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NDP introduces bill to tighten Income trust rules

Wasylycia-Leis' new bill will protect consumers and bypass government inaction

OTTAWA - NDP Finance Critic Judy Wasylycia-Leis (Winnipeg North) today introduced a bill in Parliament to protect ordinary Canadians from exaggerated claims of investment returns. She tabled legislation in the House of Commons to tighten income trust accounting requirements and to protect consumers' rights.

"We need strict rules on the way income trusts present their numbers. This law will give investors a clear idea of what the trusts are worth and protect Canadian consumers from exaggerated claims - something neither Liberal nor Conservative governments have been willing to do," said Wasylycia-Leis.

"It is totally irresponsible for the government to give the go-ahead for the income trust market to double over the next four years without any requirement that trusts be transparent and straight with investors."

The bill will amend the Income Tax Act to require income trusts and other flow-through entities to clearly differentiate between income and return of capital in all their financial documents. Calculations of distributable cash in trust prospectuses and promotional materials currently don't all conform to a single legal standard.

"This NDP bill will bypass government inaction," says Wasylycia-Leis. "We have a Finance Minister who claims he wants better securities regulation but continues to ignore this urgent problem. Meanwhile, our self-regulating investment system acknowledges there is a serious problem but has failed to produce an enforceable solution, and the industry continues to sell its products to unsophisticated investors using fuzzy numbers. This is unacceptable."

Wasylycia-Leis was joined at a news conference announcing the bill by veteran independent consulting analyst Diane Urquhart who testified before the Finance Committee last week about weaknesses in income trust accounting.

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