

*E-SCAN is a regular newsletter distributed electronically as a means of maintaining timely communication of, and encouraging a dialogue on, topics relevant to Chartered Accountants and students of the Nova Scotia Institute. Copies of recent issues can be obtained from the Institute website at [www.icans.ns.ca](http://www.icans.ns.ca).*



Dick Pound, LLB, FCA

### Well-known CA To Speak On Ethics at the *NovaKnowledge* Luncheon Series – April 14th

**Dick Pound, LLB, FCA**, a Montreal tax lawyer and Chartered Accountant, will be speaking on April 14, 2004 at the *NovaKnowledge* Luncheon Series about ethics in business dealings and the art of negotiation. Mr. Pound made the Olympics a multi-billion-dollar kingdom by marketing the Olympic rings and negotiating television rights around the world for phenomenal sums. In addition to being the IOC's top deal broker, Pound is currently the chairman of the World Anti-Doping Agency. He is also chairman of the Olympic Games Study Commission deciding the scope of future Olympic games.

Members who wish to attend this luncheon may receive more information or register on-line on the *NovaKnowledge* website at [www.novaknowledge.ns.ca](http://www.novaknowledge.ns.ca).



Honorable Peter Christie

### ICANS To Once Again Sponsor the Chamber of Commerce Pre-Budget Luncheon – April 19<sup>th</sup>

Provincial Finance Minister **Peter Christie** will again join Chamber members to offer his final public pre-budget address prior to the provincial budget, and the Nova Scotia Institute is again pleased to be this high profile luncheon's sponsor. The Chamber will also take this opportunity to update members and the province on its fiscal monitoring scale, *Debtwatch*. In 2003, the province received a *Debtwatch* rating of Fair...find out if 2004 looks any better. Will the 10% tax cut be rescinded? Will Nova Scotians begin paying a health surtax to make-up the shortfall? Make plans to attend and watch for clues! A Registration Form can be obtained from the Events Section Chamber of Commerce website at [www.halifaxchamber.com](http://www.halifaxchamber.com).

On March 18th, Minister Christie met with ICANS President **Bob Bean** and Executive Director **Bob Caswill** as part of the annual budget consultation exercise. The Minister was encouraged to continue to show fiscal responsibility in the face of difficult times, while recognizing that maintaining a competitive and attractive business climate was critical to Nova Scotia's long-term financial health.

### Nomination Forms Now Available For 2004-05 Council Elections

You will have received a nomination form and related information to use to nominate a member to serve on the 2004-05 Council. Deadline for nominations is May 1<sup>st</sup>. Additional nomination forms can be downloaded from the ICANS website. Members currently serving on the 2003-04 Council are:

Bob Bean	Susan Carson	Paul Comeau
Ted Doane	Donald Flinn	Leo Gallant
Kirk Higgins	John MacKinnon	Gordon Moore
Susan Payne	Greg Simpson	

Members are encouraged to consider running for election, as serving on Council is a rewarding experience, and an excellent opportunity to take an active role in your profession. Questions about the election process can be addressed to the Executive Director, Bob Caswill at 902-425-3291 or [rcaswill@icans.ns.ca](mailto:rcaswill@icans.ns.ca).

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## 2004-05 Fees and 2003 PD Reports – Reminder of May 1 Deadline

You are reminded that the filing deadline is May 1<sup>st</sup>. Please remember to complete the PD Hours Report before referring the invoice for payment to your Accounts Payable Department, and that the Accounts Payable Department should be instructed to submit the BOTTOM half of the invoice (including the PD form) with payment.

If you are paying by credit card, we are pleased to accept payment and signed PD declarations by fax at 902-423-4505 if that is more convenient.

### Member Benefits

Did you realize that your CA designation provides you with the opportunity to obtain preferential pricing and deals with a variety of merchants and providers of services?

In addition to memberships in health clubs and gyms, hotel accommodations, CA branded products, and insurance programs, a number of restaurants and other merchants are prepared to offer discounts etc. for CAs who can present a business card or other evidence of membership.

If you are aware of other merchants or service providers who are prepared to offer similar benefits to membership in return for a listing on our website, contact Soula Keramaris at [skeramaris@icans.ns.ca](mailto:skeramaris@icans.ns.ca).

### ICANS Responsible for NS Flag Flying in Dublin's St. Patrick's Parade.



When retired ICAO Executive Director **David Wilson FCA** (carrying the Canada flag) was unable to obtain a flag through official channels, he turned to ICANS to solve his problem. Wilson, now a resident of Dublin, had a plan to promote Canada in the annual Saint Patrick's Parade, and had contacted the provincial governments to provide flags for a Canadian color party.

When he struck out with the NS government, ICANS Executive Director **Bob Caswill CA** volunteered to help, and with a quick few phone calls, had arranged for the venerable Charitable Irish Society of Halifax to step up and send Wilson a flag. Over 500,000 people witnessed the colour party, flanked by two scarlet-coated Mounties, wind its way through the streets of Dublin, with the NS flag prominently displayed by the Secretary to the Canadian Ambassador to Ireland.

### Referring Business to Nova Scotia CA Firms

From time to time, members of the public will contact the Institute asking for a referral to a CA firm for possible services. As you can appreciate, the Institute staff has a strict policy against referring work to any specific member, and will instead direct the caller to the telephone directory and the directory of firms which is available on the Institute website. As expected, callers are also encouraged to seek references from business colleagues and other associates, as word-of-mouth reputation is perhaps the most effective means of attracting business.

If you are seeking a public accountant, please remember that the ICANS website firm directory is a ready source. If you are a public accountant not presently on the website directory, you may wish to consider the benefits of doing so, and on keeping your listing up-to-date. Please contact Soula Keramaris, Member Registrar, for more information.

### SMU Accounting Society Information Session

*"Having the opportunity to reflect on the opportunities that a CA designation has provided to me and hearing the others' stories was not only valuable to the students but to us". - feedback from one of the presenters*

On March 22, **Jon Legatto CA** and **Catherine Johnston CA**, both members of the ICANS Recruitment Committee, were joined by **Jennifer Mills CA** and **John Newbery CA** in addressing a group of students interested in learning more about the CA profession. Rather than focusing on the process of becoming a CA, information which is readily available on both the ICANS and ASCA websites, the four CAs shared their personal observations about the benefits and opportunities that the CA designation offers, in the context of their careers to date.



If you would be interested in participating in similar sessions in the future, or are interested in promoting the CA profession to interested groups, please contact the Institute at [communication@icans.ns.ca](mailto:communication@icans.ns.ca).

## Recent Update to CICA Handbook

All members should have received an email update from the CICA advising that the CICA Standards and Guidance Collection on the Internet has been updated to reflect changes made to the CICA Handbook - Assurance and is dated April 2004. The update includes revisions to:

- Section 5090, *Audit of Financial Statements - an Introduction*
- Section 5135, *The Auditor's Responsibility to Consider Fraud and Error*, and
- Section 7600, *Reports on the Application of Accounting Principles*.

For further details, refer to the Highlight Summary ([Adobe Acrobat PDF file](#)).

In addition to the above update, Background Information and Basis for Conclusions documents on *Employee Future Benefits - Additional Disclosures* and *Liabilities and Equity* of the CICA Handbook - Accounting are now available. Background Information and Basis for Conclusions documents are primary sources of generally accepted accounting principles, as described in Section 1100, *Generally Accepted Accounting Principles*. These documents are intended to help readers understand how the Accounting Standards Board reached its conclusions.

Board Notices, issued by the Accounting Standards Board to clarify certain aspects of Accounting Handbook Sections or Accounting Guidelines, have been added to the CICA Handbook - Accounting under a separate tab. If you didn't receive the update, or have any questions about its contents, or other comments about the CICA Standards and Guidance Collection, please contact the CICA [alerts@handbook.cica.ca](mailto:alerts@handbook.cica.ca).

## Print Edition of SCAN and FCA Brochure Now In The Mail

By now, you should have received your copies of a printed SCAN newsletter and a brochure highlighting our four 2003 FCAs. In addition to being mailed to all NS members and students, this material will be mailed to a broader audience within the NS business community, government and universities as part of the objective of promoting the CA profession.

The newsletter provides broad coverage of the 2004 Convocation and the accomplishments of our 65 graduates of the 2003 UFE, in addition to discussing relevant steps being taken to ensure that the CA profession is recognized as continuing to serve the needs of a changing marketplace and to protect the public interest.

### Correction

*The caption accompanying the group photo of the 2003 UFE graduates in attendance at the Convocation failed to acknowledge two graduates who were unable to attend. Apologies to Darren Stewart and Brenda Scott (now both resident in Calgary). Through the wonders of modern technology, the correction has been made on the version available for downloading from the ICANS website.*

## Serving Our Member's Needs For Technical Information – In A Responsible Fashion

The Institute takes considerable pride in the high level of service provided to its members, and is pleased that members so clearly appreciate this effort. In recent months, however, an increasing volume of requests from members has suggested a need to remind the membership of the extent, and limitations, of our services.

There has been a significant increase in requests to actually perform research on behalf of CAs, or to gather and provide copies of pronouncements, HB materials, etc. Perhaps, even more of an issue, however, is that some members are expecting staff to make professional judgments that are more appropriately, and generally required, to be made by the member. We are pleased to continue to assist members in directing them to appropriate sources of information, to answer questions regarding the Institute's policies and procedures, etc. to the extent possible, on a reasonable basis consistent with member services.

Both the Executive Director and Director of Professional Standards are more than willing to discuss the factors which must be considered by the member in applying the standards and Rules of Professional Conduct to specific situations and scenarios, and to assist members in arriving at appropriate solutions. However, the Institute is not willing nor able to assume responsibility, and potential liability, for professional services that are fundamentally the basis of employment or engagements conducted by a member. We trust you understand, and will continue to use the resources of your Institute and staff in the appropriate fashion.

## Recent Issue Over IWK CEO Provides Valuable Lessons

Everybody has likely heard the reports that the new CEO of IWK was dismissed after only a few months in that position, primarily for misrepresenting that he was a CA. While the media has now indicated that other issues have come to light regarding the individual's previous employment, there are a few lessons that are worth reporting here:

- Members of the public, including employers and potential employers, can readily determine whether an individual is a member in good standing with the Institute by a simple query to the Institute. While the Institute's privacy policy restricts disclosure of personal information to third parties, the Institute will confirm whether an individual is a member in good standing as a means of safeguarding the public interest.
- The CA designation is considered to be a valuable qualification that enhances a member's reputation in the marketplace.
- Members, and their employers, should be encouraged to reflect professional designations on business cards and correspondence as a means of not only recognizing the qualifications but also to ensure that only those who meet the high standards of membership are permitted to represent themselves as CAs.

## 2003 Salary Survey Results Now Available

The 2003 salary survey results have now been compiled and are being provided to all members for their reference. Members are asked to keep the detailed reports confidential for their use, while more summarized information has been extracted and is posted on the website for unrestricted general use.

The Institute is particularly happy with the 37.3% response rate for this survey, which is a considerable increase over the 2001 participation of 16.2%. The higher rate is obviously attributable in large part to the use of an on-line submission, and the Manitoba Institute is thanked for sharing this technology with us. While the high response rate allows the results to be more representative and therefore reliable, members are reminded that small response rates in individual categories could result in unreliable results for a specific category.

## Ten Good Ways To Promote Your Profession

The recent Communications Survey showed strong member support for the Institute's strategic goal of promoting the CA brand, and high satisfaction with the Institute's activities in this area. At the same time, it is recognized that the biggest potential resource for promoting the CA designation is the membership itself, both in terms of how you conduct yourself on a day-to-day basis, and the degree to which you inform those you deal with that you are a CA.

It may seem trite, but Council and staff are constantly told that members want the Institute to "keep the badge shiny". A shiny badge is only one part of the equation – each CA can do their part by "proudly wearing the shiny badge". Attached to this newsletter is an article that suggests ten ways in which you can do your part to promote the CA designation – ways that will cost very little and can accomplish so much!

## Volunteers Sought To Bring Real Business Thinking to the SMU MBA Program

As a required part of the Sobey School of Business MBA at Saint Mary's University, the first year case competition provides an intensive, competitive environment for students to test the skills they have built in the first year of the program. Student teams must analyze a real business case situation then develop alternatives, a solution and an implementation plan. They then have to present their case to a panel of 3 judges and face a grilling of their analysis and recommendations following the presentation.

To make the case as real as possible, SMU needs business people to bring their experience to the judging of the cases and particularly to the question and answer period following the presentation. A CA's experience helps to move the teams beyond the textbook to think of real, innovative solutions that will work.

SMU is seeking CAs to participate in this event as a judge on one of their three person judging panels. Members on the panel will be responsible for assessing the strengths and weakness of two teams in a case presentation. Each panel will consist of two business persons from the local community and a second year student from the MBA program. This will require a time commitment of approximately two hours on any of the following round robin days – April 21 or 22 (evenings 5:30-7:30) or April 23 (11:30-1:30). You may judge on more than one day if you wish.



To register as a judge or for further information on judging this event please contact either John MacRitchie at 443-6899 [jkmacr@hfx.eastlink.ca](mailto:jkmacr@hfx.eastlink.ca) or Raymond Collins 431-4488 [rp\\_collins@hotmail.com](mailto:rp_collins@hotmail.com).

## **CAMPUT 2004 Energy in North America Conference May 9-12 2004**

If you're a professional working in the North American or international energy sector this conference will be of interest to you.



CAMPUT

This is one of Canada's premier energy conferences and an important forum for industry, regulators, government and academics to exchange points of view and information on the future of energy markets in North America. CAMPUT 2004 will take place from May 9 to 12, 2004 at the World Trade and Convention Centre Halifax, Nova Scotia, Canada. Program details and registration information is available on the Canadian Association Of Members Of Public Utility Tribunals (CAMPUT) web site at: [www.camput.org](http://www.camput.org).

Within the next few weeks, the NS provincial budget will be announced. There is considerable conjecture over the budget's contents as the government tries to maintain its goal of fiscal responsibility by balancing the budget while at the same time meeting the demand for health care and education costs. Further, the minority status of the government, the readiness of all three political parties to fight an election, the uncertainty of a federal election, fall municipal elections, etc. all make for considerable uncertainty about the budget and its contents, and the impact it may have on government in Nova Scotia. The following three articles appear to be appropriate given the amount of coverage the budget will receive when it is ultimately tabled.

### **The Latest Trends in Public Opinion - the State of the Province**

*(This article reprinted with permission)*

At a February 25 luncheon of the Canadian Public Relations Society—NS, Peter MacIntosh, Director Public Affairs Research with Corporate Research Associates (CRA), spoke to a crowd of nearly 30 interested PR practitioners on the topic of public opinion research, and more specifically, on the state of the province of Nova Scotia from a public perception perspective.

MacIntosh covered a number of areas that relate to a range of industries and among those areas, he highlighted research methods, topical concerns that relate to consumer and economic affairs, social, public policy and political issues. The research methods highlighted were collected using the results from CRA's quarterly Atlantic Omnibus Survey, primarily from November 2003, for which 1500 interviews were conducted among the general public in Atlantic Canada.

According to the results of the survey, the most important issues facing Atlantic Canadians today are health care, followed by unemployment, and the economy. In Nova Scotia, the current state of the provincial economy is perceived as better than one year ago, but the majority indicated that the economy has remained the same.

#### *Performance of Government*

In terms of satisfaction with the performance of the provincial government, 49% indicate they are satisfied, while the remainder are dissatisfied. Generally, respondents indicate that the Nova Scotia Government is doing a good job and they are comfortable with the state of our economy. These results are somewhat inconsistent with references to voting, which show that 32% would vote NDP, 29% Liberal and 28% PC.

#### *Sunday Shopping*

On the topic of Sunday shopping in Nova Scotia, 44% are opposed, while 26% strongly support Sunday shopping, with 24% somewhat supportive of Sunday shopping. The popularity of shopping six Sundays prior to Christmas is such that 36% strongly support this initiative and 28% are somewhat supportive.

#### *Service*

Satisfaction with the level of customer service provided in Atlantic Canada is perceived as very good or good, while rating local companies in terms of corporate citizenship is also perceived as good at 48%.

## Public Education

The overall quality of public education is rated good by 46%, while 52% say the quality of public education in Nova Scotia is about the same as elsewhere in Canada.

## Highways

There is a negative rating associated with the level of satisfaction with Nova Scotia highways; 61% indicate they are mostly or completely dissatisfied. In addition, 55% indicate they would wait for all divided highways in the Annapolis Valley without tolls, while 40% are in favor of having a toll highway now.

The overall conclusions of the CRA survey results presented by Peter MacIntosh are as follows:

- Residents are generally confident about our economy and household finances, and look forward to Sunday shopping.
- The economy is modernizing, with high tech impact of offshore being evident.
- Nova Scotians are keeping pace in terms of computer ownership and environmental attitudes.
- Elections can breed uncertainty politically and economically, but the fundamentals are solid.

## Understanding the Equalization Payment Issue – And Its Impact to Nova Scotia

With the provincial budget only a few weeks away, there is much discussion about Nova Scotia's current economic condition, and its outlook for the future. All of us have sources of this information, and many of our members participate in gathering data and reporting on this subject for their employers or firms. In media coverage and government releases, there has been considerable discussion over the impact of a drop in federal equalization payments, and its impact for provincial government finances.

One useful source of information on the equalization payment issue which was identified by CICA Government Affairs is contained in an Appendix to a March 16<sup>th</sup> report issued by TD Economics, which is part of TD Bank Financial Group and which provides analysis and commentary on factors affecting the market place. With permission, a copy of the Appendix is attached to this newsletter for your reference. Members wishing more information or who wish to access the entire Report can access it on the following website: [www.td.com/economics/index.jsp](http://www.td.com/economics/index.jsp).

## CICA Endorses The Federal Government Budget Plans For Prudence And Debt Reduction

Speaking for the national CA profession, the CICA endorsed the recent federal budget, in particular the renewed commitment to allocating money for prudence and debt reduction, but also cautioned that the success of the government's long-term plans may be contingent on the economy performing well over the coming years.

"The government has set the bar high in terms of long-term future revenue growth and its ability to pay down the debt," said Pierre Brunet, FCA, Chair of the Canadian Institute of Chartered Accountants (CICA) Board of Directors. "To achieve these aims, the federal government is betting on a strong economy that does not require the government to draw from the contingency reserve. That's a fine line, and these plans could be derailed if the economy doesn't perform as hoped for."

Canada's Chartered Accountants were pleased with short and long-term plans to realize savings through re-allocation, rather than taking on new program commitments. The budget announced \$1 billion in annual re-allocation from existing 2004-2005 spending and plans to review all programs to identify a minimum of \$3 billion annually in savings within four years.

Although only \$1.9 billion will be paid against the federal debt in 2004, the budget included a government objective of lowering the debt-to-GDP ratio to 25 per cent within 10 years from its 2003-2004 mark of roughly 42 per cent. "Reducing the debt pays dividends: we estimate that for every \$1 billion reduction in our interest-bearing debt, the government would expect to save \$50 million in interest costs each year," said Brunet. "Much progress has been made in reducing the debt load, but the reality remains that the debt translates to \$40,000 owed for every household in Canada."

Canada's Chartered Accountants also supported new measures aimed at improving government accountability, including re-establishing the office of the Comptroller General, hiring professionally-accredited comptrollers for each department and strengthening internal auditing across the government. "There is still some distance to go before a culture of accountability and transparency takes hold, but these are steps in the right direction," said Brunet.



## Spring PD Seminars Offer Something of Interest For All Members

### ***Date Change:***

The session, "Corporate Financial Management: The Controller of the 21<sup>st</sup> Century" that was originally scheduled for Monday, May 24<sup>th</sup> has been changed to Thursday, May 27<sup>th</sup>.

The ICANS' Spring PD brochure has now been mailed to all members, and is also posted on the website under the Professional Development section. This is an excellent opportunity for members to get a head start on their annual PD requirement, and especially those members whose work and other commitments in the fall conflict with the fall program.

Seminars commence on May 18th and are offered through to June 11th. In addition, to provide even more flexibility to members, a number of topics are being offered on an Internet based learning format, with learning to take place between May 17th and July 2nd.

If you have any questions, please do not hesitate to phone Kathie Slaunwhite, PD Director or Soula Keramaris, PD Registrar at 425-3291 or email [pdreg@icans.ns.ca](mailto:pdreg@icans.ns.ca)

## Appointments

### ***Public Accountants Board of Nova Scotia***

Professor **Robert Madden FCA** and Ms. **Rena Langely CGA CA** have recently been re-appointed by the Government to the Public Accountants Board of Nova Scotia for a term commencing April 1, 2004. The third government appointment is Arnold Fralick CGA, replacing **Donald Samson CA** who chose not to continue.

The two existing ICANS representatives on the Board are **Jerry Inman FCA** and **Earl Walsh FCA**. Mr. Walsh serves as Secretary to the Board.

### ***National Competency Map Committee***

**Jason Varner CA** of Truro has been appointed to serve a three-year term as the Atlantic Region representative on CA profession's Competency Map Committee (CMC). Jason's nomination was supported by the five Provincial Institutes in the Region. The CMC is responsible for developing and updating the Competency Map which is used to establish the qualification expectations for Chartered Accountants.

## Here And There With Members

**Darryl Paul CA**, formerly with MacKay Chartered Accountants LLP, is now a Junior Financial Accountant with Diavik Diamond Mines, Inc. in Yellowknife NT.

## Career Opportunities On The Website

Check the site for recent career postings that are added to the site on a weekly basis. Current postings are:

- Controller — a national transportation company, Florenceville, NB
- CA or Finalist — Hemming Weir Casey Inc., Chartered Accountants
- US Tax Specialist — KPMG LLP, Vancouver BC
- International Tax Specialist — KPMG LLP, Vancouver BC
- Controller — home construction and developer
- Recent CA graduate or Finalist — Colin Carroll CA, Chartered Accountant
- Manager Financial Planning and Analysis — Electric Utility, Maine USA
- Technology & Securities Risk Services Staff 2 — Ernst & Young LLP
- Fund Accountants/Senior Fund Accountants — fund management company, Bermuda
- Internal Auditor — McCain Foods, Florenceville, NB

Other career opportunities, together with valuable information and guidance on career counseling, etc., can be found at CA Source, on the CICA Website ([www.cica.ca](http://www.cica.ca)).

## Volunteer Opportunities

Volunteer Opportunities are posted regularly on the ICANS website under Members. At the present time, the following opportunities are available:

- Financial Advisor to the Coordinator — Halifax Regional C@P Association
- Treasurer — Ecology Action Centre
- Treasurer — Woodside Daycare Centre
- Treasurer — Genealogical Association of NS
- Board Members —New Glasgow Credit Union

## Reminder — Important Upcoming Dates

**Dick Pound NovaKnowledge Luncheon**  
April 14, 2004

**Minister of Finance Pre-Budget Luncheon**  
April 19, 2004

**ICANS High School Scholarship Deadline**  
April 30, 2004

**Membership Fees and PD Report Deadline**  
May 1, 2004

**CFO Leadership Program**  
May 15-21, 2004

**Spring PD Sessions**  
May/June, 2004

**CFP Examination**  
June 5, 2004

**Annual Meeting and Golf Tournament**  
June 7, 2004

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## APPENDIX

## SURPRISING DROP IN FEDERAL EQUALIZATION A MAJOR BLOW TO PROVINCIAL BUDGETS

### What is equalization?

Equalization is a federal transfer payment that enables less prosperous provinces to provide public services similar to those in other provinces at relatively comparable levels of taxation. Put another way, provinces whose revenue-raising ability – or fiscal capacity – is below a certain standard receive equalization payments in order to bring them up to this standard. Eight provinces are recipients of the \$9-billion equalization program in fiscal 2003-04 – all but Alberta and Ontario. In fact, in the Atlantic region and Quebec, equalization accounted for more than 30 per cent of total own-source revenues.

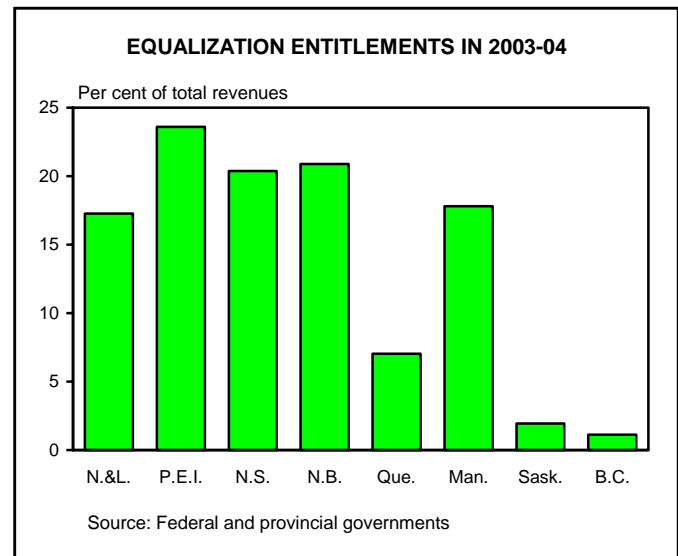
### How does the equalization formula work?

The fiscal capacity of a province is determined by measuring (at average national tax rates) its ability to raise revenues from 33 revenue sources, which include taxes on personal and corporate income, sales, resources, property, and other levies. A province's revenue-raising capacity for each tax source is then compared, on a per-capita basis, to that of the average of five "middle-income" provinces – Quebec, Ontario, Manitoba, Saskatchewan and British Columbia. A net shortfall in fiscal capacity vis-à-vis the 5-province average results in the receipt of an equalization payment amounting to the difference.

The formula used in computing fiscal capacity involves a significant amount of information, much of which is only released with a lag. As a result, the federal government makes projections, and then later revises the figures when better information on, say, population counts or tax receipts becomes available. The formula is run twice a year, with revisions made to equalization entitlements over the previous three years.

### Are provinces protected from large funding swings?

Given that these relative changes can produce large swings in payments, there exist special arrangements to help protect a province from very sharp year-over-year reductions. Currently, the formula limits this decline to 1.6 per cent of the per-capita value of the equalization stand-



ard, or roughly \$95 in 2003-04. Formally, there was a ceiling applied to growth in equalization payments which prevented them from rising faster than GDP growth. As part of the February 2003 First Ministers' Accord, the federal government announced that this ceiling would be permanently removed.

### Why does equalization fall as fiscal capacity rises?

The equalization formula has been underpinned by the notion, and one that has credence, that federal assistance should be pared back as a region's fiscal capacity increases in order to reduce long-term dependency. However, the federal government has also acknowledged that reducing equalization one-for-one with increases in own-source revenues can result in a disincentive for growth.

Accordingly, there is a special provision, known as the "generic solution", which is made available to a province when it has at least 70 per cent of a particular tax base. Under this arrangement, for each \$1.00 increase in revenues from a concentrated revenue source, equalization goes down by \$0.70. Newfoundland and Labrador (offshore revenues), Nova Scotia (offshore revenues), Quebec (asbestos), Saskatchewan (potash) all have benefited from this generic solution.

## Why have payments dropped so sharply?

In February, the federal government released new estimates of equalization entitlements, which included revisions in fiscal 2003-04 and for the previous three fiscal years. For fiscal 2003-04, equalization entitlements are now on track to come in a stunning \$3.3 billion – or 32 per cent – below the amount projected in the 2003 budget. Just under \$2 billion of that is attributable to fiscal 2003-04, while the remainder reflects downward revisions to entitlements paid over the previous three years. Not only is this a huge swing in expectations, but for provinces that rely heavily on this revenue source, it is particularly bitter medicine to swallow. Most provinces will book revised 2003-04 payments as well as previous years' adjustments in the current year.

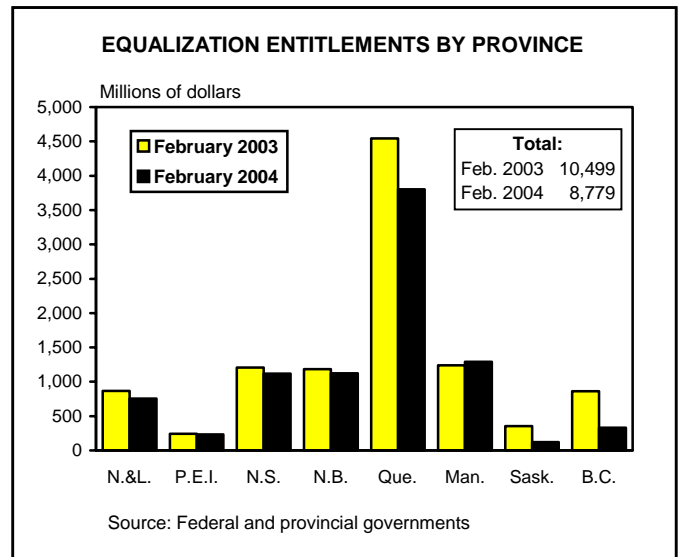
There are three main reasons for this dramatic downward adjustment.

- Ontario's economy and revenue take has underperformed over the past few years, dragging down the five-province average fiscal capacity with it.
- Population estimates were revised to include the results of the 2001 census, which resulted in downward revisions to population in most provinces. Given that equalization is based on a per-capita formula, jurisdictions with the exception of Manitoba and Quebec experienced a negative outcome.
- Lastly, there were a number of estimates of revenue sources across the country that proved to be pessimistic. Higher-than-expected corporate and personal income taxes in Manitoba, mining profits in Saskatchewan, and natural gas royalties in B.C. are some notable examples.

## What changes are being contemplated?

The equalization formula is renegotiated every five years, with the current formula up for renewal April 1, 2004. Five changes that have been suggested include:

- Move from the current 5-province standard, to a 10-province standard;
- Broaden the revenue base to include 100 per cent of the revenues from user fees, rather than the current 50-per-cent inclusion rate;
- Shorten the length of time that the federal government can review and make adjustments to previous years' equalization entitlements from the current three-year period;



- Change the way some revenue sources are measured, including shifting the way of measuring property taxes to market value. For B.C. – a province with high average real estate prices – this change would have a boosting effect on its fiscal capacity, and result in a significant equalization loss, with the reverse holding true for other provinces with lower prices (i.e., Quebec).
- Ease the rates at which equalization amounts are taxed-back, as own-source revenues rise.

## What is the likely outcome?

Significant near-term alterations to the formula are unlikely. Last month, Federal Finance Minister Goodale presented a package of changes to the other First Ministers. The package did not include moves to either a 10-province standard or a broadening of the revenue base. However, it did recommend the change to the property-tax calculation as well as a moving-average process to improve the stability and predictability of Equalization. But, since the net value of the benefit to provinces fell well short of the \$4-billion that would flow from, say, the shift to a 10-province standard, provincial ministers rejected the offer. With few changes likely in store, and the Ontario economy expected to pick up moderate steam over the medium term, look for equalization entitlements to rebound over the next few years, but fail to recoup about \$1 billion of the recent losses.

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## TEN WAYS TO PROMOTE YOUR PROFESSION

1. Include your CA/FCA designation after your name in all correspondence and opportunities for identification (e.g. on business cards, letterhead, memos, media spokesperson or author by-lines, etc.), along with any other appropriate accreditation notations (e.g. CA-CBV, CA-CIRP, CEO, CFO, etc.). This way, even if you've acquired other designations/titles throughout your career, indicating that you also have a CA can help demonstrate 'how you got there!'
  2. Incorporate the Chartered Accountants of Nova Scotia logo and tag line, "Strength Beyond Numbers" on all print material, from company letterhead, to advertisements, appointment notices, recruitment material and trade show displays, web sites, event publicity/sponsorship opportunities, etc.
  3. Choose to wear a CA ring or other brand-identified products/clothing to raise brand awareness and demonstrate your pride in the profession.
  4. Smaller, community newspapers are often eager to cover local news about residents. You can use this medium to help promote the profession in your home community by alerting local media re: a specific CA accomplishment/award, by promoting how a particular CA or firm is working with a charitable organization or municipality to improve the community, etc.
  5. Incorporate a one-page fact sheet about the profession in your client proposal kits and/or media kits, to demonstrate how you are part of a larger professional group.
  6. Volunteer to be part of an informal CA Nova Scotia 'speakers' bureau'. Indicate that you would like to participate in media interviews, association/club speaking engagements, and government requests for committee members, etc. (include your name, position/place of work, area of specialized knowledge, prior public speaking experience, etc.).
  7. Get active - volunteer on ICANS committees and share your thoughts/ideas re: brand promotion and other issues.
  8. When you volunteer in the community, ensure your fellow board members know you are a CA and what valuable skills you can bring to the organization as such.
  9. Promote the hiring of CAs - not only for the obvious financial positions, but also for key leadership positions within your organization's senior management team or for that of an organization you are volunteering with.
- And, last but perhaps most importantly ...
10. **Celebrate your pride in being a CA, a member of an exclusive group recognized worldwide for its ethics, integrity, values and public service. "I'm a CA" - say it often, and with deserved pride. It's an achievement, never an excuse. Now say it again. And again.**

"Encourage all members – industry as well as public practice – to promote the CA designation. If all members did, we would not need ads."

"Can you suggest ways that the CA can help promote the brand? An article – a very quick read – on things that we know we should be doing, but just have not thought about for a while"

- responses to ICANS  
Communications  
Survey, November  
2003