

November 28, 2005

Dear Prime Minister Martin :

This letter seeks the position of the Liberal Party of Canada on several federal-provincial issues of importance to the people of Newfoundland and Labrador. For your information, the same request is being made of the leaders of the Conservative Party of Canada and the New Democratic Party of Canada.

While the list of issues presented is not exhaustive, it is hoped your responses to each will assist Newfoundlanders and Labradorians during the forthcoming election.

### **Fisheries**

Significant challenges are facing our fishing industry, such as resource declines, exchange rate pressures and increasing global competition. There is an urgent need for the Provincial and Federal Governments to take a proactive and cooperative approach to assist the industry and individuals in facing these challenges and capturing new opportunities. The alternative - waiting for a crisis to develop and reacting to it – is unacceptable.

***Does your party support providing an early retirement program on a 70/30 Federal/Provincial cost-shared basis for workers impacted by changes to the industry?***

The Provincial Government supports the Town of Harbour Breton's and the Conne River Miawpukek First Nation's request for a Northern shrimp allocation. The recent increase in the quota in 3L should provide the Federal Government with the flexibility to address issues in the inshore sector, as well as provide an allocation for the Connaigre Peninsula. The allocation granted should be sufficient to provide the region with an economic base upon which to rebuild the community.

***Does your party support this request for a Northern shrimp allocation?***

This province's dissatisfaction with the operation of the Northwest Atlantic Fisheries Organization is well known, as is its support for custodial management.

***Will your party support imposing custodial management on the continental shelf immediately outside Canada's 200-mile exclusive economic zone to preserve fish stocks from unsustainable harvesting practices?***

The Government of Newfoundland and Labrador, with a strong endorsement from fishing industry participants, other interested parties, and the general public, has requested that cod not be listed as a species at risk of extinction under the *Species at Risk Act* (SARA). We believe that the fisheries management measures currently in place, combined with the implementation of the Canada-Newfoundland and Labrador Cod Recovery Strategy should guide the recovery of cod stocks adjacent to our province. We also believe that listing cod under SARA will have a dramatic socio-economic impact on the lives of many residents of this province who rely directly and indirectly on the province's fish stocks and its fishing industry.

***Does your party support the province's view that recovery of cod stocks is best achieved through the implementation of the Canada-Newfoundland and Labrador Cod Recovery Strategy, and not through the listing of cod as a species at risk of extinction under the federal Species at Risk Act?***

Aquaculture holds tremendous promise for the economy of the province, particularly rural areas. To support the development of this industry, the province is looking to negotiate a comprehensive Aquaculture Framework Agreement with the Federal Government. A key aspect of this Agreement must be support for the establishment of a cod aquaculture demonstration farm, which is anticipated to require investments from both the Provincial and Federal Governments.

***Does your party support the development of a comprehensive Aquaculture Framework Agreement, including the provision of financial support for the establishment of a cod aquaculture demonstration farm?***

## **Energy**

As you are aware, the Lower Churchill is a project of national significance, both from an economic development and an environmental perspective. This one project represents 5% of Canada's total greenhouse gas emission reduction commitments under the Kyoto Accord and would significantly strengthen the national electricity grid while greatly adding to security of supply in eastern Canada.

***Does your party support efforts to develop the hydro-power resources of the Lower Churchill River System for the primary***

***benefit of Newfoundland and Labrador, including the provision of a Federal Government guarantee to proceed with the project?***

The Federal Government played an important role in advancing the development of the Hibernia Project, including the assumption of an 8.5% share in the project (held by the Canada-Hibernia Holding Corporation). In light of the fact the Federal Government has more than fully recouped its initial investment, and in recognition that the recoverable reserve estimates have increased by greater than 50%, the Government of Newfoundland and Labrador expects that the value over and above the Federal Government's expected return at the time the share was acquired will accrue to the province as prime beneficiary of our offshore resources.

***Does your party support the transfer or sale of the Federal Government's share in Hibernia to the province of Newfoundland and Labrador provided the Federal Government is kept whole on their expected return at the time of their initial investment?***

**Federal Presence**

Statistics Canada data shows that Federal Government employment presence in Newfoundland and Labrador decreased by 39 per cent between 1990 and 2004, compared to a decrease by 18 per cent across all provinces. Recent examples include the elimination of forecasting services from the Gander Weather Office and the announced closure of the Public Service Commission office in St. John's. If the rate of decline in Newfoundland and Labrador over the aforementioned period had been at the national average, it is estimated that an additional 2,774 federal positions would have remained in the federal public service in this province. Beyond Federal Government employment levels, another concern is the number of federal senior level positions in the province. While Newfoundlanders and Labradorians are passionate and proud Canadians, they are concerned by the continual withdrawal of the Federal Government from this province. A recent report by Memorial University's Harris Centre provides independent confirmation of these concerns.

***Does your party support immediate efforts to significantly increase the Federal Government's presence in the province, commencing with the immediate restoration of forecasting services at the Gander Weather Office?***

## **Equalization**

As a result of the inadequacy of the equalization program over the years, Newfoundland and Labrador has a debt of approximately \$12 Billion, which on a per capita basis far exceeds that of any other province. The Government of Newfoundland and Labrador is advocating the following reforms to the equalization program: (1) return to a formula driven approach to the determination of equalization entitlements, abandoning the "fixed pot" approach introduced in October 2004; (2) the measurement of fiscal capacity must extend beyond simply revenue raising capacity to include accounting for the impact of debt and debt servicing costs; (3) comprehensive revenue coverage (which would include, in full, all renewable and non-renewable natural resources); and (4) a return to the 10 province national average standard.

***Does your party support these reforms to the equalization program?***

## **Labrador**

Key to the economic progress of Labrador is the completion of the Trans-Labrador Highway (TLH). The Government of Newfoundland and Labrador was pleased with the Federal Government's decision to add the TLH to the National Highway System. The time has come for the Federal Government to commit to the completion of the TLH, in partnership with the province.

***Does your party support a Federal-Provincial cost-shared agreement to complete the TLH?***

With the expiry of the current Memorandum of Understanding imminent, the province is very concerned about the future of 5 Wing Goose Bay, in general, and the foreign military training program in particular.

***Is your party committed to both maintaining a foreign military training program at 5 Wing Goose Bay and utilizing the Base for regular Canadian Forces training activity by designating an operational requirement for it? Further, is your party committed to building a substantive and meaningful federal presence in Goose Bay, as part of a broader economic diversification effort, to compensate for an expected decrease in military activity?***

The Provincial Government has been working with the Federal Government and the Sheshatshiu Innu First Nation to establish a reserve at Sheshatshiu, as committed to by the Federal Government in 2000. Both the Provincial Government and the Innu wish for this reserve to be created as soon as possible.

***Does your party support establishing a reserve at Sheshatshiu by June 30, 2006?***

## **Marine Atlantic**

The Government of Newfoundland and Labrador has advocated for years that the Government of Canada live up to its clear constitutional responsibility to provide an affordable, cost-efficient and quality ferry service connecting Newfoundland and Labrador with the mainland of Canada. The ferry links between Newfoundland and Labrador and Nova Scotia are effectively an extension of the Trans-Canada Highway and are clearly the responsibility of the Federal Government through the Marine Atlantic Incorporated (MAI) service provider.

The periodic threats from labour disruptions and the cost of the service have proven to be serious impediments to the economy, as these factors affect commerce, tourism and the traveling public. Immediate action is required of the Federal Government to:

1. Take the appropriate legislative action to ensure that there is no cessation to the MAI service to Newfoundland and Labrador, in conformity with Term 32(1) of the Terms of Union of Newfoundland and Labrador with Canada.
2. Require MAI to implement a one – time rate reduction of 15% in 2006.

Both of these actions are consistent with recommendations of the Minister of Transport's Advisory Committee on Marine Atlantic contained in the Committee's Strategy for the Future of MAI.

***Does your party support these actions?***

## **Economic Development & Infrastructure**

The province has been calling on the Federal Government to develop a more collaborative approach in addressing economic development and infrastructure priorities, including a return to bilateral cost-shared agreements. The Atlantic Prosperity Partnership Framework Agreement (APPF) advocated by Atlantic Premiers is consistent with this approach. Investing in infrastructure is a key priority for the Government of Newfoundland and Labrador, in areas such as roads, hospitals, education, and intra-provincial ferries. The size of the infrastructure deficit facing the province is daunting. By way of example, the province's priorities related to the National Highway System to bring all roads up to standard, rehabilitation and new construction are expected to total approximately \$1.2 billion over the next ten years. In the area of post-secondary education, deferred maintenance is estimated to be approximately \$135 million.

***Does your party support the Federal Government entering into bilateral, cost-shared agreements to address economic development and infrastructure priorities in Newfoundland and Labrador?***

A strong and competitive shipbuilding and marine fabrication sector is essential to maintaining Canada's sovereignty and offers tremendous economic opportunities. Work related to the construction of navy support vessels and repairs to submarines, provide not only a strategic opportunity to strengthen this sector but also a mechanism to help increase Canada's global competitiveness in this industry. In essence, the industry needs federal procurement to drive technology and innovation.

***Does your party support ensuring provincial facilities, such as the Marystown Shipyard and Bull Arm Fabrication Site, benefit from federal shipbuilding and repair contracts to help transform this sector's capacity to the mutual advantage of Canada and Newfoundland and Labrador?***

The province, through its Waste Management Strategy, has set an objective of 50% waste reduction, and the implementation of modern waste management by 2010. The total cost to meet this objective is approximately \$200 million. The project comprises three elements: (i) elimination of teepee incinerators; (ii) consolidation of waste management sites; and (iii) developing modern waste management systems for the entire province. This project will assist Canada in meeting its Kyoto commitments, as the reduction of waste and increased recycling of organic products will yield reductions in methane emissions (a powerful greenhouse gas).

***Does your party support the Federal Government cost-sharing the above project?***

I thank you in advance for providing the information requested in this letter.

Sincerely,

**DANNY WILLIAMS, Q.C.**