disciplinary Committee

The Disciplinary Committee works independently of CPABC and its board. On receipt of a Statement of Complaint, the Disciplinary Committee conducts hearings into the conduct of members, firms, and students to determine whether disciplinary action is required. If the committee determines that disciplinary action is required, it will specify appropriate sanctions. Disciplinary hearings are formal, quasi-judicial processes, and are used only for the most serious of matters.

The Disciplinary Committee strikes Disciplinary Panels of three or five members to preside over each matter referred to the committee. Disciplinary Panel members are supported by legal counsel.

Bylaws Committee

The Bylaws Committee reviews the bylaws, bylaw regulations, and *CPABC Code of Professional Conduct* to ensure that the governing documentation remains appropriate. When policy amendments are proposed, the committee ensures that the revised governing documentation properly captures the intent of the change. This committee also initiates changes for board approvals in the event of redundancies or refinements.

How to volunteer

To learn more about CPABC's regulatory committees, including suitability criteria and time commitments, and complete the volunteer form, visit **bccpa.ca/protecting-the-public** and click on "Volunteer Regulatory Committees" in the right-hand menu. If you're interested in more than one regulatory committee, please rank your preferences in order of interest as you complete the form.

If you have questions regarding any of our regulatory committees, please contact Nicolette Kirkpatrick, executive assistant to CPABC's EVP of regulation and registrar, at **nkirkpatrick@bccpa.ca**. We very much look forward to hearing from you!

REMINDER: CPAEF BURSARIES

Deadline for CPAEF Bursaries Is November 15

Did you know that the Chartered Professional Accountants' Education Foundation of British Columbia (CPAEF) offers a variety of bursaries to individuals at different education levels? Bursaries are available for:

- Undergraduate students who are taking accounting courses at post-secondary institutions in BC;
- Undergraduate students who are taking CPA preparatory courses through the CPA Western School of Business (CPAWSB);
- Candidates enrolled in CPAWSB's Professional Education Program; and
- CPABC members who've been accepted into an MBA program (or another related master's program) and intend to become accounting educators.

Applications for bursaries can be found on the CPAEF website at **bccpa.ca/cpaef**, along with detailed information about the full range of scholarships and awards available. The next deadline to submit applications for bursaries is November 15, 2023.

Support the CPAEF

If you or your organization would like to make a donation or bequest to the CPAEF to support the next generation of CPAs, please email us at **cpaef@bccpa.ca** or visit **bccpa.ca/cpaef** and choose the "Ways to Donate" tab for details.



Parradee Kietsirikul/iStock/Getty Images

RESOURCES FOR EMPLOYERS AND JOB SEEKERS

CPABC Career Week Hosts More than 500 Participants in Vancouver and Kelowna

CPABC Career Week is an all-in-one, multi-day, hybrid recruitment event that features career panels, employer spotlights, and numerous networking opportunities with hiring managers, HR professionals, and recruitment experts.

At the latest hybrid event in September 2023, more than 500 participants and 49 organizations gathered virtually and in person to network with their peers and discuss important career topics. Attendees participated in two days of virtual career panels and speed networking on September 5 and 6, and were then invited to attend in-person career expos in Vancouver (September 7) and Kelowna (September 11).

The virtual portion of the event featured four panel discussions that enabled job seekers to learn more about the diverse career options available to CPAs:

1. *Choosing the Right Career Path for You* (moderated by CPABC), featuring representatives from the First Nations Financial Management Board, Invictus Accounting Group, Kal Tire, and Western Forest Products;
2. *Meaningful Work in Midsize Firms* (moderated by CPABC), featuring representatives from Baker Tilly WM LLP, Crowe MacKay LLP, Davidson & Company LLP, DMCL LLP, Galloway Botteselle & Company, and Smythe LLP;
3. *Pursuing a Path in the Public Sector* (moderated by CPABC), featuring representatives from the Canada Revenue Agency and the Office of the Auditor General of BC; and
4. *The New Face of the Firm* (moderated by KPMG LLP), featuring representatives from Deloitte LLP, EY LLP, and MNP LLP.

Between panel sessions, attendees had the opportunity to engage with hiring managers and recruitment professionals one-on-one through the Hopin virtual events platform. More than 300 virtual speed-networking sessions took place!

The in-person portion of the event featured networking opportunities with a variety of employers in business, accounting, and finance. Exhibitors at the Vancouver Convention Centre and the Coast Capri Hotel in Kelowna showcased the exciting career opportunities available within their organizations. Notably, the career expo in Kelowna was the first CPABC Career Week event to be held outside of Vancouver, and we're happy to report that it was well attended.

Visit **bccpa.ca/news-events/upcoming-events** to stay up to date on the latest career development events.

studiostockart/DigitalVision Vectors/Getty Images

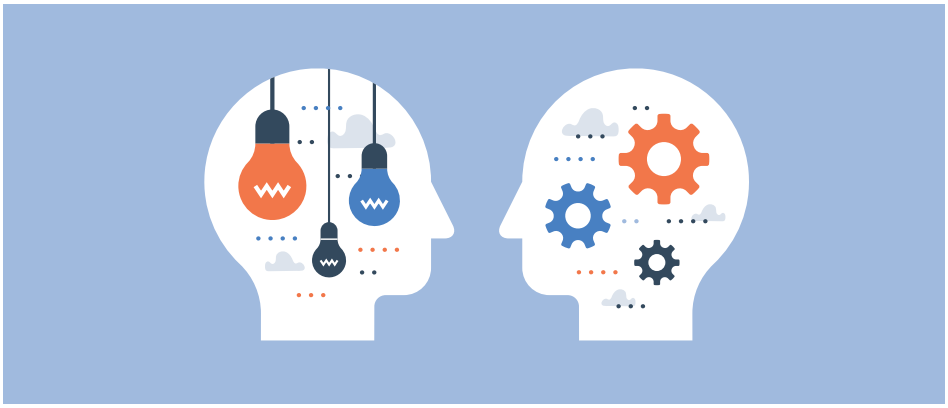


CPABC thanks everyone who participated in this event, including the following:

- Aston Carter
- Baker Tilly WM LLP
- BC Securities Commission
- BDO Canada LLP
- Bridgemans Services Group LP
- Canada Revenue Agency
- Clearline CPA
- Crowe MacKay LLP
- D&H Group LLP
- Davidson & Company LLP
- Dawson Co-op
- Deloitte LLP
- DMCL LLP
- Expatax Services Ltd.
- EY LLP
- First Nations Financial Management Board
- Galloway Botteselle & Company LLP
- Grant Thornton LLP
- Horizon CPA
- Invictus Accounting Group LLP
- ISS of BC
- James Stafford, Inc.
- Kal Tire
- Kashfi Immigration
- KPMG LLP
- KTL CPA
- LLT LLP
- Loewen Kruse CPA
- Manning Elliott LLP
- MNP LLP
- Moeller Matthews CPA
- Mosaic
- Office of the Auditor General of BC
- Office of the Auditor General of Canada
- Office of the Comptroller General of BC
- Prince Rupert Port Authority
- Purtzki Johansen & Associates
- PwC LLP
- Regional District of Kootenay Boundary
- RHN CPA
- Rise CPA
- Rolfe Benson LLP
- Smythe LLP
- Strive Recruitment
- S.U.C.C.E.S.S.
- Treewalk
- Vohora LLP
- Walsh King LLP
- Western Forest Products

MENTORSHIP

CPABC's Recent Mentor Mingle Event Offers Strategies for Improving Online Meetings



Scar1984/iStock/Getty Images

CPABC's quarterly Mentor Mingle events provide CPA mentors with an opportunity to get tips on the mentoring process and connect with their peers to share best practices. These events are hosted as one-hour Zoom meetings with both group presentations and smaller breakout sessions. Topics are chosen to help attendees become more effective and fulfilled in their roles as mentors.

The focus of the most recent event, held on September 11, 2023, was how to facilitate effective virtual meetings. At the start of the session, mentors were asked about the typical format of their mentorship meetings. Many said they hold their meetings in person—or in person and virtually, depending on the circumstances—and some said they meet their mentees exclusively online.

Insights from thought leaders on the benefits and challenges of online meetings followed—particularly with regard to how body language, attention, and memory play a role in the online meeting experience. Participants then explored how to preserve the benefits of online meetings while mitigating the drawbacks. Strategies included:

- Opting for phone meetings when appropriate;
- Determining a reasonable meeting length for all participants;
- Scheduling breaks before and after meetings;
- Setting a theme for each meeting; and
- Sending the meeting agenda out in advance.

In addition, mentors were encouraged to allow time for conversation and storytelling during their meetings with mentees, as storytelling (by mentors and mentees alike) can help to build a rapport and develop a strong communication channel for idea-sharing and feedback, both of which are vital to mentoring relationships—particularly when in-person meetings aren't possible.

Following the presentation, mentors gathered in breakout rooms for more in-depth discussions. In addition to sharing their experiences meeting with mentees virtually, mentors discussed best practices and shared which new strategies they planned to incorporate in future online meetings.

The next Mentor Mingle event will take place in December 2023. You can learn more about this and other upcoming mentorship events by visiting the News & Events section of **bccpa.ca**, under the Events tab.

Note: Attendance at a Mentor Mingle event may qualify for up to one hour of verifiable CPD.



WANT TO LEARN MORE?

Mentors: If you missed the event in September, check out the following resources to learn more about online meetings and communication:

- How the Brain Responds to Stories—And Why They're Crucial for Leaders by Karen Eber: **ted.com**.
- The Power of Storytelling in Mentoring & Career Conversations by Antoinette Oglethorpe: **antoinetteoglethorpe.com**.
- "Surviving COVID-19: The Neuroscience of Smart Working & Distance Learning" by Giuseppe Riva, Brenda K. Wiederhold, and Fabrizia Mantovani: **liebertpub.com**.
- Working from Home: Maximizing Productivity, Motivation & Balance by Brynn Winegard, PhD: **nsb.com**.
- Becoming a Better Mentor: **mentoring.org**.
- "Better Communication Through Neuroscience" by Wharton Executive Education: **executiveeducation.wharton.upenn.edu**.

VOLUNTEER OPPORTUNITIES

Inspire Prospective CPAs at Our Upcoming Recruitment Events

CPABC's student recruitment team is always looking for keen CPA members and candidates to join our volunteer roster. Sharing your time and experience with prospective students is a great way to stay engaged with the profession and help shape the next generation of CPAs.

In addition to seeking members to serve as CPA Ambassadors and guest speakers, we're currently seeking volunteers for two upcoming events:

Discover CPA – February 2024

Discover CPA is CPABC's annual in-person recruitment and networking event for post-secondary students and working professionals who have non-business backgrounds. In addition to providing a brief overview of the CPA profession, the event features a moderated panel discussion with CPAs who pursued the designation after earning degrees outside of business and accounting.

Accordingly, we're looking for four CPA panellists from non-business backgrounds to share why they became CPAs and describe their unique journeys to the designation. Are you interested in being a panellist? If so, please email Rebecca Dirnfeld, CPABC's senior student recruitment officer, at **recruitment@bccpa.ca** by November 24, 2023.

Date: February 2024 (exact date TBD)
Location: CPABC Vancouver Office
Time: 5:30 p.m. - 7:30 p.m.
Additional: Complimentary canapés and beverages will be served.

CPABC Case Competition – March 2024

CPABC will be hosting its annual Business Case Competition in February and March 2024, and we're looking for four CPAs to judge the case solution presentations during the final round of competition in March.

The CPABC Case Competition is a business strategy case competition that showcases the business savvy of post-secondary students throughout British Columbia by challenging them to apply their skills to business case analyses. It consists of two rounds:

1. A virtual round that gives teams a 48-hour window in which to resolve a business case scenario, prepare their recommendations, and present their findings via video submission; and
2. An in-person round in which the top eight teams from the first round are given a new business case, three hours to prepare recommendations, and an opportunity to present their findings to a panel of four CPA judges.

Judges must assess the teams based on a variety of factors including presentation style, case knowledge, strategic thinking, creativity, and how they respond during a rapid-fire question period. Judges are also asked to attend the evening reception, which gives the student competitors a chance to network with CPA members.

If you're interested in volunteering as a judge for this event, please email Rebecca Dirnfeld, CPABC's senior student recruitment officer, at **recruitment@bccpa.ca** by November 24, 2023.

Date: March 2024 (exact date TBD)
Location: Vancouver, BC (venue TBD)
Time: 11 a.m. - 8 p.m. (approximately)
Additional: Dinner will be served during the evening reception.



sircco/iStock/Getty Images

Find out more

For more information about volunteering opportunities with the recruitment team, contact us at **recruitment@bccpa.ca**.


This Fall,
Join Forces for Nature.
Protecting British Columbian wildlife habitat has never been easier! This fall, all donations to The Nature Trust of British Columbia are matched by three incredible donors. This means your donation has quadruple the impact on B.C.'s wild spaces.
X4 for Fall - Donate Today!
naturetrust.bc.ca/giving
NATURE TRUST
BRITISH COLUMBIA

CPABC ONLINE

Follow CPABC on Social Media

Linkedin.com/company/cpabritishcolumbia

Facebook.com/cpabc

Instagram.com/cpabc

Tiktok.com/@cpabc

Access Resources on the CPABC Website

Newsroom



bccpa.ca/newsroom

Anti-Money Laundering



bccpa.ca/aml

Financial Literacy



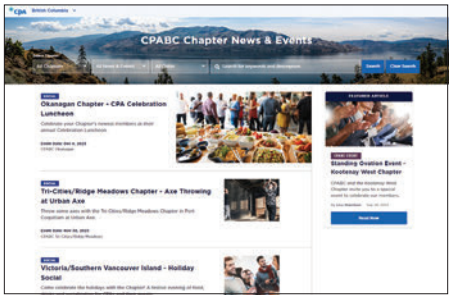
bccpa.ca/finlit

Public Practice Knowledge Base



bccpa.ca/kbase

Chapters



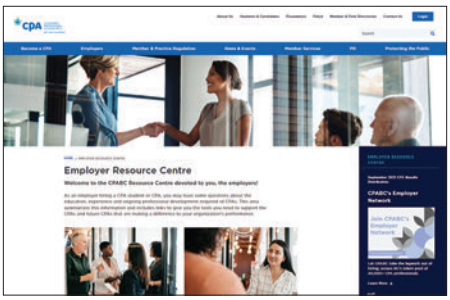
bccpa.ca/chapters

Protecting the Public



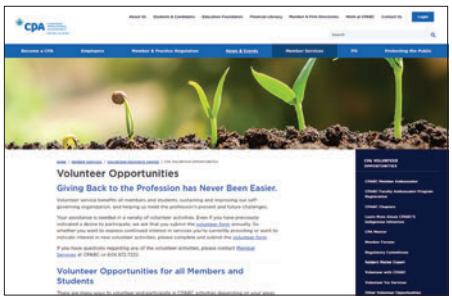
bccpa.ca/protecting_public

Employer Resource Centre



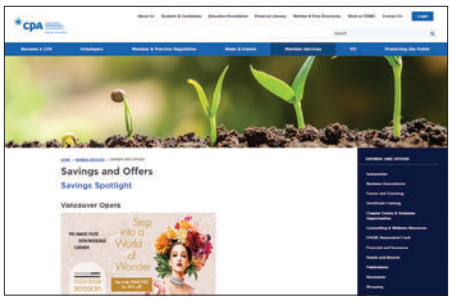
bccpa.ca/employer

Volunteer Resource Centre



bccpa.ca/volunteer

Savings and Offers



bccpa.ca/benefits



Do you need financial assistance?

Support is available

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

Visit **bccpa.ca/benefits** and
select “CPABC Benevolent Fund” for details.

CPA CHARTERED PROFESSIONAL ACCOUNTANTS' BENEVOLENT FUND OF BRITISH COLUMBIA



Work in BC

BC Check-Up: Work report looks at employment trends amid persistent inflation and rising interest rates

By Jack Blackwell

CPABC recently released its third and final economic report of 2023: *BC Check-Up: Work*, which examines emerging trends in the BC labour market such as changes in industry employment and labour force participation. As noted in the 2023 report, persistent inflation and rising interest rates continue to create headwinds for the Canadian economy. These challenges have been one of two main stories for BC over the past year, along with record-high levels of immigration that have helped offset declining labour force participation from an aging population.

bbossom/iStock/Getty Images

Table 1: Changes in Select Labour Market Indicators in BC, 2020-2023

	February 2020	September 2022	September 2023	Change from February 2020	Change from September 2022
Working age population (thousands)	4,281.4	4,438.3	4,548.0	6.2%	2.5%
Employment (thousands)	2,666.7	2,766.0	2,814.3	5.5%	1.7%
Unemployment rate	5.5%	4.3%	5.4%	0.1 ppts*	1.1 ppts
Participation rate	65.9%	65.1%	65.4%	-0.5 ppts	0.3 ppts*

Source: Statistics Canada, Table 14-10-0287-01.
*Change is not statistically different from the reference period.

Employment growth stalled

Last year's *BC Check-Up: Work* report highlighted British Columbia's strong recovery from the COVID-19 downturn.[1] This recovery resulted in an extremely hot labour market; in fact, between March 2022 and February 2023, the province recorded its lowest unemployment rate since 2018, as well as all-time highs in the number of job vacancies and in the participation of the core working-age labour force.[2,3]

1 Aaron Aerts, "Work in BC – *BC Check-Up Work* Report Looks at Emerging Employment Trends Amid Economic Turmoil," *CPABC in Focus*, November/December 2022 (14-22).

2 As at September 2022.

3 Statistics Canada defines the core working-age labour force as 25-54.

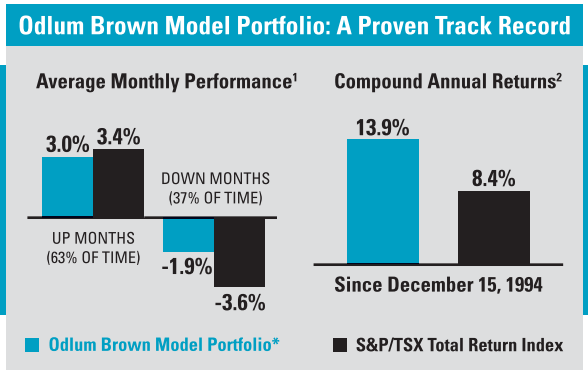


ODLUM BROWN
Investing for Generations®

Disciplined Investing That Works

Contact Ross today.
T 604 844 5363
rturnbull@odlumbrown.com
odlumbrown.com/rturnbull

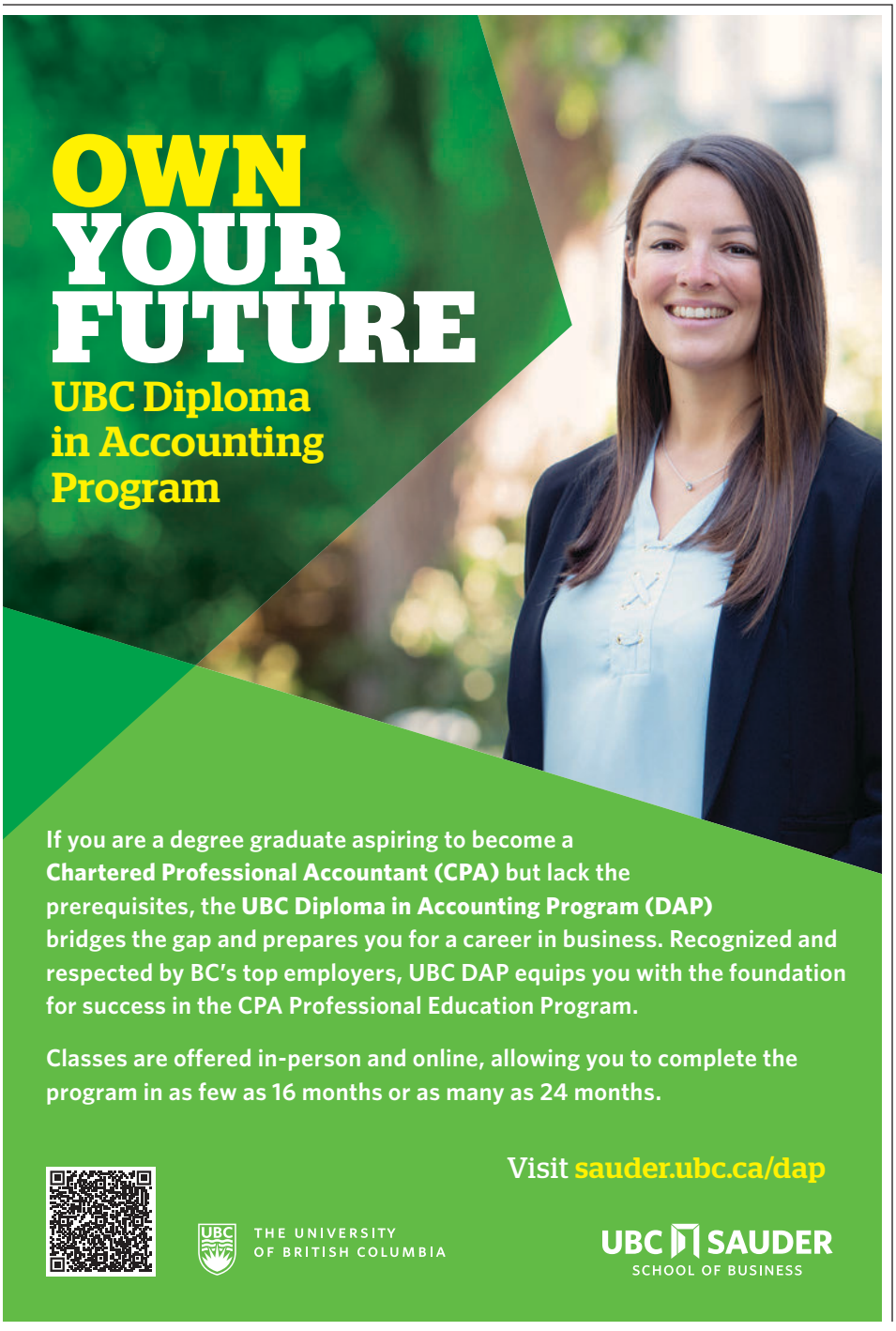
Member-Canadian Investor Protection Fund



¹Performance measured mid-month from December 1994 - September 2023. ²As of September 15, 2023. *The Odlum Brown Model Portfolio is an 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.

Evolving from these incredibly tight conditions in 2022, the BC labour market showed signs of softening in 2023, with muted employment growth relative to the province's soaring population numbers. BC's total employment was 2.81 million in September 2023, an increase of 48,300 (+1.7%) since September 2022. Notably, nearly four-fifths of the annual increase occurred between July and September, following 10 months of little change in overall employment.

The unemployment rate climbed to 5.4% in September 2023, up 1.3 percentage points from the post-pandemic low recorded in December 2022 and up 1.1 percentage points from September 2022. The return of the unemployment rate to pre-pandemic levels coincides with falling levels of unmet labour demand. The job vacancy rate (the number of unfilled positions as a proportion of total labour demand) retreated from record highs to pre-pandemic levels, dropping to 4.3% in July 2023, equal to the 2019 average.[4]



The labour force participation rate was 65.4% in September 2023, little changed from a year ago and similar to the rate recorded in September 2019. Newcomers to Canada have played an integral role in ensuring that the province maintains a sufficient workforce as the population ages. Over the last four years, the participation rate among Canadian-born citizens fell by 3.3 percentage points, whereas it increased by 3.0 percentage points among landed immigrants and non-permanent residents.[5]

Population growth soared

One major factor that helped bolster BC's workforce in spite of economic headwinds was record-high levels of immigration. Between July 1, 2022, and July 1, 2023, BC's population grew by a record-setting 163,000 as the province welcomed 184,000 (net) international immigrants and non-permanent residents. As a result of this influx, the working-age population grew by 109,700 (+2.5% year over year), and the employment rate dipped slightly to 61.9%.

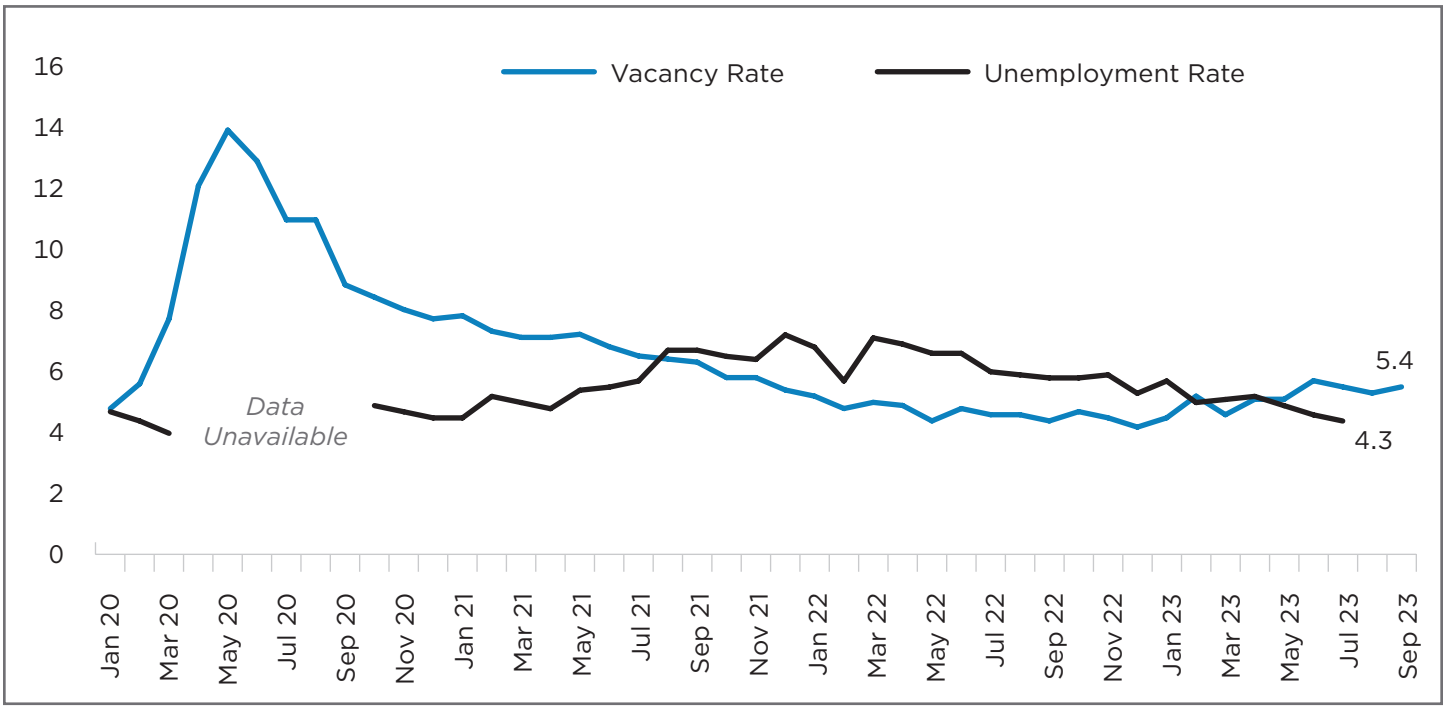
As noted in past issues of *CPABC in Focus*, the main reason for Ottawa's aggressive immigration policy is to help support an aging population and replace workers who are retiring or looking to retire soon. It's a crucial strategy, as, unsurprisingly, we've seen an upward trend in the number of new retirements over the last decade. For example, in 2022 alone, more than 40,000 new retirements were recorded in BC, compared to 25,300 in 2012.[6]

4 Statistics Canada, Table 14-10-0432-01.

5 Refers to three-month moving averages, not seasonally adjusted estimates.

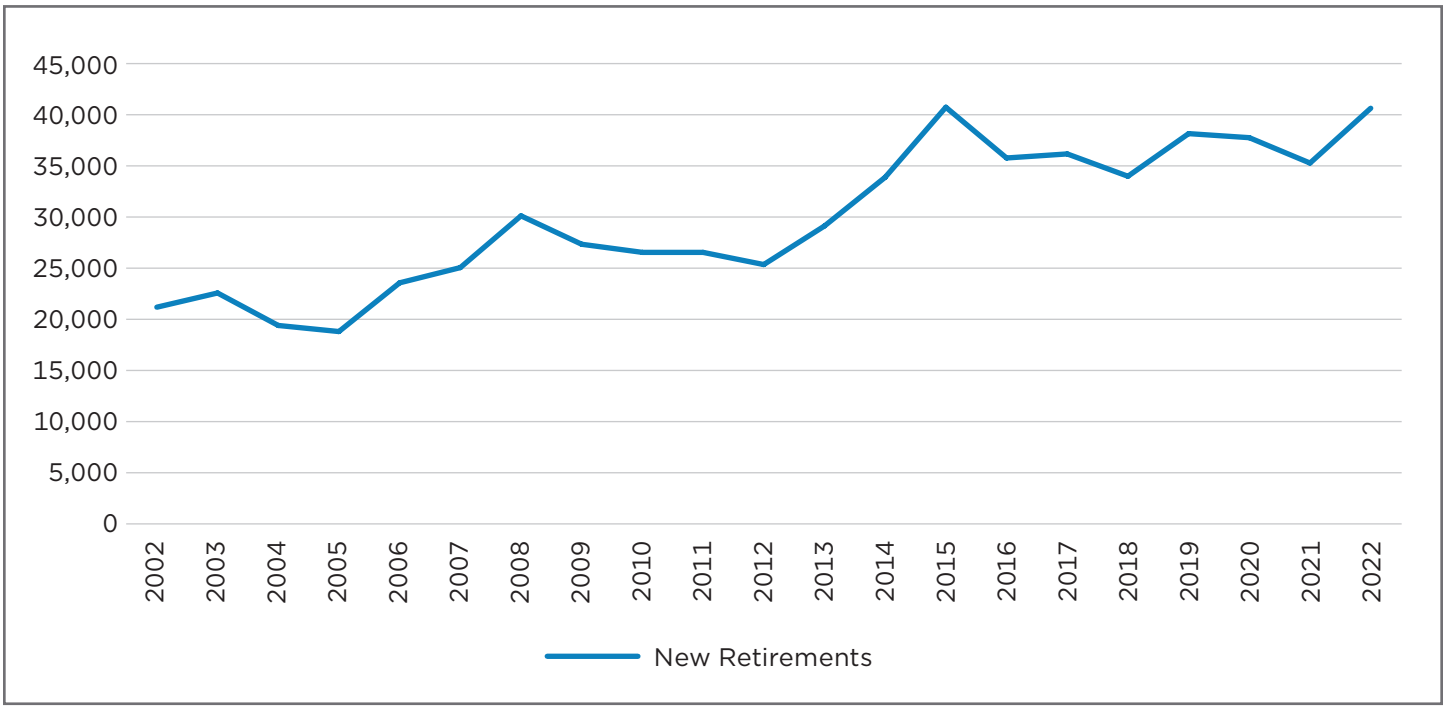
6 Annual new retirements refers to the number of people in the monthly *Labour Force Survey* who were not working (but had worked within the previous 12 months) and cited "retirement" as the reason for no longer working. The annual figure is a respondent-weighted average of the aggregated monthly results.

Figure 1: Unemployment Rate and Job Vacancy Rate, 2020-2023



Source: Statistics Canada, Tables 14-10-0287-01 and 14-10-0432-01.

Figure 2: Annual New Retirements in BC, 2002-2022



Source: Statistics Canada, Table 14-10-0126-01.

Service-sector growth offset losses in goods-producing industries

The services-producing sector added 65,900 workers (+2.9%) on a year-over-year basis between September 2022 and September 2023, as employment increased in four industries: "Other services," a category comprised of several industries including household maintenance and civic organizations, collectively added 16,900 workers (+16.6%) to the workforce; education added 13,500 (+ 6.3%); finance, insurance, real estate, rental and leasing added 12,500 (+7.5%); and transportation and warehousing added 10,800 (+7.8%).

At the same time, employment in the goods-producing sector fell by almost 18,000 workers (-3.5%), due primarily to a decline in the construction industry, which shrank by 17,700 workers (-7.4%). However, one bright spot for the goods-producing sector was the natural resources industry, which grew by 10.2%, adding 5,100 workers year over year.

In many cases, the shifts in industry employment over the past year were consistent with longer-term trends. Since February 2020, the natural resources industry has experienced the largest proportional growth (+37.0%), followed by education (+29.0%), public administration (+25.0%), and professional, scientific and technical services (+24.8%). Over the same period, business services and construction saw the largest contractions, falling by 21.0% and 15.1%, respectively.

Wage growth remained strong amid slowing but persistent inflation

Average wages in British Columbia grew by 7.8% year over year in September 2023, compared to a 3.3% rise in consumer prices over the same period. Women experienced larger wage growth (+9.0%) than their male counterparts (+6.6%).

Despite the fact that 2022 saw inflation reach its highest level in more than 40 years, elevated levels of unmet labour demand and shifts towards higher-wage industries have resulted in an increase in real wages. Since July 2019, the average wage has increased by an annualized rate of 5.4% per year, compared with a 3.5% annualized increase in consumer prices (see Figure 3 on page 22).

Table 2: Goods Sector – Change (%) in Industry Employment, February 2020 to September 2023

	Total Employment (thousands)	% Change since September 2022	% Change since February 2020
Goods-producing sector	**483.7**	**-3.5%**	**-3.9%**
Construction	222.9	-7.4%	-15.1%
Manufacturing	165.3	-3.2%*	3.1%*
Natural resources	55.2	10.2%	37.0%
Agriculture	23.5	-4.1%*	-2.1%*
Utilities	16.9	8.3%*	4.3%*

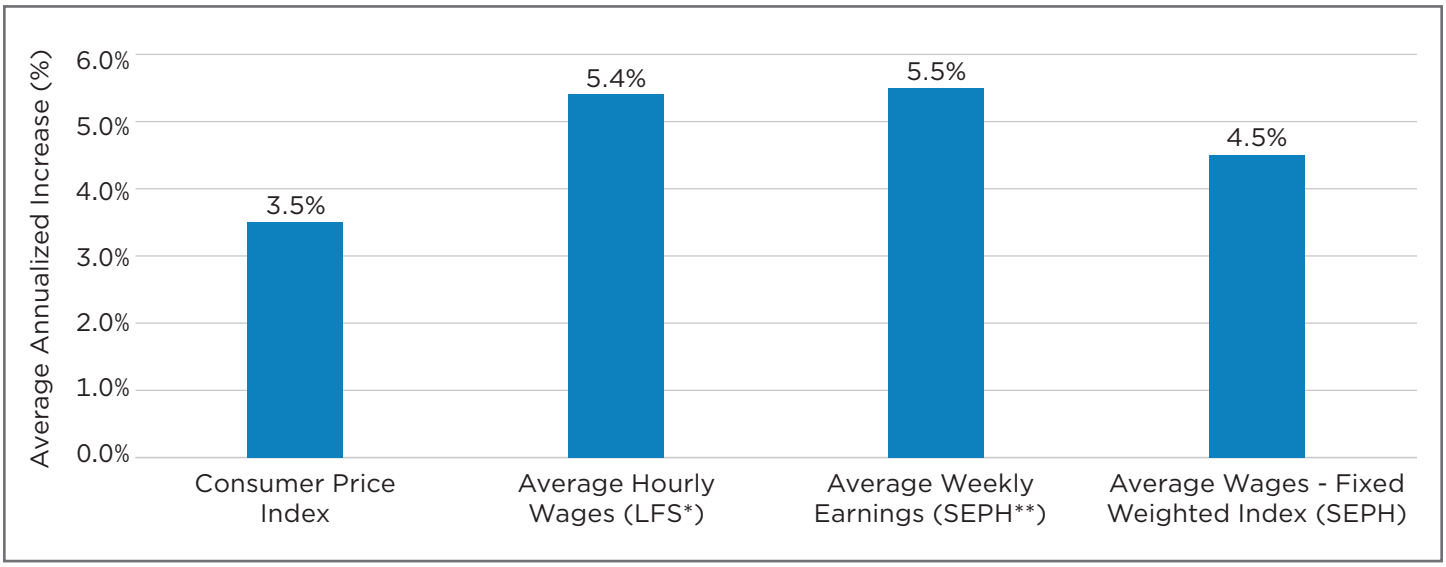
Source: Statistics Canada, Table 14-10-0355-01. Subsectors have been sorted by total employment size as of September 2023.
*Change is not statistically different from the reference period.

Table 3: Service Sector – Change (%) in Industry Employment, February 2020 to September 2023

	Total Employment (thousands)	% Change since September 2022	% Change since February 2020
Services-producing sector	**2,330.5**	**2.9%**	**7.7%**
Wholesale and retail trade	436.9	1.6%*	0.4%*
Health care and social assistance	372.7	0.8%*	12.1%
Professional, scientific and technical services	292.1	3.4%*	24.8%
Educational services	226.6	6.3%	29.0%
Accommodation and food services	188.0	1.1%*	-7.6%
Finance, insurance, real estate, rental and leasing	179.5	7.5%	1.9%*
Transportation and warehousing	148.5	7.8%	2.8%*
Public administration	142.5	3.1%*	25.0%
Information, culture and recreation	134.2	-7.8%	9.4%
Other services (except public administration)	118.9	16.6%	7.7%
Business, building and other support services	90.7	-2.4%*	-21.0%

Source: Statistics Canada, Table 14-10-0355-01. Subsectors have been sorted by total employment size as of September 2023.
*Change is not statistically different from the reference period.

Figure 3: Select Price and Wage Indicators, Annualized Change, July 2019 to July 2023



Source: Statistics Canada, Tables 18-10-0004-01, 14-10-0426-01, 14-10-0203-01, and 14-10-0213-01. Data is not adjusted for seasonality.
**Labour Force Survey. **Survey of Employment, Payroll and Hours.*

What's in the forecast?

After running particularly hot following the post-pandemic employment recovery, BC's labour market cooled slightly in 2023, with unemployment and job vacancy rates returning to pre-pandemic levels. Notably, however, these rates remain strong in a historical context, and average wages continue to grow at a formidable pace.

The record levels of immigration we're currently seeing are bolstering employment and mitigating—or perhaps masking—the true effect of economic headwinds. Looking ahead, CPABC will continue to monitor these headwinds and developments in the BC labour market, as the economy is expected to confront both slowing economic growth and flat employment growth in 2024.[7] ■

Jack Blackwell is CPABC's economist.

[7] Beata Caranci, Derek Burleton, Rishi Sondhi, and Marc Ercolao, "Provincial Economic Forecast," **economics.td.com**, September 20, 2023.



Highlights from CPABC's BC Check-Up: Work Survey

CPABC's *BC Check-Up* survey is conducted three times a year to measure members' perception of BC as a place in which to work, invest, and live. Nearly 600 CPABC members responded to the most recent survey, *BC Check-Up: Work*, which was conducted in July and August 2023. We asked members for their thoughts on the economy and the labour market, and here's what they told us:

On BC's Economic Outlook

- **29%** of respondents rated BC's economic performance as "excellent" or "good" in August 2023, similar to the percentage recorded in August 2022. The percentage of those who rated it as "poor" was **21%**, also similar to last year.
- Perceptions of the Canadian economy overall were slightly worse than the provincial assessment, with only one in five respondents (**21%**) giving a positive rating. Meanwhile, **26%** thought that the Canadian economy was performing poorly.
- **18%** indicated that their organization's prospects improved over the previous 12 months, down six percentage points from April 2023. Almost the same percentage—**33%**—said prospects worsened, while **48%** said they saw no change.

On Employment Trends in BC

- **88%** of respondents cited housing prices as the primary constraint on business success in 2023, up nine percentage points from last year.
- **83%** cited the ability to attract and retain skilled labour as a major challenge in 2023, while **80%** described labour compensation as a challenge; these results were similar to those from last year.
- **39%** of senior CPAs said they expect their organization's workforce to grow over the next year; just **14%** said they expect their workforce to contract, virtually the same percentage as in August 2022.
- **40%** of senior CPAs said their organization's turnover rate increased in 2023, down from **47%** in August 2022; **13%** reported a decrease, up from **6%** last year.

Survey demographics

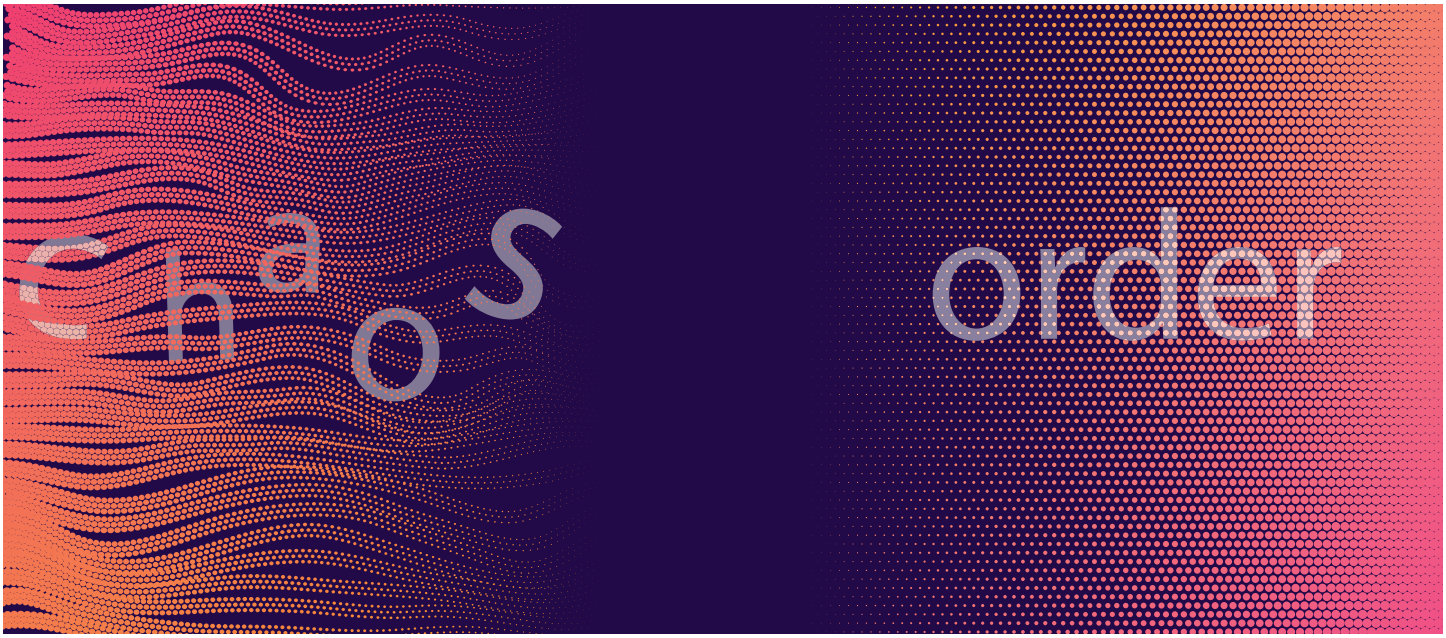
Who are they?
598 CPABC members

Where are they from?
Mainland/Southwest BC: 68%
Vancouver Island/Coast: 18%
Thompson-Okanagan: 9%
Rest of BC: 5%

CPABC commissioned Leger Marketing to conduct a web-based survey of CPA members about their impressions of the economy and the labour market. A total of 598 surveys were completed between July 26 and August 18, 2023, representing an overall response rate of 9%.

Note: All "don't know" responses have been excluded from the data in this sidebar. As a result, there may be small discrepancies when comparing this sidebar to infographics published in previous years.

Anna Maglyak/iStock/Getty Images



mycola/iStock/Getty Images

Order out of Chaos — Improvements in Corporate Sustainability Reporting

By
Douglas Stuart, CPA, CA,
Alison Parker, CPA, CMA,
Basma Majerbi, and
Stuart Snaith

The sustainability reporting landscape has been described as an "alphabet soup," with a myriad of acronyms representing different standards, frameworks, regulatory agencies, and reporting directives, many of which are built on, or endorse, alternative approaches to corporate sustainability reporting.

Fortunately, however, important strides have recently been made in this area through the drafting of new accounting standards for the disclosure of sustainability-related risks, opportunities, and impacts, as well as for climate-related disclosures. These new standards include:

- IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures), which were issued by the International Sustainability Standards Board (ISSB) on June 26, 2023;[1] and
- The European Sustainability Reporting Standards (ESRS), which were developed by the European Financial Reporting Advisory Group (EFRAG) and adopted by the European Commission on July 31, 2023.[2]

In addition, in March 2022, the US Securities and Exchange Commission (SEC) proposed new amendments for climate-related disclosure with the final release still under discussion in the fall of 2023.[3]

Many see the release of these new standards and rules as a coming together of corporate sustainability reporting requirements that is effectively creating order out of chaos. Some key differences remain, however, and companies that operate across multiple jurisdictions need to keep these differences in mind.

1 IFRS, "ISSB Issues Inaugural Global Sustainability Disclosure Standards," **ifrs.org**, June 26, 2023.

2 Directorate-General for Financial Stability, Financial Services and Capital Markets Union, "The Commission Adopts the European Sustainability Reporting Standards," **finance.ec.europa.eu**, July 31, 2023.

3 Soyoung Ho, "SEC Delays Climate Change Disclosure Rulemaking," **tax.thomsonreuters.com**, June 15, 2023. At the time of this writing, adoption has not been announced.

A shifting landscape

The ISSB has made significant inroads since it was established by the International Financial Reporting Standards (IFRS) Foundation in November 2021 to create a "global baseline" of corporate sustainability disclosure standards.[4] These standards—the aforementioned IFRS S1 and IFRS S2—remain voluntary for Canadian companies as well as for companies in other countries that support the ISSB. Not only do these standards lay out industry-specific sustainability disclosure topics, but they also specify sets of performance metrics companies will report on to facilitate comparisons between similar firms. The standards also identify technical protocols that auditors can use when providing assurance over the reported information.

Jurisdictional adoption of this global baseline is still needed to make reporting under the ISSB standards mandatory for public companies. Encouragingly, the International Organization of Securities Commissions (IOSCO) endorsed the ISSB standards on July 25, 2023, appealing to its 130 member jurisdictions to consider how the ISSB standards might be incorporated into their respective regulatory structures.[5] Erkki Liikanen, former governor of the Bank of Finland, called the IOSCO's endorsement of the ISSB standards a "landmark and a historical achievement."[6]

While the global baseline is a major step forward in harmonizing sustainability reporting, it is important to recognize that it is—at its heart—based on the principle of financial materiality. In other words, while it embraces reporting on non-financial drivers of firm value (e.g., the number of work stoppages, the percentage of alternative fuel consumed, etc.), IFRS S1 and IFRS S2 exclude information that is not considered likely to have an impact on the firm's enterprise value.

The ISSB's focus on investors—over other stakeholders who may be more concerned about a firm's broader impact on people and the planet—is consistent with the focus of the Sustainability Accounting Standards Board (SASB) in the US. Indeed, IFRS S1 and IFRS S2 were largely built on the SASB standards, which are still recommended for use in identifying material ESG issues for industry-specific disclosures.[7]

A more comprehensive approach

The missing piece of the ISSB's global baseline—the one that would help complete the sustainability reporting puzzle—is a concept known as "double materiality," which has long been included in the standards of the Global Reporting Initiative (GRI).[8]

Double materiality acknowledges two categories of material information: 1) information that has a direct impact on the firm's value (in the sense of financial materiality from an investor's perspective), and 2) information that allows a wider range of stakeholders to better understand an entity's impacts on people, the planet, and profits (known as "impact materiality").

Working closely with the GRI, the European Financial Reporting Advisory Group (EFRAG) included the double materiality principle when creating its first set of European Sustainability Reporting Standards (ESRS),[9] thus taking a broader view as to what constitutes "material" sustainability information. This is because the ESRS are not solely investor-focused and instead were created, in part, to assist with reporting information to help meet public policy objectives as well as the demand by other stakeholders for impact reporting.

As of August 2023, the first set of ESRS includes 10 topical standards: climate change, pollution, water, biodiversity and ecosystems, resource use and circular economy, own workforce, workers in the value chain, affected communities, consumers and end users, and business conduct. There are also two cross-cutting standards for general requirements (ESRS 1) and general disclosures (ESRS 2).[10]

Unlike the ISSB standards, which remain voluntary, the ESRS—which, as mentioned earlier, were adopted by the European Commission on July 31, 2023—will become mandatory for some companies as early as the 2024 financial year. Accordingly, Canadian companies with securities listed on an EU exchange—as well as those with significant EU revenues, branches, or subsidiary operations—should watch out, as they may also need to report under ESRS.

Companies reporting under both ISSB and ESRS

While the ISSB standards and the ESRS differ in that the former are investor-focused and the latter emphasize both financial and impact materiality, there are similarities in approach, and there are some common disclosure requirements. In its July 31 statement about the adoption of ESRS, EFRAG said it "is currently making major efforts to develop standards for SMEs [small and medium-sized enterprises] and to prepare guidance to foster implementation, interoperability of ESRS with overlapping ISSB standards as a contribution to joint work with the ISSB, and interoperability of ESRS with other relevant international standards."[11]

4 **ifrs.org**.

5 IFRS, "Erkki Liikanen Comments on IOSCO Endorsement of ISSB Standards, **ifrs.org**, July 25, 2023.

6 Ibid.

7 SASB Standards, "Answering Your Top Five Questions about the ISSB and SASB Standards," **sasb.org**, July 28, 2022.

8 GRI, "Why Double-Materiality Is Crucial for Reporting Organizational Impacts," **globalreporting.org**, May 31, 2021.

9 GRI, "European Commission Signals ESRS Alignment with GRI," **globalreporting.org**, July 31, 2023.

10 KPMG, "First Set of ESRSs Is Now Out!," **kpmg.com**, August 1, 2023. See also: "European Sustainability Reporting Standards (ESRS) in a Nutshell," **denkstatt.eu**, August 22, 2023.

11 EFRAG, "EFRAG Welcomes the Adoption of the Delegated Act on the First Set of European Sustainability Reporting Standards (ESRS) by the European Commission," **efrag.org**, July 31, 2023.

Speaking on behalf of the ISSB on August 30, 2023, Sue Lloyd, ISSB vice-chair, said: "By aligning common disclosures wherever possible, we have also reduced the risk of duplication in reporting for companies that are using both sets of standards."[12]

Both statements are a further testament to global standard-setters' commitment to achieving alignment.

Has the dust settled?

With such a myriad of sustainability disclosure frameworks and standards in existence, some stakeholders may find the release of two novel sets of standards (the ISSB standards and the ESRS) tedious and unnecessary. A more optimistic perspective is that the release of these standards will reduce fragmentation and consolidate the hodgepodge of disclosure requirements that previously characterized the sustainability reporting landscape.

Indeed, there has been some progress in this regard. For instance, on August 23, 2023, EFRAG published a meeting paper that maps out the interoperability between IFRS S1 and IFRS S2 and ESRS 2 (General Disclosures) and ESRS E1 (Climate Change).[13] EFRAG also published a meeting paper on the interoperability between the ESRS and GRI standards in which it notes that the "ESRS have adopted the same definition of impact materiality as GRI." It also states: "Entities reporting under ESRS are considered as reporting with reference to the GRI Standards (as defined by GRI 1)."[14]

Despite this progress, however, the sustainability reporting landscape remains complex, with changes driven by a variety of stakeholder groups operating in different policy environments. For example, we have yet to see what the outcomes of the proposed SEC climate-disclosure rules will be. As mentioned earlier, the SEC has delayed the release of its new climate rules, which also delays mandatory inclusion dates for US filers.

Still, a new disclosure baseline *is* taking shape, and it's an encouraging development. Combined with other initiatives, a solid baseline will help to reduce greenwashing and address some of the concerns about the credibility of ESG data that have helped fuel the recent anti-ESG movement.[15]

[12] IFRS, "Sue Lloyd Delivers Keynote Speech on the Current Agenda of the ISSB and Cooperation with EU Institutions," **ifrs.org**, September 1, 2023.

[13] EFRAG Sustainability Reporting Board (SRB), "Interoperability Between ESRS and ISSB Standards—EFRAG Assessment at this Stage and Mapping Table," paper 04-02, **efrag.org**, August 23, 2023.

[14] EFRAG SRB, "Interoperability Between ESRS and GRI Standards—EFRAG-GRI Joint Statement of Interoperability," paper 03-02, **efrag.org**, August 23, 2023.

[15] Stan Choe, "What Is ESG Investing and Why Do Some Hate It So Much?" **nationalpost.com**, March 1, 2023.

It is important to remember that standards bring consistency and comparability to corporate reporting, but it is up to regulators to make them mandatory in their respective jurisdictions. Just what this "new order" will mean for investor decision-making, corporate sustainability performance, and policy-makers… only time will tell. ■

ABOUT THE AUTHORS



Douglas Stuart is an assistant teaching professor at the University of Victoria's Gustavson School of Business, a CPABC faculty ambassador, and the author of "Toward a Global Baseline of Sustainability Reporting: Movement Gaining Momentum" (*CPABC in Focus*, May/June 2023).



Alison Parker is an assistant teaching professor at the University of Victoria's Gustavson School of Business, a CPABC faculty ambassador, and an educational consultant for CPA Western Canada.



Basma Majerbi is an associate professor at the University of Victoria's Gustavson School of Business. She leads the Impact Investing Hub, a research and education hub that aligns finance and investments with climate and sustainability action. Photo by Armando Tura.



Stuart Snaith is an associate professor at the University of Victoria's Gustavson School of Business.

Celebrating a Decade of CPA Financial Literacy Education

This year marks the 10th anniversary of the CPA Financial Literacy Program. Thanks to the support of member volunteers in BC and Yukon, this program has helped residents in both jurisdictions increase their financial confidence and make more informed decisions about money. Recognizing that November is National Financial Literacy Month in Canada, we'd like to take this opportunity to share a few BC and Yukon program highlights with you.



2013-2023 numbers:

- > 1,200 CPA volunteer presenters
- > 2,100 virtual and in-person sessions
- > 58,000 attendees
- 54 topics
- 12 target audiences



Most requested topics:

1. Budgeting and saving
2. Credit cards and bad debt vs. good debt
3. Savings and bank accounts



Most requested audiences:

1. Schools
2. Adults
3. Small and medium businesses



Accessibility:

- Sessions are free to attend
- Translated materials are available
- Virtual* and in-person sessions



* We added virtual delivery in 2020 to help keep financial literacy education accessible during the COVID-19 pandemic. Since then, more than 600 virtual sessions have been delivered.



WANT TO GET INVOLVED?

Looking for a great way to share your knowledge as a CPA while making a difference in the community? Join our growing network of financial experts who are giving back by providing free and accessible financial education in their communities.

Visit **bccpa.ca/finlit** and select "Become a Financial Literacy Volunteer" to:

1. Review the online guide for prospective volunteers;
2. Complete the registration process;
3. Select the types of sessions you'd like to present; and
4. Share your knowledge and expertise!



Nancy Spagnut has many years of international and varied experience in industry, including 17 years in the natural resources sector. She currently works in the forestry sector as a senior manager of accounting and digital finance at Canfor. Nancy has completed the Digital Transformation Leadership Program at SFU and is currently enrolled in UBC's Forest Carbon Management Program.

How Digitalization Is Driving Change in the Natural Resources Sector

By Nancy Spagnut, CPA, CMA



Parradee Kietsirikul/iStock/Getty Images

Much has been written about digitalization, AI, and machine learning, and how these developments signify the advent of the fourth Industrial Revolution.[1] The development of new technologies continues to accelerate, and we're already seeing digital business transformation begin to alter the DNA of business culture and structure. Essentially, we're all looking at a new way of doing business.

Despite the rapid pace of technological change, however, this revolution is happening at a slower pace in the natural resources sector, where, and in my experience, the shift has been subtler than in other industries.

Before discussing this further, I'd like to clarify what certain terms mean in the context of this article, as they're often used interchangeably. The following definitions come from Gartner's "Information Technology Glossary" (**gartner.com**):

- **Digital business transformation:** The process of exploiting digital technologies and supporting capabilities to create a robust new digital business model.
- **Digital transformation:** This can refer to anything from IT modernization, to digital optimization, to the invention of new digital business models. It is more like "digitization" than "digital business transformation."
- **Digitalization:** The use of digital technologies to change a business model and provide new revenue and value-producing opportunities.
- **Digitization:** The process of changing from analog to digital form, also known as digital enablement.

This article focuses on digitalization.

[1] See for example: McKinsey & Company, "What are Industry 4.0, the Fourth Industrial Revolution, and 4IR?" **mckinsey.com**, August 17, 2022.

"... we've seen AI and machine learning enhance and expedite some labour-intensive tasks in this sector, but we have yet to realize digitalization's full potential—particularly in terms of how it could support the circular economy ..."

It's changing the rules

Digitalization is not a tool or an ideology. It's not a sudden radical change resulting from the introduction of the latest technology. Rather, it is a fundamental driver of business operations. That's because it is an opportunity to reimagine how all the parts of the business connect and how they might be transformed. Think of the retail sector, for example, and how it has been radically transformed by e-commerce and the COVID-19 pandemic. Among the many changes in this sector, we've seen the shuttering of numerous brick-and-mortar outlets and technological advances that have made online shopping increasingly convenient and seamless.

In the natural resources sector, digitalization is reshaping how business landscapes are surveyed, sustainable operations are measured, the circular economy is foreseen, and departments interrelate. As the sector becomes more competitive in the face of higher costs and unpredictable commodity prices, companies are investing in new technologies to drive operational excellence while boosting profit margins, improving safety, and reducing speculative risk. The adoption of these new technologies is changing the way industries in the natural resources sector are creating value—I believe it's reinventing the rules of business.

To date, we've seen AI and machine learning enhance and expedite some labour-intensive tasks in this sector, but we have yet to realize digitalization's full potential—particularly in terms of how it could support the circular economy, where materials once viewed as waste are now being recovered, reused, and repurposed into value-added products. In the circular economy, many end-to-end activities are linked, and digitalization and data capture could co-ordinate all aspects of operations in the supply chain through its full cycle—for example, from extraction to reforestation.

"Digitalization is a driving force behind a number of industries. Circular economy, on the other hand, aims at optimizing resource use within industries. There is a clear connection between these two trends, and in order to accelerate change towards a sustainable circular economy, further coordination is needed."

— Deloitte, "Circular Goes Digital," **deloitte.com**

It's driving the need for integration

Digitalization is no longer a choice but a necessity in this rapidly changing environment. We could accelerate its implementation in the natural resources sector by paying closer attention to the data and investing in data analytics.

The good news is that most organizations are already collecting and processing a significant amount of data. This is certainly the case in the natural resources sector, where data is collected throughout the business cycle—from locating to extracting and from transforming to recycling—all while adhering to regulatory compliance. Data analytics could help companies derive value from each stage of this cycle.

However, it is not simply a matter of gathering copious amounts of data. Without a proper plan and a systematic approach that considers the entire value chain,[2] companies risk collecting too much irrelevant data. By capturing the right data from the start, organizations stand to save hours of analytical work, improve business outcomes, inform strategic decisions, and/or discover new opportunities. I think of this collection, analysis, processing, and reporting process as a big assembly line of data, with each part of the assembly line informing the next.

The finance department has a significant role to play here, as it is already collecting data at each critical stage and reporting it in a manner that allows for agile decision-making. Organizations can build on this data gathering platform as they create their digitalization initiatives. I also recommend that organizations establish a Digital Transformation Committee to consider all of the components involved in driving digitalization initiatives forward, including the integration of financial planning and analysis with data architecture, interdepartmental collaboration, and alignment with the organization's capability model (the basic needs required to carry out the operating model).

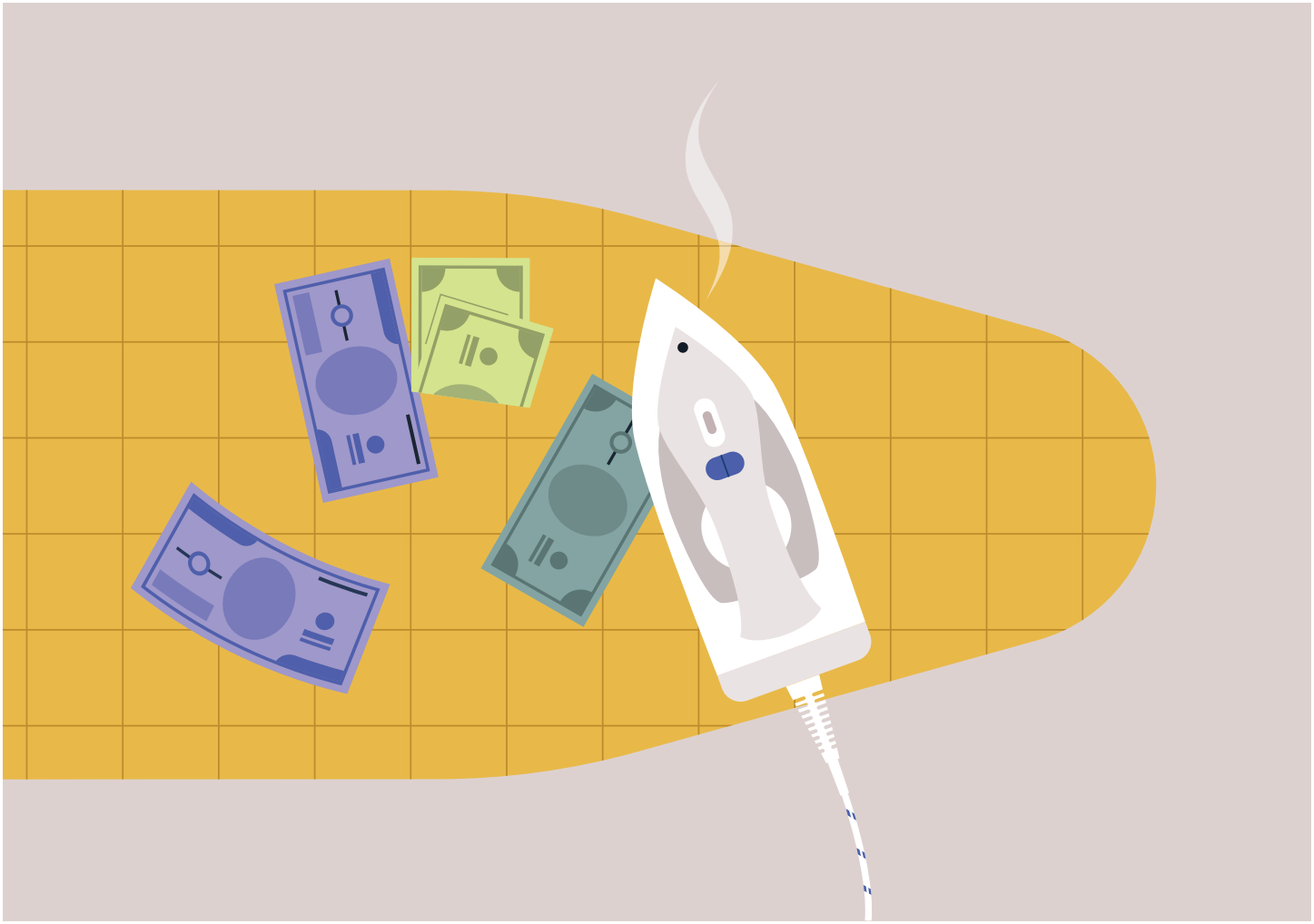
It's shaping the future

The extent to which digitalization will transform the natural resources sector remains to be seen, but there's no question that it will. I believe focus groups and strategic communication are good mechanisms to foster familiarity with these concepts and remove the barriers to innovation. The more we talk about digitalization, the more we can understand how best to harness it. ■

[2] Siddharth P., "Digital Transformation in Natural Resources Industry," **beroeinc.com**, September 4, 2022.

Combatting Money Laundering: Important Regulatory Updates

By Jessica McKeachie and Martin Eady, CPA, CA



nadia_bormotova/iStock/Getty Images

As CPABC's senior advisor, public interest, Jessica McKeachie oversees the regulatory body's anti-money laundering (AML) and anti-corruption initiatives. In this, her fourth article on AML for *CPABC in Focus,* she and Martin Eady, CPA, CA, CPABC's director of professional conduct, share some important regulatory updates.

With its mandate to protect the public, CPABC is responsible for establishing and enforcing the professional standards of its members, students,[1] and registered firms (registrants[2]). Its duties also include working to combat money laundering. Anti-money laundering (AML) education and awareness campaigns are not new to CPABC—nor are the rules designed to prohibit any activities associated with money laundering. However, as money laundering risks evolve, so must the CPA profession.

[1] In this article, "students" refers to candidates in the CPA Professional Education Program.

[2] "Registrants," as used in the *CPABC Code of Professional Conduct* (CPA Code), refers to members, students (candidates in the CPA Professional Education Program), and registered firms. The CPA Code does not apply to students enrolled in the CPA preparatory courses; however, these students are expected to exhibit ethical behaviour.

CPABC has a comprehensive set of rules, the *CPABC Code of Professional Conduct* (CPA Code), which requires CPABC registrants to act in the public interest and uphold the public's trust.[3,4] This means registrants cannot have any involvement or association with illegal activity, including money laundering. In addition, to address the ongoing risk posed by criminals attempting to launder money by taking advantage of CPAs and their accounting services, CPABC continues to enhance its regulatory system.

Most recently, CPABC responded to recommendations made by the *Commission of Inquiry into Money Laundering in British Columbia* (Cullen Commission) by updating the CPA Code and the *CPABC Bylaw Regulations* with **three changes** specifically designed to aid in protecting the public and to enhance the ability of CPABC registrants to prevent, detect, and combat money laundering. These changes are:

1. A new mandatory AML CPD requirement for all members, effective 2024 – Bylaw Regulation 600/2.1 (Continuing Professional Development Program: Basic Requirements);
2. A new cash rule – Rule 411 (Cash transactions); and
3. Amendments to guidance for Rule 102.4 (Matters to be reported to CPABC – Other regulatory bodies).

These changes are the first regulatory steps taken by an AML working group created by CPABC in response to the findings of the *Commission of Inquiry into Money Laundering in British Columbia – Final Report*. This working group was established to carefully review and act on the recommendations in the Cullen report where appropriate.

[3] See Rule 213 (Unlawful activity) of the CPA Code.

[4] CPA Code, Preamble (5).

Looking for more AML resources?

- Visit CPABC's AML-dedicated website (**bccpa.ca/aml**) to find links to important resources, such as CPA Canada's *Guide to Comply with Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Legislation*. The guide helps CPAs minimize personal and corporate risks about money laundering and reporting, so they can:
  - Determine if AML obligations are applicable to their activities;
  - Learn about the requirements to comply with their obligations; and
  - Understand FINTRAC's enforcement methods and the risks of non-compliance.
- Visit CPABC's PD website (**pd.bccpa.ca**) to find a variety of relevant courses.
- Visit the main website (**bccpa.ca**) to access the CPA Code, which contains detailed guidance on how the rules should be applied.

clearline CPA

Accountants by trade. Advisors by choice.

Dedicated to bringing clarity, strategy and confidence to your finances.



We are pleased to announce that **Annelie Vistica, CPA, CA** will be joining us as a Principal at Clearline CPA. Annelie brings with her a wealth of knowledge, experience, and a proven track record in delivering accounting, assurance, and tax solutions for private enterprise clients.

www.clearlinecpa.ca **Vancouver | Surrey | Tri-Cities**

As you'll recall, the Cullen Commission was a public inquiry established by the BC government to investigate and address issues related to money laundering in key sectors of BC's economy. As detailed in the November/December 2022 issue of *CPABC in Focus*,[5] Justice Cullen ultimately concluded that the federal AML regime is not sufficiently effective at detecting, combatting, or prosecuting money laundering in BC and recommended that the provincial government take a significantly more direct role to address the problem.

Cullen also noted that both regulated CPAs and unregulated accountants (non-CPAs) risk being used to facilitate money laundering because of the nature of their work—particularly if they provide financial and tax advice to clients, provide bookkeeping services, and/or perform financial transactions. Accordingly, he included 13 recommendations related to the accounting profession in the final report, 10 of which were directed at CPABC.

Here's a closer look at CPABC's three new amendments

1. New mandatory AML CPD requirement

As every CPA has an obligation to help combat money laundering in British Columbia, CPABC has introduced a mandatory continuing professional development (CPD) requirement for all members to complete AML-related education. This was deemed necessary to:

- Raise and enhance members' awareness regarding money laundering and its risks;
- Assist the profession in detecting, preventing, and combatting money laundering; and
- Ensure that members understand the related obligations for CPAs under Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime.[6]

Effective January 1, 2024, Bylaw Regulation 600/2.1 (Continuing Professional Development Program: Basic Requirements) will require all members to take 1.5 hours of AML-related professional development (PD) by December 31, 2026.[7] CPABC's PD Program currently offers a number of free AML courses, and more options will be added to the program in 2024. Members will also be able to take AML courses offered by other PD providers and by their employers.

More information on the new CPD requirement is available on our website at **bccpa.ca** under Member & Practice Regulation > CPD.

2. A new cash rule

Although society in general is shifting away from a reliance on cash, cash is still very prevalent in money laundering. Illegal activities such as drug trafficking and sales, human exploitation, and terrorism continue to be dominated by cash. As a result, the risk involved in cash transactions, especially large ones, is significant.

While the work of CPAs in public practice is not normally cash intensive, CPABC understands from its survey of members that cash transactions do occur occasionally.[8]

To assist in minimizing the risk—both to the public and to CPAs—CPABC has added a new cash rule to the CPA Code that limits members in public practice and registered firms from accepting more than $3,000 in cash in a single client matter: Rule 411 (Cash transactions).[9] Here are three important highlights from the guidance to Rule 411:

- **Guidance 1:** "Registrants must take care to avoid the risk of accepting cash that has been obtained or derived from the criminal acts of an unscrupulous client or from other undeclared sources of income. Although it is acknowledged that cash is legal tender, the risks associated with cash transactions are significant and members or registered firms are encouraged to carefully consider all cash transactions and whether a more secure transaction process is possible."
- **Guidance 5:** "…cash receipts are considered in aggregate and over the entire life of the client matter. That means that not all the cash has to come in on the same day. The distinction between 'client' and 'client matter' is also important since one may have a client with several distinct client matters. Members or registered firms must track the cash received on each distinct client matter."
- **Guidance 6:** "In the event that a registrant in public practice receives cash in excess of $3,000 the member or registered firm must:
  a) make no use of the cash,
  b) return the cash, or if that is not possible, the same amount in cash, to the payer immediately, and
  c) promptly report to CPABC the details of the transaction."

Note: Rule 411 makes exceptions for the payment of professional fees or reimbursement of disbursements or expenses in connection with the provision of accounting services.

Need more guidance?

CPABC's professional standards advisors are also here to help. You can consult them for confidential guidance to ensure that you stay compliant with the CPA Code and the *CPABC Bylaws* when navigating difficult situations.

Contact our advisors by email at **professionaladvisory@bccpa.ca**.

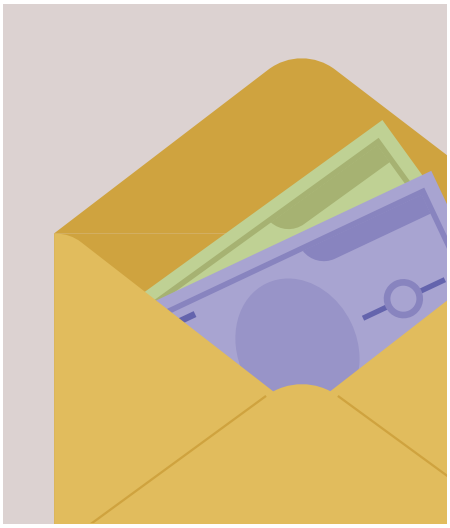
[5] Jessica McKeachie, "The Cullen Commission: What's Next?", *CPABC in Focus*, November/December 2022 (24-27).

[6] Government of Canada, "Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime Strategy 2023-2026," **canada.ca** (accessed October 10, 2023).

[7] For a candidate or applicant who is admitted as a member after January 1, 2024, the requirement will have to be fulfilled within the three-calendar-year period that commences with the calendar year of their admission.

[8] See CPABC's 2023 *Notice of Motions*, **bccpa.ca** (7).

[9] This amount aligns with the reporting obligations for cash transactions set out by the Financial Transactions and Reports Analysis Centre of Canada, Canada's primary AML regulator.



nadia_bormotova/iStock/Getty Images

3. Amendments to guidance for Rule 102.4

Rule 102.4 of the CPA Code (Matters to be reported to CPABC – Other regulatory bodies) requires that registrants must notify CPABC after having been found guilty of a failure to comply with the requirements of another regulatory body where the matter involves acting in a professional capacity.[10] In his final report, Justice Cullen questioned whether CPABC registrants were required to inform CPABC of any adverse findings from the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and recommended amending the CPA Code to add clarity.

In response to Cullen's recommendation, CPABC amended the wording to the guidance of Rule 102.4 to further explain registrants' reporting obligations—this meant clarifying the definition of what "having been found guilty" means, and explicitly stating that AML agencies are considered "regulatory bodies" for the purposes of the rule.

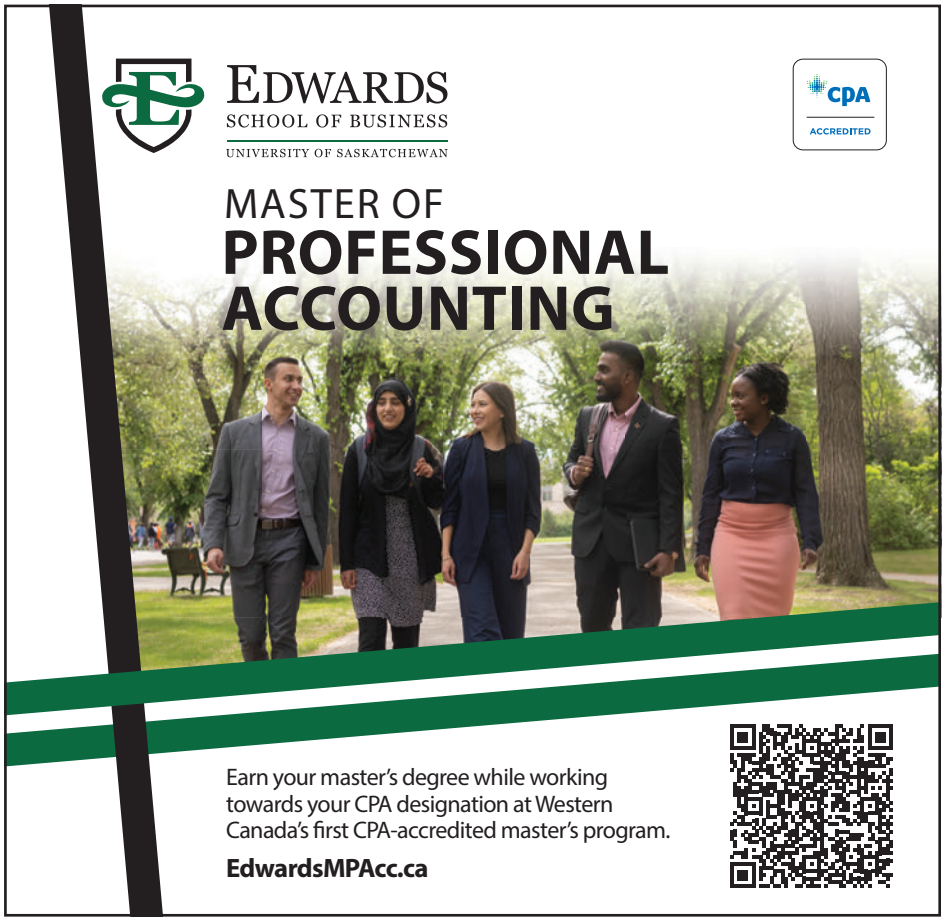
Further action pending

The work of CPABC's AML working group is ongoing. Further actions will be announced soon to help CPABC registrants better understand and address AML concerns in British Columbia. Stay tuned for updates. ■

Jessica McKeachie is CPABC's senior advisor, public interest. Martin Eady is CPABC's director of professional conduct.

[10] This includes entering into a settlement agreement with the regulatory body.







Ashley Kim is a tax manager in Canadian tax services for BDO Canada LLP in Vancouver, where she focuses primarily on estate planning for high-net-worth individuals, corporate reorganizations, and sales of businesses for private corporations. She thanks Tina Huang, CPA, CA, TEP, a tax partner at BDO, for her assistance with this article.

Amendments to Bill C-208: Opportunities and New Restrictions for Intergenerational Business Transfers

By Ashley Kim, CPA



Edwin Tan/iStock/Getty Images

Before Bill C-208 came into effect on June 29, 2021, owners of a small business corporation, a family farm, or a fishing corporation were penalized when they sold or transferred shares to their child through a corporation owned or controlled by the child. The anti-avoidance rule in section 84.1 of Canada's *Income Tax Act* (the ITA) recharacterizes capital gains as taxable dividends if taxpayers receive non-share consideration, such as cash or a promissory note for the proceeds of their shares to a non-arm's length (related) corporation. Due to this recharacterization, section 84.1 not only subjects taxpayers to higher taxes (taxable dividends are subject to a higher tax rate than capital gains), but it also eliminates the opportunity for taxpayers to claim their lifetime capital gains exemption (LCGE) on the sale of their shares.

To encourage genuine intergenerational business transfers, Private-Member's Bill C-208[1] was introduced in 2021. Under the terms of this bill, which received royal assent and became law on June 29, 2021, if certain conditions are met, a transaction will not be subject to section 84.1,[2] and the individual taxpayer will pay tax at the lower capital gains rate. If the taxpayer has sufficient LCGE and is not subject to other taxes, such as alternative minimum tax, there may be no tax on the transaction.

[1] See: **https://parl.ca/DocumentViewer/en/43-2/bill/C-208/royal-assent**. Accessed October 3, 2023.

[2] Pursuant to paragraph 84.1(2)(e) of the ITA.

On July 19, 2021, however, the Department of Finance announced that it planned to amend Bill C-208 to safeguard against certain unintended tax avoidance loopholes—such as "surplus stripping" where there is no genuine intergenerational transfer of business[3]—and provided an illustrative list of issues with Bill C-208.

The proposed amendments to Bill C-208, which were announced in Budget 2023, are more restrictive and would apply to transactions on or after January 1, 2024. Given the potential impact of these changes, taxpayers looking to make business succession arrangements should pay heed if they want to avoid triggering unexpected tax consequences.

To help, this article provides a general overview of both Bill C-208 and the proposed amendments. However, due to the complexity of the current and proposed rules, the proposed rules are presented in a simplified manner.

Bill C-208

The general conditions under which the relieving provisions of Bill C-208 apply can be summarized as follows:

- A taxpayer must be resident in Canada (not a corporation);
- The taxpayer disposes shares ("subject shares") of a corporation ("subject corporation"), which is resident in Canada;
- The subject shares are qualified small business corporation (QSBC) shares or shares of a family farm or fishing corporation (FFFC)[4];
- The taxpayer disposes of these shares to another corporation ("purchaser corporation"), and the purchaser corporation is controlled by one or more of the taxpayer's children or grandchildren who are 18 years of age or older; and
- The purchaser corporation does not dispose of the subject shares within 60 months of their purchase.

The provisions include a rule intended to reduce the LCGE of the taxpayer where the subject corporation's taxable capital employed in Canada (TCEC) is greater than $10 million; it is also intended to eliminate the LCGE if the TCEC is greater than $15 million.[5] However, this reduction to the capital gains exemption may not be effective due to concerns with the language used in the legislation.

In addition, there is a requirement that the taxpayer provide an independent assessment of the fair market value of the subject shares, as well as an affidavit signed by the taxpayer and a third party attesting to the shares' disposal.

[3] Rudy Mezzetta, "Budget 2023 Shuts Down Loopholes Left in Bill C-208," *Advisor's Edge*, March 28, 2023 (**advisor.ca**).

[4] Within the meaning of subsection 110.6(1) of the ITA.

[5] Pursuant to paragraph 84.1(3)(b) of the ITA.

[6] Pursuant to paragraph 84.1(2)(e) of the ITA.

[7] This is the same meaning as in subsection 70(1) of the ITA.

[8] Department of Finance Canada, *Budget 2023 – Tax Measures: Supplementary Information*, March 28, 2023 (16). (**budget.canada.ca**)

[9] Pursuant to paragraph 84.1(2.3)(b) of the ITA.

> "Given the potential impact of these changes, taxpayers … should pay heed if they want to avoid triggering unexpected tax consequences."

Proposed amendments

As outlined in Budget 2023, the proposed rules put more restrictions or conditions on a parent and an adult child to ensure that the exception[6] to section 84.1 is only applied in the case of a "genuine" intergenerational business transfer. The amendments focus mainly on the transfer of control and ownership from a parent to their adult child and on conditions that must be met by the child after the transfer is made. These conditions include maintaining control of the purchaser corporation until a specific time and engaging in the underlying active business.

It's important to note that the meaning of "child" has been extended under the proposed rules to include a child's spouse even after the child's death.[7] It has also been extended to include a niece or nephew of a taxpayer or taxpayer's spouse, the spouse of a niece or nephew, and the children of a niece or nephew. This extended meaning would enable more taxpayers to take advantage of the exception rule.

Additionally, in supplementary information to Budget 2023, the Department of Finance noted that the proposed amendments are also intended to remedy the fact that Bill C-208 does not address:

- The parent's control in the underlying business of the corporation;
- The child's involvement in the business;
- Whether the interest in the purchaser corporation held by the child continues to have value; and
- Whether the child retains an interest in the business after the transfer.[8]

Under the 2023 budget proposals, there are two paths to achieving an acceptable intergenerational transfer of qualifying shares: 1) an immediate intergenerational business transfer, which must be completed within three years; and 2) a gradual intergenerational business transfer, which can be completed over a period of five to 10 years. Most of the conditions for these two paths are similar except for the transitioning period and a few distinctive characteristics, as discussed below.

Pre-conditions

The proposed rules would apply where a parent resides in Canada and sells QSBC or FFFC shares to a corporation controlled by their adult child (where the expanded definition of child applies, as described earlier). Under these rules, the taxpayer (parent) would have to be an individual, not a trust; this means that a trust could not be used to multiply the LCGE among family members, and the parent would have to control the subject corporation prior to sale.[9]

Additionally, the parent must not have previously sought an exemption pursuant to paragraph 84.1(2)(e) of the ITA. This is meant to prevent a parent from undertaking successive transfers of shares that derive value from the same active business.

The disposition of shares

Under the proposed amendments, the following conditions would have to be met on and after the transfer:

1) Transfer of control and ownership

At the time of disposition, the parent would have to give up control of the subject corporation, the purchaser corporation, or any other person or partnership (referred to as a "relevant group entity") that carries on an active business that is relevant to the determination of whether subject shares qualify as QSBC or FFFC shares.

In an immediate transfer, both legal and factual control would have to be transferred to the child. In a gradual transfer, only legal control would have to be transferred. However, in explanatory notes to Budget 2023, the Department of Finance stated[10] that taxpayers should not rely on the ITA to justify any remaining factual control by the parent.

In both types of transfers, the parents would also be prohibited from owning, directly and indirectly, more than 50% of voting common shares of the subject corporation or more than 50% of equity interest in the relevant group entity, except with regard to any non-voting preferred shares, after the disposition.

2) Transfer of remaining ownership

In both immediate and gradual transfers, the parent would have to dispose of the remaining balance of their common growth shares in the subject corporation and any equity interest in a relevant group entity, excluding non-voting preferred shares, within 36 months of the disposition.

In an immediate transfer, the parent could hold the non-voting preferred shares or any debts indefinitely. In a gradual transfer, however, the parent could not—within 10 years of the initial disposition time—own, directly or indirectly, an interest (debt or equity) that is equal to more than 50% of the value of their interest in an FFFC at the time of disposition; for a QSBC, the number drops to 30%.

3) Transfer of management

The parent would have to transfer management of the business to at least one child and permanently stop managing the subject corporation and any relevant group entity within 36 months of an immediate transfer (or a greater period of time as is reasonable in the circumstances). In the case of a gradual transfer, it would increase to 60 months (or a greater period of time as is reasonable in the circumstances).

4) Child's control and involvement

In an immediate transfer, the child would have to retain control of the subject or purchaser corporation for 36 months. In a gradual transfer, the time period extends to a minimum of 60 months (or until the business transfer is completed).

The child (or at least one of the children) must be actively engaged in the business on a regular, continuous, and substantial basis.[11] This would require the child to work a minimum of 20 hours per week.

Relieving provisions

Even though the child would have to meet multiple conditions after the transfer of business, the proposed rules provide relief in certain circumstances without triggering any negative tax consequences. These include circumstances in which the child:

- Subsequently disposes of the shares to an arm's-length party or to another child;
- Cannot carry on the business due to physical or mental impairment or death; and
- Disposes of all business assets to satisfy debts to the business's creditors.

Exercise caution

These are just some of the issues to bear in mind when contemplating the potential impact of the amendments to Bill C-208. It is currently unclear whether all genuine family business succession undertakings would be able to meet the conditions proposed in these amendments. Therefore, to avoid incurring severe tax consequences, it is important for taxpayers to understand the restrictions and conditions that would have to be met by both parent(s) and child(ren). ■

[10] Department of Finance Canada, *Explanatory Notes to Legislative Proposals Relating to the Income Tax Act and Regulations*, August 4, 2023 (36). (**fin.canada.ca**)

[11] Within the meaning of paragraph 120.4(1.1)(a) of the ITA.

PRACTICE FOR SALE
MMCA & Associates Group of Companies
Dorin Bogdan Mihalache *
403.402.2679
* Dorin Bogdan Mihalache is a CPA, CA, in the province of Alberta.
Selling your practice?
GUARANTEED SOLD
AVAILABLE NOW:
Okanagan, BC asking **$160K**
High River Region, AB asking **$1.5M**
practiceforsale.ca • info@practiceforsale.ca


Canada's premier tax law firm.
Working together, we share an uncompromising commitment to excellence in everything we do.
THORSTEINSSONS LLP TAX LAWYERS
thor.ca

PD EXPERTS

ASPE and the Changing World

By Martha Okot Thomas, CPA, CA, CIA



Martha Okot Thomas is chair of the finance and accounting department in the School of Business at Camosun College and an accounting and finance educator. Her more than 24 years in BC's public sector include serving in the internal audit department of the British Columbia Investment Management Corporation, as CFO for the BC Ministry of Social Development and Social Innovation, and as director of financial planning and reporting for the Ministry of Finance. Martha previously served on the CPABC Board of Directors and currently serves on the board of the CPA Education Foundation.

Upcoming live webinars with this author:

- **ASPE – Disclosure and Presentation**
  November 20, 2023
- **ASPE – Review of the Standards**
  November 27-29, 2023 (multi-segment)
- **A Threats and Safeguards Approach to Ethical Decision Making**
  December 4 & 15, 2023

The globalization of the economy and the expansion of technology continue to drive exponential change, and one of the ways accounting standard-setters have kept pace is by implementing international financial reporting standards (IFRS). These include accounting standards for private enterprises (ASPE) that were introduced, in large part, to provide smaller businesses with less onerous reporting and disclosure processes, as standard-setters recognized that creditors were the main users of small businesses' financial statements.

Gone, however, are the days when things were designed to—and did—remain in place for years. Accounting standards are now being reviewed and amended regularly to ensure that they remain applicable and relevant. ASPE, for example, are now being revisited due to the emergence of private equity investment.

The impact of private equity investing

Investors seeking an alternative source of growth in the market turned their attention to private equity investing after the market crash of 2008-2009, when it became clear that the historical balancing of public equities to fixed income was no longer a sustainable strategy. Diversification quickly became the best risk management strategy.

Consider the example of Gordon Fyfe and the British Columbia Investment Management Corporation (BCI). In 2014, with assets under management of $114 billion, BCI (then BCIMC) was looking for a new direction and hired Fyfe as CEO and chief investment officer based on his pitch for a new strategic business plan that would shift the organization's focus from stocks and bonds to a more diversified portfolio. BCI is a government Crown entity that holds the pension fund assets for BC's public sector, and Fyfe recognized that it would need to make significant changes to meet the projected returns required by its pension plan recipients. His plan, which included investing in private equity, infrastructure, and real estate, was implemented almost to the letter and achieved "extraordinary results," as noted by the BC government when Fyfe was named to the Order of BC in August 2023.[1]

Now, according to the BCI website: "British Columbia Investment Management Corporation (BCI) is amongst the largest institutional investors in Canada with $233.0 billion in gross assets under management, as of March 31, 2023.… BCI manages a portfolio of diversified public and **private market investments** [author emphasis] on behalf of its 32 British Columbia public sector clients."[2]

Keep in mind, the shift to private equity was not isolated to British Columbia or Canada. According to FS Investments, private equity assets under management in the US "have nearly quadrupled over the past decade, from approximately $2.2 trillion in December 2011 to nearly $8.3 trillion as of December 2021."[3] And as reported by McKinsey, the shift also happened globally, with "total private markets assets under management (AUM) reach[ing] $11.7 trillion as of June 30, 2022."[4]

1 BC Government, "2023 Order of British Columbia Recipients" (backgrounder), **news.gov.bc.ca**, August 7, 2023.

2 See **bci.ca/who-we-are**

3 Citing investment data firm Preqin, as of December 2021. See **fsinvestments.com**.

4 McKinsey & Company, *McKinsey Global Private Markets Review: Private Markets Turn Down the Volume*, **mckinsey.com**, March 21, 2023.



panimoni/iStock/Getty Images

A renewed focus on ASPE

In Canada, this trend has put a new focus on ASPE, because creditors are no longer the main recipients of the financial statements of private enterprises. Private equity investors around the world are now part of the audience, and they have much different needs than creditors—they often want, or require, information similar to that produced using IFRS.

Does this spell the end of ASPE? Probably not. While Canada's Accounting Standards Board (AcSB)[5] is currently exploring the concept of scalability, not all private enterprises will be considered for private equity investing. Many are just small businesses that are not even on the radar of equity investors, and they cannot afford the added responsibility and work that comes along with meeting the requirements of IFRS.

And as we know, BC runs on small business. Times are already tough without adding the burden of higher financial reporting standards on companies that would never be considered as equity investments in the first place. Given that all companies have the option of implementing IFRS, those who want to be considered for equity investments can just adopt the standards on their own.

Navigating a complex regulatory environment

The AcSB has a host of considerations, projects, and amendments on its plate—including, for example, the complexity of cloud computing arrangements, which resulted in new guidance in late 2022: Accounting Guideline 20 (AcG-20), Customer's Accounting for Cloud Computing Arrangements.[6] In essence, the AcSB determined that further guidance was needed to help stakeholders in both the private and not-for-profit sectors identify the separable elements that may exist in these arrangements.

Just as accounting standards must keep pace with a changing world, so must accountants and financial statement preparers. Staying abreast of all of the changes in the various *CPA Canada Handbook* sections can feel like a daunting task, but there are some resources that can help. Both CPABC and CPA Canada provide regular updates online, and the Financial Reporting and Assurance Standards Canada website provides an updated list of the key priorities and projects being reviewed by the AcSB. ■

[5] See **frascanada.ca**.

[6] CPA Canada, "Financial Reporting Alert: Accounting Guideline 20, Customer's Accounting for Cloud Computing Arrangements," **cpacanada.ca**.

REMINDER NOTICE: New Quality Management Standards

As mentioned in the last two issues of *CPABC in Focus*, the Canadian Standard on Quality Control (CSQC1) has been replaced by the Canadian Standard on Quality Management (CSQM1 and CSQM2) and related amendments to relevant assurance standards.

Firms that perform assurance engagements were required to implement the quality management systems by **December 15, 2022**. Non-assurance firms, *which include compilation engagement providers*, were given a one-year deferral to **December 15, 2023**.

Visit **pd.bccpa.ca** to find quality management seminars for non-assurance providers.

Executive Program

Controller's Operational Skills Program

December 13-16 (live virtual)

During this interactive, four-day executive program, you'll learn how to strengthen your role on the management team and maximize your department's effectiveness by honing your skills in risk management and quality control, ethical leadership, planning, budgeting and forecasting, performance measurement, and financial reporting.



HAKINMHAN/iStock/Getty Images

PD PROGRAM HIGHLIGHTS

New Seminars for Fall/Winter

Looking to gain a new skill or get a tax update? Don't miss out on the newest seminars in our fall/winter program, with topics ranging from audits to ESG to emotional intelligence.

ACCOUNTING & ASSURANCE

ASPE – Revenue Recognition 3400

This course will address the challenges faced by preparers of ASPE financial statements and practitioners with respect to the recognition, measurement, presentation, and disclosure of revenue transactions under ASPE.

Audits – Risk Assessment (Using the PEG)

This seminar will provide practical guidance on applying the requirements of Canadian auditing standards when performing procedures during the risk assessment phase of an audit engagement.

Compilations – Specific Topics

In this course, practical examples will illustrate areas where practitioners are having difficulty implementing CSRS 4200, *Compilation Engagements*. It will review the scope of the standard, engagement acceptance/continuance, and engagement and reporting performance.

STRATEGY, GOVERNANCE, RISK & HUMAN RESOURCE

Employment Standards Update and Pay Transparency Act Introduction

This seminar provides a brief overview of amendments to BC's *Employment Standards Act*, with an emphasis on new obligations and commonly misunderstood requirements. It also provides an introduction to BC's new *Pay Transparency Act*.

Introduction to ESG Reporting Series

This series will highlight the importance of environmental, social, and governance (ESG) reporting standards and explore how ESG is becoming increasingly integrated with financial reporting. The first session will focus on ESG reporting and subsequent sessions will take a deeper dive on ESG matters.

A Concise Understanding of GRC Programs – A Critical Success Factor

This full-day course will provide you with an understanding of governance, risk, and compliance (GRC) programs and demonstrate how to integrate GRC programs in your organization's daily business activities.



OlgaArkhipenko/iStock/Getty Images

PEOPLE MANAGEMENT & PERSONAL DEVELOPMENT

Essential Communication Skills

A master negotiator is a good communicator, and this seminar will show you how to become a good communicator at the bargaining table. Completion of this seminar is eligible towards the Negotiating Mastery Certificate Program.

The Emotionally Strong Leader Book Club

This five-part series will teach you how to enhance your emotional intelligence skills and become the emotionally strong leader you always envisioned you could be.

Path to Promotion: The Succession Planning Playbook

Having a succession plan is critical to the long-term sustainability of your organization. This session will outline the steps needed to develop and prepare team members and stakeholders for succession.

TAXATION

Alternative Minimum Tax Changes – Tax Planning Impacts

This session will highlight the changes to the alternative minimum tax (AMT), provide numeric examples to show the impact of these changes, and review the new AMT planning issues.

International Tax – Canadians Acquiring Shares of Foreign Affiliates and Subsidiaries

This seminar will review the tax implications of cross-border transactions, such as investments made by Canadians overseas and transactions between members of multinational corporate groups. Participants will learn effective strategies to minimize tax for their cross-border clients.

Selected BC PST and GST/HST Issues: Construction and Manufacturing in BC & Application to Cross-Border Supplies

The session will focus on the indirect tax issues associated with the construction and manufacturing industries and provide a high-level overview of key topics of relevance, interpretive issues, and case law.

PD Nexus Days

PD Nexus Days are information-packed days designed to deliver new information on current and relevant topics to members in multiple, bite-size sessions throughout the day.

LOCAL GOVERNMENT ACCOUNTING & AUDITING WORKSHOP

Skills for a sustainable future

Coast Coal Harbour Hotel | November 23-24

Presented in conjunction with the Government Finance Officers Association of British Columbia, this two-day, biennial workshop provides an opportunity for practitioners and auditors to get up to date on accounting and auditing practices, discuss hot-button issues, and exchange ideas. Topics to be covered during the November 2023 offering include an update from the Public Sector Accounting Board, an overview of revenue recognition and Canadian accounting standards, and much more.

Attendees will have the opportunity to meet, interact, and exchange ideas with some of those involved in setting standards.

BUSINESS AND INNOVATION INSIGHTS

Moving forward

Vancouver Convention Centre | December 13

Now is the time to connect with peers and explore new ideas with sessions on ethical leadership, ChatGPT, keeping up with Excel, ESG, and much more. In our opening plenary session, "The Business of Learning: Preparing Your Mind for the Future," speaker Terry Small will offer clear and practical ideas to help you learn anything better, easier, and faster. In our afternoon plenary session, "Economic Update: What's in Store for 2024," speaker Rosanne Horner will provide an overview of the economy in BC, Canada, and internationally.

CPABC
Nexus Days

Scan the QR code for registration details and more!

Ethics Resources

As part of our dedication to your lifelong learning, CPABC's PD team strives to bring you topical and interesting ethics seminars. Check out these new titles available in our fall/winter program:

Business Ethics: From Enron to Lehman Brothers

Analyze the collapse of Enron Corporation and Lehman Brothers from the perspective of moral psychology and culture, with the objective of understanding how lessons learned may be applied to the current business environment.

Contemporary Ethics for CPAs

Being aware of emerging trends that may influence corporate sustainability enables CPAs to provide leadership during times of transition and amid changes in reporting standards. This seminar will guide participants through recent economic, social, and governance trends, and explore how these changes may affect their roles and the CPA profession as a whole.

How to Build an Ethical Culture

Gain valuable insights and practical tools to foster integrity, align behaviour with values, and build a robust ethical foundation for your company.

Leading Ethical Teams

Understand how your behaviours impact your team, how they see you as a leader, and how they model your behaviours. Explore how your leadership decisions and actions affect the organizational culture and influence the accepted behaviours within it.

Professional and Applied Ethics for Canadian CPAs

Enhance your personal ethical awareness as a CPA as you explore some of the key moral questions that can arise in professional accounting and discuss applied business ethics at an introductory level. One of the iconic case studies that will be presented is the rise and fall of accounting firm Arthur Andersen.

Survival Skills for a New Era of Ethics and ESG

Using case studies, personal experience, and interactions with leading ESG thought leaders from around the globe, this session will offer an engaging and fresh perspective on ESG and some concrete strategies to help participants at all levels of their organizations feel more confident in this new era.

Visit **pd.bccpa.ca** for all registration details.

ANNOUNCEMENTS AND ACCOLADES

Kudos!



Lisa Eng, CPA, CA, CPA (Illinois), was recently promoted to senior vice-president, public practice & practical experience at CPABC. Lisa has worked in the CPA profession since 2008 and most recently served as CPABC's vice-president, public practice regulation.



Candice Hartwell, CPA, CMA, a partner with VEER Business Advisors Ltd. in Coquitlam, was recently appointed president of the Association of Women in Finance in Vancouver. Candice also serves as the outgoing president of the Fraser Valley Chapter of the Risk Management Association and is a financial literacy volunteer with CPABC.

Jennifer Jones, CPA, CA, was recently promoted to associate director of CPABC's Professional Development Program. Jennifer has worked in the CPA profession for 12 years and most recently served as CPABC's PD program manager.



Have some news to share?

We'd love to hear from you!
Email us at **infocusmag@bccpa.ca**.

CHAPTER SOCIAL EVENTS

CPAs Reconnect at Chapter Golf Tournaments

This summer, members of the CPABC Okanagan Chapter and CPABC Kootenay West Chapter had a chance to participate in their local chapter golf tournaments. Here's a quick recap of the events.

The Okanagan Chapter hosted its Okanagan Cup golf tournament on July 13, 2023, after a three-year postponement. More than 50 chapter members and their guests gathered at the Pinnacle Course at Gallagher's Canyon in Kelowna. The golfers capped off their afternoon on the course by enjoying a burger buffet dinner and networking with peers. This event doubled as a charitable event as attendees also brought donations for the Central Okanagan Food Bank.

On September 14, 2023, 17 members of the CPABC Kootenay West Chapter made it out to the Birchbank Golf Course at the Rossland-Trail Country Club in Genelle for their chapter golf tournament. The group, made up of both current and retired CPAs, played nine holes, and the winning score came in at five strokes under par! After finishing the round, the golfers gathered on the bistro patio for networking and burgers.

Both chapters would like to thank everyone who came out to support these events. For more chapter news, visit **bccpa.ca/chapter-events**.





Members of the CPABC Kootenay West Chapter enjoy the opportunity to catch up with their peers. Photos provided by event organizers.



EVENTS

Tee Time: CPABC's 2023 Golf Tournament

CPABC celebrated its 62nd annual CPA Golf Tournament at the Mayfair Lakes Golf & Country Club in Richmond on August 31, 2023. The event welcomed more than 120 CPABC members and their guests, with teams choosing between a regular or scramble format.

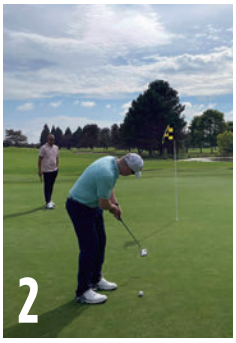
Following an enjoyable round of golf, participants gathered for dinner, which enabled them to reconnect with peers and share highlights from the day. As per tradition, the evening featured an exciting prize draw, which ensured that every participant left feeling like a winner, and trophies were awarded to those who achieved the lowest scores in the following categories:

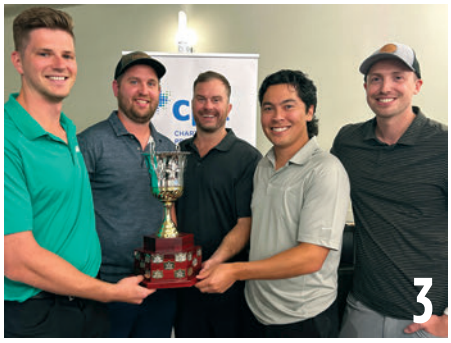
- Men's Low Gross – **Gary Wozny, CPA, CA**;
- Ladies' Low Gross – **Connie Hang, CPA, CGA**;
- Men's Over-55 Low Gross – **Andre Lemieux, CPA, CA**;
- Team Low Gross – **Andre Lemieux, CPA, CA**; **Peter Lewis**, **CPA, CA; Ben Moxon, CPA, CA**; and **Gary Wozny, CPA, CA**; and
- Team Low Scramble – **Alex Crompton, CPA**; **Chris Hirano, CPA**; **Brad Vleeming, CPA**; and **Andrew Williams, CPA**.

CPABC extends its heartfelt gratitude to the dedicated volunteer organizers who played a pivotal role in making this year's tournament a success—with a special acknowledgment of **Ben Moxon, CPA, CA**, who has been a driving force behind the tournament's organization since 1989. We'd also like to thank the members, firms, and organizations who contributed draw prizes, as well as the tournament's sponsors:

- Davidson & Company LLP,
- DLA Piper (Canada) LLP,
- Genumark,
- Lindsay Kenney LLP,
- Lohn Caulder LLP,
- Manning Elliott LLP,
- Moxon Personnel Ltd,
- Tompkins Wozny LLP, and
- The Vancouver Whitecaps.







1. Tournament organizer Ben Moxon, CPA, CA, prepares to greet golfers at the registration tent. 2. A focused competitor lines up his shot. 3. On behalf of Davidson & Company LLP, Dylan Connelly, CPA, CA (centre), presents the Low Scramble trophy to winners Andrew Williams, CPA; Brad Vleeming, CPA; Chris Hirano, CPA; and Alex Crompton, CPA. 4. CPABC President & CEO Lori Mathison, FCPA, FCGA, LLB, welcomes attendees to the dinner portion of the event. 5. Ladies' Low Gross winner Connie Hang, CPA, CGA, receives her trophy from CPABC Board Chair Chris Gimpel, CPA, CA. 6. Smiling golfers await their turn at the tee box. Photos provided by event organizers.







Financial Security

Personalized Fee-Only Portfolio Management & Comprehensive Financial Planning Since 1994



John S. Clark, CPA, CA, CFA, CFP
President

Pacific Spirit | Investment Management Inc
604-687-0123 | www.pacificspirit.ca | info@pacificspirit.ca

Dream It ... Plan It ... Live It!

SELL YOUR ACCOUNTING FIRM ON YOUR TERMS.

As the industry's leading team of accounting firm intermediaries, Poe Group Advisors has the resources to help you at every stage of your career.



Helping accountants write their next chapter.
POEGROUPADVISORS.COM | 888-246-0974 |
POE GROUP ADVISORS

accountancy insurance audit shield
audit shield

Stay one step ahead of the taxman.

Don't let the cost of a CRA review catch you or your clients off guard.



Canada's Leading Accounting & Tax Franchise

BRANCHING OUT ON YOUR OWN?

Since 1966 Padgett offers accountants a fresh yet proven alternative to the challenges of going it alone.

As a Padgett office owner, you will have access to state-of-the-art systems, time-tested marketing techniques, highly qualified professional support team in taxation, technology and marketing as well as ongoing courses and seminars.

It's time you start accounting for yourself.

Call us: 1-888-723-4388, ext. 222
www.padgettfranchises.ca

Padgett

Recruiting IN MOTION

HIRING? CALL THE EXPERTS!

- PERMANENT and TEMPORARY STAFFING
- 100% Satisfaction Guaranteed
- CPA Member Discounted Rates

CALL and SAVE! 604-639-1222
vancouver@recruitinginmotion.com | www.recruitinginmotion.com

Our discovery and wealth management approach is driven by what matters most to you
Start a conversation today.

TD



Russell J. Chew, CPA, CA, CFP®, CIWM
Senior Portfolio Manager, Senior Investment Advisor
Tel: 604-482-8404 | russell.chew@td.com

TD Wealth Private Investment Advice
10th Flr-700 West Georgia Street, Vancouver, BC V7Y 1A2
vsiwealthmanagement.com

VSI | Wealth Management Group

TD Wealth

VSI Wealth Management Group is a part of TD Wealth Private Investment Advice, a division of TD Waterhouse Canada Inc., which is a subsidiary of The Toronto-Dominion Bank. All trademarks are the property of their respective owners. ® The TD logo and other trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.

Get Noticed

CONTACT
Advertising in Print
604.681.1811



popartic/iStock/Getty Images

Practice for Sale

Great opportunity to own a well-established accounting practice servicing clients located primarily in the Richmond/Delta/Surrey area with billings in the $425,000 range. This practice provides accounting services (mainly compilations and personal tax returns, few review engagements) for small to medium-sized businesses and has been in operation for decades. The practice has consistent revenue over the years and has plenty of opportunity to grow in an ever-expanding community.

Please reply in confidence to **19511133A@gmail.com**.

Selling Your Accounting Firm?

Poe Group Advisors is the premier accounting practice intermediary firm in the industry. Selling a CPA firm is a significant venture, and we help you transition with ease and for cash at close. Discover your practice value: **poegroupadvisors.com/selling**.

Email **bball@poegroupadvisors.com** or call 888-246-0974 today.

Buying an Accounting Firm?

Let's find your next opportunity. Bank financing available! Visit our marketplace: **poegroupadvisors.com/buying/listings**.

Accounting Practice Academy (APA)

Join our virtual workshop and build a salable firm. "Our gross revenue is up six figures… the workload went down drastically." Bill & Chris Murphy, APA members.

Visit: **AccountingPracticeAcademy.com**.



Support the advancement of accounting education

Visit **bccpa.ca/cpaef** for details, including how to donate.

CPA CHARTERED PROFESSIONAL ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

SNAPSHOT:

Debra Neufeld, CPA

The job: Founder & leader of Debra Neufeld, CPA in Lillooet.

Small town, big impact: When Debra moved to Lillooet in 2016, she was the only CPA within a two-hour radius. “I saw an opportunity to help people in my area understand the profitability of their businesses—because a profitable business has longevity, and that feeds into the success of the community.”

Best part of the job: Helping clients create long-term strategies. “Sole proprietors are often so deep ‘in the weeds’ that they don’t think about retirement until it’s too late. My goal is to inspire them to make small changes that will ultimately improve their future.”

Big-picture view: As president of the Lillooet & District Chamber of Commerce, Debra keeps her pulse on what's happening in town. “I get so much enjoyment out of this role, and it’s another way for me to support local businesses.”

Passion project: She also gives FinLit presentations to local high school students to introduce them to basic financial concepts. “I love watching the students have ‘aha’ moments and talk about finances in a way they haven’t thought of before.”

Read more about Debra in the CPABC Newsroom at **bccpa.ca/newsroom**.



Kevin Suderman


I give to my community and with Vancouver Foundation, my giving lasts forever.
79 years ago, a single gift started Vancouver Foundation and that gift is still making a difference in the community today.
We can help you create a fund that gives forever. Get started at go.vancouverfoundation.ca/CPABC or call Kristin at 604-629-5186.
vancouver foundation
VANCOUVER FOUNDATION
1943
79
2022
COMMUNITY INSPIRED



Amazing lives fuelled by rewarding careers.

Discover your purple at Grant Thornton.

John Calder,
Senior Manager,
Professional Practice Group

With a flexible work environment, break time can be kite surfing time.

DiscoverYourPurple.ca

Grant Thornton

Audit | Tax | Advisory