

April 18, 2007

Mr. Chris Hicks
Principal, Knowledge Development
The Canadian Institute of Chartered Accountants
277 Wellington Street West
Toronto, Ontario
M5V 3H2

BY E MAIL: dcash@cica.ca

Re: Draft Interpretive Release, Distributable Cash in Income Trusts and Other Flow-Through Entities

Dear Mr. Hicks:

The Committee on Corporate Reporting of Financial Executives International Canada ("FEI Canada") is writing to provide its views on the Draft Interpretive Release, Distributable Cash in Income Trusts and Other Flow-Through Entities issued on November 6, 2006.

FEI Canada is an all-industry professional association of senior financial executives, with eleven chapters across Canada and 1900 members. Membership is generally restricted to senior financial officers of medium to large corporations, as well as senior financial officers in public sector organizations.

The Committee on Corporate Reporting ("CCR") is one of two national advocacy committees of FEI Canada. CCR comprises more than 20 senior financial executives representing a broad cross-section of the FEI membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

The remarks contained in this submission are made by members of CCR and do not necessarily represent the views of all FEI Canada members or its Board.

CCR has organized its views and comments in response to the questions noted in the document as requested.

1. Do you agree that one term, Distributable Cash from Operations, should be used by all flow-through entities?

Recently the various securities commissions issued a request for Comment on Proposed Amendments to National Policy 41-201 Income Trusts and Other Indirect Offerings. We encourage you to discuss with them your proposed guidance on distributable cash disclosures. We believe in the absence of coordination with the CPRB, issuers could possibly find themselves in a position whereby they would prepare calculations and disclosures using methods suggested by both the National Policy 21-201 and the CPRB. We believe this would cause confusions and therefore not be in the best interests of the intended users.

We understand that you are also looking at other non-gaap measures such as EBITDA and we believe it would be appropriate to give consideration to how they might relate to this measure.

canada

We question whether creating a new non-gAAP measure will achieve the goal of this suggested disclosure, that of providing information to investors in order to assist them in assessing future prospects of cash generation. This new measure will still contain management estimates for productive capacity and in addition will add in estimates for such items as financing restrictions and pension funding.

- 2. Do you agree in that arriving at Distributable Cash from Operations, no adjustments should be made except those recommended in the Interpretive Release, particularly in respect of working capital?**

We agree that in adopting a measure of distributable cash the ability to make adjustments should be limited in order to enhance the comparability and that unusual and discontinued items should be explained not adjusted for.

- 3. Do you agree that flow-through entities should be capable of defining and providing a recent history of productive capacity and a productive capacity maintenance adjustment? If no, why not?**

We believe that most flow-through entities will equate the productive capacity concept to maintenance capital or similar concepts and to that extent, would not have difficulty providing this information. We believe the calculation should consist of only historical capital spending for the period not future expected spending. In the MD&A, management should discuss any past or expected future fluctuations.

- 4. Do you agree that an adjustment should be made for productive capacity maintenance that is consistent with the entity's productive capacity maintenance strategy?**

We do, however as previously noted, this will involve the use of management's "best estimates" and we feel the calculation should reflect only actual spending for the period.

- 5. Do you agree that productive capacity maintenance adjustments should be limited to capital expenditures?**

We believe that providing estimates for additional maintenance adjustments for items such as working capital would involve extensive estimates and as such would not be appropriate if the desire is to maintain comparability.

- 6. Do you agree that the productive capacity maintenance adjustment should be the best estimate of a "normalized" amount, based on the actual expenditures incurred in the period under review and the best estimates of the amounts expected to be incurred?**

We believe the amount reported should be the actual spending for the period.

- 7. Do you agree that any adjustment for restrictions on distributions arising from compliance with financial covenants should address not only those operational at the date of calculation of the Distributable Cash from Operations, but also those likely to become operational within the foreseeable future?**

canada

This is disclosure well and beyond what is asked of other issuers. Corporate entities are required to disclose if they believe they will have issues with banking covenants within the next twelve months but are not required to provide mathematical disclosures.

8. Should the recommended practice that addresses disclosure of terms of secured debt be expanded to include, for example, the level (s) within the entity at which the debt is issued?

We understand that this refers to the possibility of earnings being trapped in a subsidiary due to debt agreements at the subsidiary level. This is not consistent with disclosure requirements for corporate entities. In addition, we recommend you consider providing additional information on what is intended by this recommendation.

General

Trusts and flow-through entities typically differ from public corporations in two ways:

1. They pay higher distributions than the typical corporation pays in dividends
2. They have a more efficient structure that allows taxes to be paid by the recipient of the distribution (note that proposed new legislation would change this to a certain extent).

We believe it is appropriate to require trust issuers to provide the same level of disclosures that corporate issuers provide about such things as operating cash flows, capital expenditure commitments and capital structure, to name a few. If the CICA and the Canadian Performance Reporting Board feel that improvements are required in these areas they should be directed to all issuers so that investors across the capital market spectrum can benefit from the suggestions. We believe that certain of the suggested disclosures regarding capital and debt strategy are very good and should be extended to all entities.

We understand from our conversation with you on April 12, 2007 that you are in the process of reviewing and considering a number of responses that are similar to those we have raised in this letter.

CCR hopes that its comments will be useful to the CICA in its ongoing deliberations. If you have any questions or would like to discuss any of these matters with us, please do not hesitate to call.

Yours very truly,



Alister Cowan
Chair, Committee on Corporate Reporting
FEI Canada