

Monday, January 28, 2002

Hon. Paul Martin
Minister of Finance
Department of Finance
L'Esplanade Laurier
Ottawa, ON K1A 0G5 By Fax

Dear Minister Martin:

In the 2001 federal budget, the federal government announced its intention to institute an Airline Travelers Security Charge (ATSC), effective April 1, 2002. However, several fundamental policy questions should be answered before this charge takes effect.

Since December 12th, we have been asking five fundamental policy questions with respect to your flying tax. These questions were again raised during our conversation on December 21st. With the resumption of Parliament today, we are aware that you intend to start the legislative process this week to ensure the ATSC is in effect for April 1st. Yet you continue to duck the fundamental policy questions that we have raised. Why do you continue to practice this 'flying tax' evasion?

Again, our five questions are as follows:

1. Where does the government draw the line between public safety and private benefit in arriving at this user fee structure?
2. How will this charge improve airline competition and encourage growth in domestic and international traffic from and to Canadian destinations?
3. Why does Canada need a new federal authority to manage the security issue at all? Why not just set stricter security regulations and standards for airport authorities and airlines?
4. What accountability and reporting mechanisms will be in place to ensure that all monies raised go directly to aviation security measures?
5. What assurances do Canadians have that this tax will not become a permanent revenue source for the government?

Mr. Minister, in principle, we support the notion of user fees when a private benefit is conferred to select group of individuals. However it seems as though general public security will be greatly enhanced as a result of planned aviation security improvements. So why are travelers being asked to bear - fully and solely - the cost of what is arguably, a public good?

Further to this point, if terrorism is directed against the state, why doesn't the state (read: the federal government) play a greater role in its anti-terrorism response?

Your budget was tabled just six days after a scathing report from the Auditor General that documented several examples of waste and mismanagement across the public service. With program spending forecast to reach \$130 billion in fiscal 2001/2002, it stands to reason that with a little proverbial pencil sharpening and belt-tightening, the government could easily find just under \$500 million each year in reallocations to redirect toward the pressing and justifiable needs of aviation security.

Minister, we believe that the proposed flying tax has been poorly conceived and serious questions surround the assumption underlying its design, implementation and longevity. We trust that you will avail yourself of this opportunity to respond to our questions.

Sincerely,
Walter Robinson
Federal Director