

# PIVOT



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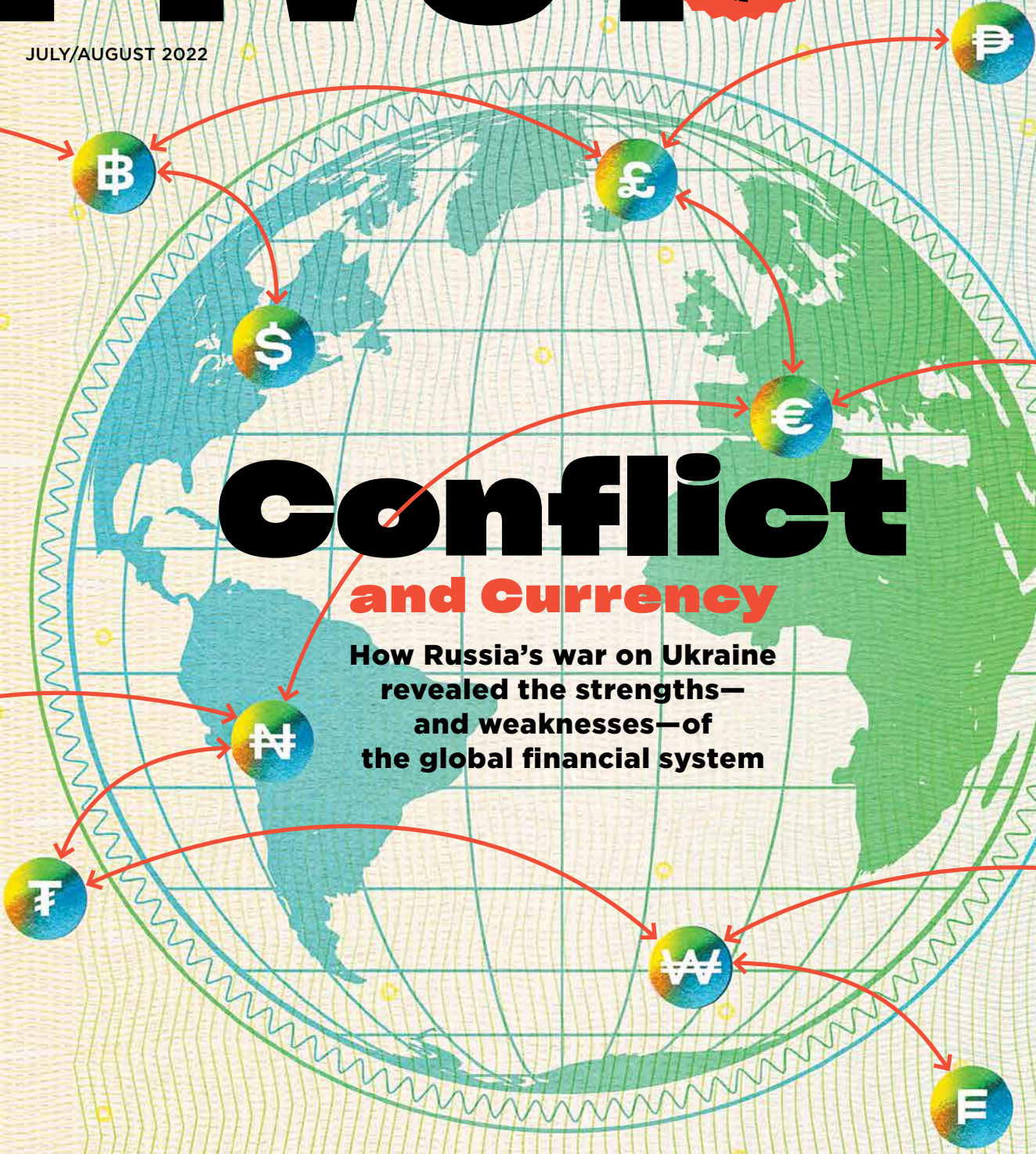
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## **Conflict** **and Currency**

**How Russia's war on Ukraine  
revealed the strengths—  
and weaknesses—of  
the global financial system**



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• The lowdown on the thriving green bond



• Planning a career move? Read this first

• All about the new mandatory reporting rules



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Russia's war on Ukraine—and the resulting economic sanctions—has pushed the global financial system into the spotlight. It's also highlighted its fragility. **BY BRYAN BORZYKOWSKI**

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**BY CHRIS POWELL**
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**BY VANESSA MILNE**

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When the pandemic forced the CFL to shut down, Saskatchewan Roughriders CEO Craig Reynolds seized the opportunity to rebuild the league. **BY BRYAN BORZYKOWSKI**



**ON THE COVER**

With design elements inspired by paper currency, the cover illustrates the interconnected nature of the global financial system

**WHAT DO YOU THINK?**

Send your letter to the editor to [pivot.letters@cpacanada.ca](mailto:pivot.letters@cpacanada.ca). If your letter is chosen for publication, it may be edited for length and clarity.

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# A NEW CHAPTER

At such a key moment in our profession's history, it's an honour to be CPA Canada's new president and CEO **BY PAMELA STEER**



**Starting a new position** is always exciting. When that position is to lead an organization through a major transition the excitement is compounded. I can honestly say I am thrilled to be CPA Canada's president and CEO.

I see endless possibilities for the profession to adapt and demonstrate leadership in an ever-evolving global economy. A key priority for our organization will be strengthened collaboration with the provincial, territorial and Bermudian CPA bodies to ensure the profession continues to deliver value for Canadian CPAs and other stakeholders.

Therefore, I am deeply honoured and humbled to be taking on this role—honoured at the opportunity to lead and humbled by the faith

placed in me at such a pivotal moment in our profession's history. We stand on the precipice of real measurable change with the implementation of a new competency map, recommendations expected soon in the review on standard setting in Canada, and what comes with the newly opened Montreal centre of the International Sustainability Standards Board (ISSB).

I want to take a moment to recognize my predecessor, Charles-Antoine St-Jean, who was an inspirational force in seeing Canada selected as part of the ISSB's multi-location structure. He played a pivotal role in bringing together a broad array of public and private sector support to clearly demonstrate Canada's commitment to strong sustainability governance.

## A global player

Sustainability is something I have long been passionate about. I am a founding member of both the Canadian chapter of the Accounting for Sustainability (A4S) CFO Leadership Network and the advisory board of the Institute for Sustainable Finance. From a personal perspective, I look at the issue with my family and future generations in mind and firmly believe the profession can play a role in delivering a prosperous, sustainable future for this country. Nowhere is this more evident than with the establishment of the ISSB's Montreal centre as it cements Canada as an integral player in sustainability reporting. The centre represents the ISSB in the Americas and we look forward to the eventual development of standards in Montreal.

Encouragingly, the ISSB has already started its standards work: In March, it issued two initial exposure drafts—the *General Requirements for Disclosure of Sustainability-related Financial Information* and *Climate-related Disclosures*. Comments will be received until



## IT'S OFFICIAL

The IFRS Foundation and Chartered Professional Accountants of Canada (CPA Canada) announced in April an agreement to establish the Montreal centre of the International Sustainability Standards Board (ISSB). The Montréal centre will host key functions on behalf of the ISSB, including the coordination of activity across the Americas. The ISSB is chaired by Emmanuel Faber—former chair and CEO of Danone, where he became known as “a star among environmentalists and climate activists,” according to *Time* magazine. Faber is shown here, at left, alongside CPA Canada Board of Directors Chair Richard Olfert. The Montréal centre officially opened in late June.

July 29, and I recommend Canadian CPAs make their voices heard.

In the end, though, my passion for the profession extends beyond sustainability. Our work touches all aspects of the economy and society. I appreciate the responsibility that comes with playing a leading role in this new chapter of the profession and in assisting our collective actions to make the world a better place.

By working alongside the PTBs and diverse stakeholders—volunteers, regulators, policy makers, standards



setters, employers from all sectors and academia—the seeds have been planted to build on the momentum the profession has established and seize the opportunities ahead.

## WE ALL PLAY A ROLE IN DELIVERING A SUSTAINABLE FUTURE FOR OUR COUNTRY

I am encouraged by my early conversations, both within and outside of the profession. There is an infectious dedication and sense of purpose, and it is fueling my eagerness to work side by side with CPA Canada's employees, the PTBs and our many other stakeholders. Each and every one of us is at the forefront of important change—change that will touch everything on earth.

The towering scope of what we face affords the profession a unique opportunity to effect substantive transformation the world over. It is exhilarating to face the coming challenges and I am excited to start working alongside Canadian CPAs bring about this important change. ♦



**Pivot won five Gold and two Silver awards in the 2022 National Magazine Awards: B2B competition, including Best Issue (for the Nov./Dec. 2021 issue) and the prestigious Best Magazine award, for the second year in a row.**

# PIVOT

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# FIRST IN

## PURPOSE DRIVER

# AT THE RIGHT TIME

After helping to build the Canadian Museum for Human Rights from the ground up, CFO Susanne Robertson, FCPA, reflects on the museum's first-of-its-kind legacy ahead of her retirement **BY LIZA AGRBA**

**Overlooking Winnipeg's** stretch of the winding Red River is the Canadian Museum for Human Rights, a stunning glass, alabaster and steel behemoth sprawled across nearly six acres of floor space. It's a project of many firsts: the first museum solely dedicated to the exploration of human rights around the world, Canada's first national museum in more than 40 years and the first ever national museum outside Ottawa.

Susanne Robertson, its CFO, was the museum's first employee when she was appointed to her role in 2008. She played an integral role in developing it from the literal ground up—one of her initial jobs was securing the building's construction budget. That work, along with a long history volunteering on the boards of not-for-profits like the Arthritis Society and Ovarian Cancer Canada, won her the 2016 Financial Leadership (CFO) Award as part of Chartered Professional Accountants of Canada's Awards of Excellence in Public Sector Financial Management and, in 2019, a Fellow CPA (FCPA) designation in Manitoba.

"The FCPA awards ceremony was held at the museum," she says. "My family and many of my peers attended. To be recognized for my work in a place that means so much to me was very special." After 15 years with the museum and its charitable wing, Robertson is preparing to retire. Looking back at her career, she says her passion for making a real impact on the world—fuelled by the energy and commitment of her coworkers—has kept her grounded through it all.





The first national museum outside Ottawa doesn't buy artifacts, it borrows them

**You held senior positions at a real estate startup firm and a printing company before joining the foundation for the museum as CFO and project manager. What attracted you to the museum?**

Early in my career, I started volunteering on the boards of not-for-profit organizations. Initially, it was small things like the board of my kids' daycare, but I eventually became the chair for the regional and then national Arthritis Society and now sit on the board of Ovarian Cancer Canada. Those positions taught me that working in something with meaning behind it gives me a lot of satisfaction. I saw it as the opportunity of a lifetime—the opportunity to work in something meaningful, while combining my CPA training with my not-for-profit experience and work scaling a startup.

**What was it like being the first employee of Canada's first new national museum in more than 40 years?**

At the time, we had no building or exhibits, no policies or procedures, no staff and, most importantly, no how-to manual, since there hadn't been

a national museum established in such a long time. Six years later, we opened a magnificent building with almost 200 staff and hundreds of volunteers. My CPA training—my analytical skills, decision-making, problem solving and appetite to assess risk—helped a lot along the way. As a CFO, you get involved in everything, because there is always a financial aspect. There were some tricky moments that drew directly on my CPA skill set.

**Can you describe one of those moments?**

In the fall of 2008, shortly after our first board meeting, a \$265-million budget had been set. But, due to significant escalation in construction costs at that point in time, we needed significantly more funds than that. We had to work with the construction company, architects and engineers to analyze the situation and provide options and recommendations to the board around what could be done to bring the budget down to a more reasonable amount—all without sacrificing the original vision for this iconic building. It was nerve-racking; the board could have decided to build something lesser. But, for a museum in the centre of the country handling such important subject matter, I felt it was crucial to preserve the original vision.

**You've said the museum is the first of its kind. Can you elaborate on that?**

It's the world's first museum solely dedicated to the evolution, understanding and celebration of human rights. We take a broad lens to human rights around the world, though there's a focus on reflecting and furthering Canada's commitment to human rights.

## “WORKING IN SOMETHING WITH MEANING BEHIND IT GIVES ME A LOT OF SATISFACTION”

At various stages in the process, we incorporated third-party audits to make sure we have a good cross-section of human rights issues from around the world. It's also unique in that we're Canada's first national museum outside Ottawa and we're not a traditional collecting museum—we generally borrow artifacts, rather than own them.

**What exhibits have had a particularly strong impact on you?**

One of our core exhibits is the Canadian Journeys gallery. It has 18 alcoves dedicated to different stories related to Canada's human rights history, from disability rights and same-sex marriage to



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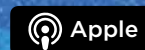
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residential schools. You could spend days in that one gallery. In the centre of it there's a game called *Lights of Inclusion*. When you walk in, a circle of light forms around you and, when people come in to stand there with you, it becomes brighter, and ribbons of light move through the space. It's about how we do better when we work together.

**Is there any programming planned around the war in Ukraine?**

We're in ongoing conversations with the Ukrainian community about how we can mark these terrible events going forward. One of our current exhibits focuses on the Holodomor—a man-made famine in Soviet Ukraine from 1932-1933 that killed millions of Ukrainians. Like many organizations around the world, we lit up the building in blue and yellow to show our support.

**15** years Susanne Robertson spent as CFO of the Canadian Museum for Human Rights

**Why retire now and what are your plans for retirement?**

It was a very hard decision, even though I'll be 67 in November. Being part of something so important and meaningful—not just for human rights, but for my community in Winnipeg—was an incredible experience. But the museum is in a really good place right now and it feels like the right time to give someone else an opportunity to come in with new ideas. I'm in a good place as well—it's time for me to enjoy other things in life, like travelling and spending time with my grandkids. But I like to keep my hands in things, so I may apply to be on the board of one of the other national museums or a different board opportunity. I feel truly honoured to end my career on this note; the museum became my baby after my children were grown. It will be hard to give up. ♦

**MOVING THE NEEDLE**

When it comes to global music consumption, streaming is king. But physical music sales are making a comeback in Canada, led by the purchase of vinyl records, cassettes and CDs. The two groups purchasing the most vinyl albums? Generation Z—those born between 1997 and 2012—and millennials born between 1981 and 1996. **BY STEVE BREARTON**



**YEAR-OVER-YEAR CHANGE\***

**-6.9%**

**CDs**  
Sales of CDs dropped in Canada to 2.7 million but still outsold digital albums by 400,000 units.

**-26%**

**DIGITAL ALBUMS**  
Digital albums represented 2.7 per cent of all global music consumed, compared to 4.5 per cent for vinyl records.

**+21%**

**VINYL**  
Canadian sales of vinyl records reached 1.1 million units in 2021—the most since MRC Data started tracking music sales in 1995.

**+67%**

**CASSETTES**  
Music marketplace Discogs reported that in 2021 cassettes listed for sale on its website increased by two-thirds.

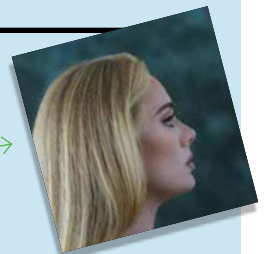
\*2020 VS. 2021

**FUN FACTS**



In the U.K., vinyl sales were boosted by the release of **ABBA's Voyage**. Their first record in 40 years became the century's fastest-selling vinyl.

In global markets, cassette sales rose for the ninth year in a row. **Olivia Rodrigo, Coldplay** and **Queen** featured among the top-selling artists.



The pressing of more than 500,000 copies of **Adele's 30** in advance of its release in November 2021 tied up pressing plants, resulting in delays for recordings by other artists.

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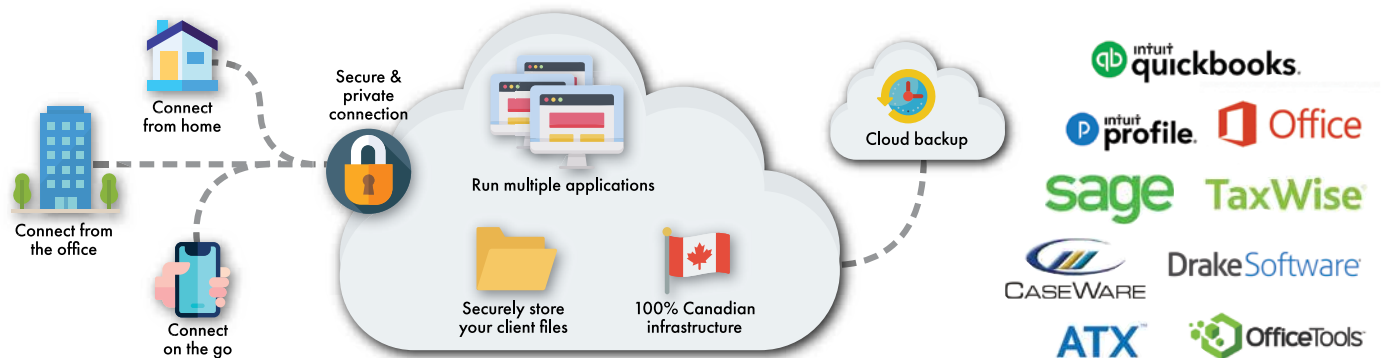
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## PICTURE THIS

## FULL CIRCLE

Montreal-based Laps is finding success in the growing market for second-hand products **BY MATHIEU DE LAJARTRE**

While resale sites are nothing new (eBay was founded in 1995 and Kijiji, its subsidiary, in 2005), the consumer experience can leave much to be desired, including the potential for disappointing products and unpleasant sellers. This is what drove Pierre-Luc Laparé, CPA, and his partner, Marc-Antoine Bovet, to go into business. Their goal, says Laparé, is “to resell products at a lower price and maximize product life by offering a buying, selling or trading experience comparable to the best shopping sites for new items.”

Laparé and Bovet are both golf enthusiasts, so they chose to start selling used golf equipment. They sold their first sets of clubs in 2006, via eBay, then decided to create the Golf Avenue site. It was a modest beginning, but at the time, Laparé had just finished CEGEP (a publicly-funded level of education between secondary school and university.) He then became a CPA and spent four years at Deloitte (2011-2015), during which time he quietly grew Golf Avenue and honed its business model. “Everything had to be invented,” he says. “In the new market, a manufacturer sets the price and supplies the product. But in the used market, there are so many variables. How do you calculate depreciation? What is the impact of seasonality? A set of golf clubs in Montreal in December is not worth the same price as in May. But in Florida, it’s different.” Add to that the fact that they’re now competing not only with entrenched companies like Kijiji and Facebook’s Marketplace, but also private sellers.

In 2016, Laparé decided to go full-time. “At that time, annual growth was around 40 per cent. We quickly realized there was a way to become an industry leader by consolidating our position, which we did in the spring of 2019 by purchasing Golfbidder, an English competitor.” That same year, Caisse de dépôt et placement du Québec invested in the firm and the pair launched Cycling Avenue (modelled after Golf Avenue, but for bikes). That venture generated several million dollars in revenue by its second year of operation.

Today, the three brands exist side by side under Laps, a new entity created in 2021, that has grown to nearly 150 employees from about 40. The



1

15

number of countries that Laps' customers come from

Caisse de dépôt recently injected \$20 million into the company, which has surpassed one million customers in some 15 countries.

To achieve and maintain this level of growth, Laparé and Bovet were determined to work hard to simplify the experience for users, whether they’re buying, selling or trading.

To trade in used golf clubs, for example, users enter the clubs’ information (like brand and model) in the site’s database. They receive a quote and the value of the used clubs will be deducted from their purchase. For bikes, sellers upload pictures of their bikes first and receive a personalized quote within a few hours. “We have guidelines for maximum wear and tear, and if a product does not meet our quality standards, we repair it to make sure a customer will leave with a good bike,” says Laparé. People can also trade in bikes at a local partner shop and get a store credit to use toward the purchase of another bike or cycling equipment.

People can also just sell their gear directly on the sites or take it to one of Laps’ physical drop-off locations.

Laparé and Bovet hope consumers’ interest in second-hand goods will continue. According to Statista, the value of the second-hand market is expected to more than double in the next few years—from US\$36 billion in 2021 to US\$77 billion by 2025. As well, the circular economy could create over a million jobs in the next decade, according to data from KPMG. “This growth is because of the younger consumer looking for value and sustainability,” says Davinder Valeri, CPA and director of strategy, risk and performance at CPA Canada.

“Even five or 10 years ago, customers were buying second-hand items for their own use and to pay less,” says Laparé. “Today, more and more people are using our platforms to buy gifts. It’s no longer taboo and everyone wins: It’s easier on the wallet, offers better value for money and is also better for the planet.” ♦



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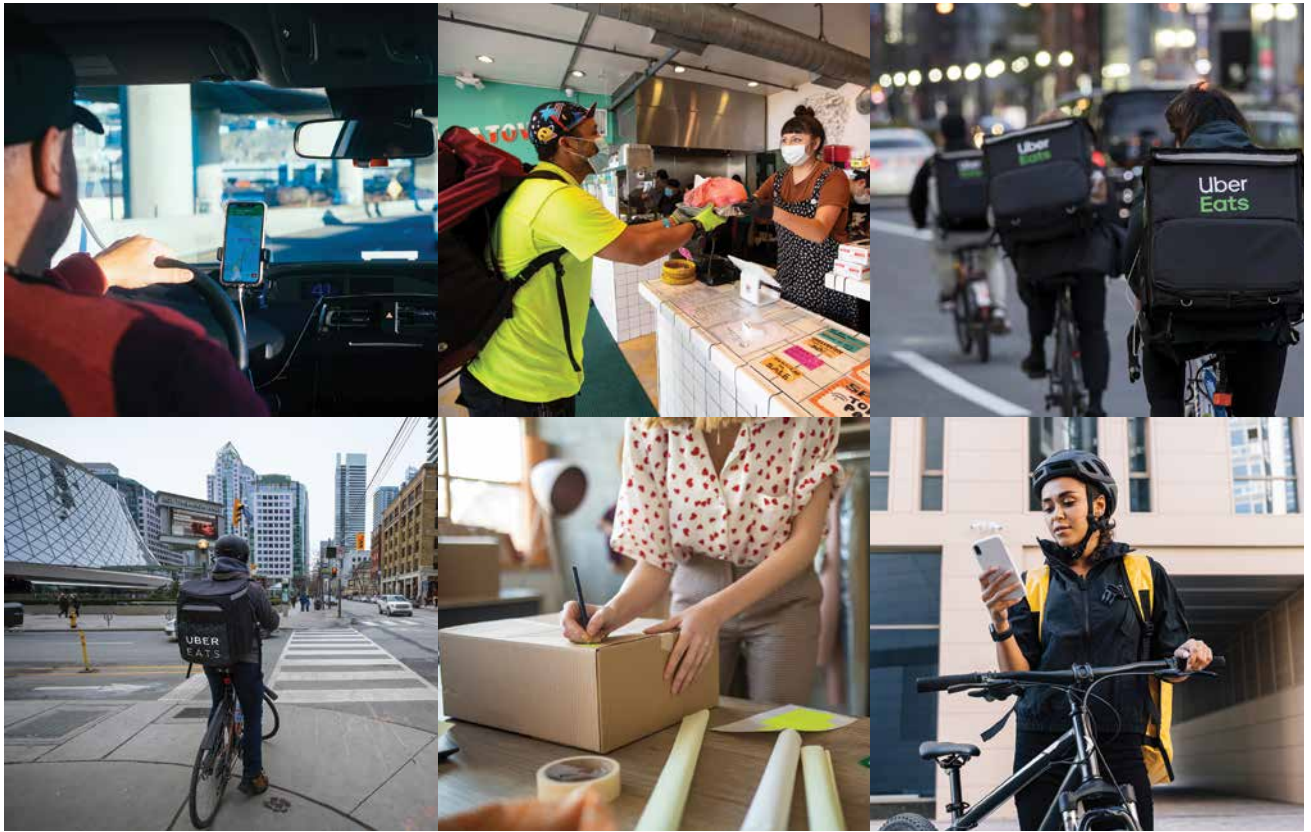
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4



1. A worker sorts through used golf clubs at Laps' Montreal warehouse
2. Clubs are prepped and photographed for upload to the **Golf Avenue website**
3. Equipment is inspected and cleaned **before being resold**
4. People can trade in bikes at a **local partner shop and receive a credit toward the purchase of a bike or cycling equipment**
5. Laps co-founder, CPA **Pierre-Luc Laparé**



BURNING ISSUE

# THE RISE OF THE PLATFORM WORKER

An evolving labour force is influencing changes to Canada's tax system **BY RITA SIMONETTA**

**The workforce in Canada**, it is a-changin'. Like so many other societal changes the pandemic has accelerated, the rise of the gig worker over the last two years has been dramatic. More specifically, a segment of the workforce the Canada Revenue Agency (CRA) refers to as "platform workers" is poised to grow significantly. The CRA defines platform workers as those making a living through the internet or apps, a broad swath that includes everyone from ride-share drivers and delivery workers to social media influencers and Etsy sellers.

"We've noticed more clients that are platform workers since the start of the pandemic," notes Andrew Bernstein, a CPA and tax principal at Shimmerman Penn in Toronto. "In terms of demographics, they're mostly younger clients."

According to Payments Canada, more than one in 10 Canadians work in the gig economy. Eighty-five per cent of companies across Canada anticipate a dramatic increase in this labour force by 2025, according to data from HR services company Randstad Canada.

How will Canada's tax system evolve to meet the requirements of a shifting workforce?

It will be in the interest of shrinking the gap between paid and unpaid taxes. Based on CRA reports, the C.D. Howe Institute estimates the tax gap was upwards of \$22 billion in 2019-2020.

The CRA has been looking for ways to reduce that gap. In 2017, as a response to the rise of the gig economy, the CRA adjusted its guidelines regarding the ride-share sector by making drivers subject to the same tax responsibilities as traditional taxi drivers. Unlike most gig-economy workers, that means they're obligated to remit GST/HST for each ride, regardless of their annual income. On July 1, 2021, the CRA ruled that non-resident online

PHOTOGRAPHS BY ISTOCK; TOP LEFT BY PAUL HANAOKA/UNSPASH; TOP RIGHT BY GETTY



judith & charles

vendors—a category that includes Airbnb hosts and Amazon sellers—now must remit GST/HST.

For many in the gig economy, navigating the tax waters without a CPA's guidance can get complicated. For example, how to report business income and expenses on a self-employment statement—given that most platform workers are considered self-employed—is important. “That brings up a lot of fundamental compliance issues, such as identifying eligible expenses they can claim against their income as well as understanding how to categorize those expenses,” says Bernstein. “The complexities can be overwhelming.”

As the gig economy continues to grow, Bernstein believes Canada's tax system will continue to make adjustments. “The platform economy is driven by technology, and that technology leaves a digital footprint,” he says. “I foresee future legislation requiring platform businesses to report more information or to administer tax on behalf of platform workers because they're more of an entity the CRA can regulate.”

## FOR MANY GIG WORKERS, NAVIGATING THE TAX SYSTEM CAN BE OVERWHELMING

Rita Zelikman, a CPA whose firm is based in Vaughan, Ont., agrees. “There are so many layers, rules and laws that have to be put in place that it could be years before they implement something and catch up. But they will get there and force better reporting of income.”

Then there's the fact that companies can hire gig workers without having to pay for CPP and EI premiums. That has an inevitable impact “on the ability of gig workers to protect themselves from income disruptions during their working life and when they get too old to work,” says Armine Yalnizyan, a Canadian economist and Atkinson Fellow on the Future of Workers. “By not contributing now, you're deferring the costs to the next generation of workers who will pay the taxes that provide whatever income support there is for those without pensions.”

As more baby boomers exit the labour market, and with automation not yet ready or able to fill in the gaps, Yalnizyan notes, “there will be tension between growing labour shortages, the increasing bargaining power of workers and the desire of more people to have on-demand access to task-based work.”

In other words, she says, “changes are coming.” ♦

**85%**  
of Canadian companies expect the number of platform workers to rise sharply by 2025



### SOCIAL Qs

## PENNYWISE

CPAs can bring discipline and rigour to the often-messy world of online financial advice

BY DORETTA THOMPSON

**Not so long ago**, financial advice was the almost-exclusive purview of professionals who served the wealthy few. Times have changed. Now the internet is bursting at the seams with financial coaches, gurus, influencers and bloggers.

Online money advice has in some ways become a free-for-all, with individuals and institutions promoting tips, tricks and strategies to guarantee financial freedom. While much of the advice is good, and many writers are qualified, some have a vested interest in providing and promoting specific advice and promoting specific services, and others are keen to score followers and fatten their own wallets.

Millennials and Gen Zs are especially vulnerable to bad online financial advice, with platforms like TikTok exploding with viral “finfluencers” proffering advice on everything from budgeting for Starbucks, to investing in cryptocurrency, to riding the latest meme stock waves. The aura of fun and humour that so often surrounds these creators can create a feeling of missing out... and lead those with stars in their eyes to throw money at questionable “investments” without proper consideration.

CPAs are doing plenty to combat financial misinformation and provide clear, objective advice to those who need it most. Volunteering with CPA Canada's Financial Literacy Program, providing unbiased and objective financial education to local communities, and sharing our financial literacy resources within their networks are some of the ways CPAs are accomplishing this.

The question is: what more can be done to create safe and accessible financial education? Send us your thoughts

[financialliteracy@cpacanada.ca](mailto:financialliteracy@cpacanada.ca) ♦

*Doretta Thompson is financial literacy leader at CPA Canada.*



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THE ECONOMIST

# COLLATERAL DAMAGE

Everyone is dreaming of a return to normal life, but this cannot happen unless we learn some lessons from the past two years



DAVID-ALEXANDRE BRASSARD

There is every indication that the Canadian economy has largely recovered from the pandemic: Economic activity is comparable to pre-pandemic levels, and the job market is doing well. As the country emerges from crisis mode, attention will have to turn to other pressing issues if a resilient economy is to be achieved.

The past two years have seen a dramatic transformation in the education sector, with a massive shift to online learning (30 per cent of the school calendar between March 2020 and March 2022), extended school closures in some provinces and disruption of extracurricular activities.

The impact? Declines in achievement for many students and student disengagement. While the

30

percentage of the school calendar that shifted online between March 2020 and March 2022

magnitude of the impacts may vary, we can expect to see similar findings in Canada as in the United States, where declines in reading and math in “pandemic” cohorts can be seen in grades three through eight. Those most impacted, compared with pre-pandemic cohorts, are marginalized and economically disadvantaged students, just as the lack of face-to-face education has been most detrimental to students with specific learning difficulties.

Working-age students must also carefully weigh the benefits associated with abandoning education for a current job market in which openings are high and wages are climbing due to a scarcity of labour. Choosing work could leave those individuals vulnerable down the road.

Prioritizing work over education is often not beneficial in the long term because of the many advantages associated with obtaining a diploma: increased employment rates, higher incomes (and the resulting increase in taxes paid), better health and greater civic engagement.

The return to normal must include renewed efforts to narrow achievement disparities among students and to support their educational perseverance and success. We also need to pay particular attention

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to the mental health of young people, which has suffered due to the pandemic.

In terms of health care, the pandemic has strained the system and exacerbated existing problems, such as limited hospital capacity, which in some cases has compounded the need for public health restrictions. Added to that, as we all know, is an aging population and the pressure it will put on health infrastructure. To prevent our hospitals from overflowing year after year, we would do well to improve access to decentralized front-line services by improving access to home services, for example. Let's also hope that digital solutions put forward during the pandemic, such as telemedicine, will be among the technologies adopted.

A quick scan of our economy shows that many business sectors have yet to return to their pre-pandemic revenues. Two areas that have been especially hard hit are arts and entertainment, and accommodation and food services, which were shut down several times because they were considered less safe. As the risks decrease, it will be up to us as



## IT'S UP TO US AS CONSUMERS TO SUPPORT LOCAL BUSINESSES

consumers to support them and prioritize local consumption of goods. Increasing Canadian economic nationalism would benefit all businesses in this country, particularly SMEs.

It will take courage, especially political courage, to meet all these challenges, while also investing in innovation, productivity and the energy transition. It requires vision and detailed planning in addition to adequate budgets. In summary, there is no shortage of priority issues that need tackling both at home and around the globe. ♦

*David-Alexandre Brassard is chief economist at CPA Canada.*

PHOTOGRAPHS: STUDENTS BY GETTY; CLOCK BY ISTOCK; APE YACHT CLUB COURTESY OF SOTHEBY'S

## SHAM, WOW

A catalogue of recent cons BY DAVE ZARUM



### 8:30 P.M.

The time, on March 22, when Quebec residents began receiving text messages luring them to click on a link to receive \$500 via Interac transfer. This came less than five hours after the province tabled its official 2022 budget, where it was announced that 6.4 million Quebec residents would be eligible for a \$500 tax rebate to offset rising inflation. The text messages were made to look like they were sent by the political party, Coalition Avenir Québec, which quickly warned its followers via social media of the fraud in progress and urged them to not click on the link, which could be used to access personal information. It's one of several text-message frauds linked to provincial government announcements in Quebec this year.



### "I HAVE BEEN HACKED"

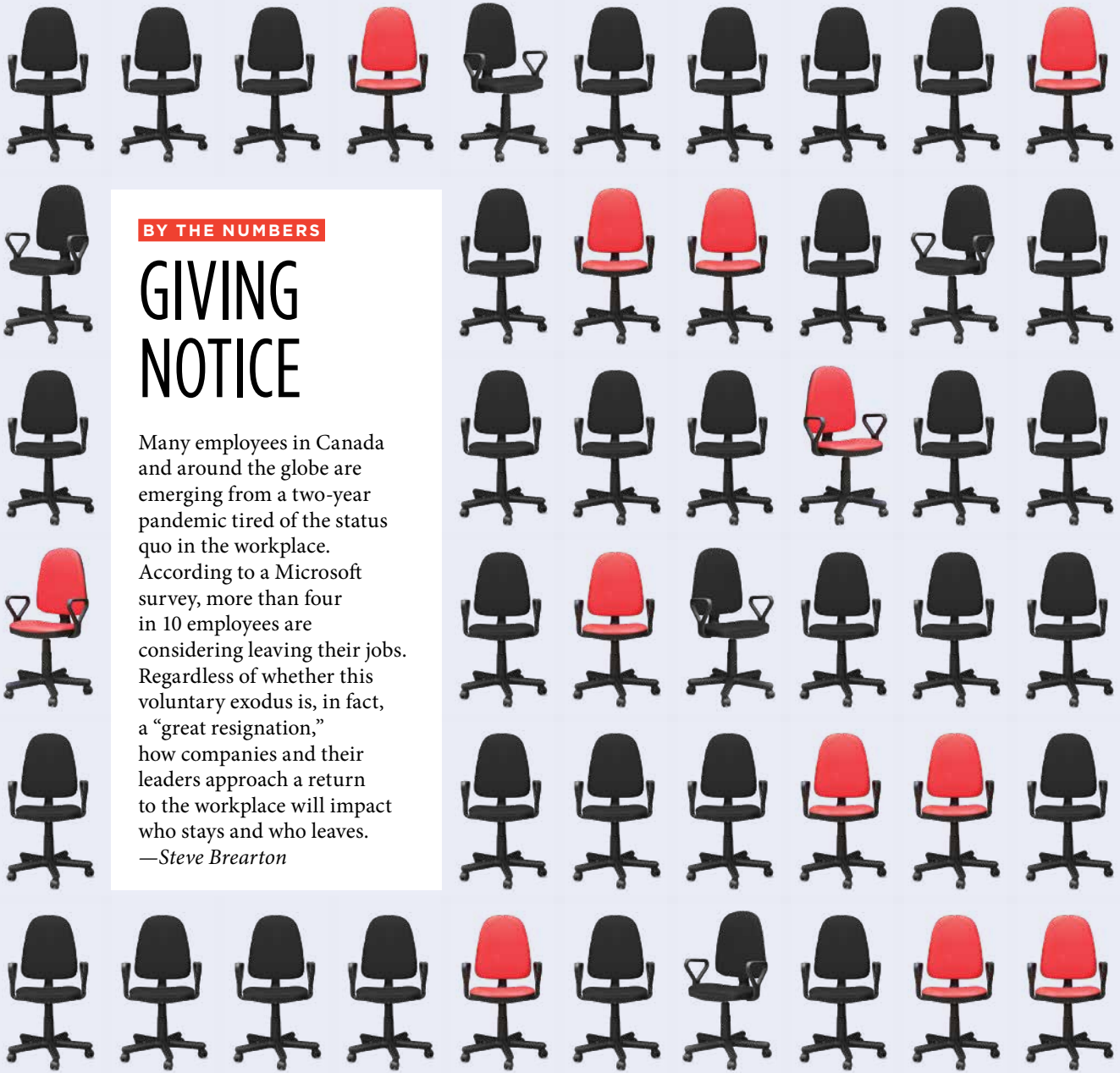
New York-based NFT collector Todd Kramer posted on social media after 15 NFTs were wiped from his crypto wallet. The NFTs were part of the valuable *Ape Yacht Club* series and valued at more than US\$2.2 million. The NFT market, which saw US\$41 billion in sales last year, has become a target for scammers who have carried out a series of high-profile thefts. Earlier this year, on the platform OpenSea, the world's largest NFT market, an estimated US\$1.7 million was lost in a hack that saw 254 cryptocurrency tokens stolen in a matter of hours.

### 17

Number of reports the Canadian Anti-Fraud Centre (CAFC) received of scams targeting people donating to Ukrainian aid efforts. The CAFC said the frauds primarily came via social media, where groups and individuals on platforms like Facebook and Instagram solicited donations via e-transfer and pocketed the funds.

In addition to the donation scams, the CAFC warns of fraudulent websites claiming to offer low-cost immigration services and guaranteed jobs for Ukrainian refugees. There have even been romance scams trying to capitalize on the war in Ukraine, including one featuring a scammer posing as a Canadian intelligence officer who convinced a woman to send him money to aid the war effort.

"Scammers will try to use any means necessary to convince you that their requests are legitimate," the CAFC said in a statement. "The majority of fraud is not committed by amateurs and they will use technology to their advantage."



BY THE NUMBERS

# GIVING NOTICE

Many employees in Canada and around the globe are emerging from a two-year pandemic tired of the status quo in the workplace. According to a Microsoft survey, more than four in 10 employees are considering leaving their jobs. Regardless of whether this voluntary exodus is, in fact, a “great resignation,” how companies and their leaders approach a return to the workplace will impact who stays and who leaves.

—Steve Brearton

THE GRASS IS GREENER

A 2022 survey of Canadian white-collar workers by HR consultants Randstad identified the top reasons employees are leaving their jobs\*

**35%**  
Better benefits

**37%**  
Better career advancement opportunities

**37%**  
More flexible work schedule

**60%**  
A higher wage



**58%**

Percentage of employers who say they can't hire their preferred employee



**30%**  
Failed to meet salary expectations

**35%**  
The company took too long to make an offer

**33%**  
Didn't allow enough schedule flexibility

\*MORE THAN ONE ANSWER ALLOWED



# 28%



**Percentage of Canadian workers who planned to look for a new job in the first half of 2022—a seven per cent rise from six months earlier**



**43%** Percentage of employers who say candidate ghosting—prospective employees suddenly breaking off communication—has worsened during the pandemic

**19%** Percentage of workers who said they would quit without a job lined up



### GOING REMOTE?

In a 2022 survey of Canadian HR managers, Robert Half human resource consultants identified offering remote options to candidates as the best hiring strategy. What did they say were the greatest benefits of hiring fully remote workers?



**33%**  
Quicker hiring process

**39%**  
Greater compensation flexibility

**47%**  
More applications from skilled candidates

---

**Russia's war on Ukraine,  
and the resulting  
economic sanctions by  
countries around  
the world, has pushed  
the global financial system  
into the spotlight.**

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**It's also highlighted  
its fragility.**

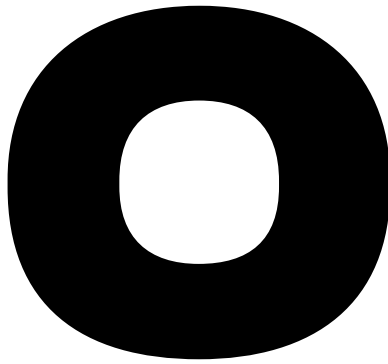
**Beyond**

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By Bryan Borzykowski

# Borders



**On the morning on February 24**, Vladimir Putin held a press conference announcing a “special military operation” in Ukraine to, as he said, rid the nation of Nazis. Moments later, missiles and rockets rained down on Kyiv, its capital city, officially starting what would become the worst attack on a European country since the Second World War. Almost immediately, other countries jumped into action to defend Ukraine, but they didn’t use bombs and bullets. Their weapon of choice? The interconnected global financial system.

That day, the U.S. announced what it called “unprecedented action” against Sberbank and VTB Bank, two of Russia’s largest financial institutions, by preventing them from processing payments through the U.S. financial system. Those two banks alone conduct billions of dollars of foreign-exchange transactions globally, 80 per cent of which are in greenbacks. Cutting off these two institutions from routing money through the U.S. would have made it nearly impossible for Russian companies to do business with American companies.

Two days later, several countries took to the financial front again, this time unleashing what many consider a far more devastating blow to Russia’s economy. The Society for Worldwide Interbank Financial Telecommunication (SWIFT, see sidebar), a messaging service that 11,000 banks across 200 countries use to direct payments, barred several Russian financial institutions from accessing its system. In an instant, it became extremely difficult for Russians, whether a company, oligarch or average citizen, to send or receive money to and from other

countries. While Putin didn’t specifically comment on the SWIFT sanction, in 2014, when Russia annexed Crimea, the Russian president said such a ban would be tantamount to a declaration of war.

These high-profile sanctions, among others the U.S. and Canada have imposed on Russia since the war began, have worked. Russia announced on April 12 that, because it couldn’t convert rubles into U.S. dollars, it would likely default on millions in bond interest payments (it was later able to make the payments). They’ve also put the global financial system and, in particular, how people and countries use it for nefarious purposes in the spotlight.

Until the invasion, most people didn’t give much thought to SWIFT or how oligarchs move money around the world. Now, however, everything from money laundering to the way countries buy oil and gas is top of mind. “The Ukraine crisis has focused attention on the political situation in Russia and the role of the oligarchs,” says Laurence Booth, the CIT chair in structured finance at the Rotman School of Management. “This has highlighted money laundering and how these oligarchs got billions out of Russia to buy pricey properties and ridiculously expensive yachts.”

Wealthy Russians, including oligarchs and even the country’s president, are widely considered to be among the worst money laundering offenders. A paper from the Paris School of Economics found that, in 2015, wealthy Russians’ hidden wealth was equal to 85 per cent of Russia’s GDP. Bill Browder, a former Russia-based investment advisor who famously pushed the U.S. to adopt the Magnitsky Act allowing the country to freeze assets of human rights offenders, said in a recent interview with NPR: “If you were to ask me why Putin is invading Ukraine, it’s because he has stolen so much money that he’s afraid of the Russian people rising up, and he needed a distraction.”

Indeed, many people think Russia’s attack has been financed from illicit gains, says Michele Wood-Tweel, vice-president of regulatory affairs at CPA Canada. “Russia, for a very long time, has taken full advantage of the gaps within the financial system,” she explains. “So, you’ve seen a lot of money laundering done by Russia in the form of real estate or with virtual currencies or offshore tax havens.

“What you’re seeing is Russia’s corruption coming home to roost,” she adds. “They’ve taken advantage of situations in a variety of different jurisdictions around the globe and have put themselves in a position of power and wealth, where they’ve got money to fund what they’re now doing in Ukraine.”





See what CPAs need to know about the use of NFTs as a currency at [cpacanada.ca/nft](https://cpacanada.ca/nft)

**W**here there's crime, there may be money laundering, says Ivan Zasarsky, a partner and national financial crime practice leader and chief anti-money laundering officer with PwC Canada. Crime itself, whether it's drug smuggling, theft, extortion or human trafficking, isn't reliant on telecommunications networks, and the proceeds of those crimes will find their ways into people's hands one way or another.

However, our interconnected global finance systems make it easier, in many ways, to hide those funds among the trillions of other dollars that get moved around the world. "International telecommunications systems are designed to remove frictional barriers and increase the transmission of instructions for international trade," he says. "They're not specifically designed to prevent financial crime."

Money laundering is also fairly easy to do, as long as no one is watching. It happens in three steps, all of which may use, or abuse, different parts of the financial system, says Zasarsky:

**Step 1: Placement**

Here, gangs, governments, companies and others place their criminally earned funds into the financial system. There are many ways to do this, such as buying gambling chips and then converting them back into cash, but one popular method is called smurfing, where criminals deposit small amounts of money into different accounts, usually under the regulatory reporting limit of \$10,000, to avoid detection. This was one of drug kingpin Joaquín "El Chapo" Guzmán Loera's favourite strategies.

**Step 2: Layering**

Layering is when illegal money, now in legitimate accounts, gets moved around internationally to hide its source—often using SWIFT to distance those dollars from the criminals. These funds get transferred into more bank accounts but also into various kinds of investments, whether it's stocks, cryptocurrencies or derivatives. The more the money gets moved between investments, the harder it is for authorities to track the funds back to their original source.

**Step 3: Integration**

This final stage involves the money coming back to the criminal from legitimate sources. It's in this phase where a person might buy a business that generates dividends and profits, or a house or condo they can then sell for a wad of cash. The point is to earn back that laundered money and then some, in a way that doesn't draw attention.



High-end yachts are among the assets seized by authorities around the world as a result of the Russian invasion of Ukraine

There are other laundering strategies within these steps, too. For instance, it's widely known that Russia uses what's called trade-based money laundering, where it takes advantage of trade rules to send money across borders. In the famous Moldovan Laundromat scheme, which was broken up in 2014, the Russian treasury used a vast array of shell companies to divert funds that were raised through fraud, rigged state contracts, and customs and tax evasion.

According to the Organized Crime and Corruption Reporting Project, these shell companies created fake debts, which other shell companies then said they couldn't pay back. The "lenders" then went to a Moldovan court, which ordered the Russian companies that owed the "debt" to pay those funds into a court-controlled account at a bank where these shell companies also kept accounts. Suddenly, billions of dollars flowed into the bank, then into the shell company bank accounts, some of which was then moved to a bank in Latvia, but a lot was used to fund purchases, including sending Florida rock band the Red Jumpsuit Apparatus on tour across Russia. There is no suggestion the band was aware of the scheme. About US\$20 billion was laundered, though authorities say it could be closer to US\$80 billion.

**W**hat makes money laundering so difficult to catch, says Booth, is that most of the money that gets sent through SWIFT first gets transferred into U.S. dollars and then turned into its intended currencies, whether it's Canadian dollars, British pounds or Chinese yuan. Once the money gets mixed into the U.S. currency system, it becomes that much harder to find. "If you're a Russian oligarch, you spend that money through U.S. dollars, because there's so much volume and liquidity in the system that you can hide it among all the other transactions."

The other challenge with money laundering is it often requires someone at a legitimate bank to take part in someone's scheme. Numerous banks and individuals at banks have been busted for aiding and abetting criminal activity. For instance, in 2017, Deutsche Bank was fined \$630 million for failing to prevent \$10 billion in suspicious trades, which turned out to be from Russian money launderers. In 2020, Goldman Sachs was fined more than \$3 billion for its role in a scheme in which 1MDB, a Malaysian development company, deposited money raised for public development projects into people's personal accounts, including that of a former prime minister.



Russia and China have developed their own SWIFT alternatives, partly as a way to circumvent U.S. sanctions

Fortunately, banks and authorities are getting better at detecting money laundering activity, says Zasarsky. Each country has its own anti-money laundering rules and the intergovernmental Financial Action Task Force (FATF) serves as a global money laundering and terrorist financing watchdog. It sets standards and then works with local policy-makers to implement changes at a national level.

More countries are also implementing artificial intelligence and other data analytics solutions, which Zasarsky says are improving every day, to flag unusual account activities. Countries are also sharing far more information with each other than ever before, while FATF's National Risk Assessment, a detailed process that helps countries identify and assess their money laundering-related vulnerabilities, has helped nations close gaps and improve enforcement.

But no process or policy is perfect. "It's a continuous battle between the creativity of those that want to circumvent the system and move their ill-gotten gains, and the reporting entities and actors involved within each country to manage and limit those particular acts," says Zasarsky.

**A**s interconnected as this system may be, the reason it's worked well for so long is because of America's role in global finance, says Booth. The country has been so dominant when it comes to importing and exporting capital that countries had no choice but to trade in U.S. dollars, even when trading with a country other than America. However, that dominance is being threatened by China, which many expect will become the world's largest economy by 2030.

Over the last couple of decades, trade between Russia and China has increased dramatically. China is now the top destination for Russian exports, although the U.S. continues to be China's largest trading partner by a wide margin. In fact, China increased energy imports from Russia by 26 per cent in March 2022.

What's more troubling to many is that the two have been working on SWIFT alternatives, in part to circumvent any potential U.S. sanctions. In 2014, after the U.S. first threatened to disconnect Russia from SWIFT, it created the System for Transfer of Financial Messages, also known as SPFS, while China built the Cross-Border Interbank Payment System (CIPS) to make it easier to send yuan across borders. With Russia now being cut off from SWIFT and with China looking to become more independent from the U.S., the two nations could be pushed to make their SWIFT alternatives more effective. "China is challenging the U.S. It wants to be treated as a great power," says Booth. "They're trying to form a parallel organization so China can buy gas and oil from Russia using a ruble-yuan market."

**"If you're a Russian oligarch, you spend money through U.S. dollars because there's so much liquidity in the system that you can hide it"**

Ensure you are meeting AML requirements at [cpccanada.ca/noncompliant](https://cpccanada.ca/noncompliant)

That creates two problems: One is that the U.S. State Department still considers China a “primary concern” when it comes to money laundering, while the FATF reported that China is compliant on just nine of its 40 recommendations. If the two countries use a SWIFT alternative, money laundering will become that much harder to catch.

China’s dominance, and its increasing trade with Russia and other politically similar nations, also threatens democracy, says David-Alexandre Brassard, CPA Canada’s chief economist. “This is basically the fight of democracy against totalitarianism, and that’s a bit scary. China keeps growing, and what I fear is that countries around the world are going to look at the two models and think [China’s] model is better than the other one.”

**“This is basically the fight of democracy against totalitarianism, and that’s a bit scary”**

China still has a long way to go before the yuan becomes the currency of choice around the world and CIPS and/or SPFS replace SWIFT. It’s possible it’ll never happen, given how many countries are part of SWIFT. It’s also possible that the Ukraine crisis makes even more people pay attention to how the financial system works—for good and bad.

“If there’s a silver lining to this, it’s that it has given a textbook example of how bad this system can be if people turn a blind eye to it and aren’t willing to call out what goes on in regimes around the world, and that includes money laundering,” says Wood-Tweel. “We could see new commitment from countries and more willingness to do things differently in the future. And, hopefully, these countries can stick to that. You can’t get rid of the global scheme of things. You have to use the global scheme to your benefit in the same way criminals take advantage of it.” ♦

## MOVING MONEY

# A Brief History of \$WIFT

People have been moving money from one place to another for as long as commerce has existed, but the modern-day financial system essentially began in 1858 when two battleships in the middle of the Atlantic Ocean connected two ends of a 4,000-kilometre-long cable, allowing Europe and North America to communicate via telegraph. Since then, hundreds of undersea cables have been laid, which now serve as the backbone of the internet and the messaging systems used across the financial world.

At first, the system was slow and rudimentary, with every bank having their own instructions and ways to transfer funds. As technology became more sophisticated, organizations started creating standards for these financial instructions, but it wasn’t perfect: Telex, which was used from the 1940s to the 1970s, required the sender of funds to explicitly state what country, city, branch and account a payment should go to. It was a slow process prone to human error. In 1973, 239 international banks created SWIFT—the Society for Worldwide Interbank Financial Telecommunication—a faster and safer payment network that uses unified and easy-to-understand codes to instruct banks on how to transfer money. SWIFT doesn’t move actual dollars—it’s simply a messaging network that instructs banks and other institutions on how money should be transferred from one place to another.

With SWIFT now facilitating more than 45 million financial messages and US\$5 trillion in money transfers per day, the system clearly works: It’s allowing international commerce to happen on a wide and rapid scale. But, given how much money is getting moved around the world, it’s not surprising that some of those funds are from ill-gotten gains. According to the United Nations Office on Drugs and Crime, about US\$2 trillion is laundered every year, equal to about two to five per cent of the world’s GDP. But it’s likely a lot higher than that, say most experts.

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## the ripple effect

# Special Delivery

**Online grocery shopping exploded during the pandemic. The reverberations will be felt in the decade ahead by both grocery chains and consumers.** By Chris Powell

**A** 2020 study by Dalhousie University's Agri-food Analytics Lab noted that the decision to use online grocery shopping often coincides with "major life events and transitions," such as the birth of a child or caring for a sick relative. Well, you can now add global health crisis to that list.

Already growing quickly pre-COVID-19, e-commerce—and by extension online groceries—went supernova as Canadians retreated to their homes. According to a 2021 study by payment company

PayPal, online spending across Canada increased by more than \$2 billion *per month* during the pandemic—from an average of \$109 per household to \$178.

Not surprisingly, grocery shopping was a key driver in this increased online activity. While only 19 per cent of Canadians engaged in online grocery shopping pre-pandemic, that number had jumped to 30 per cent just one month into the pandemic and to nearly half (49 per cent) after a full year of pandemic living.

Online spending across Canada increased by more than

**\$2B**

per month during the pandemic

**\$178**

Monthly average spent online per household



**\$3.6B**

Value of the online grocery market pre-pandemic

According to research firm eMarketer, the emergence of the work-from-home phenomenon was one of the key drivers, with 27 per cent of remote workers and students ordering online, compared to just 19 per cent of the overall adult population. The report said that COVID's recent Omicron wave also damaged the in-store experience and drove more people to adopt online as their default shopping method.

"The pandemic permanently changed people's habits as it relates to delivery," agrees Lola Kassim, general manager of Uber Eats in Canada. "Everyone picked up this habit of getting food delivery a few nights a week; maybe getting their groceries delivered once or twice a week. What we're seeing is that even as the world starts moving again, people are keeping that new normal. For our business, this is really positive. This trend is here to stay."

Uber launched online grocery shortly after becoming sole owner of the now seven-year-old Latin America delivery startup Cornershop in 2020, initially making the service available in 19 cities throughout Latin America and Canada. The launch enabled customers in Toronto and Montreal to order from retail partners including Walmart, Metro, Costco and Rexall through the Uber app.

Delivery has become an entrenched part of Uber's business, accounting for more than half of its gross bookings in the fourth quarter of 2021. According to Kassim, nearly three million people around the world are now ordering grocery essentials on a monthly basis, while people who order something other than a prepared meal on Uber Eats tend to order twice as frequently as restaurant-only customers.

Kassim says the company's goal for the year ahead is for grocery and other new verticals to "significantly outpace" the growth of its core food delivery service. "With all ecommerce business, the level of growth that everyone saw [at] the beginning of the pandemic was unexpected," she says. "The pandemic may have accelerated some people's desire to look for these kinds of options for delivery at your fingertips."

Canada is not alone when it comes to widespread adoption of ecommerce, of course, with a March report from Adobe finding that Americans will spend a record \$1 trillion online this year. Just three categories—groceries, electronics and apparel—represented 41.8 per cent of all online shopping in 2021, with groceries alone representing 8.9 per cent of total ecommerce spending.

But, as the world slowly returns to normal and people return to in-person shopping, all signs suggest Canadians will continue shopping for groceries online.

While Canadian forecasts remain elusive, a March report from McKinsey focused on the European market said online channels could account for anywhere from 18 per cent (conservative estimates) to 30 per cent (aggressive) of the food-at-home market by 2030.

While online shopping was once largely the domain of young, affluent urban families seeking the convenience of "large-basket delivery" to their home, McKinsey says it has expanded to include more top-up shopping missions and different demographics, including older generations.



Ninja Delivery relies on micro-fulfillment centres that stock a small number of items

"The online market is still in the process of taking shape," according to the study. "Currently, a multitude of propositions are partly overlapping, but the market's future state will likely mirror existing offline propositions and replace or improve on them."

Elsewhere, a 2021 study by Dalhousie predicted the Canadian grocery industry "will look very different" from its pre-pandemic state once the pandemic recedes. Based on a survey of 10,024 Canadians, the Dalhousie study found that nearly one-quarter (22.2 per cent) of Canadians plan to buy online regularly, while ordering online for curbside or in-store pick-up is also gaining momentum.

That's good news for the country's major grocery players like Loblaw, Empire, Metro and Walmart, all of which are betting big on the future of online by investing hundreds of millions of



A move by Amazon into fresh-grocery delivery will further upend the industry

dollars in growing and improving their ecommerce capabilities. Another report by Dalhousie pegged total investment in the online space in Canada at around \$12 billion.

Toronto retail analyst Bruce Winder, author of the book *Retail Before, During and After COVID-19*, says that, while online is not experiencing the same growth it did during the height of the pandemic, it will continue to play an important role in grocery's future.

"It's something that's here to stay," he says. "I think it's going to stick because people have gotten used to the convenience." Grocery shopping in the future might be a hybrid in-person/online experience, he says: The former used for larger stock-up trips, the latter used for fill-in items during the week.

And, while the pandemic did expose some weaknesses within the system, particularly in the early days when consumer demand far outstripped capacity and left companies scrambling to fill orders in a timely manner, the country's major services have continued to improve. "They're slowly starting to get the bugs out," says Winder.

All indications are that grocery is poised to become a massive online battleground, and recent years have seen companies across the entire food-service space scrambling to grab a piece of a market valued at \$3.6 billion pre-pandemic.

They range from the traditional grocery giants to category upstarts like Uber and the "OG" of pure-play online grocery services, Instacart.

Instacart launched in the U.S. in 2012, and in Canada in 2017 through a partnership with Loblaw Companies Ltd. Today, it counts national retailers Loblaws, Shoppers Drug Mart and Walmart, as well as smaller regional players like Pusateri's and Organic Garage, among its vendor partners. More recently, it has begun expanding beyond grocery, announcing a partnership with the arts and craft retailer Michaels in January 2022.

Recent months have also seen the Canadian debut of so-called ultra-fast delivery services, like Tiggy and Ninja Delivery, which promise 10- to 15-minute delivery to consumers in urban markets. Their model uses so-called "dark stores," which are essentially micro-fulfillment centres that stock a small number of typical grocery items such as meat, eggs and paper products.

Arguably the most intriguing subset of the online grocery space, ultra-fast delivery is already well-established in many European markets and has been making inroads in the U.S., particularly in densely populated areas that lend themselves to the quick-delivery approach, such as New York City.

"If you build a product that people love, there's always a way to make the economics work," says Ninja Delivery's co-founder and CEO Wesley Yue, who says his company straddles the line between convenience and grocery store. And, while some might question just why we need 10-minute grocery delivery, Yue points out that people were skeptical about shopping online for *anything* at one time.





**10  
MINUTES**

Delivery time  
promised  
by Tiggy and  
Ninja Delivery

Winder says these ultra-fast delivery companies are likely destined to be fringe players for the foreseeable future but could become more mainstream as online grocery shopping becomes entrenched consumer behaviour.

“Our society demands instant gratification and ecommerce is no different,” he says. “What’s happened across all ecommerce is that everyone’s upping the ante now. We went from delivery in five days to two days, to same day and then, all of a sudden, to a matter of hours.”

Companies and investors are also aggressively throwing money at the space. Ninja recently secured \$2.8 million in funding that it will use to expand into 10 markets in Ontario and B.C. this year, while growing its product assortment from approximately 1,400 stock-keeping units (SKUs) to 2,500.

According to the financial data and software company PitchBook, surging consumer demand created a “wild west” situation in the space last year, with several startups securing “mega-rounds” of investment totalling \$100 million or more. According to Bloomberg, rapid-delivery companies around the world attracted US\$9.7 billion in venture capital (VC) funding last year, even though many are increasingly resorting to deep discounting to attract and retain customers.

## The pandemic changed people’s habits. Food and grocery delivery are now here to stay.

But it’s not just upstart companies that are investing heavily in the online space. In 2020, Empire, which counts the Sobeys, Longo’s and IGA grocery banners among its assets, launched Project Horizon—a three-year plan that specifically counted “Win Canadian grocery ecommerce” among its objectives.

Empire, which last year closed on its \$357-million acquisition of the Toronto-area grocery chain Longo’s—and whose nearly 23-year-old online service Grocery Gateway was a pioneer in Canada’s online grocery space—has said it expects to add \$500 million in annual earnings to its bottom line as a result of its investment in the online space.

At the heart of that online strategy is Voilà, a service powered by technology developed by the British company Ocado, which also has partnerships with grocers around the world, including Kroger in the U.S., Morrisons in the United Kingdom and

Coles in Australia. It uses vast customer fulfillment centres (CFCs) to warehouse items, with robot pickers allowing it to promise 99.6 per cent order accuracy and 98.6 per cent on-time delivery.

Voilà debuted in the GTA shortly after the pandemic hit in June 2020 and has been a success story in its early days. Empire announced the Ottawa launch of Voilà in April 2022, adding to its existing offerings throughout Ontario and Quebec. It also signalled its commitment to the online space earlier this year, announcing it is building a new fulfillment centre in the Vancouver area—its fourth facility in British Columbia—promising online groceries will be available to B.C. residents by 2025.

Empire says its fulfillment centres in Ontario, Quebec, Alberta and B.C. will enable it to reach 75 per cent of Canadian households and have access to 90 per cent of grocery ecommerce spend. “We strongly believe that central fulfillment is the most profitable solution at scale and that Voilà will be the top ecommerce grocery retailer in Canada,” said the company.

Walmart Canada also announced a \$3.5-billion investment in its operations that includes beefing up its ecommerce capabilities. That includes a new 430,000-square-foot delivery hub set to open just outside Calgary in September, which it says will expand its two-day delivery capabilities to 61 per cent of Canadians.

The largest grocer in the U.S., Walmart has the capability to completely upend the grocery category in Canada, says Winder. “They’re definitely looking at grocery as a must-win category in Canada.”

And that’s to say nothing of the 800-pound gorilla of online retail: Amazon. While the ecommerce behemoth has mostly restricted its grocery activity in Canada to dry goods, Winder says that any move into fresh by the ecommerce giant has the potential to be a “game-changer” for the category.

According to a 2021 report by Edge Retail Insight (the market research arm of ecommerce consultancy Edge by Ascential), Amazon is expected to nearly double its online food and beverage sales globally over the next five years. Its edible grocery sales are expected to grow by 13 per cent a year through 2026, reaching \$26.7 billion. That’s second only to the Chinese online giant, Alibaba, at \$34.2 billion.

And while supermarkets and neighbourhood stores will remain the largest channel in the sector, accounting for a projected 40.3 per cent of chain retail global category sales in 2021, their share is expected to decline to 39.2 per cent within the next four years, as channels such as ecommerce and discount gain momentum. ♦

## the ripple effect

# Face Value

**As mountains of disposable masks pile up in the environment, companies that make high-performance reusable ones are stepping forward** By Vanessa Milne

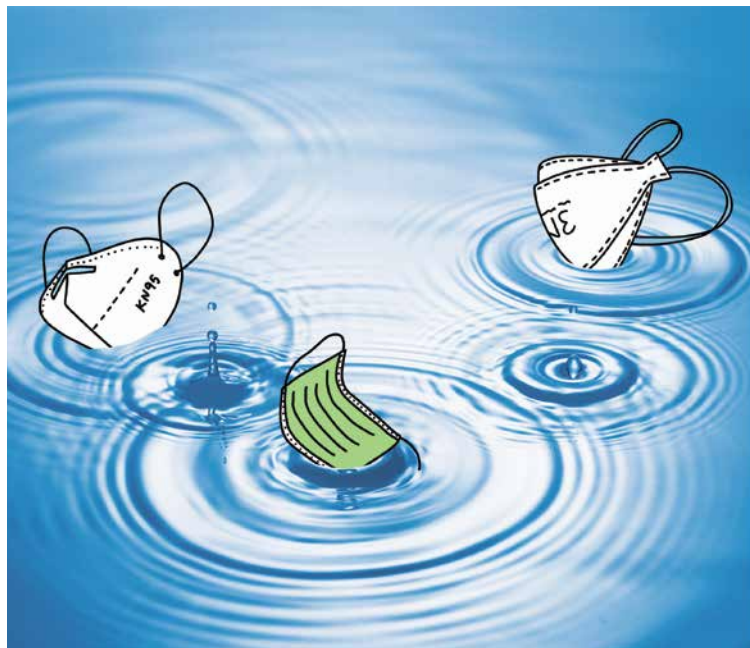
**W**hen you imagine the plastic litter collected in a typical beach cleanup, water bottles, grocery bags or takeout containers likely come to mind. But one of the top plastics found on beaches now is disposable masks. The PPE we're all using to stay safe from COVID-19 has resulted in a disappointing, if predictable, wave of global garbage.

Just how much garbage? One hundred and twenty-nine billion masks were being used every month in 2020, according to a paper co-authored by Tony Walker, associate professor at Dalhousie's School for Resource and Environmental Studies. "It's one thing to have those masks going into the garbage," he says. "But they leak into the environment. They've been turning up in car parks and beside roads, in ditches and in waterways."

There have been thousands of reported incidents of animals being entangled in masks or ingesting them, and newer research shows that when they break down, most face masks turn into microplastics. "Just like a bag or some other single-use plastic item, masks will start to fragment and weather; they don't simply go away," says Walker.

It appears few want to sacrifice their health for a lighter environmental footprint—a trade-off that became especially pronounced with the new variants, as many Canadians switched from cloth masks to disposable N95s.

Even if the market for masks drops as mandates are removed across various provinces, the demand is still expected to exist in health care. And even among the general public, using a mask in public will never feel as unfamiliar as it did at the outset of the pandemic, says David Fisman, a professor of epidemiology at the University of Toronto's Dalla Lana School of Public Health. "The future will likely see us using masks much more readily in North America, much as is already the case, and has been for many years, in Asia," he says. What's also not



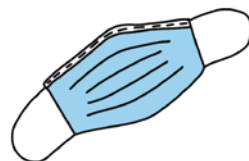
going away is the waste problem. "Waste tonnage from PPE is a huge issue," Fisman concurs.

Davinder Valeri, CPA and director of strategy risk and performance for CPA Canada, believes that a significant move toward greater environmental consciousness about masking is coming. "Masks will have to be healthy for the environment, as well as healthy for you," she says.

That notion is driving a new line of reusable N95 products. "I think many people are going to go down that path," says Barry Hunt, president of the Canadian Association of PPE Manufacturers (CAPPEM).

His optimism isn't surprising; Hunt has skin in the game. He's the CEO of Prescientx, a company based in Cambridge, Ont., that has begun making two versions of reusable N95s. One, called Breathe, is made partly of hard plastic with a silicone feel, lasts over a year and comes with a small reusable filter that lasts up to six months. It's designed to perform well in health care settings, where stringent rules around protection reign. Another plastic reusable version, NanoMask, also lasts up to six months with occasional use. Both have a seal made of a rubber-type material, which is more airtight for average users than the paper edges of a regular disposable N95. Other companies in Canada focusing their attention on sustainable N95 masks include Precision ADM in Winnipeg and Trebor Rx in Collingwood, Ont.

These new styles of masks allow users to "reduce resource consumption by about 90 per cent," Hunt says, adding that the costs of purchasing masks can be reduced by the same amount.



## 129B

The number of masks used every month in 2020

Prescientx is already selling to the public through its website—the NanoMask costs \$20 and the Breathe model \$50—but it’s hoping to break into the more lucrative health care market, which both uses and disposes of a far higher volume of masks than the general public. Hunt’s masks are currently being trialed in a few hospitals.

The development costs were partially funded by the NGen program, a call to action put out in March 2020 by the federal government focused around innovation for COVID-19.

Reusable N95s are still made of plastic, which remains a problem in need of tackling, even if far fewer of them are being disposed of than regular single-use masks. While organizations like TerraCycle have the technology to recycle masks, the practice is not widespread; Walker says governments need to push mask manufacturers like Prescientx to ensure they get recycled by facilitating their return via specialty recycling programs, among other measures.

As it stands, Walker says, reusable masks—especially those with inserts—are still cutting down on

waste. “Any technology that’s going to get us to reusables from single-use—be it travel mugs for coffee, bags to shop with or masks—is needed.”

Walker hopes this is all part of a larger effort to keep us all protected in a more sustainable way. “Protecting human health is the number one priority,” he says, “but this is coming at a cost to the environment, which we also depend upon. Thinking about ways to care for both will lead us to a better place.” ♦



**“The future will likely see us using masks much more readily in North America”**





## the ripple effect

# Code Green

**More than just a gimmick, the pandemic made contactless digital tools like QR codes a mainstay and a potential ecommerce disruptor**

By Vanessa Milne

**W**hen Diana Halder, EY Canada’s payments and commercial banking leader, went out for dinner recently in Toronto, she was pleasantly surprised to see her bill come with a QR code on the bottom. “I was able to scan the QR code, and then it prompted me to select how I wanted to pay and the transaction went through. It was seamless.”

It was simple for her and easy for the server, who didn’t have to bring the point of sale device to the table or worry about it not getting a signal. When the table paid, it automatically told the server’s main software that the bill had cleared.

QR—which stands for “quick response”—codes have been around for decades but have been largely a niche in North America. That all changed during

the pandemic, as the electronic scanning technology replaced many paper items like menus, flyers, forms and, notably, vaccine passports. And now that consumers have gotten comfortable with the idea of using them, many believe we’re about to see their growth take off.

QR codes were rising in popularity in North America even before the pandemic, thanks to apps like Snapchat and other social media companies, says Yory Wurmser, a principal analyst for Insider Intelligence and co-author of a report on QR codes. But, he says, “the pandemic really exploded their growth,” as people tried to avoid touching surfaces and retail and food services turned to QR codes as a solution. Nearly half of respondents to a 2020 consumer survey by Payments Canada said that, thanks to the pandemic, they now prefer digital, contactless payment methods.

And, even though the initial panic over surface transmission of COVID-19 has waned with evidence that the virus is mainly transmitted through the air, Wurmser still predicts continued growth.

That may catch us up to how they’re used elsewhere in the world. “In other countries, like China and India, QR code usage is very high. It’s almost the norm when it comes to exchanging money,” says Halder, explaining that in markets in India, for example, vendors will have QR codes printed on pieces of paper attached to stalls to accept payment.

The pandemic, says Halder, helped get us over the unfamiliarity that may have been holding

## 20M

Number of hits to the QR code that appeared in the Coinbase Super Bowl commercial

## 15%

Growth in QR code use in the U.S. in 2021



us back. “[Canadians] learned how to use a QR code and interact with it,” she says, “and that was half the battle.”

Canadian consumers may have familiarized themselves with QR codes on menus or static websites, but they are already being utilized for much more. The cryptocurrency exchange platform Coinbase, for example, placed a QR code on-screen during its Super Bowl commercial that garnered 20 million hits within a minute of the ad airing, crashing its website. Volkswagen partnered with Amazon to put a QR code on more than one million of its boxes that leads users to a virtual, augmented-reality test drive of its new vehicle.

## “Canadians learned how to use a QR code. And that was half the battle.”

More significantly, they are becoming a popular method of payment—either by taking a picture of a QR code that links to a payments app on your phone or by scanning consumers’ own QR codes by vendor payment devices.

Your QR code can be embedded with your shipping and payment information and, once scanned, your information gets passed to the merchant you’re buying from, which Halder says can be just as secure as traditional electronic transfers. “The beauty of

the QR code is it allows you to send and receive much more information with the transaction, assuming consent,” explains Halder. “If the consent is provided, I can send information along with payment.”

There are still a few hurdles to overcome, including buy-in from banks, mobile wallet creators and other major players in the ecommerce and information technology spaces. “QR codes will be successful when we have ubiquity. That’s when you start to see the real value,” Halder says, adding that Canada tends to be conservative when it comes to payment innovation.

There’s also a threat QR codes will be overtaken by other technology as a new frontier of digital and contactless services continues to be explored. Computer-vision technology, for example, is an evolving field that uses artificial intelligence to allow a computer to use information from what it’s seeing. “Deep in my heart, I still think QR codes are an intermediary technology,” says Wurmser. “I think at some point computer-vision technology is going to get so good that you might be able to launch these experiences without a specific QR code.”

That, he says, is still at least a few years down the line. In the meantime, Wurmser maintains, the widespread use and adoption of QR codes will continue to grow. “We saw 15 per cent growth last year [in the U.S.],” he says, “and, in our forecasts, we’re expecting 10 per cent growth by the end of this year, with pretty strong growth through 2025.” ♦





**When the Canadian Football League was forced to shut down during the pandemic, the CPA running one of its marquee franchises seized the opportunity to rebuild the storied league from the ground up**



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BY DAVE ZARUM

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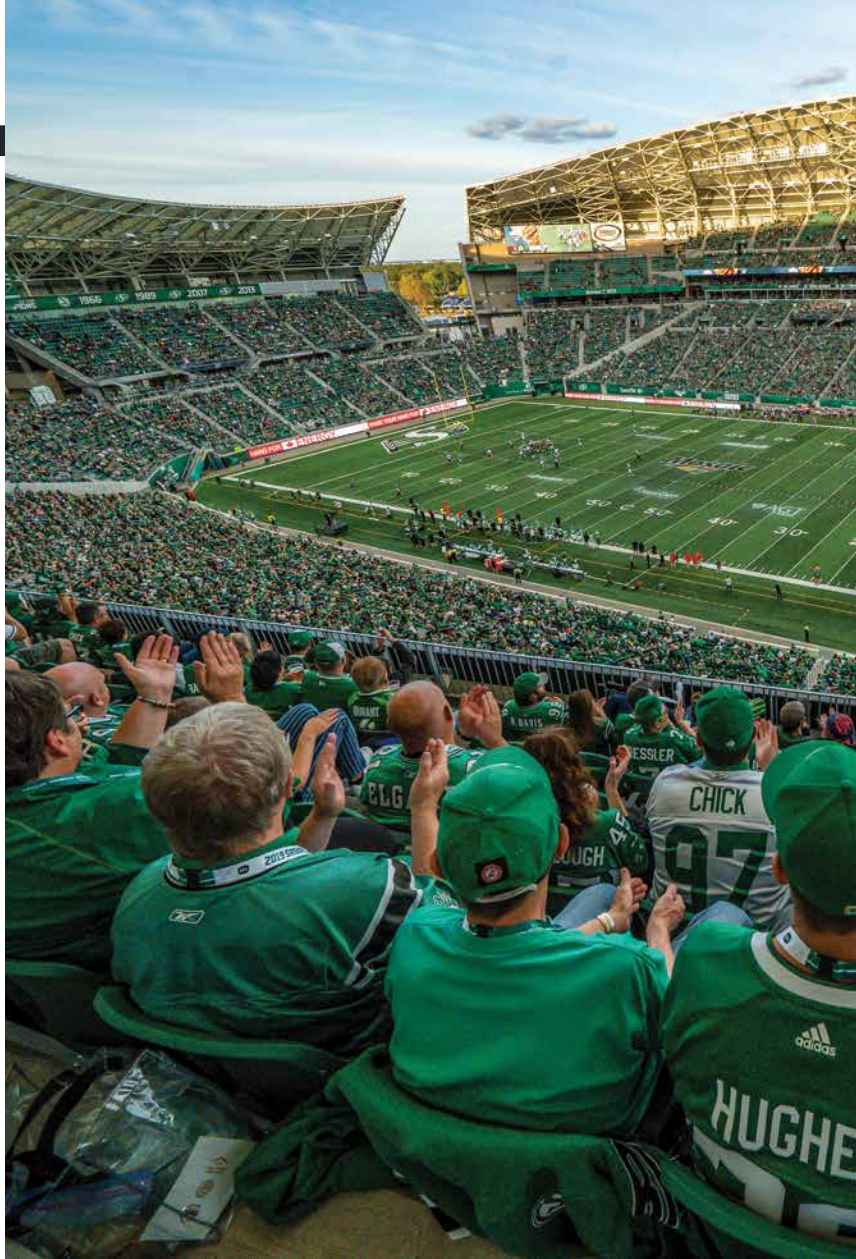
**the 13 years since Craig Reynolds** joined the Saskatchewan Roughriders organization, he's watched the team evolve. First as its CFO and now president and CEO, the 46-year-old Saskatchewan-raised CPA has seen the team emerge from decades of financial turmoil to become one of the most stable franchises in the Canadian Football League.

The league's nine teams were hit hard by the pandemic, which forced the cancellation of the 2020 season. But the Roughriders aren't like most teams.

They are one of three community-owned teams in the CFL (along with the Winnipeg Blue Bombers and Edmonton Elks), meaning that instead of a traditional ownership group at the helm, the club's shareholders are its fans, who can purchase shares and get a say in electing the club's board of directors. The arrangement, which is rare in professional sports (the NFL's Green Bay Packers are the only similar example in North America outside of the CFL), is one of the main reasons why the bond between fan and team is as strong as any you'll find in the sporting world. But, without a wealthy owner with deep pockets at the helm, able to sustain operations during a lean period, the community-based ownership model also created uncertainty during the pandemic when the team was unable to earn revenue.

The 2020 ghost season ended up costing the Roughriders a record loss of \$7.5 million that year. "It was the biggest financial crisis the club had ever faced," says Reynolds, "And that's a pretty big statement when you put it into the context of the franchise's history."

The rest of the league didn't fare any better. Without a product on the field, the CFL lost an estimated \$80 million during the first year of the pandemic. Other major leagues, buoyed by billion-



▲  
**Pre-pandemic, the team's biggest project was the development of the \$278-million, 38,000-seat Mosaic Stadium**

dollar television contracts and lucrative partnerships, could deliver a product even without fans in the stands. Not the CFL, a gate-driven business that relies heavily on ticket sales to be profitable. (By comparison, the National Basketball Association, which played its games without fans, saw its revenue drop 10 per cent, but still managed to earn US\$8.5 billion.). The pandemic could have been a death sentence to a league that was already struggling to grow its audience and attract new fans.

But, in the face of potential disaster, Reynolds, who also serves on the CFL's board of governors, went to work devising a strategic plan to not just keep his team afloat, but also help the CFL come out of the pandemic stronger than ever.

"Craig and I talked many times about the opportunity that lay in front of us," says CFL commissioner Randy Ambrosie. "Like Winston Churchill said: 'Never waste a crisis.'"





it's a moment he'll never forget. From his vantage point, the kick looks like it went wide of the goalpost and missed. Another in a long line of Riders heartbreaks. It's only when the room erupts in joy a moment later that he realizes Ridgway's kick was good and his Roughriders had won it all. A celebration breaks out, with Craig playing disc jockey and spinning records into the morning hours. It's not the last time he'll be front and centre celebrating his favourite team's success.

Like many kids from the prairies, Reynolds was born into "Rider Nation." He was enamoured with football—the strategy and critical thinking that went into each and every play—and would plead to his father, a season-ticket holder, to take him to as many Roughriders games as possible. On the two-and-a-half-hour drive from Foam Lake to Regina, they passed through wheat and canola fields until Taylor Field—now Mosaic stadium—would appear on the horizon. "Back then, not every game was on television, so it was a real event when you got to go to a game," says Reynolds. "I didn't take it for granted at all."

**T**here are two seconds remaining in the 77th annual Grey Cup between the Hamilton Tiger-Cats and Saskatchewan Roughriders and the score is tied at 40 apiece. It's November 26, 1989. Surrounded by 55,000 fans at the SkyDome in downtown Toronto, Roughriders kicker Dave Ridgway approaches the 28-yard line and readies himself for the most important kick of his life. It had been 11 years since the Roughriders had reached the playoffs and 23 long years since the team won its first and only Grey Cup. Now, they were one field goal away from one of the most improbable championships in CFL history.

In the town of Foam Lake, Sask., 2,500 kilometres away, a large group is gathered in the basement of the Reynolds family home, huddled around a television screen. Ridgway winds up and delivers a booming kick and, for 13-year-old Craig Reynolds,



**BACK THEN, NOT EVERY  
GAME WAS ON TELEVISION,  
SO IT WAS A REAL EVENT  
WHEN YOU GOT TO GO TO  
A GAME. I DIDN'T TAKE IT  
FOR GRANTED AT ALL.**

After going winless in six games as quarterback of the Foam Lake high school football team, Reynolds dropped any aspiration to don the green and white. Instead, with a growing interest in finance and banking, he set his sights on accounting, earning a masters degree in professional accounting (MPAcc) from the University of Saskatchewan in 1999 before becoming a professional accountant.

“I remember studying for the UFE at the time thinking, ‘I want to commit to this because it might lead to some great life experiences.’ Those opportunities seemed endless once you had that designation.”

He landed a job with KPMG in Saskatoon but, craving adventure, began exploring international transfer opportunities—until the World Trade Centre attacks happened in 2001 and transfers were put on pause. One office, however, was still accepting international transfers: Luxembourg City. Reynolds jumped at the opportunity—mostly for the chance to easily travel throughout mainland Europe. In 2003, he moved to London, England to work for Thomson Scientific as a senior revenue accountant before returning to Canada two years later as a senior manager with Suncor Energy in Calgary, where many CPAs from Saskatchewan had settled in positions in the energy sector. Reynolds then took a transfer to Fort McMurray to become a project leader with the company’s oil sands cost management program.

When he noticed that the Roughriders were hiring a chief financial officer in 2009, Reynolds applied. “He definitely had the background we were looking for in terms of education and experience,” says then-CEO Jim Hopson, a Saskatchewan native who played on the Roughriders’ ’76 championship team. “But the thing I liked about him is that he was a small-town Saskatchewan boy. He had the accounting background, a passion for the Riders and he really wanted the job,” he says. “We felt good about what he could bring [to the role].”

At the time, the Roughriders franchise was on a growth trajectory following a lengthy transitioning phase from a smaller, volunteer-led organization into a profitable business. Roughriders fans regularly pack their stadium and more Saskatchewanians tune in to watch their team on TV compared to any other fan base in the CFL. But, without a traditional owner or ownership group steering the organization toward gaining financial returns, it hasn’t always led to profits. Reynolds considers his team fortunate in this regard (“we’re in a position to be able to



## THE SOLE REASON WE WERE ABLE TO SURVIVE WAS THE COMMITMENT OF OUR FANS WHO KEPT THEIR SEASON TICKET MONEY WITH US

▶ Reynolds was instrumental in devising a revenue-sharing model for the nine teams in the CFL





steward the organization the right way,” he says). But it has led to some tough times in Rider Nation.

“People tend to think that it was always this good in Riderville in Saskatchewan, but it wasn’t. I was there,” says Ambrosie, who played in the CFL from 1985 to 1993. Despite a dedicated fan base, in the 1980s, the RoughRiders were in financial turmoil and perennially on the brink of folding. In 1987—just two years before their Grey Cup victory—the club even held a telethon asking for fan donations to keep the team in business. Progress was slow. “In my first year, we made a profit of four hundred dollars,” says Hopson, who was named team president in 2005.

On the field, however, things were trending up. Grey Cup victories in 2007 and 2013 coincided with a period of economic growth in the province. As revenues reached record levels (in 2014, the team announced \$10.4 million in profits, up from \$2.2 million five years earlier), the organization was putting a concerted effort into growing the business under Reynolds’ direction. He’d added senior vice-president to his title and the team was building financial processes, modernizing revenue growth models and reinvesting earnings toward things like facilities upgrades.

▲  
**The Roughriders are community-owned, which gives fans a say in how the team operates. But, it also created uncertainty with revenues halted by the pandemic**

By 2014, when Hopson announced his retirement, the team had managed to build a reserve fund of \$40 million. Impressed with his stewardship and measured approach, Hopson encouraged Reynolds to apply for the CEO role.

“I went back to 13-year-old Craig watching the ’89 Grey Cup,” says Reynolds. “I thought, ‘The opportunity to effectively run the day-to-day organization that you grew up loving?’ I couldn’t turn that down.”

As CEO, Reynolds is involved in virtually every aspect of the team’s operations—from season-ticket sales to facility management, hiring team personnel, growing the business and engaging with the Roughriders community, where he has become a recognizable face of the team. One of the perks? He regularly interacts with his childhood heroes from the ’89 championship team, who, like many former Roughriders players, show up to home games and sustain a bond with the organization and fan base. Today, Reynolds considers players like Grey Cup hero Dave Ridgway, close friends.

Prior to the pandemic, Reynolds and the Roughriders’ biggest undertaking was the development of Mosaic Stadium, the team’s \$278-million, 38,000-seat open-air stadium that opened five years ago. It was

a ten-year process from ideation to taking the field and involved three levels of government and a major commitment from the fans. The team engineered a shared economic model that featured funding from the city, an \$80 million grant and a \$100 million loan from the province to be repaid over 30 years with money generated from a \$12 fee built into the price of each Roughriders ticket. “Ultimately the fans were the biggest source of funding.”

**A**nother wave of COVID-19 postponed the scheduled start of the 2021 season but, on August 5, 2021, after a year hiatus, professional football returned in Canada. Teams began preparations months earlier, following provincial guidelines and consulting with medical experts to develop health and safety protocols. Initially slated for 18 games, the season was reduced to 14. It turned out to be a tremendous season for Saskatchewan, who hosted a playoff game (“That,” says Reynolds, “is a profitable endeavour.”) and reached the semi-finals. For the league, the season marked the first step in a new direction—and created optimism around the current 2022 campaign.

“We’ve been rebuilding the foundation on which the league sits over these last two years,” says Ambrosie, who points to the “team stabilization plan” as an example. The plan is a revenue-sharing model common in pro sports leagues that sees the most profitable teams sharing the wealth with the weaker clubs. The plan helps to ensure the financial strength of the league’s nine franchises, with the strongest teams, like the Roughriders, sharing revenue with the weakest. It had been 40 years since the league last used a revenue-sharing model. Ambrosie credits Reynolds for taking a leading role in the development of the platform. “He was able to see the big picture and ask, ‘How do we build a stronger CFL together?’ Craig is staggeringly thoughtful, very measured and logical,” he says. “And that’s of huge value among our league management council.”

“One of the biggest things I’ve found [useful] during the pandemic is the problem-solving skills you develop by being a CPA,” Reynolds says. “A lot of the work was financial modeling and cash-flow modeling and analysis, and having that base understanding to be able to question or understand these things on a deeper level was critical. I use skills as a CPA in my job on a daily basis.”

Ahead of the 2022 season, the CFL focused on



## I GO TO WORK WITH PURPOSE BECAUSE I KNOW HOW MUCH IT MEANS TO OUR FAN BASE AND TO THE PEOPLE OF SASKATCHEWAN

strategic partnerships and, in December 2021, announced what Ambrosie calls a “transformational” deal with UK-based Genius Sports, a sports data and technology supplier that has been contracted by the likes of the NFL, PGA Tour and English Premier League. The CFL plans to enhance their product by leveraging Genius’s portfolio—which includes a sports technology business, sports betting platform and digital broadcast support program—to bolster engagement with existing fans while reaching new fans in Canada and beyond.

In Regina, Reynolds is quick to deflect credit for keeping his team afloat during the pandemic to its community of dedicated fans, who he calls “the sole reason” for surviving “The sole reason we were able to survive was the commitment of our fans who kept their season ticket money with us.”

“I go to work with such purpose every day because I know how much it means to our fan base and the people of Saskatchewan,” says Reynolds. “And how do I know it means so much to them? Because it means so much to me.”

There was a particularly hectic day early in Reynolds’ tenure when, during a down moment, he was chatting with Hopson.

“I can’t believe this job,” he said. “It’s all-consuming! Every little decision is questioned and scrutinized.”

“That’s the great thing about the Riders,” Hopson told him. “Everybody cares.” ♦

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The 3D-printed Fibonacci House in Procter, B.C., can be rented via Airbnb

## EXTRAORDINARY ITEM

# ALL THE HOUSE THAT'S FIT TO PRINT

Could a 3D architectural printer be the housing solution the world's been waiting for?

BY LAURA HENSLEY

When Ian Comishin, from Kimberley, B.C., launched a 3D printing company in the Netherlands with four other partners in 2018, the idea was to build 3D architectural printers, with the goal of building 3D-printed homes. “We had no idea what kind of tiger we were grabbing by the tail,” Comishin says.

They emerged with Canada's first

3D-printed home, the Fibonacci House, a small structure of about 400 square feet in the scenic community of Procter, B.C. The home, built in 2020 and made rentable on Airbnb last summer, serves as a blueprint for future 3D developments in this country.

As Canada continues to experience a housing affordability crisis, Comishin's company, Twente Additive Manufacturing (TAM), sees 3D printing as a viable solution.

With outposts in Europe, Dubai and Canada, TAM is continuing its work of developing 3D architectural printers for a growing global client base. According to Comishin, 3D-printed homes are a more affordable, quick-to-build alternative to traditional construction methods and can help solve housing shortages in communities across the world.

While the technology is still in its infancy, the process is relatively straightforward: TAM's 3D printers push out a special concrete mix through a nozzle (like toothpaste squeezed from the tube), creating layers of concrete to construct a wall. This method is indeed time-effective—TAM's first 3D-printed house was designed, printed and installed in five weeks—and cheaper than conventional means. Comishin says, at this stage, it's 15 to 25 per cent cheaper to construct a 3D home.

The time factor is a major selling point. So far, TAM is working with international organizations to house people experiencing homelessness or folks priced out of the market. One such initiative is underway with the Vancouver-based charity World Housing to build an “affordable



Retaining walls consist of a concrete mix that is squeezed from a nozzle and printed in layers



village” of five two-bedroom homes for families in need in Nelson, B.C. TAM has also teamed up with the University of Windsor and Habitat for Humanity to build residential homes in Windsor-Essex, Ont., a project that is slated to be completed in the coming months.

TAM has engineering and administration wings in the Netherlands, but the firm also has a subsidiary in Dubai, a research and development facility in Germany and two operations in B.C. It currently produces its printers in Hemmingford, Que. Comishin says there’s been high demand globally for 3D printers like TAM’s, with similar affordable housing projects being planned in Japan, the Middle East and South America.

TAM develops sophisticated 3D printers to be sold and also offers

3D printing services. This means the company is constantly engaged with its own product line and can evolve technologies rapidly. Printers and printing services are TAM’s two main revenue generators, however, Comishin says engineering, consulting and software licensing all contribute to its bottom line.

Nemkumar Banthia, a professor of civil engineering and Canada Research Chair at the University of British Columbia, believes 3D printing technology holds potential when it comes to housing, and says it can also promote sustainability. Through streamlined robotics and IT, construction waste is cut by 30 per cent in the production process, he estimates. A 3D printer can be used over and over again, and designs can

be modified by updating the software instructions that tell the printers what to do. And, because the software can be easily updated, it allows for more architectural freedom to customize homes. “Moreover,” Banthia adds, “3D-printed homes are more suitable for some emergency situations, like resettling [communities] after a catastrophe.”

In the U.S., Scott Dunham, vice-president of research at the 3D printing market research firm SmarTech Analysis, believes that, despite the relative speed in which they are constructed, typical barriers remain.

“It has some inherent challenges, because most 3D structures require a staged approach so utilities and such can be integrated into the structure,” Dunham explains. This means that even if a printer can quickly produce concrete walls, a home still needs tradespeople to install electricity, plumbing and insulation.

Skilled workers must be trained to design the structures and operate the machinery, and this is one area in which Comishin feels Canada may be falling behind. “All over Europe, there are technical universities teaching the software and hardware behind this

## UNIVERSITIES IN EUROPE ARE TRAINING WORKERS TO USE 3D PRINTING EQUIPMENT, BUT CANADA NEEDS TO CATCH UP

technology,” he says. “Canada needs to catch up.” In Nelson, Selkirk College quickly adapted its digital manufacturing program at its Trail, B.C., campus to study 3D-printed homes and TAM’s methodology. “They bring their students out to our R&D lab and we let them design parts that we will print for them so they can get a feel for the capabilities of the technology.”

Banthia says 3D printing is the future of sustainable and affordable



housing across the globe, including in countries such as China, the U.S. and Singapore, where entire neighbourhoods have already been built using the technology. 3D printing activities will reach an estimated global value of US\$55.8 billion by 2027. ♦

## ART

## FAIRWEATHER FRAMES

Art dealers across the country are seeing surprising gains in the rentals space, catering to an audience of private art lovers stuck at home **BY LIA GRAINGER**

Over the past couple of years, Canadians have had a chance to sit at home and stare at the walls for a good long while. And a growing group of them is becoming more selective about what's hanging there, staring back at them.

Tammy Yiu Coyne, who co-founded the Toronto-based online gallery Partial, is one of several art dealers who have begun renting more pieces to private individuals as an affordable alternative to buying. Yiu Coyne says Partial's online traffic increased by 130 per cent since the start of the pandemic, and art rentals more than doubled from 2019 to 2020. The upward trend has continued, with a 43 per cent increase in 2021 compared to 2020.

She co-founded the online sales and rentals business in 2016 with the goal of getting more Canadian art on more walls. Individuals interested in dipping a toe into the world of collecting can browse the gallery's holdings of works by Canadian artists, both emerging and established. Rental prices range from \$25 up to several hundred dollars per month, with purchase prices from \$35 to \$10,000 (though the majority are in the \$750 to \$2,500 range).

Customers have the choice of buying a piece outright or renting it by the month for up to three months, with

the rental fee going toward the full purchase price if the client eventually decides to buy.

"Diving right in with a purchase can be intimidating," says Yiu Coyne. "This model allows people to spend time with new art on their walls before deciding whether to buy or not."

It's a model that corporate clients looking to decorate offices, waiting rooms, restaurants and film sets have been using for years. Yiu Coyne chalks up the more recent expansion of her consumer base in part to the lockdowns, a fact of life that she says has made some of her clients consider more deeply how they enrich their home lives. And, while an increase in disposable income due to travel and dining restrictions likely plays a role, too, she believes there's been a larger shift in values that's driving the interest in art as much as any other factor.

"People have had time to reflect.

They care more about where they put their money," says Yiu Coyne. "You can buy something on Amazon, or you can support an artist in your neighbourhood."

At North Van Arts in British Columbia, art rental coordinator Florene Belmore naturally had concerns as West Coast offices emptied and film sets shut down at the beginning of the pandemic. The non-profit organization has been renting art since 1969 but mostly to

corporate and film industry clients. Yet, as corporate rentals fell off, private rentals and sales surged, and the gallery is now generating about 20 per cent more revenue from rentals and sales than before the pandemic, the majority from rentals to individual consumers.

"I think the pandemic downtime created a contemplative mood that led to a greater appreciation for art," says Belmore. "And think of all the Zoom meetings that needed something in the background."

At the Art Gallery of Ontario rentals program, the shift from corporate to individual rentals was dramatic. Pre-pandemic, it was roughly a 70-30 split between corporate clients versus private. In the last six months, about 80 per cent of new rentals were placed in residential homes.

"Residential is carrying the revenue right now," says AGO art rental and sales coordinator Claire Kyle, though she saw corporate rentals beginning to return as the Omicron wave receded.

The Canada Council Art Bank in Ottawa holds some 17,000 contemporary and modern Canadian artworks, all of which can be rented to businesses or branches of government—but not individuals. The council's art rental program manager, Rebecca Huxtable, says that, like most businesses and organizations, the Art Bank continues to evaluate

Pieces like Parveen Dhatt's *Your Husband Works Too* could find a temporary home in your living room

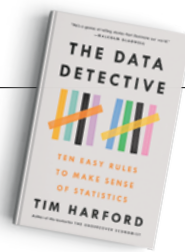


new opportunities associated with the future of work.

Despite a downturn in corporate rentals early in the pandemic, Huxtable says, the industry is poised to grow. To entice workers back to an office that many now view as optional, employers are putting more time and money into creating an aesthetically pleasing and healthy office environment. “Better lighting, quality furniture, plants and original artwork are all a part of that,” says Huxtable.

She also sees the art rental model benefitting from the societal shift toward the sharing economy. “Rideshares, food delivery, co-working—these have all seen an uptick. I see art rental as fitting in there quite nicely,” says Huxtable.

As for how artists feel about the growing residential rental trend, Yiu Coyne at Partial says that a painting hung in a corporate law firm might be seen by more people, “but there are a lot of good vibes in seeing your art in someone’s home.” ♦



BOOK VALUE

## DO NUMBERS LIE?

It’s important to seek the truth in the reams of data and statistics that come our way every day. But as economist Tim Harford points out in his new book, that is much easier said than done

BY BRIAN BETHUNE

The great irony in the subtitle of Tim Harford’s remarkable new book, *The Data Detective: Ten Easy Rules to Make Sense of Statistics*—implying a quick-reference cheat sheet for keeping your wits about you in a world of Big Data—is that it’s misleading. The advice from Harford, probably the finest popular economics writer alive, is elegantly expressed and profoundly valuable. But easy? Not so much.

Consider the first of his rules: Check your emotions. “Before I repeat any statistical claim,” Harford writes, “I first try to take note of how it makes me feel. It’s not a foolproof method against tricking myself, but it’s a habit that does little harm and is sometimes a great deal of help.”

Stats are directed at the rational brain, and that’s simply not the aspect of mental architecture humans immediately apply to information that attracts or disturbs. Among all Harford’s guiding principles, it’s the first step that is the hardest.

From there, Harford moves on to the need to examine what exactly is being measured, especially in more arresting stats. Infant mortality rates, which vary significantly between—and even within—countries with similarly advanced health-care systems, have been a burning issue for years, given the potential for discovering life-saving best practices. But, when a British scholar compared a group of low-rate London hospitals with a high-rate group in the English Midlands, the Eureka moment was anticlimactic. Very late miscarriages (22 or 23 weeks) were called that in London and thus did not enter the infant mortality record. In the Midlands hospitals, probably in response to the intensity of parental grief, such tragedies were recorded as births, making their infant mortality rate seem higher. “Newborns were no more likely to survive in London after all,” writes Harford. “It wasn’t a difference in reality, but a difference in how that reality was being recorded.”

Other pertinent advice includes seeking context and asking what’s missing. For example, from 2014 to 2018, Amazon used an algorithm to review resumés and choose the best job candidates, based on their similarity to previous successful applicants. But the latter had mostly been men, and “the algorithm did what algorithms do,” Harford writes, meaning it found a pattern and used it. The past practice of opting for men was taken as a sign men were preferable: The algorithm penalized

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the word “women’s”—as in winner of a women’s championship—and downgraded all-women colleges.

Despite a bevy of studies establishing that gender-specific drug effects are common, women too often are still missing from medical trials, Harford points out. And, regardless of the participant pool, he urges readers to watch for attempts at replicating a medical or social science study that produced counterintuitive results. In 2010, political scientists Brendan Nyhan and Jason Reifler published a study that supported the so-called “backfire effect,” whereby people expressed even stronger belief in a false claim after being shown a fact check that debunked it. For obvious reasons, that incited what Harford calls “a moral panic” among journalists, particularly after the rise of Donald Trump. But Nyhan and Reifler themselves encouraged further studies, which found backfire rare and fact checking usually helpful. Without such follow-ups, exceptional stats from singular studies should be considered with a wary eye.

The overall goal, the economist writes, is to be able to describe a news article—or a Facebook post—to a friend. What did the researchers do, who did they study, were they shocked by their own results? If the best you can say is, a new study shows blueberries cause cancer then, perhaps, Harford acerbically notes, “you didn’t read a good piece of journalism.”

By the end of *The Data Detective*, Harford is understandably worried that he may have induced his readers to throw up their hands in the face of statistical information and declare it all to be fake news. The world may be ruled by emotions and bias, conscious and unconscious, as much as by facts and figures, but as much as does not equal entirely, he argues. Do not abandon “the idea that we can understand the world by looking at it with the help of statistics.” In the end, everything comes down to the 10th and most golden of his rules: Be curious about everything. If we want the world to add up, we need numbers. ♦

BUBBLES BY ISTOCK



TECH

## JUST ADD WATER

New players in the zero-waste movement are aiming to eliminate plastic trash, one tablet of hand soap at a time **BY SOLARINA HO**

It began when Marie-Hélène David found a crack in the plumbing under the sink due to rust and corrosion from cleaning chemicals. David, a CPA and entrepreneur, was pregnant with her second baby at the time, and the discovery drove home how toxic some household products are.

Out of concern for her young family, she says, “I started to make my own cleaners at home,” planting the seed for what would eventually become a low-waste cleaning products company called MYNI.

David began developing the business during her maternity leave. It launched a year later in 2020, during the early days of COVID-19.

“It happened really fast because I started really small,” says David, who launched with two products: an all-purpose cleaner and another specifically for glass and mirrors.

Working with a team of five chemists, David—a former *Dragons’ Den* contestant who got a deal for a previous handbags venture—has developed five household cleaning products, including hand soap. She is planning to launch 12 more products this year, including dishwasher and laundry soap.

The products in MYNI’s line are sold in tablet form and come in biodegradable packaging. Concentrated to the size of a quarter, they turn into cleaning solutions when dissolved in water. (The company also sells glass

spray bottles to dispense its solutions.) They’re made using 1,000 times less energy than typical cleaning products; the concentrated tablets take up less weight and space during transportation—as much as 95 per cent less according to MYNI—which helps reduce carbon emissions. The principal aim, David says, is to reduce the transportation of water and the use of plastic bottles.

In Canada, dozens of similar zero-waste retailers have emerged in recent years. While their origin stories vary, it isn’t difficult to understand the motivation behind them. Plastics from packaging account for 47 per cent of all plastic waste in Canada, according to a report commissioned for Environment and Climate Change Canada. According to the Government of Canada, one garbage truck’s worth of plastic waste ends up in the ocean every minute. Under the government’s Ocean Plastics Charter, it plans to stamp out plastic waste, starting with a ban on certain single-use items like grocery bags, cutlery and six-pack rings on drinks beginning sometime this year. The aim is to recover 100 per cent of all plastics by 2040.

Meanwhile, upstarts like MYNI are already capitalizing on a shift in consumer awareness. Eco+amour, a Scarborough, Ont.-based refill boutique that opened its doors in 2018 and sells online and through kiosks at retailers in Ontario and New Brunswick, has

developed a line of refillable and biodegradable liquid soaps, shampoos and dishwasher soap, along with “crush and brush” toothpaste tablets and face mask powders that come in small water-soluble capsules.

“One of [our] biggest differentiators... is that we make our products on site [at our Scarborough location],” says co-founder Sarah Marcus. She develops them with her business partner, Laura Craig, a U.K.-trained formulator, along with a chemist.

According to Marcus, 98 to 99 per cent of eco+amour customers bring their own bottles to refill. The company also carries some two dozen local brands that share the same environmental ethos on developing low- to zero-waste products.

Bigger players, like B.C.-based Tru Earth, have already demonstrated the market demand for such eco-friendly products. Named Canada’s second-fastest-growing startup by *Canadian Business* in 2020, the company says it was serving 200,000 customers across 52 countries within 18 months of launch in 2018. Today, its products are sold by a range of retailers including Indigo, Sobeys and Home Hardware. Similar competitors, including Cleancult and Blueland, are also expanding their footprint into Canada.

For MYNI, a company that started in David’s kitchen, growth happened quickly, despite the pandemic. Her tablets are sold online and can be found in retail chains like the Quebec pharmacy Jean Coutu, along with 300 additional retailers across the Americas and various locations in the U.K., Japan and the United Arab Emirates. She has a goal of selling through 1,000 shops in Canada by summer.

Launching MYNI online wasn’t in David’s plan at first, but the pandemic forced her to change tack. The timing worked in the end; everyone was home and cleaning. And, with direct contact and feedback from online customers, the company was able to refine its formulations in the first year—all toward the goal of what David calls “a better balance” for her company and the cleaning market as a whole. ♦

## TRAVEL

## AROUND THE WORLD, FOR A MONTHLY FEE

Companies offering ultra-exclusive travel experiences to subscription-paying members are watching growth take flight **BY CHRIS JOHNS**



“Would you like to have dinner in the villa prepared for your family on the night of your arrival in Tuscany?” the email asks. It inquires what groceries and drinks I’d like the fridge and bar stocked with—everything from veal chops and mortadella to Chianti and vermouth—and tells me of options for in-villa massages, tours of local hilltop villages, truffle-hunting adventures and just about any other request I might have. My itinerary from soup to nuts was arranged in the weeks before I arrived by my personal “ambassador.” It’s one of the perks, I’m told, that I would regularly enjoy if I ponied up to be a private member of the travel club Exclusive Resorts.

Travel clubs have been around for decades, but recent events have seen their popularity rise during a time

when the travel industry at large struggled. “There’s definitely been a COVID tailwind throughout the industry,” says Exclusive Resorts’ CEO, James Henderson. “People who were used to staying in hotels were suddenly questioning whether they wanted to be in shared spaces and dining rooms.” At the private properties on his firm’s roster, he says, guests can experience a “fabulous vacation” without leaving their villa and never have to encounter another traveller, if that’s what they want.

With 400 residences and experiences in more than 75 destinations, Exclusive Resorts is one of the biggest such clubs. It’s just had its best year in more than a decade; it expects a 15 per cent increase in bookings in 2022 over 2021 and a five per cent increase in bookings



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compared to 2019, up more than 100 per cent versus the previous year. But the price of privacy and white-glove service is steep. Memberships start at \$175,000 for a 10-year plan or \$275,000 for the 30-year. Most families opt to use their memberships between 15 and 30 nights per year, at \$1,465 a day. Despite the costs, the club is seeing growth among families, younger families in particular, with more than 70 per cent of new members fitting into that demographic. The next biggest segment is recent empty nesters who have children in college and in their 20s.

The type of growth Exclusive Resorts is seeing is happening across the travel-club space. Inspirato was founded as a luxury private travel club in 2010. It launched Inspirato Pass, a subscription travel service, in 2019, which offers access to more than a million trips to 100-plus destinations. The \$600-per-month level gives guests access to members-only rates during select travel dates, while the \$2,500-per-month (plus a \$2,500 enrolment fee) Inspirato Pass offers pre-selected

On the business side, he points out, “a lot of travel businesses are seeing the success of the subscription model in other verticals, like the Netflixes of the world. It costs travel companies a lot of money to acquire and retain customers, so creating an ongoing relationship is something that’s very appealing.” Not to mention it’s a model where the revenue comes in up front.

Some of the biggest hospitality loyalty programs—including IHG Rewards Club and Starwood Preferred Guest—derive fully half their income from repeat customers. That’s why there are now several travel companies dipping their toes into the subscription-based pool. There are private communities of women travellers like the El Camino Travel Clubhouse, which offers members trips designed by travel experts. And there are companies like Regenerative Travel, which, in return for a membership, provides a \$99 credit toward booking a stay at the company’s collection of hotels and resorts. Regenerative Travel aims to have a positive environmental

## CREATING AN ONGOING RELATIONSHIP WITH CUSTOMERS IS VERY APPEALING TO TRAVEL COMPANIES

dates with no nightly rates, taxes or fees. Inspirato’s properties range from luxury vacation homes to five-star resorts and boutique hotels, and all come with dedicated staff on site. The company’s most recent financial filing shows it increased its number of paying subscribers by 12 per cent.

Sean O’Neill, senior hospitality editor at the travel industry news site *Skift*, attributes travel subscription growth, at least in part, to exposure. “Consumers have become used to having subscriptions for all sorts of services,” he says, referring to the likes of Netflix, Amazon Prime, Peloton and Instacart. “Since the pandemic especially, there’s been a lot more familiarity with subscriptions for some of the older demographic that have the discretionary income.”

and social impact on destinations and the people who live there. Travel + Leisure Group, a business line from the media brand Travel + Leisure Co., launched its own travel subscription service last year to capitalize on contacts in the industry and offer curated itineraries for its members.

Despite the oft-hefty price tag, O’Neill cites the convenience such services offer as a key lure for consumers. He also believes the trend harkens back to the more traditional vacation-club concept: time-shares or vacation ownership programs. “If you know you’re going to save for a travel vacation anyway, this gives you a sort of routine budget for putting away that money,” he explains. “It also opens you up, unlike owning a condo, to more options.” ♦

PIVOT RECOMMENDS

### Off the clock

BY DAVE ZARUM



▲  
Watch

“There are some who make me out to be the villain of this here story,” says Tom Hanks as Colonel Tom Parker in the upcoming biopic, *Elvis*. Directed by Baz Luhrmann and starring Hanks and Austin Butler (who portrayed Tex Watson in *Once Upon a Time in Hollywood*) as Presley himself, the film looks at the rise and fall of the King and his complex relationship with Parker, who discovered Elvis and steered his career.

Listen

In the true crime podcast *Conviction: The Disappearance of Nuseiba Hasan*, a Canadian woman who was adopted as a child begins the search for her birth parents only to learn that her birth mother has been missing for more than a decade. With the help of investigative journalist Habiba Nosheen, the woman seeks to unravel the mystery behind her mother’s disappearance.

Read

When author David Foster Wallace died in 2008, he left behind a 500-page unfinished manuscript that became *The Pale King*, eventually published in 2011. The transcript, Wallace fans may recall, included a completed novella titled *Something to Do with Paying Attention*, which is now being released on its own. It tells the story of an IRS employee who becomes dedicated to his work as a taxman and is what publisher Sarah McNally calls “the best complete example we have of Wallace’s late style.”

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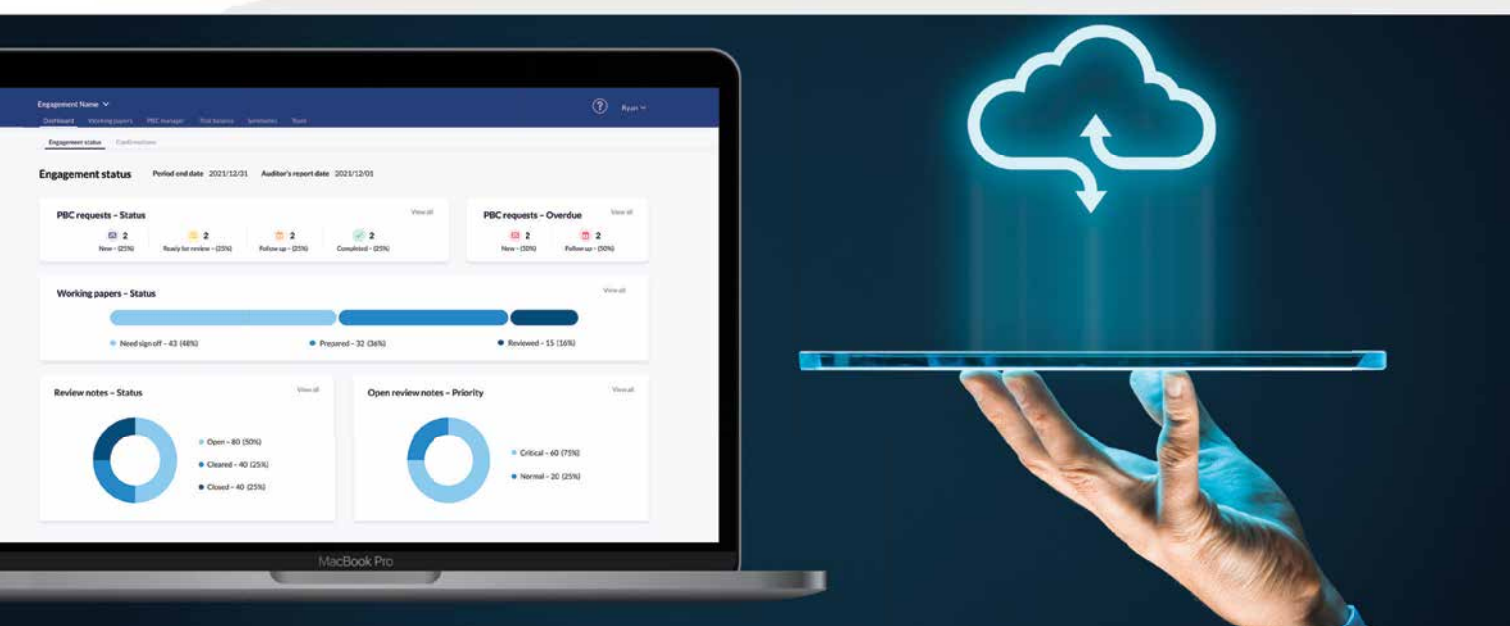
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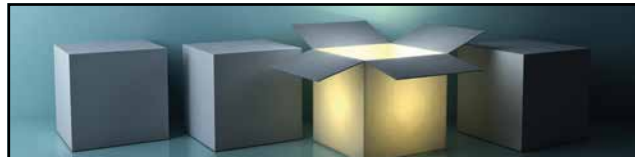
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## VIEW FINDER

Ron Yue moved to Hong Kong to advance his accounting career but traded it in for photography. Now based in Vancouver, Yue has embarked on adventures through parts of Asia many never get to see. **BY ROB CSERNYIK**

I've led about 20 photography trips into the less frequently travelled, primarily rural areas of western China and Tibet. [The trips can be] very demanding. My typical client would be a hard-working professional who's very busy and doesn't have time to organize their own trips yet **doesn't want cookie-cutter itineraries.**

The type of thinking I learned as an accountant—conservative, cost-conscious thinking—helped me a lot in terms of my work. **That's one of the most important elements** of running and staying in business.

You often need to keep a photograph simple. The camera lens will capture everything you see in front of you—thousands of things—and then all of a sudden you have no focal point. **You have to really learn to distill a picture down to a few key elements** to capture a place's essence.

When I took up photography, I contacted some professional photographers in Hong Kong and asked if I could follow along with them or watch them at work. Hong Kong is a very good place to try something new; **people are always willing to give you a chance.**

Photography is 50 per cent your ability to shoot and deliver the goods. **The rest is running a business.**

Sometimes, the adventures just come to you. **That's probably why I never set up my own studio,** because I really enjoy being a location-based photographer.

**My most memorable projects** include a 50-day documentary-style project in very remote areas around China and Tibet, and mountain-climbing photography in Denali in Alaska.

The project in China and Tibet was quite unusual. I drove around with a former racecar driver in a bright yellow Caterham—a vintage-style sports car. We collected signatures on the car from anyone, even security guards at the Three Gorges Dam. **If you're talking about a real adventure, that project was it.**

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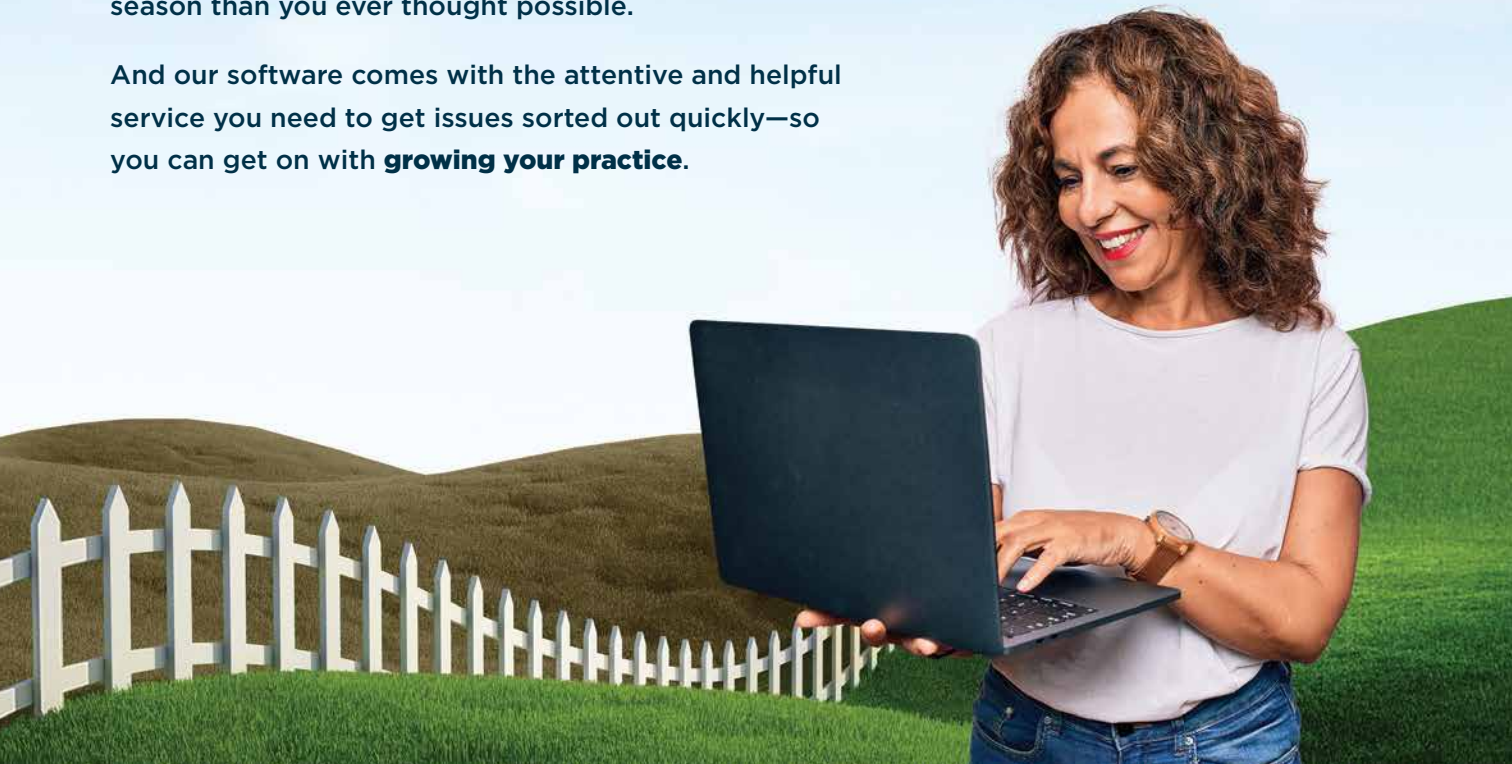
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