



January 15, 2006

Honourable Ralph Klein, Premier
Government of Alberta
Legislature Building
Edmonton, Alberta
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Dear Premier Klein:

Thank you for your letter dated December 14, 2005 that you sent as Chair of the Council of the Federation. As requested, below are the responses from the New Democratic Party of Canada on five outstanding priority issues.

You asked: Do you support convening a First Ministers' Meeting on post-secondary education and skills training early in the new year?

Yes. The NDP joins the Council in acknowledging that post-secondary education and skills development are the cornerstones of Canada's future prosperity. That's why the NDP fought for and got \$1.6 billion dedicated to post secondary education and skills development in our Spring Budget. And that's why we've made a \$3.5 billion commitment to education and skills training. We look forward to working in the next Parliament to ensure that not only a First Ministers' Meeting is convened, but that the Federal Government once again treats post secondary education and skills training as priorities.

You asked: Do you support the Council of the Federation's proposal that the Government of Canada become a full partner with provinces and territories in the implementation of a national transportation strategy which is multimodal and inclusive of all regions?

Yes. New Democrats agree that a national transportation strategy is key for allowing all parts of the country to become prosperous. As you know, the NDP was successful in securing \$800 million over two years for public transit in the 2005 federal budget. In the next Parliament, we will continue working to make sure the Federal Government becomes a full partner in developing a national transportation strategy.

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Canada's New Democratic Party / Nouveau Parti démocratique du Canada

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You asked: What concrete measures would you take, and in what timeframe, to successfully complete the development of a formal federal-provincial-territorial agreement regarding the role of provinces and territories in Canada's international activities which affect provincial and territorial jurisdictions, responsibilities, and interests?

As strong supporters of Canadian federalism, New Democrats recognize the importance of involving the provincial and territorial governments as we promote and advance the interests of Canada on the world stage. While the federal government must and should continue to fulfill its constitutional responsibility to represent Canada in our bilateral and multilateral relationships, the fact that issues in provincial and territorial jurisdiction are often at stake in these representations makes it essential that the provinces and territories are meaningfully involved. We need only think of recent issues such as border security, cross-border water management, or the closure of the Canada-US border to cattle exports to understand the significant impact of Canada's international relations on the provinces and territories.

For these reasons, New Democrats support developing the provincial and territorial role in Canada's international activities.

You asked: What are your views on Canada's approach to the ongoing WTO negotiations and Canada's contribution to an ambitious outcome in these negotiations, including supply management?

New Democrats agree with the need to reduce trade distorting subsidies to help level the playing field for our agricultural producers, but are confident Canada can achieve this without sacrificing the supply management systems that have served our producers so well. It is as critical for our producers to have the ability to use orderly marketing systems such as the Canadian Wheat Board, as it is for them to have a level playing field with farmers across the globe.

The ongoing and repeated refusal of the US government to abide by signed trade agreements underscores the importance of a rules-based trading system for a small trading nation such as Canada. However, New Democrats also strongly believe that the next round of WTO negotiations must ensure that the development of a more comprehensive rules-based trading system does not undermine the ability of governments to deliver public services and regulate in the public interest. A truly balanced negotiating position at the WTO will provide the most effective counterbalance to Canada's faltering bilateral and regional trading arrangements.

You asked: Do you recognize the existence of structural fiscal imbalances, both horizontal and vertical, in Canada, and will you commit to working with provinces and territories to address this issue and to implement the necessary measures to resolve these fiscal imbalances?

Yes. The Canadian federation is not working well. The 1990s saw the Liberal government walk away from its responsibilities for national programs in housing, health and income security and support for provincial priorities in post-secondary education and public infrastructure.

The result has been a fiscal catastrophe for provincial governments and a disaster for many Canadians who depend on those shared-cost programs. Standards and services have deteriorated as funding cuts were passed on down the line to communities and service providers.

The federal government's disengagement in the 1990s was a monumental mistake. And recovering from that mistake has proven to be extremely difficult, because of the depth of the fiscal hole created by the cuts in the 1990s, and because of the federal government's record as an unreliable funding partner.

The ad-hoc series of deals cut by the Prime Minister in recent months has done little to address this. New Democrats propose another approach. We commit to:

- Developing a framework for national standards in areas of provincial jurisdiction that fully respects the autonomy of the people of Quebec and of their National Assembly, within its jurisdiction. For example, the Quebec Pension Plan; the province's childcare network; its network of public community clinics; and its prescription drug program are national models – not targets for federal interference under our plan.
- Committing the federal government to long-term consistent funding of shared cost programs with the provinces, territories and local governments, so that the federal government's funding partners do not face the threat of arbitrary and abrupt changes in federal policy.
- Restoring fairness to equalization with a level playing field for all Canadians within the equalization system. In the short term, for example, the ad-hoc adjustments implemented by the Martin government have produced a gross anomaly in Saskatchewan that needs to be addressed. For the long term, we favour working with provincial and territorial governments to develop a consistent rules-based system of fiscal equalization designed to equalize basic services rather than simply revenue-raising capacity.

Finally, on behalf of New Democrats, I want to thank the Council of the Federation for its efforts in promoting a strong economy, a skilled workforce, effective transportation, sound coordination of policies and effective representation of Canadians' interests on the international stage, and a fiscally balanced federation.

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I can assure you that New Democrats will work hard in the next Parliament to advance these priority issues on behalf of all Canadians.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Layton". The signature is stylized with a large, sweeping initial "J" and a long horizontal line extending to the right.

Jack Layton
Leader of Canada's New Democratic Party

cc., Leader of the Alberta NDP