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Pre-budget report focuses on environment

FROM CANADIAN PRESS

OTTAWA — The federal government should invest heavily in the environment in its next budget, with cash for public transit, green spaces, alternative energy and fuel-efficient vehicles, an influential Commons committee urged today.

The finance committee's annual pre-budget report took on a green tone with recommendations designed to help Ottawa meet its greenhouse gas-reduction targets under the Kyoto accord.

The committee's report is closely scrutinized each year because it sends strong signals about what the federal budget may contain.

The document also called for reducing business tax rates and bringing down interprovincial trade barriers to make Canada more competitive with the U.S.

"We're looking to be more efficient and bring the economy into the 21st century," said committee chair Massimo Pacetti, a Liberal.

"People take things for granted, but there are still many things not working. It has to be done, step by step."

The next federal budget may not be delivered until March.

The committee also urged Finance Minister Ralph Goodale to:

- Provide incentives for the production, purchase and use of fuel-efficient vehicles.
- Subsidize public transit by providing tax breaks for employer-financed monthly passes.
- Support homeowners seeking to retrofit their homes to make them more energy-friendly.
- Provide incentives for companies hoping to redevelop so-called brownfields, areas that have been contaminated with toxic chemicals.

With the Liberals in a minority position in the House of Commons and in its committees, the final report was a watered-down version of the one promoted by government members.

Liberals on the committee also demanded cash support for all types of alternative energy under a proposed Green Power Production Incentive, along with incentives the Liberals promised for wind energy during the recent election.

Critics have bemoaned the Liberal government's apparent lack of a strategy for meeting its Kyoto targets.

If the pre-budget document signalled a desire to silence some of those critics, it did nothing to quell demands for personal income-tax cuts or cash for the military.

Earlier suggestions the government might be planning tax cuts have been downgraded, as the document only suggested a more general review of tax rates.

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There was also little mention of the military, which the government has promised to strengthen with a 5,000-member peacekeeping brigade.

The document simply called for the government to provide the military with beefed-up emergency response and security capabilities.

As usual, opposition parties took the government to task for its ultra-cautious budget forecasting that leaves it with billions in surpluses that automatically go to pay down debt.

"Clearly, this is not accidental," said the NDP's minority report, tabled by MP Judy Wasylycia-Leis.

"Surpluses represent money that could and should have been designated for Canadians' priorities through budgets debated in Parliament.

"Instead, billions of dollars have been routed to Liberal priorities such as accelerated debt reduction with no debate whatsoever."

The federal government is expected to run a budget surplus of \$8.9 billion this fiscal year.

The Conservatives derided the lack of relief for business taxes, which they say are almost 50 per cent higher than in the United States.

"We cannot afford this situation and we want the government of Canada to stop telling Canadians that our corporate tax rates are competitive with those in the United States — this is simply not true," the Conservative report said.

Goodale has refused to rule out tax cuts for individuals and businesses, but he has signalled that social spending remains the priority.

Some of the government's big-ticket items will likely be cash for cities and for a national day-care program. The government has also promised billions over the coming years for medicare and equalization transfers to the provinces.

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