

Media Release

## New Report on Energy Income Trusts Counters Federal Government Claims

*Energy Trusts Call on Canadians to Take Action on Trust Tax Issue*

**Calgary, AB – December 20, 2006:** The Coalition of Canadian Energy Trusts today released a comprehensive report which refutes the government's stated rationale for ignoring the unique characteristics of energy trusts in setting new income trust tax policy.

In releasing the report, the Coalition expressed its frustration with the government's refusal to engage in meaningful discussions on the tax changes proposed for trusts, and suggests the millions of trust investors and hard working Canadians who will be punished by the new rules step up and make themselves heard by the Government of Canada.

"We believe that when Canadians learn more about the issues that go beyond tax, they will stand by our side pressing the Government to listen and understand," said John Dielwart, President & CEO of ARC Energy Trust and a co-chair of the Coalition. "This is not just about taxes – it is about the environment, personal investments, and Canada as an energy leader."

There are several key findings in the report which underline why energy trusts are unique and should be exempted from any of the proposed income trust tax changes:

***Energy trusts do not cause federal tax leakage:*** The report clearly shows energy trusts generate more tax revenue to all levels of government than other energy corporate entities.

***Energy trusts do not threaten Canada's long-term economic growth:*** Energy trusts made acquisitions of more than \$35 billion in the past five years and invested another \$15 billion in the same period on development and optimization activities. The report points to production enhancements of assets acquired by energy trusts resulting in increased capital efficiencies, lower cost structure, greater economic activity and increased government revenues.

***The former tax structure for trusts was not unique to Canada:*** The report compares the effective elimination of the trust structure in Canada to the expansion of the same structure in the United States.

"It appears to us government is making decisions with inappropriate information which are not in the best interest of Canadians and our economy. In fact, through our Access To Information request, no information could be found to support the Government's decision," said Sue Riddell Rose, President & CEO of Paramount Energy Trust and a co-chair for the Coalition. "Looking just at the alleged tax leakage issue, our report shows energy trusts generate 30 per cent of the federal taxes collected from oil and gas producing entities while representing only 16 per cent of total sector revenues."

Gordon Kerr, President and CEO of Enerplus Resource Fund and a Coalition co-chair said, "We tried to engage Government in meaningful consultation but it appeared to only listen with its mind already made up. I think as Canadians open their financial investment statements this week and see the devastation created, they will feel betrayed – as do we."

The Coalition will unveil an action plan in early January that will provide individual Canadians with the information and tools to allow them to express their views on the energy trust decisions to government representatives.

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