

Conservative Conservateur

April 25, 2011

The Honourable Kathy Dunderdale
Premier of Newfoundland and Labrador
Confederation Building
P.O. Box 8700
St. John's, Newfoundland and Labrador
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Dear Premier Dunderdale:

Thank you for your letter of April 7, seeking the views of the Conservative Party of Canada on a number of critical issues for the citizens of Newfoundland and Labrador.

First, please let me reiterate what I have said to you in person, which is that the Conservative Party of Canada is committed to the success of Newfoundland and Labrador. We are intent on building further the productive relationship we have established with the Government of Newfoundland of Labrador, and in delivering on the commitments we have made.

In Government, our party has provided record amounts of money for Marine Atlantic, infrastructure, and health care. We have also recently delivered significant new assistance for state-of-the-art technology for St. John's International Airport, and have taken an important step to facilitate the Muskrat Falls hydro-electric project by reaching a comprehensive agreement with the Innu of Labrador. Importantly, on March 31, I announced our commitment to a loan guarantee or equivalent financial assistance for the development of the Muskrat Falls project on the basis of the criteria you and I had discussed.

I will respond to the specific issues you raise in the order in which they appear in your letter.

Fisheries (General)

The Conservative Party of Canada supports the further restructuring of the fisheries industry in Canada and, as a Government, we have provided the industry with licence flexibility and higher capital-gains exemptions to help with this restructuring.

When requested, a re-elected Conservative Government will enter into discussions with the Province of Newfoundland and Labrador to explore further initiatives and policy changes that could further strengthen the fishing industry.

We believe that any plans for rationalization or restructuring must be driven by industry leadership and supported by provincial and federal governments.

We are aware that the global economic downturn has affected workers in all industries, including fishermen. Our recent Budget – *The Next Phase of Canada's Economic Action Plan* – included concrete, affordable measures to help Newfoundland and Labrador families cope with the global recession. For example, once passed, the budget will renew the Best 14 Weeks and Working While on Claim EI pilot programs, extend the Work-Sharing program, and the Targeted Initiative for Older Workers to help Canadians in some of the hardest hit areas stay in the workforce.

The budget contained several other measures to encourage small business job creation, help with training and education, assist businesses to invest in new machinery and equipment, and other initiatives to help protect and create jobs and complete Canada's economic recovery. As you know, the opposition parties rejected these measures in order to force the election in which we are now engaged. A re-elected Conservative Government's first priority will be to reintroduce and pass our budget to ensure that these programs are available to workers and their families.

Fisheries Adjacency and Historic Participation

The principles of adjacency and historical participation are essential factors in determining fish allocations. We share your view that provinces must be given a formal role in the management of the fisheries.

In 2006 and again in 2007, our Government introduced legislation to renew the *Fisheries Act* in order to formalize the participation of the provinces in this process. Unfortunately, Liberal and NDP MPs blocked the legislation from moving forward.

A re-elected Conservative Government will move forward with legislation in the next Parliament to give the provinces a formal role in the management of fisheries.

Fisheries Science

The Conservative Party places very high value on supporting sound and unbiased science within the Department of Fisheries and Oceans (DFO).

As a Government, we have made important investments in DFO laboratories as part of *Canada's Economic Action Plan*. We have also invested in the Canadian Coast Guard's fleet to ensure that the platforms on which much of this science is conducted are up to the job.

All of this is necessary for the maintenance of sustainable and healthy fisheries in Canada, something to which we are strongly committed.

A re-elected Conservative Government will continue to work with all provinces – including Newfoundland and Labrador – on ongoing issues with respect to fisheries science.

Seal Harvest

The Conservative Party is committed to defending Canada's sealing industry and the coastal and northern communities that depend on the seal hunt.

When the European Union imposed a ban seal products, we immediately launched a formal challenge with the World Trade Organization. We also took action to open new markets for Canadian seal product exports, and are proud that we achieved a significant market opening with China. A re-elected Conservative Government will continue to pursue the trade action against the EU position, and will also continue to fight for further market access for Canadian seal products in traditional and new markets. Our commitment is to aggressively defend the legitimate economic activities of sealers.

As you are aware, no previous government has shown itself to be as strong a defender of the legitimate economic interests of Canadian sealers as this Conservative Government. At each opportunity we have defended the rights of Newfoundlanders and Labrador to hunt.

All of us understand that the seal hunt is carried out according to strict rules to ensure it is humane and sustainable. We will continue to counter the misinformation campaign being waged by professional anti-sealing lobby groups who assert the opposite.

A re-elected Conservative Government will remain committed to defending Canada's sealing industry and the coastal and northern communities that depend on the seal hunt.

Lower Churchill Development

As I announced in St. John's on March 31, a re-elected Conservative Government will evaluate financial support for major clean energy infrastructure projects right across

Canada that have regional or national significance, and economic and financial merit, and that significantly reduce greenhouse gas emissions. We will do this in a way that is equitable across every region of Canada.

With these criteria in mind, a re-elected Conservative Government will provide a loan guarantee or other financial support for the Lower Churchill hydro-electric project. The project will provide Atlantic Canada with a major new source of clean energy.

Federal Transfers

In 2007, our Government announced a fair and sustainable allocation framework for Canada Health Transfer and the Canada Social Transfer. The Province of Newfoundland and Labrador has benefited from the certainty and stability of this approach. We look forward to working collaboratively with the provinces and territories to renew these agreements.

A re-elected Conservative Government will protect Canada's universal health-care system by maintaining 6 per cent annual increases in federal transfers to the provinces and territories for the health care system.

Child Care

Our position on child care is very clear: we believe that parents know what the best arrangements are for their children and their families, and we are committed to a flexible support system that assists and empowers parents to make those choices. That is why we introduced the Universal Child Care Benefit, which provides \$1,200 per year to parents for each child under the age of six, to help with the cost of child-care and the costs of raising children. Each year this benefit goes to over 1.5 million families.

We continue to work with Newfoundland and Labrador and with all provinces and territories to support the creation of new child-care spaces. We are transferring \$250 million each year to provinces and territories to help them meet the needs of families within their respective jurisdictions.

We are also providing a 25 percent investment tax credit for businesses that create new child-care spaces in the workplace, to a maximum of \$10,000 per space created. This will allow employers to respond to their business needs and the needs of their employees.

A re-elected Conservative Government will maintain generous support to help parents with the cost of raising and caring for their children, in a way that respects parents' choices.

Offshore Occupational Health and Safety

Like all Canadians, we were deeply moved by the crash of Flight 491 on the way to Hibernia two years ago. We need to improve safety for offshore workers and for the helicopter crews who provide transportation for them. We support the intent of the Offshore Helicopter Safety Inquiry's Recommendation 29.

The Canada - Newfoundland and Labrador Offshore Petroleum Board is a joint responsibility of the federal and provincial governments, so we understand that any new regulatory body would have aspects of shared jurisdiction and would require major changes in policy and legislation for both of the Governments of Canada and Newfoundland and Labrador.

A re-elected Conservative Government will work with your Government to explore ways to move forward with a response to Recommendation 29.

Search and Rescue Response Times

Canadians are fortunate to have one of the most effective Search and Rescue Response systems in the world, but there is more that could, and should, be done.

Specially trained Canadian Forces search and rescue crews responded to thousands of incidents, saving lives off the coast of Newfoundland and Labrador every year. In fact, the Canadian Forces and their Canadian Coast Guard partners respond to more than 8,000 incidents per year in Canada, saving on average 1,200 lives and assisting some 20,000 people.

Our goal is to ensure that Canadian Forces search and rescue aircraft are based in the best locations to provide rapid response to areas where, historically and statistically, incidents are likely to occur.

Gander is centrally located in Newfoundland and Labrador, which allows the Canadian Forces to provide reliable search and rescue coverage throughout the whole region. Historical weather patterns show that Gander has favourable conditions that allow for the reliable deployment of search and rescue units. In short, Gander makes good sense as the base for its current operations.

A re-elected Conservative Government will work with your government to ensure that the citizens of Newfoundland and Labrador have secure access to search and rescue capabilities.

Hibernia Shares

The federal government's ownership share of Hibernia is based on a commercial investment made by the taxpayers of Canada. This investment was critical to the original viability of the project. As we have previously discussed, a re-elected Conservative Government would continue discussions with the province on the sale of the federal government's ownership share of the Hibernia project to the province at fair market value.

We acknowledge the province's interest in refocusing discussion solely on Canada's 8.5 percent working interest and this is something that we would explore, again on the basis of fair market value.

A re-elected Conservative Government will promptly make our Minister of Finance available to meet with your representative in order to further review the possible sale to the province of the federal government's ownership share of, and working interest in, the Hibernia project.

Defence

In Government, the Conservative Party has set clear priorities for the future of the Canadian Forces, and we are moving ahead with our commitment to increase operations at 5 Wing Goose Bay.

Over 80 infrastructure projects are planned for the next fiscal year in the Happy Valley - Goose Bay area – including roof repairs, conversion of heating systems and transformers, and environmental compliance work. Our Government has committed \$300 million towards cleaning up contamination over the next 20 years.

A re-elected Conservative Government will continue to make solid progress on the future of operations at 5 Wing Goose Bay – including continued assistance for marketing of the base.

Federal Presence and Spending

As we have said during this election campaign, the Conservative Party is committed to eliminating the federal deficit without raising taxes on Canadian families or cutting transfer payments to the provinces and territories.

Our Conservative Government has delivered multi-year funding for DFO programs, the Canadian Coast Guard fleet renewal, support for lobster harvesters during the economic downturn, and provided stable, ongoing funding for the Small Craft Harbours program.

The federal budget is projected to return to balance in 2015. As indicated in the budget, a re-elected Conservative Government can and will accelerate the return to balance by one year by cutting excess from the system. We are the only party that has had the discipline to make our commitments affordable, and we are the only party committed to keeping taxes down for Canadians.

The people of Newfoundland and Labrador can count on a re-elected Conservative Government to increase health care transfers to the provinces and maintain essential services without raising taxes.

Broadband

Our Government has made significant investments to expand broadband coverage to rural and remote regions of the country. As a result of these investments, we are extending coverage to 200,000 additional households. This is a priority, and we will continue this work to bring high-speed broadband coverage to rural and remote areas of the country.

A re-elected Conservative Government will build on this record by implementing a Digital Economy Strategy focused on five priorities: 1) building world-class digital infrastructure; 2) encouraging businesses to adopt digital technologies; 3) supporting digital skills development; 4) fostering the growth of Canadian companies supplying digital technologies to global markets; and 5) creating made-in-Canada content across all platforms to bring Canada to the world. We believe that this Digital Economy Strategy is particularly exciting for Newfoundland and Labrador, since it will assist and encourage the development of advanced technology businesses in areas that are remote from large urban markets.

A re-elected Conservative Government will implement our Digital Economy Strategy, continue our efforts to roll out broadband access to rural and remote areas, and to work with all provinces – including Newfoundland and Labrador – to improve broadband and digital infrastructure.

Correctional Services

We acknowledge Newfoundland and Labrador's interest in securing funding for a new prison. We are the only federal party with a serious plan to reduce crime and make streets

and neighbourhoods safer, and we are the only party with a plan to make the necessary investments in correctional facilities.

A re-elected Conservative Government remains committed to working with your government to improve criminal justice in your province and across Canada.

Conclusion

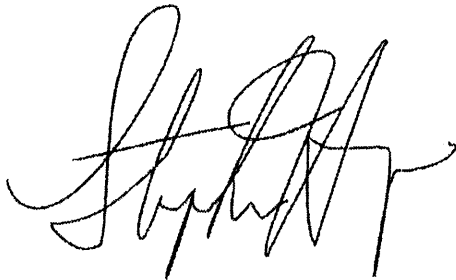
On May 2, should Canadians entrust the Conservative Party of Canada to continue to govern, we are committed to working closely with your Government to ensure that Newfoundland and Labrador will grow and continue to be a strong partner in Confederation.

We are pleased at the relationship that is developing. We will always encourage the Premier and Cabinet of Newfoundland and Labrador to work closely with the Conservative MPs who will be elected in the province to bring a strong provincial voice into the federal government. In this way, the needs and priorities of the people of Newfoundland and Labrador will be heard and have an impact in Ottawa.

I appreciate that you have given me the opportunity to share the Conservative Party's views on these issues of importance to the citizens of Newfoundland and Labrador.

If Canadians re-elect our Government, I look forward to working with you on these files and others of mutual interest.

Yours sincerely,



Leader of the Conservative Party of Canada