

DAILY COMMERCIAL NEWS

AND CONSTRUCTION RECORD

July 11, 2008

“Green Shift” plan comes up short on transit, industry officials say

VINCE VERSACE

staff writer

Liberal leader Stéphane Dion’s Green Shift plan does not address the woes plaguing Canadian transit and infrastructure, say some industry officials.

“The plan aims to shift people away from motor vehicles but there is not enough transit in place to accommodate that shift,” said Frank Zechner, executive director, Ontario Sewer and Watermain Construction Association.

“It takes sometimes close to 10 years to get new systems and infrastructure in place — what will people do in the meantime?”

The Green Shift plan is designed to raise taxes on most fossil fuels that emit carbon dioxide when burned and at the same time reduce personal and corporate income taxes in order to promote productivity, efficiency and innovation.

“Our plan is designed to benefit all Canadians, not select groups, so that everyone can participate in the new economy while contributing to the fight against climate change,” said Dion when the plan was released.

Upon forming a government the Liberals would put a price on fossil fuels, like coal and natural gas, starting at \$10 per tonne of carbon dioxide and rising to \$40 per tonne over four years.

No new taxes would be levied on gasoline at the pump.

Diesel fuel is exempt from new taxes in the first year of the plan, but taxes on diesel would rise to seven cents a litre by the fourth year of the plan.

Using the revenue generated through carbon pricing the Liberals would:

- Set significant cuts to the first three marginal rates of income tax.

- Create a new, universal child tax benefit worth \$350 per child, per year, on top of all existing child benefits.
- Increase the employment tax credit by \$850, which will also be made refundable and targeted at lower-income Canadians.
- Create additional tax credits and incentives for business to encourage innovation and green investment.
- Increase the Northern Residents Deduction, and indexation going forward.
- Create a \$150 Green Rural Credit for every rural tax filer.

“You see a lot of emphasis on revenue neutrality but in our thinking, it would be better to see some of the money collected being earmarked for transit,” said Andy Manahan, executive director, Residential and Civil Construction Alliance of Ontario.

“There are not enough options with transit right now.”

The Federation of Canadian Municipalities has stated it agrees with Green Shift in principle but cities would like to see diesel fuel completely exempt because they use a lot of it.

“There is some disconnect in the plan,” said Zechner.

“Transit is already hard pressed, just look at some of the GO Transit parking lots — they are full — how do you accommodate more people taking the train and leaving their cars there?”

The proposed tax break for rural dwellers also flies in the face of provincial goals for intensification and could encourage more people to move out of urban areas, added Manahan.