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March 9, 2004

Honourable Paul Martin
Prime Minister
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2

Dear Prime Minister,

The National Brownfield Redevelopment Strategy that you asked the NRTEE to develop in December 2001 when you were Minister of Finance contains many valuable recommendations for all orders of government. There are a number of specific recommendations for Federal government action and I hope that some will find their way into your upcoming Budget later this month.

Recognising the fiscal constraints under which your government is working, I am writing to ask for your support in the upcoming Budget with respect to three measures that are within the Federal authority and that respect the desire to limit new spending.

1. Amending the Income Tax Act to permit the expensing of remediation costs rather than the capitalizing of these costs as is done at present. This change would be recognised by the remediation community as being a significant step in helping to address the up-front costs that make brownfields, apart from their other challenges, less attractive than greenfields for development. The net cost to the Federal treasury would be minimal, if any. The expenses could only be offset when the work is carried out and, as the NRTEE studies showed, the Federal treasury benefits by 22c of personal taxes (excluding corporate) of every \$ spent on brownfields. With the additional expenditures on the redevelopment and building side of the project, the strong likelihood is that there would be a net annual benefit to the treasury.
2. Agree to examine, in conjunction with the provinces, a protocol for the removal of Federal liens on qualifying brownfield sites. This would apply essentially to "orphan" sites where the owners have long since abandoned the property, have no assets and the likelihood of recovering the lien is slim to nil. The debt would not be abandoned – the original property owner would still be liable, but the additional burden on a potential developer would be removed. Again, the redevelopment activity on the site would serve to bring in

additional revenue to the Treasury. I do not believe that the agreement on a protocol would be difficult to achieve; with goodwill and intent on all sides I feel agreement could be achieved within the space of a two-day meeting.

3. Agree to examine amending CMHC's mandate to include mortgage guarantees, at commercial – not subsidised – rates, for brownfield properties being redeveloped for residential or mixed residential/commercial uses. This would again materially assist in reducing the upfront costs of redevelopers by making mortgages available from regular lending institutions at existing mortgage rates rather than from “grey” markets whose rates are in the 14% to 20% range

These 3 measures, of which two are only an agreement to study and not an expenditure, would send a very strong message that the Federal government **is** interested in promoting brownfield redevelopment, not just federal contaminated site clean-up, with the concomitant economic, environmental and social benefits.

I do hope that I can count on your strong support in promoting these measures for inclusion in the next Budget.

Yours sincerely,



Todd Latham

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Director -- Ontario Environment Industry Association

Director – Canadian Environmental Auditing Association

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