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1. Climate Change

As the MP for Langley, I find myself in a unique and wonderful position to work with a government that values a clean, healthy environment and is taking concrete action for a cleaner Langley, a cleaner Canada and a cleaner Earth.. Recently, many constituents have inquired about Canada's involvement in the Kyoto Protocol and I would like to explain the government's position on this important issue.

As background, the Kyoto Protocol set greenhouse gas emission reduction targets for **industrialized** countries. Greenhouse gases include, but are not limited to, carbon dioxide, methane, nitrous oxide, sulphur hexafluoride, and chlorofluorocarbons.

Developing countries, such as China, India and Mexico, do not have targets under the current agreement, and some industrialized countries such as the US and Australia did not ratify the agreement. It is interesting to note that China, India and the US account for more than 40% of global emissions of greenhouse gases, but do not have emission targets under Kyoto. In fact, 72% of the world's greenhouse gas emissions come from countries that do not have Kyoto targets. By comparison, Canada accounts for 2% of global emissions.

Under the previous Liberal government, Canada signed the Kyoto Protocol, committing to reduce greenhouse gas emissions to 6% below 1990 levels by 2012. The problem is, studies show that the Liberal government did little to meet the Kyoto target and, moreover, chose to hide that fact from Canadians. In fact, domestic greenhouse gas emissions were actually 35% *above* the Kyoto target by 2004, leaving Canada unable to achieve its Kyoto target through domestic action.

To meet the target, Canada would have had to send billions of tax payers' dollars overseas through the purchase of emissions credits. Not only is there no guarantee this money would be used responsibly to protect the environment, but the plan of sending billions of dollars overseas would have undermined our ability to clean up Canada and invest in Canadian technology to benefit the global environment.

This is the problem Environment Minister Rona Ambrose is left to solve. Contrary to recent reports, Canada is continuing to work within the Kyoto framework, and is fully committed to finding concrete ways to reduce greenhouse gas emissions. Minister Ambrose is actively working with our international partners to develop global approaches that will result in **real reductions** in greenhouse gas emissions. Canada is also considering other agreements that would encourage big polluters (such as the US, China and India) to participate.

The government is currently building a Made-in-Canada climate change plan that will be both realistic **and** effective. We are considering all options for reducing pollution and greenhouse gases, and are consulting with countries that have demonstrated best practices in the environment. We recognize that environmental issues are not limited by geographic or political boundaries. Our new Conservative government is working hard to reduce greenhouse gas emissions and air pollutants through consultation with environmental groups, industry and other levels of government.

We have introduced a transit tax credit to encourage Canadians to use public transport. We have reduced the sulphur content in fuels and are moving towards a 5% average renewable fuel content for motor fuels, which will also reduce greenhouse gas emissions, clean the air we breathe, and provide greater energy security. The Minister of Environment announced a plan will prevent the release of almost 10 tons of mercury over the next 10 years. We are committed to presenting a plan this fall that will address a framework around pollution controls, transportation emissions, renewable energy, and new technologies.

The health of Canadians and our environment needs to be a priority for everyone. I hope this commentary sheds some light on the action this government is taking to ensure tangible benefits for our country and our planet.

2. Gasoline Pricing

You are right to raise concerns over the price of gas. The government monitors fluctuating prices to ensure they do not exceed normal reaction to market forces. Gasoline prices are largely determined by the effects of supply and demand on the price of crude oil, which has been rising due to increasing demand from emerging economies like China and India and to ongoing turmoil in the Middle East.

The federal government protects the competitive marketplace in Canada through the Competition Bureau to ensure there is no collusion in setting prices. Since 1990, the Competition Bureau has conducted six major investigations into allegations of collusion in the gasoline industry and found none.

In a free North American market where price is driven by supply and demand, there is no question that retailers take advantage of the uncertainty in crude oil reserves to drive up prices. Fluctuating prices at the pump show signs of healthy competition amongst retailers and consumers should take advantage of this competition to force retailers to keep their prices as low as possible. Natural Resources Canada also promotes energy conservation through the Office of Energy Efficiency. You will find valuable information on fuel efficient vehicles and improving fuel efficiency. You can access the office's website at:

<http://oee.nrcan.gc.ca/transportation/personal/index.cfm?attr=0>

3. National Homelessness Initiative

The NHI is a community-based approach designed to support programs for alleviating homelessness in communities throughout Canada. These programs assist in the renovation of houses and buildings, and provide shelters and services for the homeless and those at risk of becoming homeless. The NHI also enables community service providers to decide on local priorities and make recommendations on how funds should be disbursed. Projects are funded according to the priorities identified by each community in its Community Plan.

As you may know, the NHI, including the Supporting Communities Partnership Initiative (SCPI), was due to expire in March 2006 but was extended by the new Government of Canada to March 2007 with funding of \$134.8 million. This extension will ensure that essential

shelter and related support services for the homeless are maintained in urban and rural communities across Canada.

Please be assured that there have been no reductions to the NHI, and the full amount of funding committed for 2006-07 has been allocated across the country. In addition, the Government of Canada recently confirmed that an additional \$37 million left unspent from 2005-06 will be made available for programming this year to meet additional needs.

4. Child Care

Canada's new government is focused on helping ordinary working Canadians, and putting families first.

Canada needs strong families to ensure a bright future, and many parents are looking for support as they struggle to make ends meet. That is why on May 2 in our first budget we announced our new **Universal Child Care Plan** that delivers choice in child care, financial support and new child care spaces.

In the recent election campaign we committed to introducing this child care plan, and within our government's first 100 days we are following through with our promise. This is in sharp contrast to the previous government's litany of child care promises for 13 years that seemed grandiose but never materialized to help parents.

The **Universal Child Care Plan** has two components:

(1) The Universal Child Care Benefit

This benefit provides direct support for parents through the \$100 per month, per child under six. Parents started receiving monthly cheques in the amount of \$100 in July 2006.

The cheques are provided in addition to existing measures such as the Canada Child Tax Benefit, the National Child Benefit Supplement and the Child Care Expense Deduction.

This benefit offers flexibility in child care delivery, by allowing parents the freedom to choose the child care option most suitable to their family's needs. Additionally, large segments of Canada's population – segments that would have been otherwise neglected, such as shift workers, stay-at-home parents, and people residing in rural and remote areas without access to daycare facilities – will also be assisted.

(2) The Child Care Spaces Initiative

This initiative will create up to 125,000 new child care spaces over a five year period, beginning in 2007. These increased spaces will be more flexible, more accessible, and will be created in urban centres, small communities, and rural areas.

The Government of Canada will consult with individuals, provinces, territories, businesses, community and non-profit organizations to encourage the creation of child care spaces that

respond to the real needs of parents, whether that means regular nine-to-five, weekday child care, or child care required during evenings and weekends.

Should you require any additional information on the new **Universal Child Care Plan**, including eligibility requirements, I strongly encourage you to visit www.universalchildcare.ca

5. Mandatory Minimums and Conditional Sentences

Our government has introduced legislation proposing new and enhanced mandatory minimum penalties (MMPs) for firearms offences in the Criminal Code. This flagship bill and the accompanying legislation proposing restrictions on conditional sentences represent the first step toward fulfilling the government's priority commitment to make streets and communities safer by tackling crime.

The new government is meeting its commitment to Canadians by taking immediate action to get tough on gun crime.

The amendments proposed in this bill will help keep our streets and communities safer.

Firearms offences will result in tougher mandatory sentences that will escalate with repeat offences.

Adding new and enhanced Mandatory Minimum Penalties to the *Criminal Code* will ensure that sentencing reflects the serious nature of crimes that involve gun and gang violence.

If a firearm is used in a serious offence in connection with a gang, or if a prohibited or restricted weapon such as a handgun is used, the mandatory minimum sentence would be:

- 5 years (on a first offence)
- 7 years (if accused has one prior "use" conviction)
- 10 years (if accused has more than one prior "use" conviction)

New or higher MMPs of three years (first offence) and five years (one prior "use" or serious "non-use" conviction) are proposed for the most serious "non-use" offences in the *Criminal Code* such as firearms trafficking and for a new offence that would be created -- robbery where a firearm is stolen.

Conditional Sentences:

Alongside proposed reforms dealing with mandatory minimum penalties for gun crimes, our Government is introducing companion legislation that would prohibit the use of conditional sentences for serious and violent crimes.

These reforms will help keep our streets and communities safer by ending the use of conditional sentences – including house arrest – for serious offences.

Conditional sentences would be prohibited for offences prosecuted by indictment and punishable by a maximum of 10 years or more.

The reforms will help ensure a cautious and more appropriate use of conditional sentences, reserving them for less serious offences that pose a low risk to community safety.

This legislation will help improve public confidence in the use of conditional sentences, by helping to ensure criminals face penalties that match the seriousness of their crimes.

A conditional sentence is a sentence of imprisonment of less than two years that may be served in the community if several conditions are met.

6. Federal Accountability Act

The *Federal Accountability Act* is about fixing the system for Canadians. It's about strengthening and streamlining how government works. It's about making government more effective and accountable.

With this plan, the Government of Canada is delivering on its commitment to stand up for accountability. It is taking action to earn back the trust of Canadians.

The Act is about moving from a culture of entitlement to a culture of accountability. It's about making everyone in government—from the Prime Minister on down—answerable to Canadians.

It is about letting Canadians know that their hard-earned tax dollars are being spent properly and wisely.

Concrete changes for Canadians include:

- reducing the opportunity to exert influence with money by banning corporate, union, and large personal political donations;
- giving Canadians confidence that lobbying is done ethically with a five-year lobbying ban on former ministers, their aides, and senior public servants;
- ensuring people who see problems in government know they can speak up by providing real protection for whistleblowers; and
- ensuring Canadians know how their money is spent by enhancing the power for the Auditor General to follow the money.

Below is the companion Action plan to the Government's proposals including the new *Federal Accountability Act*

Reforming the financing of political parties

Money shouldn't have the ear of Government—Canadians should. The *Federal Accountability Act* will help take government out of the hands of big corporations and big unions, and give it back to ordinary Canadians.

- The *Federal Accountability Act* will limit individual donations to \$1,000 a year, ban contributions by corporations, unions, and organizations, and prohibit cash donations of more than \$20.

Together with other measures to ban secret donations to political candidates, these changes will increase transparency and help Canadians feel more confident about the integrity of the democratic process.

Banning secret donations to political candidates

While campaign donations are regulated, riding associations can still give large amounts of campaign money to candidates through trust funds. Thanks to this loophole, some Members of Parliament have accumulated large, secret trust funds. The Chief Electoral Officer estimates millions of dollars may be held in these trusts.

- The *Federal Accountability Act* will ban transferring trust-fund money to candidates or political parties and give powers to the new Conflict of Interest and Ethics Commissioner to order that trusts not be used for political purposes or be wound up.
- The Act will also prohibit candidates from accepting gifts that might reasonably be seen to risk influencing them in the performance of their elected duties.

Together with other measures to reform the financing of political parties, these changes will increase transparency and help Canadians feel more confident about the integrity of the democratic process.

Strengthening the role of the Ethics Commissioner

Canadians expect elected representatives and public-officer holders to make decisions in the public interest, without any consideration of personal gain. Public-office holders must perform their duties and arrange their private affairs in a manner that will avoid real or perceived conflicts of interest.

- The *Federal Accountability Act* will combine the positions of Ethics Commissioner and Senate Ethics Officer to create a new Conflict of Interest and Ethics Commissioner with powers to fine violators and consider public complaints.
- The Act will also create a new *Conflict of Interest Act* and ban ministers from voting on matters connected to their business interests.

These and other measures will create a strong conflict of interest and ethics regime to help build public confidence in government and our parliamentary institutions.

Toughening the Lobbyists Registration Act

People shouldn't get rich bouncing between government and lobbying jobs. Lobbyists shouldn't be allowed to charge success fees where they only get paid if they deliver the policy

change their clients want. Canadians understand that lobbying is a legitimate aspect of democratic life, but they want lobbying to be open and transparent.

- The Government will get rid of success fees and extend the ban on lobbying activities to five years for former ministers, their aides, and senior public servants.
- In addition, the Government will create a new Commissioner of Lobbying with the resources to investigate violations and enforce the rules.

These changes will give the Commissioner of Lobbying the independence and necessary powers to ensure that lobbying is done in a transparent and ethical way.

Ensuring truth in budgeting

Improving the transparency and credibility of the Government's fiscal forecasting and budget planning process will help make it more accountable to Parliament and to Canadians. Parliamentary committees should have access to independent and objective analysis and advice on economic and fiscal issues.

- The *Federal Accountability Act* will create a new Parliamentary Budget Officer to support Members of Parliament and parliamentary committees with independent analysis on economic and fiscal issues.
- The Government will also provide quarterly updates to government fiscal forecasts.

These changes will increase transparency in the Government's fiscal planning process and enable Parliament to better hold government to account.

Making qualified government appointments

Right now there is no consistent process for appointing Agents and Officers of Parliament. The appointment process for government agencies, boards, and commissions is not transparent or as merit-based as it could be, and under the previous government, ministerial staffers received favoured treatment in filling public-service positions.

- The *Federal Accountability Act* will introduce a consistent appointment process for Agents and Officers of Parliament with a meaningful role for Parliament.
- It will also create a new Public Appointments Commission to oversee appointments to agencies, boards, and commissions, and end priority treatment for ministerial aides when they apply for public-service positions.

The reforms will assure Canadians that appointments of Agents and Officers of Parliament are approved by both Houses, that government appointments reward merit while respecting the values of openness and fairness, and that political staffers cannot "jump the line" into the public service.

Cleaning up the procurement of government contracts

The Government of Canada is one of the largest purchasers of goods and services in the country. Its purchasing practices should be free of political interference and conducted fairly so that all companies—regardless of size and location—have the opportunity to compete for government work.

- The *Federal Accountability Act* will include an overarching statement of principles that will commit the Government to promote a fair, open, and transparent bidding process.
- The Government will review its purchasing practices to ensure they are free from inappropriate political interference; develop a *Code of Conduct for Procurement* that will apply to both suppliers and public servants; and appoint a Procurement Auditor to review practices across government, consider complaints, and help resolve disputes.
- In addition, the Government will ensure that small vendors in all regions of Canada receive due consideration in bidding for government contracts, and provide more resources for the Office of Small and Medium Enterprises to address the concerns of smaller firms.

Through these measures the Government will ensure that procurement is fair, open, and transparent, and that small vendors and vendors in all parts of the country have the opportunity to compete for government contracts.

Cleaning up government polling and advertising

The Government uses public opinion research and advertising to listen to and communicate with Canadians. Recent political scandals regarding sponsorship and advertising have raised legitimate concerns about the transparency, fairness, and value for money of the procurement process in these areas.

- The *Federal Accountability Act* will require the Government to publicly release, in writing, polling findings within six months.
- The Act will also prohibit verbal-only reports.
- In addition, an independent advisor will be appointed to review public opinion research practices identified by the Auditor General and to report publicly on the findings of this review.
- Finally, departments will be asked to conduct risk-based audits of their advertising and public opinion research activities and processes.

These measures will ensure value for money in public opinion research and advertising contracts, and preclude these contracts from being awarded or used for partisan reasons or political benefit.

Providing real protection for whistleblowers

People who see problems in government need to know they can speak up. Too often whistleblowers have been punished for saying the truth.

- The Government will give real protection for whistleblowers by making the Public Sector Integrity Commissioner an Agent of Parliament with the power to enforce the *Public Servants Disclosure Protection Act*.
- The Government will also create a new, independent tribunal with the power to order remedies and discipline, it will expand whistleblower protection to all Canadians who report government wrongdoing, and it will make public more information on wrongdoing.

These changes will help create an environment in which employees and all Canadians can honestly and openly report government wrongdoing without fear of reprisal.

Strengthening access to information legislation

Canadians deserve better access to government information. The Government of Canada belongs to the people, and it should not unnecessarily obstruct access to information.

- The *Federal Accountability Act* will extend the *Access to Information Act* to include seven Crown corporations, seven Agents of Parliament, and three foundations created under federal statute.
- The Government also tabled a draft bill and discussion paper to further reform the access law, in collaboration with parliamentarians, Canadians, and stakeholder groups.

These changes will make government more open and transparent. At the same time, the Government will ensure a broad range of views is considered in exploring ways to further strengthen access to information legislation.

Strengthening the power of the Auditor General

Canadians deserve to know how their hard-earned tax dollars are spent. The Auditor General needs the power to follow the money to make sure it is spent properly and wisely.

- The Government will give new powers to the Auditor General to audit individuals and organizations that receive federal money.
- It will enshrine in law ongoing department reviews of granting programs.
- It will establish an independent blue-ribbon panel to identify barriers to access for recipients of government grants and contributions.

These changes will strengthen the role of the Auditor General as an independent and reliable source of information about government spending, and will help eliminate the administrative burden on individuals and organizations that receive federal funding.

Strengthening auditing and accountability within departments and agencies

It is vital to government accountability that the roles and responsibilities of deputy ministers are clear. In addition, independent, objective, and timely internal audit services within departments reinforce good stewardship practices and sound decision making.

- The *Federal Accountability Act* will designate deputies as accounting officers and make them accountable before appropriate parliamentary committees for their responsibilities, which will be clearly spelled out.
- The Act also establishes a clear process to resolve disputes between ministers and deputies.
- In addition, the Act will strengthen internal audit functions within departments, strengthen governance structures in Crown corporations, and introduce tougher penalties for fraudulent misuse of public funds.

These measures will clarify the roles and responsibilities of deputy ministers and, together with a stronger internal audit capacity and strengthened corporate governance structures, will help ensure departments and Crown corporations are well managed.

Creating a Director of Public Prosecutions

It is important for transparency and for the integrity of the federal justice system that prosecutions under federal law operate independently of the Attorney General of Canada and of the political process. Crown counsel within the Federal Prosecution Service of the Department of Justice and legal agents currently prosecute federal offences throughout Canada, and provide legal advice to investigative agencies and government departments in matters of criminal law.

- The *Federal Accountability Act* will create a new, independent Director of Public Prosecutions to prosecute criminal offences under federal law.
- The new Director will reside outside the Department of Justice and will be required to submit an annual report to be tabled in Parliament.

The new federal Office of the Director of Public Prosecutions reflects the best features of similar offices in other jurisdictions. It will have the independence to pursue prosecutions under federal law and will report publicly to Canadians on its performance.

7. Langley Rail Issues

I am working along with Langley municipal and provincial governments toward a short term goal of the Mufford/Glover interchange as well as a long-term project which could involve re-routing the line outside of Langley's core. I served as member of the Langley Rail Task Force, which is a consortium of stakeholders, including municipal representatives, the VPA, the BC government, the railways and others. The Task Force was charged with looking into all avenues to satisfy the rail issues facing Langley.

I have been very active on this issue and finally gotten Transport Canada to agree to implement a study into alternative routes for the rail line through the Fraser Valley, which should commence in the new year. One suggested alternative route would be to construct a "Y" at Colebrook Road, and utilize the Burlington Northern line as part of the route. We are also looking at the necessity of replacing the Patullo rail bridge and how that project might best fit into the overall rail traffic issue in the lower mainland, not just Langley.

I am working diligently with others on this issue, and consider it a top priority of my mandate. I am confident that the political will exists on all sides to ensure an amiable resolution to these issues. I would ask that you please contact the Township of Langley website for more information from local government on this most important issue.

8. The Middle East

The conflict has been between Israel and Hezbollah, not Lebanon. The Conservative Government has stated that Israel as a sovereign nation has the right to protect itself, but the government also urged Israel to use restraint. Hezbollah, a listed terrorist group has stated again and again that its purpose is to destroy the state of Israel and commit genocide on the Jewish people.

This recent conflict began on July 12, 2006, when Hezbollah militants killed eight Israeli soldiers and kidnapped two. The Canadian government, under the leadership of Prime Minister Harper and Foreign Affairs Minister Peter MacKay, drafted a ceasefire statement. On July 16, the heads of all of the countries attending the G-8 nation summit in Russia signed that ceasefire statement. On July 26, all G-8 nations again called for a ceasefire.

The Conservative Government also recognizes that there are many complex issues at play in the region. To that end, the Canadian government has recently announced the creation of a \$25-million Lebanon Relief Fund in response to the humanitarian, recovery, stabilization and early reconstruction needs of those affected by the recent crisis in Lebanon. This is a two-year fund and will be used to respond to requests by the Red Cross/Red Crescent, the United Nations and other multilateral organizations and NGOs for their efforts in Lebanon. The funds will be applied towards basic infrastructure, such as rebuilding the airport, roads, sewers, bridges, etc. These funds are in addition to the \$5.5-million that was already announced to respond to the immediate humanitarian needs in Lebanon. Canada has also supported the efforts of humanitarian agencies in Lebanon by including humanitarian personnel and over 140 tonnes of relief items.

The situation in Lebanon and Israel has been grim, and I am sure Canadians' most fervent wish is that there will be a lasting peace in the region. To that end, Canada—and other nations—must sincerely work with people in the region who will work for peace and not just appeasement.

Your thoughts on this matter are written and said with great care and attention to the issue, and if you are interested in further information on the Canadian Government's International Policies, including those within the Middle East, you may be interested in a link to Canada's Foreign Affairs Web site, entitled "Canada in the World." It can be found at <http://www.international.gc.ca/cip-pic/menu-en.asp>. with further in depth information at http://www.international.gc.ca/cip-pic/about/policy_positions-en.asp.

9. Transit Tax Credit

Preserving clean air and fighting global warming are top priorities for Canadians. We must act decisively to reduce smog and greenhouse gas emissions.

Increased use of public transit is an essential part of the new Conservative government's plan to reduce air pollution including the emission of carbon dioxide and other greenhouse gases. Public transit also helps to combat traffic congestion.

One way to promote increased transit ridership is through tax incentives. Canada's Commissioner of the Environment and Sustainable Development recently endorsed the use of the tax system to encourage environmentally friendly behavior:

"The tax system, by influencing the actions of Canadians, can have important direct and indirect impacts on the environment and sustainable development. As the department responsible for analysis and advice on the structure of the tax system, Finance Canada has the opportunity to influence sustainable development in Canada by better integrating the economy and the environment."

Groups such as the Canadian Urban Transit Association (CUTA) have specifically advocated the use of tax incentives to promote the use of public transit.

What we promised

A new Conservative government will immediately provide a 16 per cent federal tax credit on transit passes for travel on buses, light-rail and subways.

In other words, commuters will see their federal income tax reduced by 16 per cent of the amount they spend on public transit.

The tax credit will apply to all transit passes, whether annual, monthly or weekly, and also to other fare payment options (e.g., multi-ride passes, bulk ticket purchases). The only requirement is that the taxpayer must provide receipts for the purchase. Most commuters already have the option of purchasing transit passes; we will encourage *all* transit systems to offer this option as a means of encouraging regular ridership.

There is no upper limit to the amount of transit costs that may be claimed by Canadians and subject to the federal tax credit. (Receipts must be provided when tax returns are filed.) This is of particular benefit to commuters who must buy separate passes for two connecting transit systems (e.g. TTC and GO Transit in the Greater Toronto Area, or AMT and STM in Montreal).

What we delivered

Public Transit—A Tax Credit for Individuals

Canada's new government wants to encourage individuals to use public transit. Increasing public transit use will ease traffic congestion in our urban areas and improve the environment.

- Budget 2006 includes a non refundable tax credit on the cost of monthly (or longer) public transit passes, effective July 1, 2006.
- This measure will encourage public transit use by providing \$150 million in 2006–07 and \$220 million in 2007–08 in benefits to approximately 2 million Canadians who make a sustained commitment to use this environmentally friendly mode of transportation.
- An individual who purchases passes costing \$80 per month throughout the year will enjoy a tax reduction of up to \$75.00 in 2006 and up to \$150.00 in 2007. (see ***Focusing on Priorities***: The Budget Plan 2006, p. 116)

Who will benefit ?

- All transit users, including commuters, students and seniors, will qualify. The effectiveness of this measure will depend on transit authorities continuing to work to boost ridership through quality service and low fares.

Impact

Statistics show that if public transit is more affordable, then more people will choose to use it. The National Climate Change Secretariat has suggested that this policy could increase transit ridership by 25 to 50 per cent. The secretariat's work was based on the American experience with tax deductible transit passes.

Student experience is also relevant when considering whether more affordable public transit will increase ridership. According to the Canadian Urban Transit Association, when B.C. Transit offered less expensive passes to students in Victoria, it saw student ridership increase by 50 per cent over three years.

In London, a similar program offered to students at the University of Western Ontario and Fanshawe College precipitated an overall system ridership increase of 26 per cent in three years.

Transit Facts

- About 2.3 million Canadians aged 55 and over rely on public transit for activities like running errands, visiting friends and getting to medical appointments.

- The average urban Canadian takes 75 transit trips a year.
- In 2001, 15 per cent of commuters across Canada used transit systems.
- In cities such as Calgary and Winnipeg, between 60 and 75 per cent of adults used public transit at least once per year.
- Based on information from the Canadian Urban Transport Association, there were almost 1.6 billion urban transit rides in 2004 and an average emission of 2.8 kilograms per 10 kilometre trip, this means our plan would take about 1.5 million cars off the roads.
- More than 200,000 Canadians are registered users of specialized transit for the disabled.
- The average round-trip fare on Canadian public transit is roughly \$3.50-\$4.00.
- In 2001, the average family living in an area with a variety of public transit options saved \$586 per month on auto expenses.

10. Water Resources

The Government of Canada is committed to ensuring that Canadians have access to clean, safe and secure water, now and in the future. The *Federal Water Policy*, adopted in 1987, is still in force, and its basic intent and form are still appropriate. The Policy is available for viewing on Environment Canada's Web site at www.ec.gc.ca/water/en/policy/federal/e_pol.htm.

In Canada, responsibilities for various aspects of water management fall under several government jurisdictions and departments. As an example, Health Canada has developed and promotes drinking water quality guidelines, in collaboration with the provinces. There are also several funding programs that invest significant monies to upgrade and enhance water and wastewater utilities across the country.

Canadian provinces and territories have the primary jurisdiction over most areas of water management and protection. Most of those governments delegate some authorities to municipalities, such as the drinking water treatment and distribution and wastewater treatment operations of urban areas. Most major uses of water in Canada are permitted or licensed under provincial water management authorities.

Federal jurisdiction applies to the conservation and protection of oceans and their resources, fisheries, navigation, and international relations, including responsibilities related to the management of boundary waters shared with the United States.

Environment Canada collaborates with other agencies and government jurisdictions to help us achieve our common goals. For example, under the First Nations Water Management

Strategy, the Department is currently assisting Indian and Northern Affairs Canada in matters of source water protection and sustainable water use on First Nations' reserves. In addition, the federal government continues to promote and support the need for water efficiency and sustainable water use. The Canadian Council of Ministers of the Environment has a special federal/provincial/territorial task group which has been working on addressing this issue for the past two years.

It is also important to note that the federal government and a majority of provincial jurisdictions have substantive controls in place to prohibit the bulk removal of water from major watersheds. Additional information on this issue is available on Environment Canada's "Freshwater" Web site at www.ec.gc.ca/water/e_main.html.

Everyone has a role to play in protecting our precious water resources in Canada and around the world, and I would encourage you to support your own community's water conservation efforts.

11. Softwood Lumber

As you are aware, on April 27, 2006, the Prime Minister announced that Canada and the United States had reached an agreement in principle that provides the basis for ending the long-standing softwood lumber dispute. On July 1, 2006, International Trade Minister David Emerson and U.S. Trade Representative Susan Schwab initialled the legal text signalling the completion of negotiations. Canada has now drafted legislation and is completing the necessary steps to hopefully pass the legislation in the House of Commons this fall. This successful conclusion is the result of a lengthy process of close consultations with provinces and industry.

The softwood lumber agreement is good for Canada, and good for the softwood lumber industry. Under the Agreement, U.S. countervailing and anti-dumping duty orders will be fully and completely revoked. The deal will end years of costly litigation and return more than US\$4 billion dollars in duties to Canadian softwood producers through a deposits refund mechanism that will ensure companies receive this money as quickly as possible. The return of more than US\$4 billion marks a significant infusion of capital for the industry and will benefit workers and communities.

For the next seven to nine years, when lumber prices are high – as has been the case for most of the past two years – no border measure will be imposed. When the price of lumber is below US\$355 and border measures are required, provinces may choose the border measures that best addresses their specific economic and commercial situations. The monies collected from any border measures will remain in Canada

The Agreement also includes an innovative mechanism that responds to Canadian industry concerns about the possibility of other lumber producing countries significantly increasing their exports to the United States at Canada's expense. The Agreement will provide for reduced export charges for Canadian exporters when this situation occurs.

Finally, the Agreement establishes a range of consultative mechanisms that will enhance binational cooperation and the development of a more integrated North American lumber industry.

Canada's overriding objective has been to secure a durable resolution to the lumber dispute, and this Agreement does that. Litigation is a lengthy and costly process and the outcome of any litigation is never certain. In the absence of a negotiated settlement, litigation could continue well into 2008. Even if Canada were ultimately successful in this round of litigation, without a negotiated agreement, the U.S. lumber lobby could launch a new investigation against imports of Canadian softwood lumber the following day, starting a new lumber dispute.

With respect to concerns over the termination clause, such clauses are a standard feature of international trade agreements. In fact, under international law, without a specific termination clause in an agreement, parties can terminate an agreement with 12 months notice. Termination of an international agreement is a serious act and parties do not exercise such rights lightly. This Agreement can be terminated after 23 months and only by the Government of Canada and the Government of the United States, not by Congress and not by the industry. The Agreement represents a carefully negotiated balance of rights and obligations between Canada and the United States and therefore it is in the interest of both Canadian and U.S. parties to see the Agreement lasts its full term of seven years. Canada has also negotiated an important provision whereby the United States cannot initiate new trade action for an additional 12 months if it terminates the Agreement, which will further ensure the longevity of the Agreement.

On industry assistance, as we have reached an agreement to resolve the dispute that would provide a stable business environment for the softwood lumber industry and an early refund of over US\$4 billion in deposits currently held by the United States, this eliminates any need for industry assistance.

With respect to NAFTA, it is important to emphasize that Canada and the United States are the world's largest trading partners and that over 95 percent of our trade with the United States occurs dispute-free. Canada's trade in merchandise with its NAFTA partners has nearly doubled since 1994 and reached C\$598.6 billion in 2005. The NAFTA dispute settlement mechanism continues to be an important tool for resolving disputes that arise under NAFTA.

This agreement is in the best interests of Canada and the companies, communities and workers across the country that rely on secure and stable access to the U.S. lumber market for their financial well-being. Once in effect, Canada and the United States can turn the page on the softwood lumber dispute and direct our full attention to building a stronger, more competitive North America for the benefit of all of our citizens.

12. Sports Tax Credit

Canada's new government committed in Budget 2006 to implement a tax credit to promote physical fitness, including sport, among children

The Children's Fitness Tax Credit will become effective January 1, 2007.

Parents with children under the age of 16 will be able to claim a tax credit on up to \$500 of eligible expenses for eligible programs of physical activity, including sport, for each child.

The government has established a panel of experts in health and physical fitness to provide advice on which programs of physical activity, including sport, should be eligible for the credit.

Those wishing to submit views to the panel can do so before September 15, 2006, either by e-mail to the panel at fitnesscredit-creditconditionphysique@fin.gc.ca or by writing to the Expert Panel for the Children's Fitness Tax Credit, Tax Policy Branch, Department of Finance, 140 O'Connor Street, Ottawa, ON. K1A 0G5.

The panel will report to the Minister of Finance by early October, 2006.

The government will release details on eligible activities in the fall.

13. Tax Relief

The Honourable Jim Flaherty, Minister of Finance announced that Canada's new Government is keeping its promise to Canadians by delivering on its Tax Relief Plan. The measures below are part of the Government's plan to deliver over \$20 billion in tax cuts over the next two years, which is more than the last four budgets of the previous government combined.

These measures were part of the income tax measures that were proposed in Budget 2006 but not included in the Budget Implementation Act, 2006, which received Royal Assent on June 22, 2006.

These measures are:

- The new Canada Employment Credit.
- The new Textbook Tax Credit.
- The new tax credit for public transit passes.
- The new deduction for tradespeople's tool expenses.
- A complete exemption for scholarship income received in connection with enrolment at an institution which qualifies the student for the education tax credit.
- A doubling, to \$2,000 from \$1,000, of the amount on which the pension income credit is calculated.
- An extension of the \$500,000 lifetime capital gains exemption, and various intergenerational rollovers, to fishers.
- The new Apprenticeship Job Creation Tax Credit.
- A reduction of the current 12 per cent small business tax rate to 11.5 per cent for 2008 and to 11 per cent thereafter.

- An increase, to \$400,000 from \$300,000, of the amount that a small business can earn at the small business tax rate, effective January 1, 2007.
- A reduction of the minimum tax on financial institutions.

The legislative proposals are being released in draft form so that taxpayers have an opportunity to consider and comment on them before they are introduced in Parliament. To facilitate this review, detailed explanatory notes relating to the proposals are also being released.

As the panel of health and physical fitness experts appointed by the Minister of Finance to advise on the Children's Fitness Tax Credit has not yet had an opportunity to report its recommendations, the legislative proposals released do not include provisions to implement this credit. These measures will be incorporated in the legislative package to be tabled in Parliament.

Comments on the proposals are requested by September 22, 2006. Once the comment period is concluded, the Government will work towards introducing these measures in Parliament at the earliest opportunity.

The legislative proposals and explanatory notes released today are available free of charge on the Department of Finance website. Printed copies are available for \$13 from the Department of Finance Distribution Centre at 613-995-2855.

Further information on Budget 2006, which was tabled on May 2, 2006, is available on the Department of Finance website.

14. Border Security

The Prime Minister has announced that the Government is moving forward with arming Canada Border Service Agency (CBSA) officers and eliminating work-alone situations. This will fulfill a campaign promise, as well as commitments made in Budget 2006.

The federal budget provided \$101 million over two years to begin the process of providing CBSA officers with side-arms, and ensure that they are no longer required to work alone.

Approximately 4,400 CBSA officers at land and marine ports of entry will be trained and equipped with side-arms. In addition, 400 new permanent officers will be hired to address all work alone situations, and also be trained and equipped with side-arms. Officers working solely at international airports will not be armed.

It is expected that fully trained and armed officers will begin to be deployed as early as September 2007. By March 31, 2008, roughly 150 armed officers will have been deployed. Full implementation is expected to take place over a period of 10 years.

The CBSA manages, controls and secures Canada's border at approximately 1,200 points across Canada. Border Services Officers face a growing challenge in intercepting potential threats, including high risk individuals, firearms, explosives and drugs.

An average of 260,000 travelers are processed into Canada every day. Some of these travelers pose risks to the border officers at border crossings. In 2004, there were 621 weapons seizures, 8,711 drug seizures valued at \$290 million, and currency seizures from suspected proceeds of crime valued at approximately \$12,978,867. In addition, work-alone situations currently occur at 138 border sites, 95 of which are land port of entries. These situations put CBSA officers at increased risks.

Canada's New Government is committed to ensuring that our borders are protected from those who threaten the security of Canada, while ensuring that legitimate commerce or travel is not delayed.

To ensure Canada's borders are secure, the Government must ensure that those who guard our borders are themselves secure. Providing CBSA officers with side-arms and training, and ensuring that work-alone situations are eliminated, will help achieve this goal.

Arming CBSA officers will improve their effectiveness at the border by enabling them to pursue enforcement activities to a greater extent before involving police agency.

As well, arming CBSA officers engaged in activities away from the points of entry will also enhance security by allowing officers to mitigate risks associated with operating in uncontrolled environments. This will reduce the need for police escort, and provide greater flexibility while undertaking investigations, gathering intelligence, and arresting and removing individuals.

Eliminating work-alone situations will improve the safety of CBSA officers by reducing their vulnerability and personal sense of risk.

15. Tax Fairness Plan

Our Tax Fairness Plan will restore balance to the federal tax system and create a level playing field between income trusts and corporations.

Our plan is the result of months of careful consideration and evaluation. We are introducing a major positive change in tax policy for pensioners. We will permit income splitting for pensioners beginning in 2007. This will significantly enhance the incentives to save and invest for family retirement security. These measures represent a major tax reduction. Our Tax Fairness Plan will deliver over a billion dollars of new tax relief annually for Canadians.

The Tax Fairness Plan includes:

- A Distribution Tax on distributions from publicly traded income trusts.
- A reduction in the general corporate income tax rate one-half percentage point as of January 1, 2011.
- An increase in the Age Credit Amount by \$1000 from \$4,066 to \$5,066 effective January 1, 2006. This measure will provide tax relief for low and middle-income seniors.

- A major positive change in tax policy for pensioners. The government will permit income splitting for pensioners beginning in 2007. This will significantly enhance the incentives to save and invest for family retirement security.

Our Tax Fairness Plan is necessary to restore balance and fairness to Canada's Tax System, to ensure our economy continues to grow and prosper and to bring Canada in line with other jurisdictions. If corporations don't pay their share of taxes, this tax burden will be shifted onto the shoulders of hardworking individuals and families. This is simply not fair.

By using this available tax rule corporations are creating an economic distortion that is threatening Canada's long-term economic growth. These decisions are limiting the ability of Canadian capital-intensive corporations to invest, to grow and compete in this highly competitive global economy.

This situation is not right and it is not fair. It is the responsibility of the Government of Canada to set our nation's tax policy, not corporate tax planners.

Despite the provisions in Budget 2006 to reduce the level of taxation on corporate dividends, the landscape has changed dramatically in a short time. This year alone there has been almost \$70 billion in new trust announcements and a growing trend of tax avoidance.

Canada stands alone in its treatment of income trusts. The structure being used in this country was shut down in the United States and Australia, and was rejected in the United Kingdom.

Since the announcement, there have been many business and interest groups who have acknowledged that the Conservative government has successfully leveled the playing field for all Canadians, including the Canadian Association for Retired Persons, the Bank of Canada, the Canadian Tax Foundation, and the Chief Economist of the TD bank.