

Securing progress in an uncertain world

Budget 2001

Enhancing Security for Canadians



Department of Finance
Canada

Ministère des Finances
Canada

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Budget 2001

Canadians today face a period of significant economic uncertainty.

For the first time in 25 years, we find ourselves in the midst of a global economic slowdown, which has been made worse by the September 11 terrorist attacks on the U.S.

Budget 2001 builds on the Government's long-term plan for a stronger economy and a more secure society, but it also responds to immediate economic and security concerns. It does this in four ways:

- first, it provides a timely boost to the economy at a time of global weakness and uncertainty and positions Canadians to take full advantage of the recovery expected next year;
- second, it acts to build personal and economic security by keeping Canadians safe, terrorists out and our borders open and efficient;
- third, it keeps the nation's finances healthy by balancing the budget this year and for the next two years; and
- fourth, it fully protects the \$100-billion tax cut and the \$23.4 billion in increased support for health care and early childhood development.

“Canadians have been confronted with a new kind of threat at home – and to protect ourselves, we must respond in new kinds of ways.”

Finance Minister Paul Martin
2001 budget speech

Highlights

- The 2001 budget contains measures to enhance personal and economic security by:
 - keeping Canadians safe;
 - keeping terrorists out of Canada; and
 - keeping Canada’s borders secure, open and efficient.
- In total, the budget provides \$7.7 billion over the next five years to enhance security for Canadians.
 - This includes \$6.5 billion for security, including air security and Canada’s military.
 - It also includes more than \$1.2 billion for border initiatives aimed at strengthening border security, facilitating the flow of goods and people, and improving border infrastructure.

1. Security

A. Intelligence and Policing

- The budget includes \$1.6 billion over the next five years for intelligence and policing to:
 - equip and deploy more intelligence officers and police officers;
 - improve co-ordination and information sharing among law enforcement, intelligence and national security agencies;
 - boost marine security through greater funding for coastal surveillance; and
 - strengthen the role of the Financial Transactions and Reports Analysis Centre of Canada in cutting off terrorist financing.

B. Screening of Entrants to Canada

- \$1 billion will be provided over the next five years to improve the screening of visitors, immigrants and refugee claimants entering Canada. These initiatives include:
 - better and more accurate screening both at Canada’s border and abroad; and
 - faster and more thorough screening of refugee claimants.

C. Emergency Preparedness and Military Deployment

- Budget 2001 provides more than \$1.6 billion to:
 - double the capacity of Joint Task Force Two – the Canadian Forces’ elite anti-terrorist unit;
 - support Canadian military participation in the international war on terrorism;
 - fund military equipment purchases;
 - improve laboratories and purchase specialized equipment to strengthen Canada’s ability to respond to chemical, biological and nuclear threats; and
 - improve the ability to protect Canada’s critical infrastructure – such as water and energy utilities and transportation and communications systems.

2. A New Approach to Air Security

- \$2.2 billion will be provided over the next five years to make air travel more secure in accordance with rigorous new national Transport Canada standards.
- To ensure that these standards are met, the Government will create a new federal air security authority.
- New air security measures will include:
 - armed undercover police officers on Canadian aircraft;
 - better-trained personnel to screen passengers and carry-on baggage;

- new state-of-the-art explosive detection systems at Canada’s airports;
 - enhanced policing in airports;
 - permanent modifications to aircraft cockpit doors to make them more secure; and
 - enhanced security zones at aircraft handling facilities and on tarmacs.
- These measures will be funded by a new Air Travellers Security Charge to be paid by air travellers starting April 1, 2002.

3. A Secure, Open and Efficient Border

- More than \$1.2 billion will be invested in border-related measures to address security concerns and enhance long-term economic prospects by making the Canada-U.S. border more open and efficient.

A. Border Security and Facilitation

- Of the more than \$1.2 billion dedicated to border-related measures, \$646 million will be targeted to measures aimed at enhancing border security while facilitating the flow of goods and people between Canada and the United States. These include:
- new technology to help the Canada Customs and Revenue Agency facilitate the passage of goods and people at border-crossing points;
 - new Canadian multi-agency Integrated Border Enforcement Teams to co-ordinate intelligence and enforcement efforts along the Canada-U.S. border;

- advanced information-sharing technology to help Customs officers screen travellers arriving at airports and other border-entry points;
- better equipment for detecting explosives, firearms and other dangers without delaying the flow of legitimate commerce or tourism; and
- new secure Internet-based technology to ease Customs compliance for small business.

B. Border Infrastructure

- To help make the border more efficient, Budget 2001 also creates:
 - a new \$600-million program to improve infrastructure – such as highways, commercial vehicle processing centres and technology – that supports major border crossings. This will be done in co-operation with public and private sector partners on both sides of the border.

Introduction

The legacy of September 11 is a sense of insecurity – both personal and economic. Key to rebuilding confidence is ensuring that people are safe, and that borders are secure, yet open and efficient.

The Government's response has been swift. The Prime Minister appointed the Ad Hoc Committee of Ministers on Public Security and Anti-Terrorism, which has overseen a number of initiatives, including:

- providing for initial actions in the security, law enforcement and intelligence areas;
- introducing legislation that takes aim at terrorism and enhances Canada's ability to identify, prosecute and punish terrorists; and
- moving expeditiously to cut off sources of financing for terrorists.

Budget 2001 builds on these initiatives through a comprehensive set of security measures designed to keep Canadians safe, keep terrorists out and keep our borders open. It provides a total of \$7.7 billion over the next five years to enhance security for Canadians and make Canada's borders more secure, open and efficient.

These measures recognize that Canadians have been confronted with a new kind of threat – one that is aimed at undermining freedom and disrupting the economy. Responding to this threat is crucial to the security of individuals, not only in Canada but worldwide.

The global reinsurance industry has been greatly impacted by the events of September 11. The Government is monitoring the Canadian situation and is working with the insurance industry and other affected parties to determine what action may be required.

The budget includes \$6.5 billion for security, emergency preparedness and the military. Also included in this amount is funding to a new federal authority, which will deliver enhanced security services at airports and on board flights according to rigorous new national standards set by Transport Canada.

Maintaining a secure yet open border with the U.S. is of particular importance to Canada. Indeed, the governments of both countries have agreed that security and openness go hand in hand, and have committed to work together to address their mutual security concerns and economic goals.

Two-way trade between Canada and the U.S. is the source of millions of jobs in both countries, accounting for close to \$2 billion of commerce every day. Canadian and American factories depend on just-in-time delivery of parts, and Canadians need ready access to their U.S. customers. Tourism depends on making border crossings as quick and efficient as possible, and investors must be confident that the border will remain open.

The 2001 budget responds to this challenge through measures designed to create a more modern, sophisticated border, using state-of-the-art technology that stops individuals and shipments that pose a security risk while speeding legitimate traffic.

In total, this budget provides more than \$1.2 billion over the next five years to fund these border measures, including a \$600-million program to improve border infrastructure.

Table 1
Expenditures

	2001- 2002	2002- 2003	2003- 2004	2004- 2005	2005- 2006	2006- 2007	Total
	(millions)						
SECURITY¹							
Intelligence and policing							
Equipping and deploying more intelligence and police officers	235	182	189	193	190	188	1,177
Improving co-ordination and information sharing	7	10	15	15	15	15	76
Enhanced marine security	5	12	13	10	10	10	60
Cutting off terrorist finances	10	15	10	10	10	10	63
Other initiatives	16	25	29	31	31	31	163
Contingency	-	10	20	20	20	25	95
Subtotal	273	253	276	279	275	278	1,634
Screening of entrants to Canada							
Better and more accurate screening	89	61	61	61	61	61	395
More resources for detentions, removals and refugee determination	30	42	42	32	32	32	210
Fraud-resistant documents	25	73	61	44	42	42	287
Contingency	-	10	20	20	30	30	110
Subtotal	143	186	184	157	165	165	1,001
Emergency preparedness and military deployment							
Supporting Canada's military	400	110	-	-	-	-	510
Expanded anti-terrorist capacity	44	15	15	15	15	15	119
Chemical, biological, radiological and nuclear threats	62	110	95	92	77	77	513
Emergency preparedness	30	71	74	74	75	75	396
Contingency	-	10	20	20	25	25	100
Subtotal	535	316	204	201	192	192	1,638
A NEW APPROACH TO AIR SECURITY	115	462	573	367	366	306	2,189
Total security initiatives	1,067	1,217	1,236	1,003	998	941	6,462

Table 1
Expenditures (cont'd)

	2001- 2002	2002- 2003	2003- 2004	2004- 2005	2005- 2006	2006- 2007	Total
	(millions)						
A SECURE, OPEN AND EFFICIENT BORDER							
Border security and facilitation							
Expediting pre-approved travellers	-	15	15	12	8	8	58
Better tools for risk assessment and detection	6	17	12	11	10	10	67
Better equipment for detecting dangerous shipments	3	52	15	14	12	12	107
Integrated Border Enforcement Teams	10	25	25	25	25	25	135
Better service to small business	-	5	5	2	2	2	14
Other initiatives	52	37	34	34	34	34	226
Contingency	-	5	5	10	10	10	40
Subtotal	72	156	110	107	101	101	646
Border infrastructure	-	150	150	150	100	50	600
Total border initiatives	72	306	260	257	201	151	1,246
Total	1,139	1,523	1,496	1,260	1,199	1,092	7,708
REVENUES							
Air Travellers Security Charge ²	-	430	445	445	445	445	2,210
Other	-	50	50	30	25	25	180
Total revenues	-	480	495	475	470	470	2,390

Note: Totals may not add up due to rounding.

¹ This includes \$1.2 billion for the Department of National Defence and its agencies.

² Figures include net goods and services tax (GST).

1. Security

Protecting citizens, their property and their way of life from external threats is a fundamental role of government. The new national security measures outlined below are designed to prevent terrorist attacks in Canada and prevent terrorists from using Canada as a staging area. The Government's plan is based on:

- A. increased resources for intelligence and policing;
- B. enhanced screening of arrivals to Canada; and
- C. better emergency preparedness and support for Canada's military.

Security funding in this budget includes \$1.2 billion for the Department of National Defence and its agencies.

A. Intelligence and Policing

Better intelligence and enhanced policing will help to detect terrorists in Canada so they can be prevented from acting on their intentions, prosecuted and dealt with – including removal from the country where mandated. Improved intelligence will also support other security measures by:

- providing more reliable data for screening entrants to Canada; and
- guiding the country's emergency response and preparedness efforts.

Over the next five years the cost of these intelligence and policing actions will total more than \$1.6 billion.

This new funding builds on other recent initiatives such as those in the 2000 budget. The budget provided \$1.1 billion over five years to the Royal Canadian Mounted Police (RCMP) to strengthen policing and security activities. In addition, during the last two years the Government provided more than \$900 million over five years in a number of enforcement and intelligence areas.

Equipping and Deploying More Intelligence and Police Officers

Budget 2001 provides almost \$1.2 billion over the next five years to the RCMP, the Canadian Security Intelligence Service (CSIS) and other security-related federal departments to train, equip and deploy more intelligence officers, front-line investigative personnel and other professional staff. CSIS will receive the biggest annual funding increase since its inception. This funding will also be used to upgrade technology and equipment for intelligence gathering and analysis.

These resources will strengthen the ability of Canada's security and intelligence agencies to provide timely and accurate information and analysis to support the fight against terrorism. This will improve Canada's ability to respond to national security threats.

Part of this funding will be provided to the RCMP to increase the number of investigators and better train them to deal with terrorism. The RCMP will upgrade key information management systems to make the collection, analysis and dissemination of intelligence more efficient and effective.

Improving Co-ordination and Information Sharing

The co-ordination of investigative and enforcement efforts among agencies is essential to the fight against terrorism. This budget provides \$76 million over the next five years to strengthen inter-agency co-ordination on two fronts.

- First, funding will be provided to the RCMP to establish Integrated National Security Enforcement Teams (INSETs), which will include representatives from federal enforcement and intelligence agencies, as well as provincial, municipal and international law enforcement partners.
 - The INSETs will gather information to prevent, detect and prosecute criminal offences against Canada's national security. They will have an intelligence and enforcement component, and will focus on the criminal activity of individuals or groups linked to terrorists and their supporters. Using intelligence from CSIS or its own sources, the INSETs will investigate criminal activities, analyze intelligence and ensure that all information is shared among integrated partners.
- Second, additional resources will be provided to the Canadian Public Safety Information Network. This network is a modern Canada-wide information system that enhances the timely and accurate sharing of information among criminal justice, enforcement and national security agencies.

Enhanced Marine Security

Canada is stepping up measures to protect its ports and other critical infrastructure from terrorist attacks and is increasing intelligence gathering to screen for potential terrorists as well as weapons and explosives. This budget provides \$60 million over the next five years in support of these initiatives.

Funding in this budget will allow Fisheries and Oceans Canada to increase the scope and frequency of its surveillance flights over critical approaches to North America. This will enhance Canada's capacity to identify and address potential marine threats.

The Government will also provide resources to expand the Coast Guard's surveillance of Canada's waterways. Over the coming months Transport Canada will work with other organizations to identify further measures to improve marine security.

Cutting Off Terrorist Finances

Cutting off the financing that supports terrorism and denying terrorists access to the nation's financial system are a key element of the Government's anti-terrorist strategy. The Government recognizes that these initiatives must be part of a co-ordinated international effort to ensure terrorism cannot simply shop jurisdictions until it finds an accommodating home.

Canada has been a full partner in this effort. It has moved quickly to implement all UN Security Council Resolutions with respect to the freezing of terrorist assets and the prohibition of making funds available to terrorists.

In addition, as Chair of the G-20, Canada has worked to broaden the international commitment to strong countermeasures, as demonstrated by the Action Plan on Terrorist Financing agreed to at the November 2001 Meeting of G-20 Finance Ministers and Central Bank Governors in Ottawa.

Canada has also provided technical and financial assistance to other countries, especially developing nations, to aid in their efforts to prevent abuse of their financial systems. In early November the Caribbean Regional Technical Assistance Centre was established with the help of \$8 million committed by Canada earlier this year.

To deprive terrorists of the funds needed to finance their activities, Bill C-36 strengthens the Government's ability to pursue those engaged in raising funds for terrorists and terrorist groups. The bill includes measures to make the financing of terrorism a criminal offence, strengthen the Government's authority to seize terrorist assets, and broaden Canada's existing anti-money laundering regime to combat terrorist financing.

Canada's anti-money laundering agency, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), was established to provide information to law enforcement authorities to assist in the investigation and prosecution of money laundering. In October 2001 the Government provided \$10 million to FINTRAC to enable it to also address terrorist financing. This budget provides \$53 million over the next five years to increase FINTRAC's capacity to fulfill these new responsibilities.

B. Screening of Entrants to Canada

Canada welcomes visitors, as well as immigrants and genuine refugees who want to live peacefully in their new country and contribute to its future. That will not change. Yet the Government recognizes that it must improve its ability to prevent potential security risks from entering or passing through the country.

This budget invests \$1 billion over the next five years in several measures designed to improve the screening of the thousands of individuals – immigrants, refugee claimants, visitors – who arrive at Canada's borders or seek to go to Canada every day. The Government's objective is to ensure that this first line of defence is strong and secure. As a result, in situations involving refugee claimants, all of the processes that follow the initial screening will function more effectively.

This screening will start abroad with immigration control officers gathering intelligence and preventing those who should not be allowed into Canada from continuing their travel. It will continue at Canadian ports of entry, where there will be heightened vigilance, as well as faster and improved early security screening. Additional resources will be directed to the detention and removal of those who pose security risks to Canada.

Better and More Accurate Screening

Canadian immigration officers stationed abroad have a key role to play in the intelligence-gathering and enforcement process. In co-operation with CSIS and the RCMP, they help identify individuals linked to terrorism or organized crime and prevent them from obtaining documents that would facilitate travel to Canada. Immigration control officers also scrutinize documents of individuals at airports before they board a plane destined for Canada and prevent them from continuing if they should not be allowed entry into Canada.

This budget provides funding to significantly expand the number of immigration control officers abroad. This will better prevent potential security risks from attempting to enter Canada.

It is also critical that a strong screening system be in place at Canadian ports of entry to detect anyone posing a security threat. This budget therefore includes resources to allow for an increased number of immigration officers, who will perform more intense document verification for all individuals arriving in Canada. Up-front security screening of refugee claimants will also be intensified.

This budget provides a total of \$395 million over five years for these screening initiatives.

More Resources for Detentions, Removals and Refugee Determination

To support enhanced screening activities, this budget increases resources to detain individuals who do not satisfy immigration officers of their identities, who pose security risks, or who try to enter the country illegally. In addition, further funding will be provided so that such persons, as well as those who are found not to be genuine refugees, can be removed promptly from Canada.

This budget also provides funding to shorten the length of time necessary to validate refugee claims. For claimants, this will avoid prolonged and uncertain stays in Canada while they are waiting for a hearing. Quicker determination of refugee claimants will enhance security by reducing the number of people making inappropriate claims in Canada and, therefore, the potential for would-be terrorists to exploit the refugee determination system.

Funding in this budget for these measures totals \$210 million over the next five years.

Fraud-Resistant Documents

This budget provides \$287 million over the next five years to improve the integrity of documentation provided to new immigrants to Canada and existing permanent residents who are not Canadian citizens. The new fraud-resistant Permanent Resident Card will come into effect as planned in June 2002. Further, state-of-the-art security features will be incorporated into the passport system.

To offset the cost of the card, the Minister of Citizenship and Immigration will make the necessary changes to regulations to increase immigrants' application fees by \$50. Current permanent residents may also obtain a card by paying a \$50 fee. Development and implementation costs are funded in this budget.

These enhanced security measures will bolster confidence in these key personal documents at home and abroad.

C. Emergency Preparedness and Military Deployment

The security measures in this budget aim to minimize the potential for terrorism. However, the Government must ensure that, should a terrorist act occur, it has in place the means to act quickly and effectively to minimize the impact on the lives and property of Canadians. Enhancements in this area also position Canada better to respond to other types of emergencies, such as natural disasters.

This budget therefore commits substantial funding to enhance emergency response and preparedness. It allocates more than \$1.6 billion over the next five years to improve the Government's ability to detect, prevent and respond to threats, and to fund Canada's military participation in the international coalition against terrorism.

Supporting Canada's Military

The Prime Minister has stated that Canada is firmly committed to fighting side-by-side with its allies against terrorism. Canada has announced a commitment of up to 2,000 members of the Canadian Forces in the operation known as Operation Apollo.

Budget 2001 provides an additional \$210 million to fund Canada's participation in the international military campaign against terrorism, as well as a further \$300 million for capital.

Incremental Defence Funding

The last two budgets increased defence funding to contribute to quality-of-life improvements for Canadian Forces personnel and provide more support to the Canadian Forces in pursuing their overall mandate. As a result of actions taken in the 1999 and 2000 budgets, the Department of National Defence (DND) will receive \$3.9 billion in additional funding over the next five years.

Budget 2001 provides DND and its agencies with a total of \$1.2 billion over the next five years. This includes \$300 million this year to purchase needed capital, \$210 million for Operation Apollo and more than \$690 million under the security initiatives.

The \$3.9 billion of new funding in the budgets of 1999 and 2000, together with the more than \$1.2 billion of new funding in this budget, means that the Government will have increased DND funding by \$5.1 billion over the next five years.

Incremental DND Funding Over the Next Five Years

Budget 1999	Budget 2000	Budget 2001	Grand total
(millions of dollars)			
550	3,350	1,202	5,102

Expanded Anti-Terrorist Capacity

The Joint Task Force Two (JTF 2) of the Canadian Forces is a world-class elite unit trained to intervene in terrorist situations. In light of the international obligations that may be placed on the JTF 2 as part of Canada's commitment to its allies in the war on terrorism, this budget provides \$119 million over the next five years to double the capacity of the unit. This will improve the JTF 2's ability to respond to incidents at home and abroad.

Chemical, Biological, Radiological and Nuclear Threats

Canada must have the infrastructure to respond to the use of unconventional weapons, whether they be chemical, biological, radiological or nuclear. As a result of this budget:

- funding will be increased to enhance the existing laboratory networks so that they will be able to detect and identify possible biochemical threats more quickly; and
- new protective equipment will be purchased and better training for emergency response teams will be provided to ensure that front-line responders are better prepared.

In total, this budget provides \$513 million over the next five years in support of these initiatives.

Emergency Preparedness

Canada needs to strengthen its ability to respond to threats against critical infrastructure such as water and energy utilities and transportation and communications systems. Therefore, this budget includes funding to expand the capacity of the Office of Critical Infrastructure Protection and Emergency Preparedness (OC�PEP).

OC�PEP will work with other federal agencies such as the RCMP and CSIS. It will also work with all provincial and territorial governments, emergency measures organizations throughout Canada, and foreign organizations – particularly in the U.S. – to improve the overall level of infrastructure protection and emergency preparedness.

This budget provides \$396 million over the next five years to fund these initiatives.

2. A New Approach to Air Security

Although Canada has one of the safest aviation systems in the world, the events of September 11 have had a significant impact on the security needs of air travellers. Budget 2001 is allocating \$2.2 billion over the next five years to meet these new needs.

Rigorous new national standards for security in airports and on board flights are essential to protecting people. This budget will therefore provide Transport Canada with funds to strengthen its capacity to set regulations, review standards, and monitor and inspect all air security services.

A New Federal Authority for Air Security

To implement these standards, the Government will consolidate air security services under a single new federal authority, which will deliver improved security at Canadian airports and on board flights.

The new federal authority will be responsible for:

- providing pre-board screening of passengers and baggage at airports. Screening will be done by better-trained personnel using highly specialized equipment according to new, rigorous performance and training standards set by Transport Canada;
- policing at key locations in Canada's airports;
- providing armed undercover police on domestic and international flights originating in Canada; and
- providing for the acquisition and operation of detection equipment that will search for traces of explosives on air passenger baggage in Canada.

Security Modifications for Aircraft

This budget provides funding to help Canadian air carriers undertake permanent modifications to aircraft cockpit doors. This initiative will address the heightened security standards required in the current environment. This assistance is over and above the \$160 million in federal funding provided to Canadian air carriers for their direct losses stemming from the closure of Canada's airspace following the events of September 11.

Enhanced Security Around Work Areas in Airports

The new federal authority will be responsible for screening passengers and their baggage. Since people other than passengers also have access to airport facilities, Transport Canada is also tightening access to aircraft by creating enhanced security zones at handling facilities and on airport tarmacs, and will work in co-operation with the Canada Customs and Revenue Agency (CCRA) on security procedures at Canada's airports.

Air Travellers Security Charge

To fund the new air security expenditures, the Government will introduce an Air Travellers Security Charge, effective April 1, 2002. The charge will be paid by air travellers – the primary users of these enhanced security measures. It will be collected by air carriers or their agents at the time of purchase of the airline tickets.

For travel within Canada, the total cost of the charge will be \$12 for a one-way trip and \$24 for a round trip. Over the next five years this charge will generate revenue that will be roughly equivalent to the new air security expenditures. The rate of the charge will be reviewed over time to maintain revenue in line with these expenditures.

Table 2

Air Travellers Security Charge

One-way travel within Canada:	\$12
Round-trip travel within Canada:	\$24
Travel to a destination in the continental U.S.:	\$12 ¹
Travel to a destination outside Canada and the continental U.S.:	\$24

Notes: The above amounts include GST, where applicable.

Further details on the Air Travellers Security Charge are provided in Annex 8.

¹ The rate for travel to U.S. destinations takes into account that U.S. taxes also apply.

3. A Secure, Open and Efficient Border

The Government's security agenda involves much more than physical security for Canadians. A key element is rebuilding confidence through greater economic security, and there can be no more important measure than maintaining an open border with the U.S. The economic welfare of both countries depends on making the border more secure, open and efficient.

Every day close to \$2 billion worth of goods and services crosses the Canada-U.S. border. The U.S. is the destination for over 80 per cent of Canada's exports and the source for about 70 per cent of Canada's imports. Canada provides 20 per cent of U.S. imports and is the single largest foreign market for U.S. goods and services, accounting for 25 per cent of its exports.

Given the magnitude of this two-way trade, both countries recognize that it is in their mutual interest to facilitate the flow of legitimate goods and people while ensuring that safety and security concerns are addressed.

During the G-20 Ottawa Ministerial in November 2001, renewed impetus was given to Canada-U.S. co-operation on finding better ways to manage the flow of goods and services across the border and on quickly resolving potential impediments to this flow. To co-ordinate this effort, both countries agreed to appoint senior officials.

This budget provides more than \$1.2 billion to keep the border open, secure and efficient, including a \$600-million program to improve border infrastructure.

A. Border Security and Facilitation

This budget provides \$646 million over the next five years to enhance border operations. The CCRA will accelerate implementation of its new risk-based approach to border management. This involves facilitating the passage of pre-approved goods and travellers so that resources can be concentrated on other goods and travellers.

Expediting Pre-Approved Travellers

Many Canadians, particularly those who live in border cities, go to the U.S. frequently for business and pleasure. The Government recognizes the benefit of expediting such crossings.

The CCRA will therefore seek to partner with American authorities in expanding the Canada-U.S. NEXUS system, which speeds passage of pre-approved travellers at land border crossings. It will also implement the Expedited Passenger Processing System for frequent air travellers. The pre-approval processes for such programs are rigorous, involving background and security checks on all applicants prior to approval.

For both programs, the CCRA will improve the level of technology, using advanced systems to identify participants. These traveller pass programs will involve a service fee consistent with the Government's cost recovery policy.

This budget provides \$58 million over the next five years in support of these initiatives.

Better Tools for Risk Assessment and Detection

Effective security requires the capacity to identify and intercept high-risk individuals before they attempt to enter the country. Currently Customs officers get their first opportunity to review air travellers coming to Canada only when they arrive at Customs.

The Advanced Passenger Information System/Passenger Name Record (API/PNR) will allow Customs officers access to air carriers' passenger reservation systems to obtain information on travellers for a risk assessment review before they arrive at Customs.

API/PNR received funding in Budget 2000 for an initial evaluation. Budget 2001 provides additional funding to implement the program on a Canada-wide basis.

Another key element of improving screening of people wishing to enter Canada is to provide front-line officers with better information on arriving travellers. The Integrated Primary Inspection Line system will link Customs' primary inspection lines to additional data and intelligence in real time. Like API/PNR, this system will help Customs officers determine whether travellers should be referred for further questioning or examination. This budget allocates funds to expand this program to all major ports of entry.

Additional funds will be allocated for the CCRA to develop an on-line case management and occurrence reporting system and a national repository for intelligence information. This initiative will facilitate sharing of intelligence data and the building of case profiles on individuals posing a threat to national security.

In total, this budget provides \$67 million over the next five years in support of these initiatives.

Better Equipment for Detecting Dangerous Shipments

Smuggling is becoming more sophisticated, not only for guns and explosives, but also for drugs and other contraband – the sale of which might be used to finance terrorist activities.

This budget provides \$107 million over the next five years to the CCRA for additional detection equipment such as X-ray machines and ion scanners. This will make it easier for Customs officers to intercept firearms and explosives, without delaying legitimate commerce or tourism.

The CCRA will also work with other government departments to control shipments that affect Canada's health, safety and security by improving the exchange of electronic information.

Integrated Border Enforcement Teams

Maintaining an open Canada-U.S. border requires numerous agencies to work together to share intelligence and co-ordinate enforcement activities. This budget therefore includes additional funding of \$135 million over five years to establish new multi-agency Integrated Border Enforcement Teams.

Led by the RCMP on the Canadian side, Integrated Border Enforcement Teams will consist of other federal enforcement agencies, including the CCRA, Citizenship and Immigration Canada, and provincial and municipal police forces. These teams will work in co-operation with enforcement personnel from key U.S. federal, state and local agencies. Teams will help border inspection agencies with intelligence gathering and investigations, both at and between high-volume land and marine border crossings.

Better Service to Small Business

Many of the Government's trade facilitation programs focus on streamlining the importation process for low-risk importers. However, such broad-based programs may not meet the needs of small business importers.

The CCRA will introduce the following two new programs targeted to meet the unique needs of small commercial importers:

- The Internet One-Step Process will provide a secure Internet environment in which importers may complete and submit standard import documents electronically. On-line options for the payment of any applicable duties and taxes will also be developed. Importers who use this new program will still have to present their goods at Customs and provide any necessary additional documents, such as import permits.

- Customs Small Business Desks will assist small commercial importers by offering personalized assistance on all aspects of the importation process, including the new Internet One-Step Process.

Together, these programs will make it easier for small businesses to bring their goods across the border into Canada. This budget provides \$14 million over the next five years in support of these programs.

B. Border Infrastructure

Trade flows with the U.S. have increased some 150 per cent since 1988. Robust growth in commercial traffic is now taxing the capacity of some of Canada's busiest border crossings. Continued growth in trade will therefore require further investment in border-related infrastructure.

To this end, Budget 2001 provides \$600 million over the next five years towards a new border infrastructure program. Projects supported by this program could include:

- new or improved highway access for border crossings;
- processing centres for commercial vehicles to speed up clearance times; and
- “soft infrastructure” such as intelligent transportation systems, which facilitate the electronic exchange of information between government agencies and trucks and trains crossing the border.

Under this program, the Government will seek to partner with the provinces, municipalities and private sector. The federal government also intends to work with the United States to ensure a co-ordinated approach towards border infrastructure.

By financing improvements to the infrastructure of existing and new crossings, this border infrastructure program will result in greater security and faster transit times for people and goods crossing the Canada-U.S. border.