

April 7, 2011

The Right Honourable Stephen Harper  
Conservative Party of Canada  
1204 - 130 Albert Street  
Ottawa, Ontario  
K1P 5G4

Dear Prime Minister Harper:

The Government of Newfoundland and Labrador since 2003 has laboured with steadfast determination to harness more effectively our province's wealth of resources and opportunities in ways that will secure the long-term prosperity of Newfoundland and Labrador, share the benefits of growth among the people of our province, and establish Newfoundland and Labrador as a centre of sustainable development in Canada. In partnership with our province's people, we have made tremendous progress already, and optimism abounds that we will achieve even greater triumphs in the years ahead. Newfoundlanders and Labradorians are eager to partner with our fellow Canadians and with the Government of Canada to achieve goals that, in strengthening our province, will also strengthen our country. The Government of Canada has a tremendous leadership role to play in enabling provinces such as ours to pursue our legitimate aspirations within Confederation.

This letter seeks the views of the Conservative Party of Canada on selected federal-provincial issues of importance to Newfoundlanders and Labradorians, particularly details on what your party would do should it form the next federal government. As Premier, I have sent letters essentially identical in content to the leaders of Canada's three principal national parties, seeking your policies on the issues below. We intend to provide your responses to the voters of our province in advance of election day, so we would appreciate your response by April 19, 2011.

### Fisheries

The structure of the Province's fishing industry is overcapitalized and industry restructuring is necessary. To address this concern, the Province signed the Memorandum of Understanding (MOU) on Fishing Industry Rationalization and Restructuring with the Fish, Food and Allied Workers Union (FFAW) and Association of Seafood Producers (ASP) in July 2009. The report on the results of the MOU was released on February 25, 2011, and certain elements of the report hold promise for enduring and progressive change in the province's fishery. The marketing initiatives put forth by the industry and the proposals advanced by several fleet sectors to enhance access to capital for licence combining warrant further discussion and will be

pursued with the fishing industry. Our government has repeatedly stated our willingness to participate in an early retirement and licence buyout program that would be cost shared on a 70/30 federal-provincial basis. Under the Constitution, the licensing of fish harvesters is exclusively a federal responsibility.

**Would a Conservative government provide the necessary support to assist in the implementation of certain elements of the Report on the Memorandum of Understanding on Fishing Industry Rationalization and Restructuring, in particular marketing initiatives and policy changes to facilitate increased fishing industry restructuring/rationalization?**

**Would a Conservative government support development of an early retirement and license buyback program, on a 70/30 federal-provincial basis, for workers impacted by restructuring of the fishing industry?**

### **Fisheries Adjacency and Historic Participation**

Access to and allocation of fish resources off the coast of Newfoundland and Labrador is vital to the people of this province, particularly those who live in our rural areas. As the Province attempts to restructure our fishing industry, it is necessary to have appropriate policies in place that will assure our harvesters have access to their historic fishing opportunities. The principles of adjacency and historic participation should guide and inform those policies.

**Would a Conservative government commit to embody in legislation and policy the use of adjacency and historic participation as the primary considerations in future allocation decisions concerning the fish stocks off the province's coast?**

**As it relates to shrimp quotas specifically, what future approach would a Conservative government take to ensure that the principle of adjacency will hold sway in considering access by the inshore sector to shrimp resources off Newfoundland and Labrador?**

### **Fisheries Science**

Sustainability of fisheries resources is of critical importance to the Newfoundland and Labrador fishing industry, both from the standpoint of long term security of supply, as well as the growing importance of eco-certification in order to access lucrative markets domestically and internationally. Dramatic changes in the populations of various marine species in the Northwest Atlantic, particularly in the Newfoundland and Labrador Region, and the impacts on the local harvesting industry in recent decades provide justification for intensified scientific research efforts to measure the status of various marine species over time and to provide information about the impacts of human activity and species interactions – such as predation by a sizeable population of seals – on stock recovery. This is surely a time to enhance scientific research efforts in the Northwest Atlantic, particularly in the Newfoundland and Labrador Region. Indeed, Canada has an opportunity to be a world leader in addressing issues of stock decline that are now appearing in other marine areas around the world.

**Would a Conservative government increase the human and financial resources of the Department of Fisheries and Oceans Science Branch to ensure that they have the knowledge basis required to accurately delineate and quantify commercial fish stocks and achieve sustainable resource management?**

### Seal Harvest

The seal harvest in Canada is sustainable and humane. As the seal population continues to grow, it is necessary to adopt a holistic approach to ecosystem management, including the seal harvest, in order to ensure the sealing industry is properly managed. Newfoundland and Labrador continues to be a strong supporter of the sealing industry and recognizes the importance of pursuing a dispute at the World Trade Organization against the European Union seal ban. In addition, it is critical for all participants in the sealing industry to gain market access for seal products in other countries.

**Would a Conservative government continue to challenge, before the World Trade Organization, the actions of the European Union to restrict the trade of seal products from Canada? What would a Conservative government do to promote market access of Canadian seal products in other countries?**

### Lower Churchill Development

On November 18, 2010 Nalcor Energy entered into a Term Sheet with Emera Inc. setting out a plan to develop the Muskrat Falls phase of the development of the Lower Churchill's hydro-electrical potential and associated transmission infrastructure. This is the first step in the full development of the river's potential, which will also include the larger Gull Island phase. Newfoundland and Labrador has asked the federal government for a loan guarantee to support this project which will have economic and environmental benefits not just for this province or even the Atlantic region but is a strategic project for Canada as a whole. In addition, the Muskrat Falls development is entirely paid for by rate-payers, so a federal loan guarantee would result in benefits being directly accrued to consumers. The development also represents a remarkably low risk on a project of this scale with a high reward. *We were exceptionally pleased that on March 31, 2011, in St. John's, you announced that a Conservative government will provide a loan guarantee or other financial support for the Lower Churchill hydroelectric project.*

### Federal Transfers

Under the current fiscal arrangements, the Canada Social Transfer (CST) rises by 3% per year and the Canada Health Transfer (CHT) increases by 6% per year. These fiscal arrangements are set to expire in 2014. In 2007, the federal government changed the allocation methodology of the CST to equal per-capita cash, rather than on the basis of delivery cost and need. Newfoundland and Labrador, with a thinly-dispersed rural population and challenging geography, receives a smaller proportion under this arrangement than it did previously and less than it needs to provide comparable services. A similar change to the CHT, were it to be implemented, would also leave Newfoundland and Labrador with proportionately less than it had and less than it needs to provide comparable services. The cost of delivering health care and other social programs will grow more rapidly given our aging demographic.

**Would a Conservative government maintain the existing allocation methodology for the Canada Health Transfer and return the Canada Social Transfer to its pre-2007 allocation formula after the current arrangements expire in 2014?**

**Would a Conservative government commit to engage with the provinces and territories to establish sustainable, adequate and predictable funding for provinces and territories under the CHT and the CST that reflects the real costs of delivering health care and social services in this country and ensures that provinces and territories have the necessary flexibility required to respond to local needs?**

### **Child Care**

Newfoundland and Labrador has committed to increasing and improving child care services. The early years are extremely important to a child's development including communication, creativity and problem solving. Moreover, research by leading economists has linked investment in early childhood development with economic prosperity. The availability of child care is a key factor in stimulating economic growth by providing opportunities for people, especially women, to enter and remain in the labour force.

**How would a Conservative government work with Newfoundland and Labrador to support initiatives to increase the number and quality of regulated child care spaces available in this province?**

### **Offshore Occupational Health and Safety**

On December 13, 2010 Justice Wells made 29 recommendations following his Offshore Helicopter Safety Inquiry. Newfoundland and Labrador subsequently announced its support for all recommendations, including Recommendation 29, which stated that a new, Independent Safety Agency be established to regulate safety in Newfoundland and Labrador's offshore. Newfoundland and Labrador announced that it would commence discussion on amendments to the Accord Acts with the federal government and also that it supported immediate measures by the Canada-Newfoundland and Labrador Offshore Petroleum Board to separate safety from other operations.

**Would a Conservative government support and implement Recommendation 29 to ensure that an Independent Safety Agency is established to regulate safety in offshore Newfoundland and Labrador?**

### **Search and Rescue Response Times**

Justice Wells also recommended that "a dedicated first-response helicopter, fully equipped, with an improved wheels-up time of 15-20 minutes" be established in St. John's. While Cougar Helicopters intends to fully implement this recommendation by year end, this Search and Rescue (SAR) helicopter will only provide service to the offshore oil and gas industry. In February 2011, the House of Commons Standing Committee on National Defence held hearings in the province on the SAR response times. There was not a single witness who appeared before the committee who did not share the opinion that the requirement for an improvement in SAR response time is absolute.

**Would a Conservative government commit to establishing the same 15-20 minute search and rescue response time for all those who work in the Newfoundland and Labrador offshore, whether in the energy sector, in the fishery, or in marine transport?**

### **Hibernia Shares**

The Atlantic Accord states that Newfoundland and Labrador is the principal beneficiary of the development of the oil and gas resources in the offshore adjacent to the Province. However, an 8.5% equity share in the Hibernia project is currently being held and managed by the Canada Hibernia Holding Corporation (CHHC) on behalf of the federal government.

**Would a Conservative government commit to conclude an agreement with the Province on the sale of the federal government's ownership share of the Hibernia project to the Province?**

### **Defence**

5 Wing Goose Bay provides a strategic location, infrastructure and airspace which would enable it to serve several operational requirements of the Canadian Forces, and as a training centre for Canada and its allies.

**Would a Conservative government establish an operational requirement for 5 Wing Goose Bay and maximize the use of its strategic location for security and surveillance activities in the North?**

**How would a Conservative government plan to improve efforts to market 5 Wing Goose Bay as a training location for foreign militaries?**

### **Federal Presence and Spending**

In August 2010, a report from the Atlantic Provinces Economic Council (APEC) confirmed that Newfoundland and Labrador was disproportionately affected by past cutbacks in federal employment and has had the lowest rate of growth of federal government jobs in the region since 1999. In fact, Newfoundland and Labrador experienced the largest overall reductions in the entire country and federal job growth in the Atlantic region is far below the national average. The federal Budget released on March 22, 2011, proposed cuts to the budgets of federal entities like the Atlantic Canada Opportunities Agency, the Department of National Defence, Marine Atlantic Inc., and the Department of Fisheries and Oceans, which deliver important programs and services to the people of the province. As we move into a period of program restraint on the part of the federal government, it is important that Newfoundland and Labrador is not disproportionately affected again.

**What would a Conservative government propose to do to ensure that federal jobs are maintained in the province and to increase the number of federal government decision-making positions located in the province?**

**What would your government do to ensure that any fiscal restraint measures would not disproportionately affect any programs and services delivered in the province?**

**Broadband**

Newfoundland and Labrador is eager to ensure that more citizens of rural and remote regions of our province benefit from the digital economy through access to broadband infrastructure. Commercial telecommunications carriers have a propensity to make significant infrastructure investments only in larger urban areas where the cost of operation is most easily recovered. As a result, in higher-cost rural and remote communities, infrastructure, especially access to high-speed networks, usually lags several generations behind that of the larger centres.

**Would a Liberal government be willing to enter into a bilateral agreement with Newfoundland and Labrador on the expansion of broadband infrastructure?**

**Correctional Services**

Newfoundland and Labrador's principal correctional facility is Her Majesty's Penitentiary. "A remnant of the Victorian-era of prison construction", the facility houses both federal and provincial inmates, including sentenced and non-sentenced (remand) offenders, and it has a Segregation Unit and a Special Handling Unit. The Province has sought a commitment from the federal government to enter into a federal/provincial, 70/30 cost-sharing arrangement for the capital cost of constructing a new facility specifically to replace Her Majesty's Penitentiary.

**Will your government enter into a 70/30 cost-sharing arrangement for the capital cost of constructing a new facility to replace Her Majesty's Penitentiary?**

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

Sincerely yours,



**KATHY DUNDERDALE**  
Premier