CPABC

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FEBRUARY/MARCH 2014



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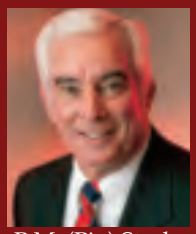
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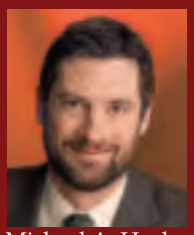
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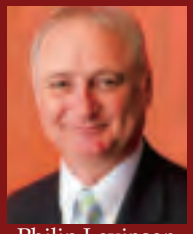
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CPABC INFOCUS

February/March 2014, Vol. 2, No. 2

British Columbia's CA, CGA, and CMA bodies are currently working to unite under the CPA designation. *CPABC in Focus* is their flagship magazine.

Transitional Steering Committee

President/Chair	Karen Christiansen, CPA, FCA
	David Sale, CPA, FCGA
	Tammy Towill, CPA, FCMA
First VP/VC	Dan Little, CPA, FCA
	Simon Philp, CPA, FCMA
	Brian Friedrich, CPA, FCGA
Second VC/VP	David Hallinan, CPA, CMA
	Barry Macdonald, CPA, FCA
Past Chair & Treasurer	Candace Nancke, CPA, FCGA

Transitional Management Committee

CMABC President & CEO	Vinetta Peek, CPA, CMA, CMA (Hon.)
CPABC and ICABC CEO	Richard Rees, CPA, FCA
CGA-BC CEO	Gordon Ruth, CPA, FCGA
ICABC COO	Jan Sampson, CPA, FCA

CPABC in Focus

Communications Leadership Team	Diane Chung, CMA, Edward Downing, Kerri Wilcox
Magazine Editorial Team	Tiana Mah, Michelle McRae, Patrick Schryburt
Magazine Design	Blindfolio Design

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

About

CPABC in Focus is published in British Columbia six times a year, and is sent to more than 34,000 CA, CGA, and CMA members, candidates, and students. Opinions expressed are not necessarily endorsed by the ICABC, CGA-BC, or CMABC.

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Notes from the Leadership

By Karen Christiansen, CPA, FCA, David Sale, CPA, FCGA, and Tammy Towill, CPA, FCMA

As we continue down the path to full unification in BC, we are pleased to let our members know about significant developments that have taken place at the leadership level. On December 20, 2013, Richard Rees, CPA, FCA, CMC, CAE, was appointed CEO of the Chartered Professional Accountants of BC.

A special committee made up of the president/chairs* of the three legacy organizations was struck to conduct a review of candidates. Supported by an outside consultant who assisted us with our due diligence in this process, we ultimately provided the Transitional Steering Committee (TSC) with a report and recommendation that Richard was the right candidate to fill the role of CEO.

The TSC unanimously supported this recommendation, believing that Richard's background and skills are the right fit for CPABC, and that his leadership and organizational experience will ensure a seamless management transition for employees, members, and other stakeholders. His impressive record at the provincial, national, and international levels supports the integration of our three legacy organizations, and he will provide strong leadership as we deal with the many challenges ahead.

We are also pleased to note that joining Richard on the senior executive team are Gordon Ruth, CPA, FCGA, the CEO of CGA-BC, and Vinetta Peek, CPA, CMA, CMA (Hon.), the president and chief executive officer of CMABC. Gordon's role on CPABC's senior executive team will include leadership of all current and future professional education and accreditation services provided by the profession in BC. Vinetta will take on the leadership of CPABC's business development and marketing activities. Rounding out the CPABC senior executive team is Jan Sampson, CPA, FCA, CFE, the chief operating officer of the ICABC. Jan will focus on member services activities as we seek to improve existing resources and create new services to meet the needs of our diverse membership.

This is an extremely talented and experienced leadership team, and we're excited to continue working with them as we build our new profession here in BC.

**Candace Nancke, CPA, FCGA, was chair of CGA-BC and a member of the TSC's special committee at the time the leadership appointments were made.*



Karen Christiansen, CPA, FCA



David Sale, CPA, FCGA



Tammy Towill, CPA, FCMA

CPABC Senior Executive Team



Richard Rees, CPA, FCA, CMC, CAE
CEO, CPABC and ICABC



Gordon Ruth, CPA, FCGA
CEO, CGA-BC



Vinetta Peek, CPA, CMA, CMA (Hon.)
President & CEO, CMABC



Jan Sampson, CPA, FCA, CFE
COO, ICABC

Sponsorships & Events

In January 2014, the ICABC, CGA-BC, and CMABC sponsored or attended a number of industry events promoting the CPA designation. These included the Vancouver Board of Trade's Economic Outlook Forum (January 16) and *Business in Vancouver*'s "Forty under 40" Awards (January 30). Upcoming sponsorships include *Business in Vancouver*'s Influential Women in Business Awards (March 5) and BC CFO of the Year Awards (May 22). For more details on upcoming CPABC-sponsored events, members are encouraged to visit the News & Events section of the website at **bccpa.ca**.

While promoting the profession on campus, the ICABC, CGA-BC, and CMABC sponsored or attended a number of on-campus events, including the JDC West competition for post-secondary students (January 17-19); the UVic Commerce Students' Society's annual business banquet (January 30); and career fairs at Kwantlen Polytechnic University (February 4-5), Okanagan College (February 5), and UBC Okanagan (February 6). A career fair at Trinity Western University will take place on February 13. Coming up on March 7 is the business career expo hosted by SFU's Beedie School of Business, UBC's Robert H. Lee Graduate School, and UVic's Peter B. Gustavson School of Business, which will take place this year at the Segal Graduate School of Business in downtown Vancouver.

To increase high school students' awareness of accounting and finance careers, CPABC served as the presenting sponsor of Junior Achievement BC's "Innovation Jam" on January 20. The new JABC initiative brings together high school students from across BC who are enrolled in JA's Titan and Company programs to learn how to create businesses focused on innovation.





VBOT Economic Outlook Forum 2014

1. Iain Black, president and CEO of the Vancouver Board of Trade, welcomes guests to the 25th Annual Economic Outlook Forum. 2. Panel 2 - Choices and Challenges: Transit, Transportation and Tomorrow's Economy, with panellists (l to r): Gregor Robertson, mayor of Vancouver; Dianne Watts, mayor of Surrey; Anne McMullin, president and CEO of the Urban Development Institute; Ken Peacock, chief economist for the Business Council of British Columbia; Dr. Peter Hall, associate professor (Urban Studies Program) at Simon Fraser University; and moderator Rick Cluff, host of *The Early Edition* for CBC Radio Vancouver. Photos by Sara Borck Photography.

Cabinet Ministers Breakfast

At a Cabinet Ministers Breakfast held on December 16, the Hon. Peter Fassbender, Minister of Education for BC, outlined the provincial government's vision for the K-12 public education system. The minister told those gathered at the BC Chamber of Commerce event that in order to create a healthy economy, students need the resources to help them succeed. He also lauded the role that teachers play in opening the doors of learning and preparing students for the future.

"There will be careers five years from now that don't exist today," said the minister.

Committed to encouraging dialogue between business and government, CPABC serves as a sponsor of the Cabinet Ministers Breakfast Series. CMABC board chair Tammy Towill, CPA, FCMA, and 2013 CGA-BC board chair Candace Nancke, CPA, FCGA, along with other senior members of the organization, represented CPA at the breakfast in December.



L to R: Kirby Smith, western regional manager, policy, for Merck; Janis Horne, director of development for UBC's Faculty of Pharmaceutical Sciences; Jim Belsheim, chair of the BC Chamber of Commerce; Candace Nancke, CPA, FCGA, 2013 CGA-BC board chair; John Winter, president and CEO of the BC Chamber of Commerce (back row); Peter Fassbender, Minister of Education; Tammy Towill, CPA, FCMA, CMABC board chair; Howard Nemtin, vice-chair of TransLink; and Ian Jarvis, CEO of TransLink. Photo: BC Chamber of Commerce.













CPA Careers in Accounting Panels – Kelowna & Vancouver

The CPABC recruitment team hosted two CPABC "careers in accounting" panels on December 3—one at the Coast Capri Hotel in Kelowna and the other at the Terminal City Club in Vancouver.

In Kelowna, more than 50 attendees and member volunteers networked and listened as the panellists—Mike Gilmore, CPA, CA, a partner with BDO LLP; Pat Keller, CPA, FCGA, an electronic commerce audit specialist with the Canada Revenue Agency and chair of CGA Canada's board of directors; and Karlene Sewell, CPA, CMA, general manager of the YMCA Okanagan—spoke about their career paths and offered advice to prospective CPA students.

In Vancouver, more than 100 prospective CPA students and member volunteers were in attendance to hear the panellists—Marianne Carroll, CPA, CA, a manager with PwC; Linda Lucas, CPA, CMA, the chief operating officer for KNV Chartered Accountants LLP; and Manoj Popat, CPA, CGA, an analyst with the BC Ministry of Finance—give their perspectives on working in public practice, industry, and the public sector.

Thanks go to Sandy Hilton, CPA, CA, Ph.D., director of professional education programs for CPA Canada, and Tammy Towill, CPA, FCMA, chair of the CMABC board of directors, for moderating the Kelowna and Vancouver events, respectively.



1. Panellists (l to r): Mike Gilmore, CPA, CA; Karlene Sewell, CPA, CMA; and Pat Keller, CPA, FCGA, at the Kelowna CPA speakers' panel on careers in accounting. 2. Sandy Hilton, CPA, CA, Ph.D., moderates the Kelowna event. 3. Nicole Fisher, a prospective CPA student, networks with CAs, CGAs, and CMAs in Kelowna. 4. CMABC board chair Tammy Towill, CPA, FCMA, welcomes everyone to the Vancouver CPA speakers' panel on careers in accounting. 5. Vancouver panellists (l to r): Marianne Carroll, CPA, CA; Linda Lucas, CPA, CMA; and Manoj Popat, CPA, CGA. 6. Ruben Ortiz, CPA, CMA (right) at the Vancouver event. 7. Prospective students network with member volunteers and panellists in Vancouver.

Kelowna photos by Grant Hancock. Vancouver photos by Brian Hawkes.

Hope in the City

More than 1,000 of BC's business leaders, politicians, and supporters took part in the Salvation Army's annual Hope in the City Breakfast at the Vancouver Convention Centre on December 5. Participants took time out to reflect on the inspirational words offered by various speakers. Among the speakers was Wally Buono, BC Lions' vice-president of football operations and general manager, who shared his own story of being an at-risk youth, and described his rise to become one of Canada's top athletes and a Grey Cup-winning coach.

CPABC participated in the event as a bronze-level sponsor.



Hope in the City Breakfast, 2013. Photo: Salvation Army.



Sharing words of hope: Wally Buono, BC Lions' VP of football operations and general manager (left), is interviewed by Dave Klassen, BC Lions' chaplain, at the Hope in the City Breakfast. Photo: Salvation Army.

CPA Young Professionals Forum Events

The CPA Young Professionals Forum (YPF) hosted an encore session of "Getting on Board," delivered by Michael Blatchford, a lawyer with Bull Housser LLP, on December 18.

James Proctor, CPA, CA, a member of the YPF, said, "This educational session provided useful information on how to get involved in not-for-profit organizations and unravelling some of the mysteries surrounding board service, including the Society Act, director's duties, and the skills required."

A common question raised was where to look for volunteer opportunities. One place is the CPABC jobs site (**jobs.gocpabc.ca**), where not-for-profit organizations (NPOs) can post their volunteer positions for free. Many NPOs are specifically recruiting for professional accountants to join their boards.



In November, the YPF hosted two sessions with Karen Wensley, author of the bestselling book *The Power of Personal Branding for Career Success*, published by CPA Canada. Wensley shared examples of how to develop your personal brand and how to find the right mentors as career guides.

Attendees at these sold-out sessions learned Wensley's eight-step process to developing a brand, heard real-world examples, and discovered how to use the practical tools included in Wensley's book (which can be purchased through the CAstore at **www.castore.ca**).



1. Session leader Michael Blatchford (left) and YPF member James Proctor, CPA, CA. 2. Karen Wensley (far right) leads a personal branding session.

Upcoming Events

Advance Notice: 2014 ICABC AGM and Members' Recognition Dinner
The ICABC's 2014 annual general meeting is scheduled to take place on the afternoon of June 25, 2014 in Vancouver. Directly following the AGM will be the 14th annual Members' Recognition Dinner. So mark your calendars now, and join us for both events! Details will be provided in upcoming issues of the magazine.

CPA Young Professionals Forum (YPF)
The next YPF event, entitled "Job Trends – BC's Economy and the Future for Younger Workers," will be taking place on March 4. For a complete listing of upcoming events, check the News & Events section at **bccpa.ca**.

CPABC Spring Leadership Conference
Don't forget to save the date for the CPABC Spring Leadership Conference, which will be taking place May 22-23 at the Hyatt Regency Hotel in downtown Vancouver.

Prior to being offered under the CPABC banner in 2014, the Leadership Conference was hosted by CMABC for seven years, attracting over 500 accounting and financial professionals from around BC annually.

Don't miss our 2014 keynote speakers—Jim Carroll, one of the world's leading global futurists and trend and innovation experts; David Eaves, an expert in public policy and strategy; and Diane Francis, an award-winning columnist, bestselling author, and editor-at-large for the *National Post* newspaper since 1998—the CEO panel discussion, or the popular evening networking reception. Visit **cmabc-pd.com** for more details.

Coming this fall: The CPABC Fall Leadership Conference will take place September 17-21 in Victoria.



May 2013 Leadership Conference. Photo by Jay Shaw Photography.

CALL FOR ICABC COUNCIL NOMINATIONS

Nomination forms for candidates for the 2014/2015 and 2015/2016 Council must be received at the ICABC office by 5:00 pm on Wednesday, May 21, 2014.

At the ICABC annual general meeting to be held on June 25, 2014, seven vacant positions on Council will be filled by candidates elected for two-year terms, as allowed for under our current legislation. Recognizing the unification and merger initiatives currently under way, these terms could be impacted if and when the government enacts new CPA legislation. The BC Merger Proposal, the report to the BC government, and the Merger Agreement all propose that the initial positions on the new CPABC Board would be filled by current members sitting on the unifying bodies' Council/Board(s) at the time the legislation is enacted.

To maintain minimum geographical representation with respect to the seven vacant positions to be filled at the 2014 AGM, ICABC Bylaw Regulation 511/1 requires that at least two vacancies must be filled by candidates from the Lower Mainland. Other minimum geographical representation requirements are satisfied by incumbent members of Council serving the second year of their two-year terms. The remaining vacancies may be filled by candidates from anywhere in British Columbia.

The **Council Nomination Form** will be available on the ICABC website at **www.ica.bc.ca** under Member Centre, Forms, Leadership after February 4, 2014.

Richard Rees, CPA, FCA
CEO
February 1, 2014

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Use of CPA Designation by Members

As per the bylaws passed at special and annual general meetings of the ICABC, CGA-BC, and CMABC in 2013, if you wish to use the Chartered Professional Accountant (CPA) designation, it must be accompanied by your legacy designation. This means your credential would be listed as "CPA, CA," "CPA, CGA," or "CPA, CMA."

In addition, firms are not able to use the CPA designation in the firm name or descriptive style until new legislation has been enacted. We have prepared an FAQ on the use of the CPA designation for your reference. Visit **www.bccpa.ca**, and choose "Use of Designation" under the Members tab.

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CPABC in Focus

Digital editions of *CPABC in Focus*, *BC Check-Up*, *Industry Update*, and *CPABC eNews* are available at **bccpa.ca** under the Publications tab.



Industry Update

Student & Candidate Resources



CPA Prerequisite Education Program (PREP)
Module 7: Audit and Assurance (summer 2013 intake)
- *Final evaluation – March 1*

Module 8: Taxation (summer 2013 intake)
- *Classes begin – March 3*
- *Final evaluation – April 5*

Module 5: Financial Reporting (winter 2014 intake)
- *Mid-term evaluation – March 22*
- *Final evaluation – May 3*

CPA Professional Education Program (PEP)
Some key dates for core modules 1 and 2 in 2014:

Core Module 1
- *Registration period closes – March 3*
- *Module start – May 3*
- *Withdrawal deadline – May 30*
- *Orientation workshop – May 3-4*
- *Module workshop – May 31-June 1*
- *Exam date – July 7*

Core Module 2
- *Registration period closes – March 3*
- *Module start – May 3*
- *Withdrawal deadline – May 30*
- *Module workshop – June 14-15*
- *Exam date – July 7*

Summary schedule at **www.cpalearningwest.ca**.

CMA Strategic Leadership Program (SLP)
SLP Year 1 (fall 2013 intake)
- *Module 3 interactive session – Feb 22-23*

SLP Year 1 (winter 2014 intake)
- *Module 1 interactive session – March 1-2*

SLP Year 2
- *Module 6 interactive session – March 22-23*
  – March 29-30

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WOMEN'S **LEADERSHIP** COUNCIL

The Women's Leadership Council of the Chartered Professional Accountants of Canada (CPA Canada) is a voice for women professional accountants. We act as a catalyst for change, promoting a work environment within the profession that provides for the retention and promotion of women to positions of leadership without bias, unintended or otherwise, based on gender.

By Sukesh Kumar, CPA, CA, CGA, CPA (Illinois)

The Imperative of Going Global

Every Canadian company focusing on growth needs to have a strategy for emerging markets. Canada has what developing markets need and want: oil, natural gas, base and precious metals, fresh water, lumber, potash, food and food processing, along with all the related technology, knowledge, and expertise we have developed across these industries. Emerging markets,[1] meanwhile, have what Canadian companies need: a growing base of new, middle-class consumers; lower-cost labour; sophisticated manufacturing capabilities; and high-yield investment opportunities.

Despite all the opportunities available, a recent survey of Canadian businesses revealed that only 39% of companies surveyed have an emerging-markets strategy, and even of that 39% not all had a comprehensive plan.[2] This needs to change quickly as developing economies are key to the medium- and long-term success of Canadian companies. Even small- to medium-sized Canadian companies need to find a way to access China, India, and Latin America, where business and consumer bases are expanding.



Mike Watson Images/moodboard/Thinkstock

By 2030, this world will be a vastly different place. What we currently think of as an "emerging" market will by then (or even earlier) be considered developed—and thriving. The bulk of consumers—and consumer spending—will have shifted from North America and Europe to Asia, Africa, and South and Latin America. The change will be so dramatic that it will affect virtually every business, in every part of the world.

Purchasing power shifts to billions of new consumers

Without an emerging-markets strategy, Canadian companies risk missing out on what will likely be one of the most transformative consumer shifts in recent history. By 2030, the middle class in China will be roughly four times the size of America's middle class, reaching 1.4 billion consumers, compared to only 365 million in the US and 414 million in the EU. India, it is estimated, will reach 1.07 billion middle-class consumers in less than 20 years.

By 2015, US and Western European consumer spending combined will account for only 26% of world GDP, down from 38.5% in 2002. Compare this with the BRIC[3] countries' combined consumer spending: After averaging 4.4% from 1995 to 2005, it accounted for 8.1% of world GDP in 2010, and is projected to reach 12% by 2015.

These shifting tides mark a turning point. The US used to make up as much as 85% of Canada's trade; that number has been steadily decreasing over the last decade and now lies at less than 75%—with the difference moving to emerging markets. Canadian companies and our government have realized that they must diversify their trading partners and "go where the growth is." These markets will only continue to grow as their middle-class consumer populations expand their need for everything from food and consumer products to natural resources.

With a combined population of more than 2.5 billion people, two of the world's fastest-growing economies, China and India, are increasingly looking outside their borders to fulfil their consumption needs. In fact, demand in developing countries serves as Canada's main driver for growth as these nations seek out a secure, steady, and reliable flow of raw materials.

Canada expands trade with emerging markets

Given these opportunities, it should come as no surprise that the Canadian government has been actively seeking to expand trade agreements with many emerging economies over the last five years, including China, India, Panama, Peru, Brazil, and Colombia.

On November 12, 2010, Canada and India announced the launch of negotiations toward a Comprehensive Economic Partnership Agreement (CEPA). The eighth round of negotiations toward a CEPA was held in Ottawa in June 2013.

In September 2012, the Canadian government signed the Canada-China Foreign Investment Promotion and Protection Agreement to enhance trade and investment between the two countries.

In 2012, Canada also joined the Trans-Pacific Partnership, which will link us to a market of 658 million people worth $20 trillion annually in countries including Chile, Peru, Australia, Malaysia, New Zealand, Singapore, and Vietnam.

[1] Emerging markets are defined in this article as countries/regions with social or business activity in the process of rapid growth and industrialization; in particular, China, India, and Latin America.

[2] *The 27th Quarterly C-Suite Survey: Cash Reserves, Debt, Interest Rates and CEO Compensation* was conducted on behalf of KPMG by the Gandalf Group on June 18, 2012. (**www.kpmg.com/Ca/en/topics/C-Suite/Documents/The-27th-Quarterly-C-Suite-Survey.pdf**).

[3] Brazil, Russia, India, and China.

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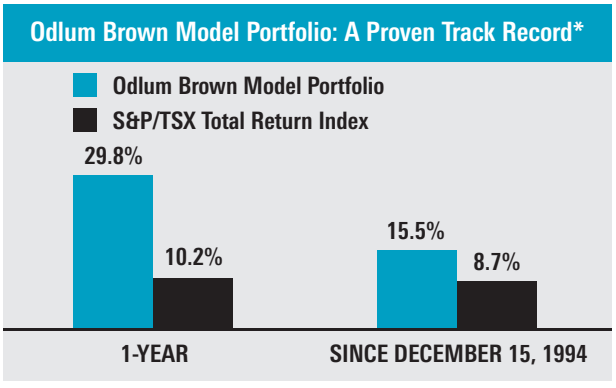
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* Compound annual growth rates are from inception December 15, 1994 to December 15, 2013. The Odlum Brown Model Portfolio is a hypothetical, all-equity portfolio that was established by the Odlum Brown Research Department in December 1994. Trades are made using the closing price on the day a change is announced. These are gross figures before fees. Past performance is not indicative of future performance. Member-Canadian Investor Protection Fund.

China: The first market to emerge

During the economic downturn of the last four years, the Chinese economy has continued to experience significant growth. Even with slower-than-expected GDP growth of 7.8% in 2012, China's growth still outstrips that of most countries around the world. In the last four years, cash-rich Chinese companies have looked outside their borders to find reliable resource markets to expand their operations and breadth of knowledge. For many, that search has led them to Canada.

Prior to the 2013 Nexen-CNOOC[4] deal worth $15.1 billion, an investment in December 2012 saw state-owned PetroChina Co. Ltd. purchase a 49.9% share in Alberta-based oil and gas producer Encana Corp.'s Duvernay natural gas operation for $2.18 billion. Also in December 2012, China's top refiner, Sinopec Corp., purchased a 49% interest in Talisman Energy Inc.'s UK North Sea business for $1.5 billion.

These acquisitions highlight China's need to secure reliable, long-term sources of energy to fuel its growth, and the access to Canadian technology, expertise and knowledge in extractives that comes with such transactions. But these transactions also benefit Canadian businesses—they enable cash-strapped Canadian companies to generate the capital they need to drive projects forward, create jobs, maintain head offices in Canada, and boost share premiums on stock prices for Canadian shareholders.

Bilateral trade between Canada and China has been increasing every year. Exports to China increased from $10 billion in 2008 to $19 billion in 2012. During the same period, imports from China increased from $43 billion to $51 billion.

India: The next wave

Recent economic activity in India and current demographics tell a very convincing story about India's long-term growth potential. India's GDP has been growing by an average of 8% over the past decade. Although this GDP growth has recently slowed down to 5%, even this slower growth is much better than the GPD growth rates in developed countries.



Unlike China, the private sector in India accounts for the majority of the growth, which is being fuelled by a large and expanding middle class—more than 50% of India's population is under the age of 25, and more than 65% is under 35.

As a rapidly expanding country, India has need of Canadian resources, technology, and expertise; this includes everything from education, infrastructure, and extractive technologies to agribusiness and food processing (such as dairy products, seafood, beverages, wine, and packaged products). In addition, Canadian expertise in transportation and cold supply chain logistics are of particular interest to India, as the country needs to devise ways to safely store products and move them over long distances in its efforts to keep up with demand from its rapidly expanding middle class.

India, meanwhile, has much to offer Canadian companies looking to expand their operations globally. KPMG's *Competitive Alternatives 2012 Special Report: Focus on Tax*,[5] finds India to be the top-ranked country for both manufacturing and corporate services, which can be a significant benefit to companies where labour represents a key business factor.

In 2012, bilateral trade between Canada and India totalled only $5.2 billion ($2.4 billion in exports from Canada and $2.8 billion in

[4] The takeover of Canadian oil and gas company Nexen Inc. by Chinese state-owned CNOOC Ltd. closed on February 18, 2013. Note, however, that while the Canadian government did approve the Nexen-CNOOC deal, it also sent a clear message that investments by state-owned enterprises for controlling interests in oil sands companies would be closely scrutinized, and—if not in the national interest—would not be approved. Prime Minister Harper also remarked that while Canada is open for business, this does not mean that Canada is for sale to foreign governments. This will have an impact on future investments into Canada.

[5] Released September 25, 2012. PDF available at **www.competitivealternatives.com**.

imports from India). Given the size of these two economies and what each country has to offer, there is significant potential for growth. Hence, both the Canadian and Indian governments have set a target to increase bilateral trade to $15 billion in the next few years.

Opportunities by sector

In addition to the resource sectors (oil & gas, mining, and forestry), other key industry sectors for emerging markets include:

- ***Infrastructure*** – Every emerging economy is spending significantly to build up its infrastructure in areas such as highways, airports, ports, rail networks, etc. Large Canadian companies like Bombardier, SNC-Lavalin, Pratt & Whitney, and Magna International are already engaged in trade with emerging markets, but mid-sized or smaller Canadian companies could also get involved by analyzing whether their products, technology, or services have a competitive advantage.

- ***Energy*** – Emerging countries are investing not only in traditional sources of energy, but also in renewable energy. This, too, is an area where Canadian companies have a lot to offer, ranging from hydro plants to solar, wind, and fuel cells, along with the technology driving the development of these opportunities.

- ***Food processing and agribusiness*** – With the significant increase in consumption in emerging markets, there is a need for new products and technology in food processing, grain handling, and storage. For many emerging markets, a significant portion of agricultural produce is spoiled due to a lack of integrated cold-chain, storage, and other infrastructure facilities. These are areas where Canadian companies have an edge and can bring their technology and know-how to bear. Canada is already exporting grain and pulses (dry beans like pinto, kidney, and navy beans; dry peas; lentils; and others) in large quantities to emerging countries, but there is the potential to expand trade further.

- ***Education*** – For an emerging country like India, its great demographic boon—its young population—could become its demographic downfall if these young people are not trained and educated to become the value-added workers of tomorrow. With about one million schools and 25,000 institutes of higher education, the government spends US$30 billion a year or 3.7% of GDP on education, yet over 50% of the education sector is private. Based on the demand and current supply, there is a tremendous opportunity for Canadian universities, colleges, and schools.



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- ***Other industries*** – Other industries that offer opportunities include information & technology, the financial sector, water & waste-water management, and manufacturing.

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What it takes to succeed in emerging markets

- Do your homework – You have to know the market. Finding a local partner—a business owner with similar interests or an adviser who knows the landscape—is your first step.

- Gain familiarity – You have to understand cultural nuances, as these will allow you to see the full potential. Social and religious beliefs often drive the nature in which businesses operate and have an impact on consumer spending patterns. Familiarity with these nuances will help you adapt your product or service to best fit the local market.

- Focus your market entry strategy – Recognize that countries like India have diverse regions. If you're focused on a specific region, you must tailor your market strategy to that region.



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- Apply what you know – Canadians have a lot to offer in terms of capital, technology processing, infrastructure, efficiency, and supply chain management experience. Build a strategy to take what you know and adapt it to the emerging market.

- Think long-term – You have to have patience when it comes to everything in an emerging country—from changing consumer habits to red tape. If you want to get in quick and make money right away, an emerging country like China or India might not be the market for you.

- Tap into available resources – Beyond your network of advisers (accounting firms, law firms, colleagues, and peers), there are numerous organizations that can support you in developing and executing an emerging-markets strategy specific to your business. These include:
  - Business associations, such as the Canadian Chamber of Commerce, the Canadian Council for the Americas, and other associations focusing on specific emerging markets (for example: the Canada-India Business Council and the Canada-China Business Association); and
  - Government organizations, such as the Department of Foreign Affairs, Trade and Development Canada, provincial trade ministries, Export Development Canada, and emerging countries' high commission and consulate offices in Canada.

Do you have an emerging-markets strategy?

Canadian businesses need to focus on where the growth opportunities of the future will be. If the rapid pace of growth in these emerging markets is any indicator, the opportunities are heading east. ■

Sukesh Kumar *is a partner and head of the India Desk at KPMG LLP in Canada.*

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BC Needs to Encourage Small Businesses to Grow

By Jock Finlayson

Canada ranks as one of the best places in the world to start a new business, according to an annual survey done by the World Bank.[1] But the country does less well when it comes to encouraging its enterprises to grow—and in generating private sector innovation.

The two phenomena are linked: An economic and public policy environment that stimulates and rewards business growth should also foster a high level of innovation, since the evidence shows that growth-oriented companies are more likely to develop and adopt innovative technologies and business practices.

In thinking about these issues, government policy-makers in both Ottawa and Victoria would be wise to pay close attention to the outsized economic contributions made by the sub-group of fast-growing small and medium-sized enterprises (SMEs)—sometimes called "gazelles." A 2010 study by the Kauffman Foundation in the US estimates that the top-performing 5% of all American businesses—measured by their rates of employment growth—are responsible for two-thirds of net employment gains. And the top-performing 1% account for a remarkable 40% of US job growth.[2]

The picture is broadly similar in Canada. A report prepared for Industry Canada a few years ago confirmed that the comparative handful of Canadian businesses that grow rapidly generate significant economic benefits.[3]

The message from the existing empirical research and academic literature in both the US and Canada is clear: In a dynamic market economy, a comparatively tiny sliver of high-growth companies carry disproportionate economic weight.

Rapidly growing SMEs exist in many industries, not just high-technology, such as business services, construction, and manufacturing. But the key point is that growth is far from being the norm in the small business sector. In Canada, the vast majority of the newly established businesses that survive (almost half disappear within five years) remain small in size; only a modest number ever grow to reach medium size. And among medium-sized enterprises, an even tinier slice—1.4% a year, according to a 2013 Business Development Bank of Canada report—manage to graduate to the "large enterprise" category.[4]

[1] World Bank, *Doing Business 2010*.

[2] Duane Stangler, *High-Growth Firms and the Future of the American Economy*, Kauffman Foundation, 2010.

[3] Industry Canada, *The State of Entrepreneurship in Canada*, February 2010. Report prepared by Eileen Fisher and Rebecca Reuber. (**www.ic.gc.ca**)

[4] Business Development Bank of Canada, "What's Happened to Canada's Mid-Sized Firms," 2013. (**www.bdc.ca**)



"The substantial contribution of smaller businesses to BC's export mix suggests there is scope to further increase the involvement of locally based SMEs in international markets."

British Columbia is home to roughly 393,000 businesses.[5] As our politicians never tire of reminding us, 98% of these are small; by the BC government's definition, this means they have fewer than 50 employees (more than half have fewer than five). In fact, some 217,000 businesses in BC consist of self-employed individuals with no paid staff at all. In the past decade, the number of businesses in BC with paid employees increased only one-third as fast as the number with none. This suggests that a fair amount of private sector "job creation" in this province actually takes the form of people choosing, or being forced, to become self-employed—a group who, on average, have lower earnings than paid workers holding full-time jobs.

Contrary to what many people believe, an economy heavily populated by the self-employed and by micro-businesses with two or three employees is apt to have both lots of low-wage jobs and relatively low average employment earnings. This describes some important structural characteristics of the BC labour market.



As of 2012, only 6,900 enterprises in the province employed more than 50 people, and of these, most were medium-sized (50 to 499 employees). I estimate that only 700 to 800 firms in BC have 500+ workers. To build a highly productive private sector economy, the most pressing challenge in BC is *not* to engineer more start-ups and foster more micro-businesses—these are areas where we already perform well. Instead, it is to develop more large-scale enterprises, and to create an environment that supports growth-oriented medium-sized companies with strong roots in BC.

But why should we want more of our local businesses to get bigger? There are several reasons.

First, larger companies generally pay their employees more. In Canada, average weekly earnings in firms with 500 or more employees are 22% higher than in those with 20 to 49 workers. Non-wage benefits also tend to be more generous in larger companies. In BC, the average full-time equivalent small business employee pulled down an annual salary of $39,210 in 2012, compared to $48,318 for employees at firms with 50+ staff. Moreover, as the BC government's most recent *Small Business Profile* report observed, "the difference between wages of employees of small and large businesses widened [between 2007 and 2012]... as average earnings of small business employees increased at less than half the rate than those of their large business counterparts."[6] Policy-makers keen to see higher pay for workers and more "family-supporting" jobs should be thinking about ways to bolster BC's attractiveness to large companies and to the sub-set of innovative SMEs that have ambitions to grow.

Second, and closely related to the point above, larger firms are more productive, meaning that they generate more "value-added" per employee or per dollar of capital invested. Research from the OECD, Statistics Canada, and other agencies reveals that, on a per-worker basis, value-added typically

[5] For details, see the BC Government's *Small Business Profile 2013* publication.

[6] Ibid, page 21.

climbs in tandem with firm size.[7] The reasons for this correlation include the fact that bigger firms commonly have better-educated workers and managers, invest more in equipment and technology, do more training and skills upgrading, and have longer production runs (allowing fixed costs to be spread over additional output). As a business grows, it is usually able to achieve greater specialization of skills and outsource tasks that are more efficiently performed by other parties—both of which also boost productivity.

Two recent Statistics Canada studies found that the sizable productivity gap between Canada and the United States is mainly due to the fact that small companies and the self-employed make up a larger portion of the private-sector economy on our side of the border.[8] Fundamentally, raising Canada's productivity game requires that we develop more large companies—a point that sometimes seems to elude our government policymakers.

Third, cross-national research indicates that as businesses expand, they are more likely to engage in international commercial activity, including exporting. Getting local companies engaged with outside markets is a principal means by which small jurisdictions like BC are able to grow richer over time. In most countries, big companies usually dominate the trade statistics. According to Industry Canada, three-quarters of the country's exports come from "larger" businesses (here defined as those with at least 100 employees). The good news for BC is that there has been a notable increase in the number of SME exporters over time. Today, 85% of our exporters are "small" firms (fewer than 50 paid staff), and they supply more than a third of the province's international merchandise exports. The substantial contribution of smaller businesses to BC's export mix suggests there is scope to further increase the involvement of locally based SMEs in international markets.

Fourth, a substantial body of research shows that regions with large "anchor" firms and growth-oriented SMEs see accelerated innovation. While it is true that many small companies are highly innovative, large firms are actually responsible for 75-80% of global business research and development spending and for most patenting activity as well. In Canada, just 75 companies account for half of all private-sector R&D. Bigger companies have a greater capacity to finance innovation; to commercialize new ideas; to hire and develop scientists, engineers, and product managers; and to participate in collaborative arrangements with universities and external research organizations.



[7] For a recent Canadian example, see Statistics Canada, *"Canadian Labour Productivity Differences Across Firm Size Classes, 2002 to 2008,"* Canadian Productivity Review, catalogue 15-206-X, 2013.

[8] Statistics Canada, "The Distribution of Gross Domestic Product and Hours Worked in Canada and the United States Across Firm Size Classes," *Economic Analysis Research Paper Series*, No 88, 2013; and "Canada-United States Labour Productivity Gap Across Firm Size Classes," *The Canadian Productivity Review*, catalogue 15-206-X, 2013.

Finally, the presence of major corporate head offices has positive spillovers for regional economies. Among other things, a substantial and thriving corporate head office sector increases the demand for locally provided professional and business services (accounting, law, executive search, engineering, architecture and design, etc.). It also directly supports high-paying jobs in the large companies that have their headquarters in an urban region, and enhances the business community's capacity to contribute to and invest in local institutions and philanthropic activities (universities, hospitals, the arts, etc.). The presence of corporate headquarters is an area where Metro Vancouver has lagged behind other large North American urban centres. If more BC-based companies grew over time to achieve significant size, both the province and Metro Vancouver would benefit in many ways.

Government policy can help to shape an economic environment in which more companies will aspire to grow, export, and innovate—and embrace business strategies that are aligned with these goals. Making it simple to start a new company is certainly a good first step. Ensuring that capital is available to fund both start-ups and growth-oriented SMEs in general is critical; this includes not only venture capital, but also other sources of financing: mezzanine capital, private/public equity, bank loans, and strong "angel" investor networks.

Ideally, tax policy should also be geared to fostering entrepreneurial ambition and encouraging companies to grow. Here, Canada's record is far less impressive.[9] The tax system actually does surprisingly little to help companies expand or to export. Indeed, existing business tax policy, nationally and in BC, embodies incentives that hinder growth—for example through much lower income tax rates and more generous R&D provisions for small firms. Some provinces, such as Ontario, impose higher payroll tax rates as enterprises add employees to their payrolls. These long-standing features of the Canadian business tax structure require a re-think if governments want to encourage SMEs to grow and step up their participation in international markets.

Unfortunately, in BC the 2013 provincial budget took a step in the wrong direction, by hiking the basic corporate tax rate from 10% to 11% while leaving the preferential small business tax rate at 2.5%. As a result, today in BC the basic combined federal-provincial business tax rate is 26%, whereas the rate applicable to small businesses is just 13.5%. For some entrepreneurs and other small businesses, this can only reinforce the tax advantages of remaining small. As accounting professionals know, lots of firms go to extraordinary lengths to stay in the "small business" category for tax purposes. The last thing tax policy should be doing is sending even stronger signals to entrepreneurs and business operators that growth is undesirable.

Looking ahead, government policies affecting business should be shifted in a direction that better recognizes both the disproportionate economic contributions made by innovative, high-growth, and export-capable SMEs, and the important benefits that flow from the presence of large enterprises. This calls for a reconsideration not only of the design of the business tax regime, but also of government policies in areas such as industrial development, procurement, intellectual property, and innovation.

Jock Finlayson is the executive VP and chief policy officer for the Business Council of British Columbia.

[9] For a timely and accessible review, see: Duanjie Chen and Jack Mintz, *Small Business Taxation: Revamping Incentives to Encourage Growth*, University of Calgary School of Public Policy, SPP Research Papers, Volume 4, Issue 7, May 2011. For a critique of R&D tax incentives that favour small firms, see: Kenneth McKenzie, *The Big and Small of Tax Support for R&D in Canada*, University of Calgary School of Public Policy, SPP Research Papers, Volume 5, Issue 22, July 2012.

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Some Key Data on BC Businesses*

392,800
Total number of businesses in BC in 2012.

2% are **large businesses**, defined by the BC govt as employing 50 people or more.

More than 80% of these larger businesses employ between 50 and 250 workers.

700-800 private-sector enterprises in BC have more than 500 employees on direct payroll, as estimated by the BCBC.

98% are **small businesses**.

82% of these small businesses have fewer than five employees.

56% are self-employed business operators without paid help.

43% are businesses with some paid help but with fewer than 50 employees *(includes incorporated self-employed).*

Almost **38%** of self-employed people in BC are women — the highest rate in Canada.

1,000,000+
number of people employed by small businesses in BC in 2012 *(includes self-employed with no paid help).*

BC leads Canada for the number of small businesses per capita.



Regions with most growth in # of small businesses (2007-2012): **Thompson-Okanagan (5.3%)** and **Vancouver Island/Coast (3.2%)**.

Small businesses provide **55%** of all private-sector jobs in BC — the 2nd highest share in Canada.

~26% of BC's GDP was generated by small businesses in 2012.

96% of BC's high-tech businesses have fewer than 50 employees.

Real estate led all sectors for small business growth in BC (2007-2012).

85% of all exporters in BC are small businesses *(firms with fewer than 50 workers)*

but only **1.4%** of BC's small businesses are involved in exporting goods to foreign markets.

** Main data source: Small Business Profile 2013, published by the BC government and BC Stats. Additional info: Business Council of British Columbia,* Policy Perspectives, *Volume 20, Issue 4, October 2013.*


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Managing the Stress of Business Travel

By PPC Canada

In today's global economy, many professionals must travel for business to develop and maintain important business relationships and contacts. Unfortunately, however beneficial business travel may be for the bottom line, it can cause personal stress to the body, particularly when it crosses different time zones. Fortunately, the negative effects of travel can be mitigated with a few simple steps.

Manage jet lag

There's no escaping jet lag when you travel across different time zones. Eastward travel generally causes more severe jet lag than westward travel because it shortens the day, which is more confusing for your biological clock (the body is usually better able to adjust to a longer day than a shorter day).

Fully adjusting to a time zone can take several days, especially if the time difference is significant. When you arrive at your destination, spend a few minutes outdoors so your body can get the light cues it needs to adjust to the new time zone. If possible, decrease light exposure at bedtime (for example, wear a sleep mask) and increase light exposure at wake time, as this can help your body adjust.

If you're going to be away for only a few days, it may be better to try sticking to your original sleep and wake times, rather than trying to reset your biological clock. For longer trips, getting adequate sleep can be achieved by making minor changes to your schedule. For example, if you are travelling west, delay your sleep and wake times progressively by 20- to 30-minute intervals each day. If you are travelling east, do the opposite, advancing your sleep and wake times by 20- to 30-minute intervals each day until you've adjusted to the new time zone.

Another tip is to take a couple of short 10–15 minute catnaps during the day if you feel tired. But try to avoid taking long naps during the day, as this can further confuse your body.

You may also find it helpful to develop a bedtime routine that will allow you to unwind. For example, simple stretching and breathing exercises, and listening to soothing music or doing some light reading before turning in can have a calming effect, preparing the body for sleep.

Avoid alcohol and caffeine

Try to avoid drinking alcoholic or caffeinated beverages, as these may interfere with your sleep. If you do plan to have caffeine, restrict consumption to the morning.

Watch what you eat

When travelling, don't forget to follow good nutrition practices, which can help to increase your energy. Always remember that the food you eat becomes the fuel your body uses to build new proteins, cells, and tissues.

Here are a few tips for maintaining good nutrition on the road:

- Avoid skipping meals, as this can reduce energy levels and lead to poor food decisions down the line. Pre-book meals where possible or buy healthy snacks to tide you over, when the venue/timing for your next meal is uncertain.
- Select foods that are high in complex carbohydrates, as these are broken down into glucose more slowly than simple



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carbs, creating a steadier supply of energy and providing more satiation. These foods include vegetables, legumes, and brown rice.
- Drink plenty of water to avoid becoming dehydrated (hint: by the time you feel thirsty, you're already dehydrated). Adequate hydration is good for all aspects of your body, including brain function. Request water at business meetings if none is being offered.
- Limit or avoid foods that have been processed or contain preservatives (often very high in sodium), as well as meals that contain large amounts of meat.
- Select restaurants that offer healthy alternatives, and avoid eating at fast food outlets if practical.
- Don't go to bed hungry, as the body releases hormones to break down glycogen for energy as you sleep, and these hormones can interfere with sleep if there is no glycogen to break down.
- A small snack before bedtime is preferred over a heavy meal. The latter takes longer to digest, increasing your metabolic rate and body temperature, which, in turn, can cause sleep difficulties.

Stay fit and exercise

Many professionals find it challenging to get enough physical exercise to maintain a healthy lifestyle at home—never mind trying to stay active while travelling for business. However, there are opportunities to get some exercise in while travelling. Here are a few tips:

- Take the stairs to your hotel room rather than taking the elevator.
- Walk up or down escalators or along moving sidewalks, rather than standing idle.
- Walk to your business meeting rather than taking a taxi, where practicable.
- Book a hotel that offers an in-house fitness facility (or perhaps is close to a gym or pool).
- Make an effort to go to the gym early in the morning by requesting an earlier wake-up call, or go the gym immediately after your meetings are over. Just be sure to finish exercising at least three hours before bedtime—otherwise you could experience sleep difficulties.

As little as 30 minutes of brisk walking, cycling, or swimming, done on a regular basis, will help get your heart and other muscles working. Eventually, you can build exercise into your business travel routine. ■

Get more tips from PPC Canada

As a members' assistance provider for the ICABC, CGA-BC, and CMABC, PPC Canada can help you and your immediate family members cope with various stresses, including the stresses of business travel. Services related to physical health include:

- Professional and confidential counselling services to help you stay healthy with nutritional coaching, programs to help quit smoking, and support for alcohol and drug abuse.
- "Get Active" coaching to encourage exercise and physical activity.

Many of the tips contained in this article can be found in PPC Canada's monthly newsletter *The Balance Sheet.* Visit **www.ca.ppcworldwide.com** or call PPC Canada at 1-800-663-9099 to learn more or to book an appointment with a qualified professional.



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Considerations for Auditing in Foreign Jurisdictions

By Lisa Eng, CPA, CA

Auditing in foreign jurisdictions has been an area of increasing concern over the past few years. Given the relatively large number of BC companies that have operations overseas, particularly in Southeast Asia, this topic is highly relevant to BC auditors.

Is your firm appropriately licensed to perform work in the jurisdiction?

One of the first areas to consider is licensing and regulatory regimes. It is increasingly important that firms develop the necessary processes and set aside adequate resources to ensure that when they operate in a multi-jurisdictional environment, they comply with the regulatory requirements of all the jurisdictions involved.[1]

Action step: Seek appropriate legal and compliance advice to ensure that you and/or your firm are properly licensed to perform activities in your client's jurisdiction.

Have you given due consideration to the risk of corruption and fraud?

Since 1995, Transparency International, a non-profit, non-governmental organization dedicated to fighting corruption, has been publishing its annual "Corruption Perceptions Index." The 2013 Index measured the perceived levels of public-sector corruption in 177 countries and territories on a scale from 0 (highly corrupt) to 100 (very clean). No country achieved a perfect score, and two-thirds scored below 50, suggesting that there is a serious, worldwide problem of corruption.[2]

Action step: Assess the risk-level of corruption and fraud in the various countries in which your clients operate.

Has your risk assessment adequately considered local business customs and practices?

Ways of doing business in other parts of the world can play an important role in your client's operations, and need to be considered in your audit approach and procedures. For example, in some countries, verbal agreements are popular, attitudes towards authority are different, and management override may be considered "normal" practice.

Action step: Ensure that your audit team is familiar with the local customs, laws, and regulations of your client's jurisdiction.

[1] Refer to "Operating in a Multi-Jurisdictional Environment," published in the January 2012 issue of *Beyond Numbers*, for more information on this topic. (**www.ica.bc.ca/kb.php3?pageid=5046**)

[2] For more on Transparency International's findings, visit **http://cpi.transparency.org/cpi2013/results/**.

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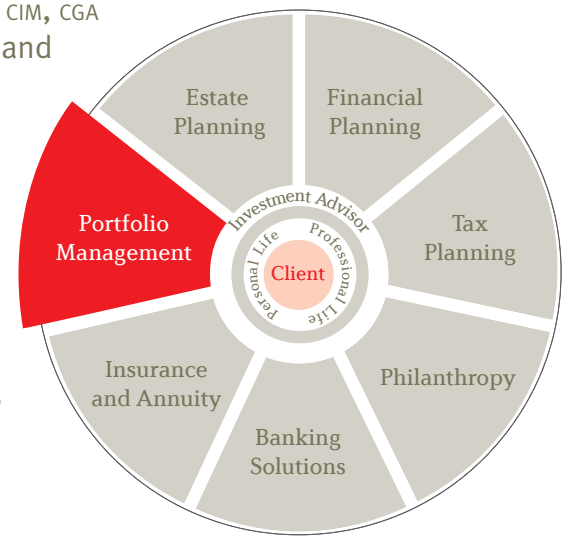
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TSX Total Return Index	4.53%	-2.67%	3.56%	10.60%	1.61%[2]	[2]Since Apr. 2008
DEX Universe Bond Index	5.60%	7.26%	6.87%	6.41%	6.02%[2]	[2]Since Apr. 2008

1. Past performance is not an indication of future performance. Average performance of all accounts holding the model.
2. TSX and DEX Universe return source: Croesus.

For consultation or inquiries, please contact:

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Gordon Denusik is a partner with KPMG LLP's Global Transfer Pricing Services Team in Vancouver.



Jason Evans is a senior manager with KPMG LLP's Global Transfer Pricing Services Team in Vancouver.

Transfer Pricing Disputes: Understanding Competent Authority

By Gordon Denusik, CPA, CA, and Jason Evans, MA (Economics)

With the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS)[1] and *Revised Discussion Draft on Transfer Pricing Aspects of Intangibles*,[2] as well as CRA transfer pricing audit activity and recent Canadian tax court decisions,[3] transfer pricing continues to be a hot topic, keeping owner-managers, CFOs, tax directors, and controllers awake at night.

This article picks up from where we left off in "Transfer Pricing Audits Present Unique Challenges"[4] and "Transfer Pricing: Latest Status Report"[5]—articles we wrote for *Beyond Numbers* magazine in 2011 and 2012, respectively. In these previous articles, we identified some of the unique challenges to which taxpayers are subject during transfer pricing audits, and the costs of transfer pricing reassessments. We also discussed Part I of the tax authority transfer pricing dispute process: the CRA audit and reassessment.

Part II—competent authority, the process of obtaining relief from double taxation—is the primary focus of this article.

Competent authority – Part II of the transfer pricing dispute process

When a taxpayer is reassessed with additional tax due to a transfer pricing adjustment, there is often double taxation, as two entities within the related group will have paid or be subject to tax on the same amount of income. For example, if the CRA denies a $1-million management fee charge made by a US taxpayer to its related Canadian taxpayer and issues a transfer pricing reassessment, the Canadian taxpayer must pay income tax on the $1-million adjustment, even though its related US entity has already paid US tax on this same amount.

For these situations, the best approach for taxpayers to obtain complete and certain relief from double taxation is to follow the Mutual Agreement Procedure (MAP) of the tax treaties. This involves formally requesting competent authority assistance.

Using the same $1-million adjustment example: To obtain relief from double taxation, the Canadian taxpayer must make a request for Canadian competent authority assistance, and its related US entity must make a similar request to the US competent authority. These two competent authorities will then review and evaluate the submissions and reassessment, before negotiating and mutually agreeing to a resolution that will eliminate double taxation. This resolution could be to provide corresponding relief to the affected entity (in this example, the US entity), to direct the CRA tax office to vacate the original reassessment, or a combination thereof.

In the last three years, the average time for the completion of the competent authority process involving the Canadian competent authority ranged from 20 to 32 months. During this process, a taxpayer's cash may be tied up, because the CRA has the ability to collect at least 50% of the Part I tax, interest, and penalties arising from the transfer pricing reassessment, and 100% of the Part XIII tax and interest owing (the secondary adjustment of a transfer pricing reassessment).

[1] The Organisation for Economic Co-operation and Development (OECD) launched its BEPS Action Plan in July 2013 at the request of the G20 finance ministers. The Action Plan identifies 15 actions needed to address BEPS, with deliverables scheduled in three phases between 2014 and 2015. (**www.oecd.org/tax/beps.htm**)

[2] The OECD released its *Revised Discussion Draft on Transfer Pricing Aspects of Intangibles* for commentary on July 30, 2013. (**www.oecd.org/tax/transfer-pricing/comments-intangibles-discussion-draft.htm**)

[3] *McKesson Canada Corp. v. The Queen* (2013 TCC 404); *Teletech Canada Inc. v. Minister of National Revenue* (2013 FC 572).

[4] Gordon Denusik, CA, "Transfer Pricing Audits Present Unique Challenges," *Beyond Numbers*, May 2011, pages 20-23. (**www.ica.bc.ca/kb.php3?pageid=4872**)

[5] Gordon Denusik, CA, and Jason Evans, "Transfer Pricing: Latest Status Report," *Beyond Numbers*, June/Summer 2012, pages 26-27. (**www.ica.bc.ca/kb.php3?pageid=5100**)

Understanding the complexities of the process

The competent authority process can be complex, and there are some deadlines and responsibilities of which taxpayers need to be aware. Failure to comply may prevent relief from double taxation.

Preparing the submission

Information Circular 71-17R5, *Guidance on Competent Authority Assistance under Canada's Tax Conventions* (IC 71-17R5), provides the CRA's guidance on how Canadian taxpayers should prepare and submit a request for assistance. There are 17 items that must be included or specifically addressed in the competent authority submission.

The competent authority process provides an additional avenue to battle (and overturn) the initial reassessment since the submission must include "the taxpayer's view on any possible bases on which to resolve the issues."[6] After reviewing the taxpayer's submission and understanding the facts, the Canadian competent authority has, in some cases, directed the local CRA tax office to vacate the reassessment. Therefore, taxpayers should view the competent authority process as an opportunity to further defend the original filing position, as opposed to simply just seeking relief from double taxation.

Taxpayers' responsibilities

Each tax treaty is unique, with different time limits for which tax authorities can impose adjustments and for which taxpayers must notify and request competent authority assistance for relief from double taxation.

For many of Canada's tax treaties, the deadline to seek assistance is generally two to three years from the date of the reassessment that resulted in double taxation. However, there are some treaties, including the Canada-US Treaty, where the onus is on the taxpayer to notify the competent authorities of the need for assistance within six years after the end of the taxation year in question. It is the taxpayer's responsibility to notify the Canadian and US competent authorities, regardless of whether the CRA has completed its audit and issued a reassessment. If the taxpayer does not make notification within the six-year period, the competent authorities are not required to accept the file and provide the taxpayer with relief from double taxation.

Moreover, when it comes to seeking assistance from the Canadian competent authority, the onus is on the Canadian taxpayer to ensure that the taxation years affected are not, or do not, become statute-barred. The Canadian competent authority states that it has no basis to provide relief if the taxation year is statute-barred. For a CRA-initiated transfer pricing adjustment, Canadian taxpayers will generally file a protective notice of objection in conjunction with a competent authority submission in respect of the reassessed years, and thus keep the years and options open. For an adjustment initiated by a foreign tax authority, however, the Canadian taxpayer may have to file formal waivers to prevent the years from becoming statute-barred.

Therefore, it is important for taxpayers to monitor the notification and competent authority submission filing deadlines and other requirements.

Odds of success

When considering options for resolving transfer pricing disputes, taxpayers often assume that they will at a minimum obtain relief from double taxation. And it's a fair assumption—in 2012-2013, for example, 92% of all taxpayers received full relief from double taxation in MAP cases involving the CRA. This record will potentially improve as cases commencing after December 2010 will qualify for the new arbitration provision of the Canada-US treaty.

However, not all countries have well-established competent authority divisions. For some countries, even where the tax treaty includes mutual agreement procedures, the foreign jurisdiction may not respond to the request for competent authority assistance.

In short, relief from double taxation cannot be assumed in all cases.

[6] IC 71-17R5, paragraph 18q.



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With 17 different items to address in a competent authority submission and the length of time for the process to bring about a resolution, taxpayers may be tempted to ignore the competent authority process by just filing amended tax returns to apply the transfer pricing adjustment in the foreign jurisdiction. They should be warned, however, that the CRA and the IRS (as well as many other tax authorities) make it clear that taxpayers are not to try and attempt to shortcut the competent authority process. Also, the tax legislation in Canada places limits on the taxpayer's ability to amend tax returns already filed to reduce income in respect of transfer pricing adjustments.[7] In other words, bypassing the process may lead to double taxation.

Competent authority vs. the appeals process

Taxpayers need to be aware of the limitations of competent authority if they decide to battle the reassessment by appealing to the CRA. If a decision is rendered through the formal appeals process, and the taxpayer then decides to try to seek relief from double taxation, such relief may not materialize—this is because the Canadian competent authority will only present the appeal decision to the other jurisdiction's competent authority—it will not negotiate the issue. Hence, after the audit is complete, taxpayers need to decide if they will battle the reassessment through the appeals process or through competent authority.[8]

The ACAP process – potential benefits

The Accelerated Competent Authority Procedure (ACAP) is a process wherein the competent authorities address the transfer pricing issue not only for the years for which a reassessment has been issued, but also for the subsequent filed taxation years. Here's an example: Let's say the CRA disagrees with the management fee charge for 2010 and issues a reassessment. The management fee charge is calculated in the same manner in years 2011 and 2012. In the ACAP process, the competent authorities would deal not only with 2010, but also with 2011 and 2012.

Taxpayers may want to consider ACAP, as it can be very advantageous from a certainty and cash flow perspective in some circumstances. However, taxpayers must request ACAP when they make their original competent authority submission—it cannot be requested after the fact. Therefore, taxpayers must evaluate the benefit of ACAP prior to making their competent authority submission.

Navigating transfer pricing disputes

This article summarizes just a few of the tips and traps related to transfer pricing disputes. Taxpayers would be well-advised to learn more, and to be proactive. Although competent authority is a government-to-government process (the competent authorities of each country review and evaluate the submission, draft and exchange position papers, and negotiate with each other), if taxpayers are seeking the reduction or entire reversal of a reassessment, they should try to get—and stay—involved in the process. It is best practice to maintain regular communication with competent authority officials, rather than filing the competent authority submission and waiting for word on resolution. ■

[7] For the US, the tax rules disallow such downward adjustments in years for which tax returns have already been filed.

[8] If the decision is to go through competent authority, it is still generally advisable to file a corresponding protective notice of objection.



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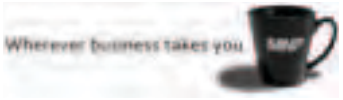
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We're pleased to congratulate Brennen Giroux on successfully completing the Canadian Institute of Chartered Accountants' 2013 Uniform Evaluation (UFE). MNP proudly celebrates your achievement in obtaining your CA designation. We know Brennen will continue to exceed expectations and be a part of helping our clients in Fort St. John grow and succeed.

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Vancouver, BC

This program is based on the 'Management Planning and Reporting' and 'Management Control' manuals from the Carswell Controllership Guides. The program will focus on the overall accountability and responsibility in a typical Controllership role, especially in small to medium-sized enterprises.

This program is designed for existing Controllers who want to share their professional experiences and update their skills and for those anticipating to move into this position.

COSTING AND DECISION-MAKING FOR CONTROLLERS

May 9-10, 2014
Vancouver, BC

This program complements the three-day 'Essentials of Controllership Program' and covers topics in the Carswell Controllership Guides related to 'Costing' and 'Technology & Systems'.

The program is for Controllers and those in senior financial management positions who provide valuable cost analysis, projections, forecasting and reporting to management.

For more information or to register, visit **cga-bc.org/pd** or contact Allyson Hayward at **604.637.6801** or email **ahayward@cga-bc.org**

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HIGHLIGHTS FROM THE ICABC/CMABC PD PROGRAM – FEBRUARY & MARCH 2014

We have a variety of PD seminars scheduled in February and March, some of which are listed below. For a complete list, visit **www.icabc-pd.com** or email the PD department at **pdreg@ica.bc.ca**. Our spring 2014 program will be available by the end of March, so keep checking the website for updates.

ICABC PD PASSPORTS – SAVINGS ON PD

It's not too late to enjoy the benefits of our 2013-2014 PD Passports (valid until July 31). We will have more seminars scheduled between now and the end of July—email **pdreg@ica.bc.ca** for more information.

Finance

Budgeting & Financial Management: Understanding Budgeting Variance Analysis & Forecasting
This interactive, full-day seminar will enable participants to understand and use financial information, adopt a disciplined approach to managing budgets, and communicate with financial specialists.
Feb 28, 9am-5pm, Vancouver

Business Valuations: Introduction
This full-day seminar will provide participants with practical insight into business valuation. Participants will learn about and apply valuation tools (such as multiples and discounted cash flow) to business case studies.
Mar 7, 9am-5pm, Vancouver

Taxation

Estate Planning: Tips & Traps
The purposes of this half-day seminar are to provide practitioners with information on estate-planning opportunities that are often overlooked, and to discuss problems that often arise in an estate-planning context.
Feb 25, 9am-12:30pm, Vancouver

PST Essentials
The objective of this seminar is to provide an introduction to the application of the new BC PST. At the end of this seminar, participants should be able to identify, generally, which goods/services are subject to PST, understand the differences between PST and GST, and understand the related tax-reporting responsibilities.
Feb 26, 9am-5pm, Vancouver

Intro to US Corporate Taxation
This seminar will provide a general overview of the US income tax system and how it is administered. It will examine in detail the calculation and treatment of income and expenses for tax purposes, and present procedures used to calculate corporate taxable income in common situations. This is a hands-on, introductory seminar with an emphasis on compliance.
Mar 19, 9am-5pm, Vancouver

NEW: **The Wills, Estates & Succession Act – Your Practice Under WESA**
When the *Wills, Estates and Succession Act* (WESA) comes into force in BC on March 31, 2014, it will result in major changes to practice and procedure in the probate and estate-planning field. This seminar will provide an overview of WESA, describe how it relates to your practice, and explain what you need to know to assist your clients more effectively under WESA.
Mar 20, 7:30-9:30am, Vancouver

Info & Business Technology

Google Productivity Tools for Accountants
This seminar will spotlight scores of online Google tools—many little-known—that can be used to improve communications, collaboration, advertising, data visualization and analysis, and more.
Mar 14, 9am-5pm, Vancouver

NEW: **Data Analysis Expressions in PowerPivot**
To get the most from PowerPivot, you need to understand DAX, a structured language for querying data. Learn how to create measures and calculated fields you never thought possible, and build models that are quick to calculate and easy to maintain.
Mar 21, 9am-5pm, Vancouver

Management & Personal Development

NEW: **Writing Effective Business Reports and Emails**
Reports and emails are vital forms of business communication. This seminar will equip business writers with a structure they can adopt, and guidance on producing strong reports and emails that meet the needs of readers.
Feb 19, 9am-5pm, Vancouver

Managing Change & Transformation
This seminar will focus on understanding and responding to the process of business change and transformation. It will demonstrate how participants can champion change, and manage the change and transformation process through leadership, perseverance, risk-taking, and the enrolment of others.
Mar 11, 9am-5pm, Vancouver

Strategic Mgmt Certificate Program

Team Development Module
Feb 20, 9am-5pm, Vancouver
Strategic Planning Module
Mar 3, 9am-5pm, Vancouver
Risk Mgmt & Governance Module
Mar 20, 9am-5pm, Vancouver

PD Opportunities Outside Vancouver

Visit our website for the complete list.
Abbotsford
Excel Best Practices – *Feb 26*
Excel Fin. Reporting & Analysis – *Feb 27*

Prince George
Excel Tips, Tricks & Techniques – *Feb 24*
Excel Advanced – *Feb 25*

Executive Leadership Programs

CFO as Navigator – *July 2014*
The Controllership Program: Operational Skills – *May 2014*
See page 17 for more details.

HIGHLIGHTS FROM CGA-BC's WINTER 2014 PD SERIES

All seminars described below will be taking place in the Lower Mainland unless otherwise noted. To register or to access CGA-BC's complete PD program, visit **www.cga-bc.org/pd** or contact Allyson Hayward at 604.637.6801 or **ahayward@cga-bc.org**.

Tax & Accounting

Tax Update – Corporate and Individual 2013

This seminar will provide an update on corporate and individual federal income tax in preparation for the 2013 filing season, and will cover specific current tax issues frequently encountered by tax practitioners and businesses. It is designed for anyone involved in the preparation of corporate and individual federal tax returns, and for those who wish to update their general knowledge of federal taxation principles.
Feb 24, 9:00am-4:30pm

Current Issues in Federal Taxation

There have been a number of CRA challenges concerning the disposal of a capital property and whether that property qualifies as a principal residence. First, this seminar will explore the criteria for claiming the principal residence exemption. Second, it will explain how to determine whether a transaction is on a capital or income account. Finally, it will review the criteria the CRA uses in determining REOP (Reasonable Expectation of Profit), as well as a number of court cases and recent legislative changes.
Feb 25, 9:00am-4:30pm

Accounting Standards for Private Enterprises (ASPE) Update

The mandatory implementation dates for ASPE Part II have now passed for most businesses. Now that the new standards have been implemented, questions are arising. Many users of ASPE financial statements are indicating that it is often less clear when the right answer has been obtained. As well, there have been a number of updates since the release that may not be fully understood. This presentation will focus on a number of the major issues with which preparers and users of ASPE financial statements have indicated they are experiencing challenges. It will also provide clarity on updates and changes.
Feb 26, 9:00am-4:30pm

IFRS Revenue Recognition & Leases

A revised exposure draft is out for revenue recognition, and some companies will find significant changes to the way revenue is reported. The objective of this project, conducted jointly by the International Accounting Standards Board (IASB) and the US-based Financial Accounting Standards Board (FASB), was to clarify the principles for recognizing revenue from contracts with customers. The proposed standard applies to all contracts with customers, except leases, financial instruments, and insurance contracts. It would replace both IAS 11 *Construction Contracts* and IAS 18 *Revenue*. Basing revenue recognition on the concept of control, rather than on the current distinction between goods and services, could represent a significant shift for some entities, and care will be needed to determine how the new approach would apply to their circumstances.
Feb 26, 9:00am-4:30pm

Management

The New Manager's Toolbox: Concrete Skills You Need for Your New Responsibilities

This dynamic seminar will provide leaders—both new and those who "missed the manual"—with everything they need to lead successfully. It will benefit anyone who is in a new managerial or supervisory role, or thinking of taking on such a role.
March 11-12, 9:00am-4:30pm



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Excel

Excel – Intermediate (Lab)*

This seminar will build on your Excel skills to create, edit, and format professional-calibre worksheets with Microsoft Excel. You will learn to work with formulas and functions, and sort, filter, and manipulate data. The seminar will also explore Excel's graphic capabilities, including charting, diagrams, and graphing data.
Feb 14, 9:00am-4:30pm

Excel – Advanced*

Learn about the features and functions in Excel that will make accounting and finance tasks easier, faster, and more accurate. In this seminar, you'll work with the many advanced features and best practices to analyze, sort, report, and present information in Excel.
***Lab:* March 7, 9:00am-4:30pm**
***Bring your own laptop - Coquitlam:* Mar 21, 9:00am-4:30pm**

Excel – Budgeting and Techniques*

This seminar will help you use Excel's many advanced features more effectively for budget development and monitoring. Many organizations, large and small, use Excel as their primary tool for creating and monitoring budgets. Gain hands-on experience working with Excel's many features, such as data consolidation for budgets, securing workbooks, and forecasting and charting techniques for budget presentations.
***Lab:* April 11, 9:00am-4:30pm**
***Bring your own laptop - Coquitlam:* May 2, 9:00am-4:30pm**

*Qualifies for the Certificate of Achievement in Excel

An interview with David Lamb, CPA, CGA, on managing accounting in a global economy



David Lamb, CPA, CGA, has enjoyed a career that has included senior financial positions with Chevron Canada and Finning International, and today finds him serving as controller for the Vancouver brewery of Molson Coors Canada, with much of his accounting "staff" more than 12,000 kilometres away.

You oversee finance and accounting for a brewery that employs more than 200 people and produces more than 31 million cases of beer annually, and yet you manage all the accounting for your operations with just one financial analyst on staff. How is that even possible?

[Laughs.] Make sure Denver [Molson Coors' world headquarters] gets a copy of this issue. Actually, we have been outsourcing much of our accounting to India for more than five years. The transactional stuff is all handled overseas and we have kept the analysis in-house. Some examples of things we have outsourced include invoice processing, reporting, and balance sheet reconciliations, as well as some IT functions.

Internally, who else has done this?

Molson Coors' operations in the US, UK, and Canada all did it. In fact, we have just renewed our contract for another four-year term.

How long did it take to implement and make the transition?

The concept originated in 2007-2008, and the set-up process took several months. Much of that time was spent devising and drafting the SOPs [standard operating procedures]. Once we were comfortable with those, we still had to worry about staff training. I was part of the six-person contingent from Canada that went to India to help train the employees who would perform the work. That took about three weeks initially and continued remotely thereafter, with a return visit about a year later to refine things. And, of course, now it's an ongoing process.

What was the key to success during this phase?

The SOPs are really crucial to the success of something like this since they dictate everything. It's surprising how you think you have everything covered only to discover that the procedures require further revisions. As long as you get very detailed and try to think of all possibilities, it should work out.

Obviously, there are benefits to outsourcing specific business processes to a foreign country or else it would not be growing in popularity. Which benefits have you experienced?

First, it's important to understand that there is an important cost-benefit evaluation involved before making such a move. But to answer your question, the most obvious and visible benefit relates to the cost savings that outsourcing brings about. It's simple economic reality. The difference in wages between western countries and Asia means that work that was previously performed here is now being done in India at a fraction of the cost. Outsourcing also provided increased efficiency and helped us save on technology and infrastructure.

If there was a cost-benefit analysis, that implies that there were costs or drawbacks to doing this.

Of course, beyond the basic economics, there is the simple challenge of making it happen. There can be linguistic challenges, training time takes longer, and staffing turnover can be an issue. Even if these factors were something we expected, they still had to be managed properly.

Can you give us some examples?

Naturally, we have had some bumps along the way, mostly involving staffing and training. For instance, when I was in India training the employees who would be doing the work, I quickly discovered how our non-verbal cues were different. Avoiding slang and jargon in our communications is a big one to watch out for. Also, turnover can be an issue. One of the advantages of using our partner is that they align their services to North American time zones. This is great because you can communicate more easily during our workday, but it also means that the employee in India is working at night, which makes it a less desirable position, so recruitment and retention for them can be more difficult.

How are the communications with your "staff" in India?

I would estimate that 99% of it takes place by email or instant messaging. This is really how we can be most effective, and it's working very well.

What else concerns you about outsourcing?

Well, I think there is merit in considering every company's social responsibility, and any discussion about outsourcing's impact on our local, provincial, and national economy is important.

Photo of David Lamb by Ron Sangha Productions.

It's interesting that you raise that issue. After all, there are repercussions if more and more of our economy is moving to places like Bangalore or Chennai. What's your personal opinion on the issue in general?

I look at it from three viewpoints. As an accountant, I can see the business case for it. Obviously it varies for each company, but anyone who competes in a tough market is operating under the same imperative: Deliver better products at lower costs. As an employee, my view is mostly focused on how to make it happen and to make the process as efficient and problem-free as possible. The more contentious viewpoint is the third one. As a Canadian, my first reaction is that I don't want to see jobs leave our community, our province, or our country. Of course, that's a little too simple. I think there is value in also weighing the impact of greater global trade and the benefits this can bring back home—it's easy to just focus on local impacts while ignoring the benefits of global impacts. I also think outsourcing can allow us to remain focused on higher-skill jobs that can contribute to higher productivity growth.

Now that you're more than five years into this arrangement, how would you characterize your experience?

At times it has been challenging, but it has also always been interesting. I mean, I never expected to join a beer company in Canada only to find myself going to India for accounting! ■

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Kudos!

Garth Albright, CPA, CMA, has joined Monexa Services Inc. as CFO. Previously, Garth was the CFO and corporate secretary of Gemcom Software International Inc. He has also recently accepted director positions with Polymer Research Technologies Ltd. and Vendtek Systems Inc., and is the audit committee chair of Vendtek Systems Inc.



Aaron Dodsworth, CPA, CA, was promoted to senior manager at the West Kelowna office of White Kennedy LLP this past November. Aaron has been with the firm since 2010, and previously worked as a manager in the Penticton office. In addition to his CA, Aaron holds a BBA in entrepreneurial leadership and a diploma in marketing management.

Myriah Foort, CPA, CA, recently became the finance manager for the City of Campbell River. Before joining the City in 2012 as its finance accounting supervisor, Myriah worked for six years as a manager with MNP. She is a founding member and past president of the Young Professionals of Campbell River, and a past treasurer of the Campbell River Hospital Foundation.



Jeffrey R. Foreman, CPA, CA, has joined D&H Group LLP in Vancouver. A CA since 1998, Jeff has completed the CICA In-Depth Tax Course and the CICA Corporate Reorganizations course, acted as tutor for the CICA In-Depth Tax Course, presented on tax matters for the ICABC PD series, and presented papers at Canadian Tax Foundation conferences.



Matt Gosden, CPA, CA, was admitted to the partnership of Dale Matheson Carr-Hilton LaBonte LLP effective January 1, 2014. As part of the audit and assurance group, Matt provides assurance services and guidance on accounting and financial reporting matters to publicly listed and privately held companies.



Jessica Hermiston, CPA, CA, was promoted to manager at White Kennedy LLP's Penticton office this past November. She joined White Kennedy in January 2008, where she completed her articles, and qualified as a CA in April 2013. In December 2013, she was elected to serve as secretary/treasurer on the board of directors of the South Okanagan Similkameen Brain Injury Society.



Andrew Remedios, CPA, CMA, has joined the executive team of the Vancouver Canadians Baseball LLP as financial controller. Andrew was previously the director of finance with the Salient Group.



Mike Stubbing, CPA, CA, has joined the board of directors of Mount St. Mary Hospital Foundation. The foundation supports quality of care for hospital residents through the purchase of specialized equipment and programs. Mike is a partner in tax services with Grant Thornton in Victoria and a member of the firm's national succession and estate planning group.

Do you have an announcement you'd like to share in an upcoming issue of CPABC in Focus? *Email us at:* ***info@bccpa.ca***

Kudos!

KNV LLP has welcomed four managers to the ranks of principal:



David Badalucco, CPA, CA (Vancouver office), has been providing Canadian personal, estate, and corporate tax advice to clients since qualifying as a CA in 2007 and completing the profession's in-depth taxation courses in 2009.



David Gautier, CPA, CA (Kelowna office), has been providing strategic advice to clients as a trusted adviser and as a member of KNV's Canadian tax practice since joining the firm in 2005. Dave qualified as a CA in 2008, and completed the CICA's In-Depth Tax Course in 2010.



Nancy King, CPA, CA, TEP (Surrey office), has worked with a broad range of clients, including privately held companies, high-net-worth individuals, and trusts. A CA since 1997, Nancy has over 20 years of experience in public practice. She completed the CICA's In-Depth Tax Course and the Canadian Tax Foundation's Tax Estate Planning course in 2000, and is a member of the Society of Trust and Estate Practitioners.



Alicia Lucchesi, CPA, CA, CPA (WA) (Surrey office), brings over 10 years of experience advising clients on complex US and Canadian tax issues. Alicia joined KNV in 2005 to focus on cross-border taxation, including expatriate taxation and international assignments for Canadian and US-based corporations.

In Memoriam

Joseph Montague (Monty) Elyea, CPA, CA

We wish to send our condolences to the family and friends of Monty Elyea, CPA, CA, who passed away in December. Monty's career as a CA spanned 37 years, commencing with Thorne Riddell, where he articled and obtained his designation before moving to private industry with Doman Marpole Transport, Allard Sand & Gravel, and Tesler Bros.

After retiring in early 2000, Monty pursued his love of blues and jazz music through his Fender Stratocaster and Gibson Les Paul guitars and his music collection. He also had a passion for cars, which he pursued with his son, **Blake Elyea, CPA, CGA**. Mentoring Blake to become a professional accountant and trustee in bankruptcy is said to have been Monty's proudest professional achievement.

John Sims, CPA, FCA



We wish to send our condolences to the family, friends, and colleagues of John Sims, CPA, FCA, who passed away in January.

John was a partner and mentor with Manning Elliott and an executive director for Ernst & Young.

His leadership also extended to the accounting profession. John volunteered with the ICABC for more than 20 years, serving on the Practice Review & Licensing, Members in Public Practice, Rulings, and Professional Conduct Enquiry committees, as well as the Fee Resolution Subcommittee. He also served for several years on the Institute's Council.

A passionate supporter of the community, John volunteered as chair, director, and/or treasurer for a variety of organizations throughout his career, including the Wildlife Rescue Association of BC and the BC Centre for Ability. In 1999, his peers named him "CA of the Year" (a precursor to the ICABC Community Service Award). In 2005, he was elected to the ICABC Fellowship.

In 2013, John was recognized for his tremendous work on behalf of Special Olympics BC. In honour of his 10 years of service on the board of directors, his friends and associates surprised him by secretly setting up the "John M. Sims Fund" to ensure the continuation of his vision and support of the organization for many years to come.

ICABC Fellows, Honorary CAs, and Lifetime Achievers

The ICABC is pleased to recognize 16 Fellows, four Honorary CAs, and two Lifetime Achievement Award winners in 2013/2014.

~ FCAs ~

The FCA designation recognizes a member's distinction in more than one of the following categories: the work of the Institute or a similar professional association, their career, community service, and research, teaching, writing, and/or speaking.



John E. (Jack) Arnold, CPA, FCA

Jack has over 44 years of experience in accounting, audit, tax, and management consulting for clients in a myriad of industries. A partner in public practice for 36 years, Jack was a partner with MacKay LLP from 1996 until his retirement in 2012. He was instrumental to the growth of the firm's Vancouver/Surrey office, and continues to work with the office as a consultant for its entrepreneurial client group.

Jack's lengthy history of service to the ICABC includes his current role as a member of the Professional Conduct Enquiry Committee. His contributions also include two separate terms on Council, eight years as chair of the Practice Review & Licensing Committee, and ongoing volunteerism as a media representative. He also mentored members of the University of British Columbia's Commerce Society.

Jack is a long-standing and dedicated supporter of Variety – The Children's Charity, both professionally and personally. He was also actively involved with youth soccer for 20+ years, both as a coach and treasurer, served on the board of the Terminal City Club, and volunteered at St. Joseph's Catholic Church.



Brian Charles Bentz, CPA, FCA

Brian is an independent corporate director, and currently serves as a board member for MacDonald, Dettwiler & Associates, Capital Power Corporation, Trinidad Drilling Ltd., Partnerships BC, and the Vancouver Airport Authority. He is also a board member and chair of Pinnacle Renewable Holding Inc.

Prior to becoming a consultant, Brian built up a 38-year career in the engineering and construction industries, with senior executive experience ranging from CFO to CEO. He joined Simons International Corporation, a large Canadian engineering firm, shortly after becoming a CA in 1969, and steadily worked his way up the ranks, ultimately serving as its president and CEO. Under his leadership during the 1990s, Simons experienced exceptional growth, and after its purchase, Brian served in a number of senior executive roles for AMEC plc., including president, mining and oilsands.

In the community, Brian volunteers for the Our Lady of Good Counsel Domestic Abuse Services Society, and speaks on domestic abuse. He previously volunteered as a lecturer with the Banff School of Management and as a coach with various local sports associations.

In addition to his membership with the ICABC, Brian is a member of the Institute of Corporate Directors.



Peter (Pete) Blake, CPA, FCA

Pete is the CEO of Ritchie Bros. Auctioneers (RBA), the world's largest industrial auctioneer. He joined the company as a controller in 1991, took on increasingly senior roles, and played a key role in taking RBA public before achieving his current position in 2004.

He currently serves as a board member/co-chair of the Cabinet for the Business Laureates of BC for Junior Achievement, the West Point Grey Academy Board, and the West Point Grey Academy Capital Campaign Committee for West Point Grey Academy school.

Pete has served as a presenter or instructor for the Gustavson School of Business at the University of Victoria, the Sauder School of Business at UBC, numerous industry trade organizations, and the BC Institute of Technology. In 2012, he received BCIT's Distinguished Alumni Award.

Pete supports local post-secondary students through yearly tuition sponsorships and through the Marion Stevenson Endowment Fund, which he and his wife created to support student nurses at BCIT. He has also supported the BC Children's Hospital, and is an ongoing supporter of Hannah's Heroes Foundation, KidSport™ BC, the Cmolik Foundation, and PALS Autism School Society.



Charles R. (Chuck) Burkett, CPA, FCA

Chuck is the owner of Burkett & Co. Chartered Accountants in Victoria. Prior to opening his firm in 2000, Chuck was the office managing partner of the Victoria Deloitte office.

In the accounting profession, Chuck has served as a group facilitator and in-residence tutor for the CICA's In-Depth Tax Program; co-instructor of the ICABC's Annual Income Tax Update; and co-author of "Professional Ethics in a Tax World" for the Canadian Tax Foundation.

In the community, Chuck is the treasurer of the Lester B. Pearson College of the Pacific (a United World College), and the Sovereign Order of St. John of Jerusalem, Knights Hospitaller – Victoria Commandery. He is the president of the Honorary Governors of the Victoria Foundation, and has been a board member of the Victoria Foundation for nine years.

Chuck is a past president of both the Victoria Estate Planning Council and the Capital City Executives' Association. He regularly makes presentations to the MBA Service Management Specialization at the University of Victoria's Peter B. Gustavson School of Business.

Chuck received the ICABC Community Service Award in 2011 and the Governor General of Canada's Caring Canadian Award in 2012.



Kyman T. Chan, CPA, FCA

Kyman is a partner with Hayes Stewart Little & Co. in Victoria. Prior to joining the firm in 2007, he was a senior member of Grant Thornton LLP's Victoria office.

Kyman has volunteered extensively with the ICABC, including serving on Council. Currently, he is a member of the Practice Review & Licensing Committee and the Practitioners Emergency Assistance Group. He is also a director of the Victoria CA Association.

Kyman has co-presented bookkeeping courses for start-up businesses for Business Victoria, and co-facilitated a session on generating ideas to stimulate economic development in Greater Victoria for the Chamber of Commerce. He has also taught introductory financial accounting and auditing at Camosun College, and served as chair of Camosun's Finance and Audit committees (2007), and chair of its board of governors (2011-2013).

Kyman currently volunteers with St. Michael's University School and coaches a number of local youth sports teams. Past service includes volunteering at an advisory or board level with the BC Cancer Foundation, United Way of Greater Victoria, the Royal and McPherson Theatres Society, and the BC Schizophrenia Society.

Kyman received the ICABC Early Achievement Award in 2005.



Thomas (Tom) William Ferries, CPA, FCA

Tom is the president and CEO of National Energy Equipment Inc. (NEEI). NEEI brought him on board to oversee its restructuring in 2004, and since then, the company has tripled in size. NEEI is now the largest distributor of energy products in Canada.

Tom began his career at Ernst & Young in Toronto, and in 1993, he joined Hostess Frito-Lay, where he went on to hold a number of leadership roles. He was then hired by Canadian Springs Water Company Ltd. to assist in negotiating the sale of the company. After the sale to Sparkling Spring Water Group Limited, Tom was asked to stay on as VP of finance. He was quickly promoted to VP and general manager of Canadian Springs, leading the Western Canadian (and largest) operations. He later became VP of business development for Danone Waters of Canada.

Tom also lends his expertise to numerous boards, and volunteers extensively with the Vancouver Opera Foundation (for which he currently chairs the Investment Committee) and the Vancouver Opera Endowment Trust. He is a past director of the Vancouver Opera Association, and a past director of the BCIT Foundation.



Kenneth H. (Ken) Galbraith, CPA, FCA

Ken is the managing partner of Five Corners Capital in White Rock. He has more than 25 years of experience providing strategic leadership to North American biotech and pharmaceutical companies, and has contributed to a number of industry firsts: the first US IPO in the Canadian biotechnology industry; the first profit-sharing joint venture between biotechnology and pharmaceutical companies; and the first-ever hostile takeover in the biotechnology sector.

Ken sits on the boards of Macrogenics Inc., Zymeworks, TRACON, and Tekmira, and was a founding director of the BC Biotechnology Alliance (now LifeSciences BC).

In the accounting profession, Ken has volunteered at the provincial and national levels, particularly in the realm of education. In the community at large, he has served on the board of Genome BC, the Vancouver Aquarium Marine Science Centre, the Michael Smith Foundation for Health Research, the Fraser Health Authority, and the Canadian Bacterial Diseases Network.

Ken made *Business in Vancouver's* "Top 40 Under 40" list in 1994, and received the Milton Wong Award for Leadership from LifeSciences BC in 2013.



Michael T.Y. (Mike) Lam, CPA, FCA

Mike is a founding partner of Lam Lo Nishio CAs, which was established in Vancouver in 1991. The firm flourished, in part due to an influx of Asian investments in BC, and was ranked 23rd on the list of biggest accounting firms in BC by *Business in Vancouver* magazine in 2010.

In the profession, Mike has served on several ICABC committees and forums, including Practice Review, Membership, Member Services, and the Small Firms Forum.

He is regularly sought out by Chinese media for interviews and commentary on tax and the economy, and is frequently invited to appear on local TV and radio outlets. Previously, Mike wrote weekly tax updates for *Sing Tao* newspaper, contributed to the University of British Columbia's annual business review, and lectured at the People's Law School.

Since 2001, Mike has volunteered extensively with the BC Children's Hospital Foundation. He is a past chair of the Miracle Weekend Telethon, held leading roles for numerous fundraising events and galas, and is a current board member and chair of the Finance Committee. He has also volunteered with S.U.C.C.E.S.S, the Dr. Sun Yat-Sen Garden Society, and the Chinese Cultural Centre.



Kin Lo, CPA, FCA, Ph.D.

Kin holds the Chartered Accountants Professorship at the University of British Columbia, and helps shape accounting curriculum and research. He is an active mentor, assisting dissertation committees, and has acted as a research supervisor for doctoral candidates. Kin has taught at UBC since 1999, and is currently an associate professor. He has coached numerous teams for case competitions, including four that have won global championships.

A recipient of numerous competitive research grants, Kin has authored two editions of a two-volume accounting textbook and numerous working papers—presenting his research in workshops and conferences across the globe. He is also involved with numerous academic journals as an associate editor, editorial board member, and/or reviewer, with media citations as a researcher and academic that span industry magazines to mainstream media.

Kin is currently a member of the Technical Advisory Panel for the Auditor General of BC, the Academic Advisory Council for the Accounting Standards Board of Canada, and the Exposure Draft Forum for the ICABC. He has served as a board evaluator for the Uniform Final Evaluation (UFE), and as a member of the UFE Task Force for the Implementation of IFRS in Canada.



Joseph Cowan McKinney, CPA, FCA

Cowan worked with KPMG for more than 30 years, serving as a group leader in audit and the corporate finance group. He retired in 1991, and continues to work as a director of public companies and NPOs.

Cowan has served on the boards of Western Pacific Trust Company, Pacific Insight Electronics Corp., and Tamerlane Ventures Inc.—all of which are listed on the TSX. He is also a past board member of the Vancouver Board of Trade, the Canadian Club of Vancouver, and Neptune Food Services Group. With Neptune, he eventually became a major shareholder and director in 1974, and helped it expand from a small start-up tugboat supply company into a major food service distribution company.

In the accounting profession, Cowan was a lecturer for ICABC-run courses for CA students at UBC. In 1988, he served as a visiting professor at Queen's University in Belfast, working in the department of accounting and business studies.

Cowan has volunteered and served on the boards of the Brockton Pavilion Society, the Evergreen RFC, and the West Vancouver Foundation, and was treasurer of West Vancouver United Church for over 20 years.



James (Jamie) Midgley, CPA, FCA

Jamie began his career at Deloitte Haskins & Sells in the UK, and moved to the firm's Vancouver office in 1981. After a role as vice-president of finance and administration for Forum Learning Systems Canada, he joined HSBC Bank Canada in 1988. He went on to hold several leadership roles with HSBC, including chief operating officer and chief financial officer for HSBC Global Asset Management (Canada) Ltd., and COO for HSBC Trust Company and the HSBC Private Banking Brand.

Jamie joined the ICABC as senior director of regulatory affairs in 2009, and has served as a member or chair of numerous national regulatory working groups. He has played an integral leadership role in the unification initiative since its inception in 2011.

His work drafting CPA legislation and bylaw changes that would allow use of the CPA designation prior to legislation were shared across Canada as a model process. In addition, Jamie is a leader of the regulatory teams in BC, which are developing processes to evaluate each regulatory area, identify commonalities and differences, consider best practices nationally and internationally, and propose how CPABC should evolve its regulatory processes.

In the community, Jamie has served as president of the Pacific Space Centre Society and as a director of the Arts Umbrella Association and Foundation.



Ali Pejman, CPA, FCA

Ali is managing director of investment banking, mining and a member of the Canadian executive committee at Canaccord Genuity Corp., a global investment dealer. Over the past 14 years, he has played a key role in the firm's top-rated mining practice, where he has handled M&A transactions totalling over $3.5 billion. He has also led and played a key role in equity transactions raising an excess of $6.0 billion. Prior to his role at Canaccord, Ali was a manager of taxation at PricewaterhouseCoopers.

Ali sits on the board of Science World and the TSX Venture Exchange Advisory Committee, and has served as a government-appointed adviser to the BC Securities Policy Advisory Committee.

In the profession, Ali served as a UFE tutor and marker, and has helped to promote the CA profession. In the community, he has volunteered and fundraised for the UBC Alumni Advisory Council, the Sauder School of Business, BC Children's Hospital, Science World, and Big Brothers and Family Services.

Ali made the *Globe and Mail's* "Canada's Top 40 Under 40" list, and has been the recipient of several awards, both professionally and for his community commitment.



James C. (Jim) Pickles, CPA, FCA

Jim held numerous leadership roles in KPMG's Vancouver practice areas, including Financial Institutions, Real Estate and Services, Transportation, Chinese Business, and subsequently the entire Asia-Pacific group. Jim also contributed as chief marketing officer of KPMG Canada, and was a key member of the local and national Management Committee. He retired as an audit partner in 2013.

Jim had primary responsibility for the audits of some of Western Canada's largest financial institutions, including HSBC Bank Canada, Vancity Credit Union, and Canadian Western Bank. He was also a member of KPMG's Global Marketing & Communications Steering Committee.

In the profession, Jim spoke and taught at KPMG, spoke on the financial institutions industry, was a subject matter expert for KPMG's transportation publication, trained staff on IFRS, and spoke on Hong Kong and Canada business matters. He was also a director of the Hong Kong–Canada Business Association in Vancouver.

In the community, Jim served on the board of Science World during a $37-million renovation, and served on the boards of the Vancouver Playhouse Theatre Company, Endeavour Society, Canadian Craft Museum, the Collingwood School Foundation, and Collingwood School.



Betty Ann Shiels, CPA, FCA

Betty Ann has been a partner at Deloitte LLP in Prince George since 2005, working her way up from a summer student all the way to partner in the company's Assurance and Advisory group. Betty Ann proposed unique solutions for her medium to large-sized lumber clients after the devastating lumber market crash in 2006. Her mentorship skills are also of note. Under Betty Ann's leadership, members of her team have excelled in their work, undertaking a professional growth that clients have both noticed and appreciated.

In the profession, she was secretary of the Prince George CA Club and a part-time instructor at the College of New Caledonia. Betty Ann's community work is significant—a member of the Rotary Club of Prince George-Yellowhead for 20 years and treasurer for seven, she is also a multiple Paul Harris Fellow, a recognition that honours her financial contributions to the International Foundation of Rotary. She currently serves on the UNBC Pension Fund and Progress Prince George. Previously she served on the board of the Spirit of the North Healthcare Foundation, and was instrumental in helping to secure a new Cancer Lodge for Northern Health.



M. Donald (Don) Thomson, CPA, FCA

Don has been with Grant Thornton LLP and its predecessor firms since 1977, and has been a partner since 1988. He has had various regional and national leadership responsibilities for pro-fessional standards at the firm, helping the firm establish and maintain high professional standards and providing guidance to clients. Don is currently the firm's national director of ethics and independence, and the regional quality partner for western Canada.

Through volunteerism at the provincial, national, and international levels, Don has contributed extensively to the accounting profession. He has served as a member of the ICABC's Professional Conduct Enquiry Committee, the Canadian Accounting Standards Committee, and as a member and chair of the Canadian Auditing and Assurance Standards Board. Don currently represents the Canadian profession as a member of the International Ethics Standards Board for Accountants (IESBA), and chairs the IESBA's Structure of the Code Working Group. Over the years, he has also served as an expert witness on auditing and accounting standards for various arbitrations.

In the community, Don volunteered for several years as manager of the Kerrisdale Spurs community soccer team, and served on the parish council of his church.



Praveen Vohora, CPA, FCA

A partner with Vohora & Company Chartered Accountants LLP for the last 35 years, Praveen has expanded his practice from its humble beginnings in Prince Rupert, BC to establishing offices in Surrey and Vancouver.

In the profession, Praveen has written tax-related articles and taught in-house ICABC PD seminars. He was a regional media rep for the *Regional Check-Up* in Northern BC, served on the Institute's Council, the Practice Review & Licensing Committee, the Fee Resolution Committee, and the Discipline Tribunal.

Praveen also served as a director of the Prince Rupert Port Authority and Ridley Island Terminal Inc. In the community, Praveen has been a long-standing member of the Rotary Club of Prince Rupert, and received two Paul Harris Fellowships recognizing his service. He has also volunteered with his local Sikh Association, the Prince Rupert Racquet Association, North Coast Health Improvement Society, and the Hecate Strait Employment Development Society. In addition, he was the financial agent on numerous provincial and federal campaigns.

Married for 40 years, Praveen has three children, one of whom is a CPA, CA who works in his Vancouver office.

~ HONORARY CAs ~

The Honorary CA designation recognizes non-CAs who have made outstanding contributions to the accounting profession.



Colin Bennett, CPA, FCMA, CA (Hon.), LL.D (Hon.)

Colin worked with the Certified Management Accountants of British Columbia (CMABC) for 15 years—two years as staff director and 13 years as president and CEO. A strong proponent of the unification initiative, he played a vital role in moving the current initiative forward, though he retired in 2012.

Before joining CMABC, Colin held a variety of senior roles in financial management with manufacturing companies; these included controller & CFO of CAE (Welmet) Industries, VP finance/CFO of Sheldon's Group of Companies, and VP finance & CFO of Freightliner of Canada Ltd.

Colin is currently a board member of the BC & Yukon Arthritis Society and The College of Licensed Practical Nurses. He has contributed his leadership to numerous other organizations as well, including the Canadian Manufacturers & Exporters Association; Financial Executives International (BC board president in 2002-2003); the Leadership & Management Development Council of BC (board president in 2005-2006); and the Muscular Dystrophy Association.

Colin became a CMA in 1975 and an FCMA in 2003. In 2010, he received an honorary doctorate from Capilano University for his contributions to the business sector and the community.



Susan K. Burns, CA (Hon.)

Susan is a public representative on the ICABC's Discipline Tribunal, which she joined in 2008 following a seven-year tenure on Council. In recognition of her service, which also includes roles on the Recruiting & Training Task Force, the Task Force on the CA Life Cycle of Professional Learning, and the board of governors of the Chartered Accountants Education Foundation of BC, she received the ICABC's Ritchie McCloy Award in 2009.

Prior to her retirement in 2002, Susan was the executive director of the Executive MBA Program for the faculty of business administration at Simon Fraser University (Harbour Centre) for 11 years. She'd previously worked as a sessional lecturer for SFU and the University of British Columbia, and as director of the real estate division for UBC's faculty of commerce and business administration.

Susan's diverse resumé also includes three post-secondary degrees, roles as a consumer affairs commentator for CBC Radio and a corporate affairs officer for Vancity Savings Credit Union, and service on the board of examiners of Canada Lands Surveyors and the Consumers' Association of Canada. In addition, she has volunteered with the United Church for more than 30 years.



Ross Fraser, MA, CA (Hon.)

Ross served on the ICABC's Act Changes Task Force and was a public representative on the Institute's Council and Discipline Tribunal. He is currently a lay member of the ICABC's Practice Review & Licensing Committee.

Ross serves on the board of the Vancouver Island University (VIU) Foundation, an entity he helped create. He has been involved with Malaspina University-College (now Vancouver Island University) for over 30 years, and made considerable contributions to Malaspina College as it progressed into a university-college and then a full university. These included establishing the Malaspina University-College Foundation and serving on its board. In addition, Ross was dean of arts and humanities, served as president of the Malaspina College Faculty Association, supported the Malaspina Tools for Learning Campaign, and co-ordinated the library capital campaign. Ross also served as director of community and corporate development.

In the community, Ross was a member of the Rotary Club of Nanaimo-Oceanside and served as its president. He served on the board of the Hidden Heroes Education Society, and is a past director and chair of the board of directors of the Nanaimo Port Authority.



Alastair (Al) McNair, CA (Hon.)

Al has extensive experience in corporate, public, and government affairs, having worked in senior leadership roles with both Weyerhauser Canada and Pacific Press (publisher of the *Vancouver Sun* and *Province*). At one time, he was also the publisher of the *Prince George Citizen* and the *Kamloops Daily News* for Southam newspapers.

Al has been contributing to the ICABC since 2004, when he was appointed to Council as a public representative. After serving on Council for five years, Al took on his current role as a public representative on the Institute's Professional Conduct Enquiry Committee.

An experienced community leader, Al is actively involved with numerous charities and NPOs. His extensive contributions include helping to lead the initiatives to establish the University of Northern BC in Prince George and Thompson Rivers University in Kamloops; serving on the boards of art galleries, service clubs, and the United Way; and chairing the BC Chamber of Commerce. In 2003, he was named "Business Person of the Year" by his peers in Kamloops.

~ LIFETIME ACHIEVEMENT AWARD WINNERS ~

The ICABC established its Lifetime Achievement Award in 2001 to recognize FCAs who've made an indelible mark in BC (and beyond) through decades of professional and volunteer work. The award is the Institute's highest honour.



Thomas S. (Tom) Chambers, CPA, FCA

As a partner with PricewaterhouseCoopers LLP for 26 years, Tom held increasingly senior leadership roles, including regional managing partner and national audit managing partner. Since retiring in 2002, he has served as an independent director for public and private companies and as a trustee of family trusts.

Tom has volunteered within the accounting profession at the provincial and national levels for more than 30 years. Active with the Institute of Corporate Directors (ICD), Tom was instrumental in opening the BC Chapter in 2002, and became an ICD.D in 2005. He stepped down as board chair in 2005, but remains on the Advisory Council. He also served on the Standards Council of Canada.

Tom has provided tremendous leadership in the community through his service on the boards of numerous NPOs and charities, including the Endeavour Society, the Alexandra Foundation, the National Ballet of Canada, the BC Cancer Foundation, the Victorian Order of Nurses BC Chapter, and the Health and Home Care Society of BC. He is also a member of the Sovereign Order of St. John of Jerusalem.

In recognition of his service, Tom was elected to the ICABC Fellowship in 1995.



Iain R. V. MacKay, CPA, FCA

Iain was a founding partner of Naylor, Holley, MacKay in Vancouver, and under his leadership the firm evolved into MacKay LLP, now the 12th largest CA firm in Canada.

Iain moved to Whitehorse in 1970 to expand the firm, and helped establish the Institute of Chartered Accountants of the Yukon Territory (ICAYT), serving as its inaugural president (1977). He also served as president of the Whitehorse Chamber of Commerce and as an MLA and leader of the opposition in the Yukon Legislative Assembly.

After returning to Vancouver in 1980, Iain served on the ICABC's Discipline Tribunal and Mid-Size Firms Forum, and the CICA's Auditing Standards Board.

Iain retired as a partner with MacKay LLP in 2010, and currently chairs the board of Sora Group Wealth Advisors.

Deeply committed to service in the community, Iain has held leadership roles on the boards of the BC Cancer Foundation, St. George's School, and the BC Liberal Party. He currently serves as a director of the Terry Fox Research Institute.

Iain received the ICABC Community Service Award and the Queen's Jubilee Medal, and is one of a select few CAs to be elected to both the BC and Yukon fellowships.

All honouree photos by Kent Kallberg of Kent Kallberg Studios Ltd. in Vancouver, except those of Chuck Burkett, CPA, FCA (photo by John Yanyshyn of Visions West Photography in Victoria); Kyman Chan, CPA, FCA; Jim Pickles, CPA, FCA; Betty Ann Shiels, CPA, FCA (photo by Helen Macpherson of W. D. West Studios in Prince George); and Al McNair, CA (Hon.).



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REGULATORY MATTERS

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How have you modified the nature, timing, and extent of your audit procedures?

In 2012, the Canadian Public Accountability Board published a special report, *Auditing in Foreign Jurisdictions*,[3] which outlines the challenges of performing high-quality audits of the financial statements of Canadian reporting issuers with operations in foreign jurisdictions. Some of the findings outlined in the report include:

- Auditors not properly applying procedures that would be considered fundamental in Canada, such as maintaining control over the confirmation process.
- Auditors not appropriately identifying and assessing the risks of material misstatement through a sufficient understanding of the entity and its environment.
- A lack of professional skepticism.

The above and other considerations need to play an important role in the acceptance and performance of audit work in jurisdictions outside Canada.

Action steps: Be sure to adapt your audit procedures to sufficiently address the risk of fraud in the environment in which your client is operating, and maintain a healthy level of professional skepticism throughout the audit process. ■

[3] www.cpab-ccrc.ca/en/topics/PublicSpecialReports/Pages/default.aspx



Donna visiting with children (many of them relatives) from the village of U-og on Bohol Island in May 2011.

MEMBER PROFILE

Donna Cloutier, CPA, CA

Manager, Pateman & Company

Profile by Michelle McRae

"The sound was the loudest I've ever heard," says Donna Cloutier of the 7.2 magnitude earthquake that rocked the Philippines on October 15, 2013.

A manager with Pateman & Company in Courtenay and former meteorological technician in the Canadian Armed Forces, Donna was volunteering in the Philippine province of Cebu at the time of the quake. It was the sixth day of her first mission with Rotaplast, a humanitarian organization that provides free reconstructive plastic surgery, dental treatments, and speech therapy to children born with cleft lip and palate anomalies in developing countries. She'd been eager to get involved ever since a fellow member of the Courtenay Rotary Club had described his own Rotaplast missions.

"I knew I had to be a part of it," she says. "Also, my spouse's family is from the Philippine island province of Bohol, so I saw a chance to help the country where my family lives."

Tasked with sterilizing surgical tools in a Cebu hospital, Donna worked side by side with nurses and doctors, observing surgeries up close.

"I witnessed how every player on the team, including myself, was integral," she says. "The demands put on health care workers were evident—they all care so much for each and every patient."

These demands were compounded on October 15, as the earthquake forced an evacuation of the hospital.

"Buildings in the Philippines are not built to Canadian standards," says Donna. "Running out of the hospital—it was very scary. I had visions of the ceiling collapsing on us."

In the ensuing chaos, staff were forced to treat patients outside, where three patients subsequently died due to a lack of oxygen from manually operated pumps.

By the time Donna flew home on October 17, the quake had claimed more than 100 lives. So it was with great relief that she and her spouse Edwin (Eddy) Betinol, a physiotherapist and former search and rescue volunteer, learned that their family members were safe. Some, however, had lost their homes and—like many residents of Bohol, just 20 km from the quake's epicentre—they were still living in tents when Typhoon Yolanda hit a few weeks later.

"It was actually the second storm to hit the island after the quake," Donna says. "The first was Tropical Depression Wilma, which caused some flooding—but nothing compared to Typhoon Yolanda."

She and Eddy first heard about the typhoon via family on Facebook, and were able to maintain contact until power was lost to Bohol and cell phones gave out.

"After waiting 24 hours for word, we were relieved to hear that everyone was okay," Donna says. "But the devastation in other areas was unimaginable."

To help with the relief effort, the couple collaborated with Courtenay's tight-knit Filipino community to host a fundraising dinner on November 24. They raised over $31,000.

One purchase made possible by the fundraiser was a generator for Bohol Island, where the power outage had prevented access to clean drinking water.

"They are slowly rebuilding their homes," Donna says of her family's village. "The funds needed to rebuild aren't coming fast enough, and finding shelter is challenging, but the Philippine people are the most resilient people you'll ever meet."

Despite the inherent risks, Donna hopes to return to Cebu later this year.

"My first Rotaplast mission was truly rewarding," she says. "It definitely won't be my last." ■



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Left to Right:
Vern Blair, Cheryl Shearer, Robert D. Mackay, Kiu Ghanavizchian, Malcolm Ellison, Gary M. W. Mynett, Chris Halsey-Brandt, Andy Shaw, Jeff P. Matthews, Farida Sukhia

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