



COMMUNIQUE

ST. JOHN'S, July 28 2006 -- At the Council of the Federation meeting, Premiers explored ways to advance key priorities such as post-secondary education and skills training and transportation infrastructure. Premiers also discussed the diverse economic challenges and opportunities facing provinces and territories and focused on issues and initiatives that have an impact on the health and well-being of Canadians.

POST-SECONDARY EDUCATION AND SKILLS TRAINING

Equipping Canadians with the education and skills they need to reach their full potential is imperative for all governments in Canada.

Provinces and territories today unveiled the Council of the Federation strategy on PSE and skills training, *Competing for Tomorrow*. This important paper sets the stage for continued action in each province and territory to translate into a competitive advantage, economic growth and a higher standard of living for Canadians.

This strategy identifies areas of priority and demonstrates the importance that each province and territory attaches to higher education and skills in five key areas for action:

- Improve access to PSE and skills training;
- Enhance quality of PSE and skills training;
- Increase participation in the labour force;
- Develop skills for the 21st century workforce; and,
- Expand research and innovation capacity.

NATIONAL TRANSPORTATION STRATEGY

Strengthening Canada's position as a trading country is a key priority for the entire country. It's about working together to ensure that there are jobs for Canadians today and tomorrow.

Premiers recognize that transportation infrastructure is critical to enhancing productivity and international competitiveness. Our competitors are investing heavily in this area, and Canada is losing ground.

Premiers are united in their support for the plan laid out in *Looking to the Future: A Plan for Investing in Canada's Transportation System*, which outlines a national transportation strategy by identifying a criteria-based strategic network, detailing provincial and territorial priorities and recommending changes to the policy framework.

IMPACT OF THE RISING CANADIAN DOLLAR

Given its track in recent months, Premiers took this opportunity to speak with the Governor of the Bank of Canada about the impact of the high dollar.

The Canadian dollar has increased more than 40 percent since 2002, and some forecasters are predicting that it may rise even further, to parity with the US dollar.

The higher dollar has different impacts throughout the country and the economy. While a higher dollar makes imports cheaper, it also makes it harder for some Canadian companies to compete in export markets, reduces tourism spending in Canada and increases the number of Canadians spending their tourism dollars in the U.S.

Premiers and the Governor of the Bank of Canada had a good discussion on monetary policy and how the central bank manages inflation and the Canadian dollar in the context of a global economy.

Premiers noted that the higher dollar was an issue of some concern and underscored the importance of closely monitoring its impacts on the Canadian economy, especially on Canadian exporters.

GLOBAL PRESSURES ON TRADITIONAL RESOURCE INDUSTRIES

Premiers underscored the importance of ensuring that Canada's traditional resource industries remain competitive in the global economy. These industries make a major contribution to Canada's GDP, employment and trade.

Premiers noted that traditional resource industries are the main economic drivers in many rural regions. Premiers emphasized that the success of these industries is vital to the prosperity and sustainability of rural communities across Canada.

Current challenges in the fishing, agriculture and forestry industries will require a full complement of responses including new policies and programs, along with international efforts, which promote improved competitiveness and productivity. Premiers recognize the importance of cooperation with the federal government and industry to address these challenges. Many of these initiatives will require creative new approaches that reward innovation and risk taking, and encourage investment in people and infrastructure.

Many workers in these industries, especially older workers, face barriers to mobility and transition to other segments of the labour force. Premiers call upon the federal government to work with provinces and territories to support retraining or other options such as early retirement for people who face such barriers.

Premiers agree that the seafood industry is negatively impacted by the restrictive trade and tariff barriers in several countries, particularly the EU. To address this problem, Canada should place seafood higher on its list of trade priorities.

Premiers expressed the view that provinces and territories need to accelerate work with the industry and the federal government on the next generation of policies and programs under the Agricultural Policy Framework in order to put the industry on a more sustainable path. In carrying out this work, Premiers noted that a flexible go-forward approach is required to meet regional needs. Premiers also emphasized the importance of research/innovation and new value-added activity and initiatives that will benefit primary producers and diversify the industry and local economies. Premiers cited opportunities

related to ethanol and other biofuels as just one example of value-added activity that can contribute to sustainability and profitability of the agricultural and forest sectors.

Premiers noted the work being undertaken by the Canadian Council of Forestry Ministers to assess the current competitive strengths and challenges faced by the sector and to identify future opportunities. They encouraged their ministers to continue to work with industry and the federal government in completing this work, and to report back on progress at their next meeting.

INTERNATIONAL MARKETS AND TRADE

Canada's Premiers are committed to taking action individually, regionally, and collectively to strengthen relations with important trade markets, including Asia, Europe and North and South America. Premiers have been active in strengthening Canada-U.S. trade by working with U.S. Governors and are committed to pursuing further activities.

The Council of the Federation will continue to work toward positioning Canada as a global "location of choice" for trade, investment, skilled immigrants, tourists and international students. Planned activities include collaborating to make the federal temporary foreign workers program more responsive to provincial and territorial needs and priorities, and examining the potential of an interprovincial/territorial clearing house model that could share information on Foreign Credential Recognition, and communicate with, and promote better integration of, foreign trained workers.

Premiers noted with interest the proliferation of bilateral free trade and liberalized air services agreements, most notably by the United States, which are significant to realizing full economic potential. They committed to working with the federal government to identify countries most beneficial for Canadian commercial interests and urged the federal government to actively pursue and conclude new free trade and liberalized air services agreements. Premiers called on the federal government to work with provinces and territories to develop a mechanism to ensure their full participation in Canada's international activities that affect their jurisdiction, responsibilities or interests.

In order to facilitate progress in these areas, Premiers directed their trade ministers to work with their federal counterpart to identify priorities for action in improving access to international markets; clarify the roles of each government in addressing trade issues; and, develop a concrete action plan by the end of this year for strengthening Canada's relations with Asia and other important emerging markets. In addition, the Council encourages the federal government to:

- devote specific attention to ensuring Canada's visa application processes and rate of acceptance are competitive with other countries active in the same markets, including Australia and the United Kingdom;
- ensure immigrants have the information and support they need to integrate into Canadian society before and after they emigrate;
- expand visa processing capacity in south China, particularly Guangzhou; and
- conclude a formal agreement with China by the end of this year to obtain approved destination status for Canada.

Premiers expressed disappointment with the suspension of the World Trade Organization (WTO) negotiations. An ambitious result in the WTO Doha Development agenda would provide the best and most comprehensive outcome for Canada's trade-oriented economy.

Premiers encourage the Government of Canada to pursue an agreement that would deliver significant new market access for Canadian exporters in emerging and mature markets. Premiers also expressed concern relative to the future of Canada's supply management systems.

With respect to the agriculture component of the negotiations, Premiers emphasized the importance of Canada's efforts to achieve a level international playing field for Canada's producers and processors. Recognizing the importance of pursuing the best possible outcome for all of Canadian agriculture, Premiers reaffirmed their support for pressing for significant market access improvements for Canada's exporters, while recognizing that import sensitivities have to be addressed in accordance with the Hong Kong Ministerial Declaration and the July 2004 framework.

INTERNAL TRADE

Governments have a key role to play in creating an environment in which business and economic activity can thrive. A key element of this competitive environment is providing ease of access to markets and people for business. Premiers recognized the importance of further reducing barriers to trade and labour mobility in Canada as a means of strengthening the economic union and improving Canada's competitiveness and productivity. They noted the progress made by provinces and territories but recognized the need to continue to address barriers which still remain.

To this end, Premiers reaffirmed their commitment to their common workplan for improving internal trade and to participate in resolving long-standing issues that are identified in it. They congratulated Alberta and British Columbia on their recent agreement on Trade, Investment and Labour Mobility and Ontario and Québec on their Labour Mobility Agreement.

Premiers Lord and Doer will chair the September 2006 meeting of Ministers responsible for Internal Trade to make real progress on the full implementation of the Council of the Federation's workplan on internal trade. Premiers also asked that Ministers consider the Alberta-British Columbia and Quebec-Ontario agreements during their discussions. Premiers directed Ministers to discuss next steps and establish ambitious timeframes for internal trade reform, and to continue to meet regularly and develop periodic progress reports on the workplan for the Council of the Federation. It was agreed that the next Progress report would be provided to the Council of the Federation by Premier Lord and Premier Doer after the fall meeting of Ministers.

CANADA-U.S. RELATIONS

The Canada-United States trading relationship is very important with two-way trade of over \$1.6 billion per day (close to \$581 billion annually) in merchandise trade and over 380,000 people moving across the Canada-U.S. border every day. The Council of the Federation recognizes that provinces and territories have a clear and legitimate role to play in enhancing relations by strengthening their own cross-border relationships.

Premiers are very concerned that the Western Hemisphere Travel Initiative (WHTI), as currently outlined, will negatively and unnecessarily impact trade, tourism, and the daily lives of citizens in border communities. Premiers commended the outreach being undertaken by Canada's embassy and consulates in the U.S. on the WHTI and urge the federal government to redouble its efforts to raise the anticipated negative impacts of the

WHTI with its U.S. counterparts. They committed to continue their work with U.S. Governors and Members of Congress from border and other states to help raise the profile of this issue locally and nationally in the U.S.

Premiers continue to support a delay in the implementation of the WHTI and recognize the efforts of both Canadian and American allies in seeking deferral of the current deadline. They noted that the U.S. Senate had recently passed an amendment related to the WHTI that could delay its implementation to 2009 if passed by joint House-Senate conference and signed into law by President Bush. Premiers stressed that a delay in implementation until after the 2010 Olympic and Paralympic Winter Games would facilitate cross-border attendance and participation.

Premiers urge the United States Government and the Government of Canada to fully explore, in close consultation with states and provinces/territories, options with regard to the implementation of the WHTI, including alternative identity documentation prior to fully implementing the WHTI. They stressed that WHTI-required documents must be affordable, accessible, and available through efficient processing means.

ENERGY

Premiers have agreed to develop a pan-Canadian, Council of the Federation Energy Strategy to be released at the next Council of the Federation Summer Meeting. The strategy will address such issues as:

- Security of supply
- Regulatory efficiency
- Energy research and technology
- Energy efficiency
- Provincial/territorial participation in international energy activities
- Renewable/green projects
- East-West transmission

As a first step, Premiers will develop a national energy map showing an inventory of Canadian energy assets. The Council of the Federation agreed that the Energy Committee (NL, AB, QC and NWT), chaired by Premier Williams, will meet to begin their work following the Council of Energy Ministers Meeting in August.

Given today's energy demands and markets, Premiers noted that economically viable energy projects should not be permitted to remain fallow but should be moved towards commercial production.

Premiers discussed high energy prices. They continue to believe that the most effective response to high prices is to take steps to ensure reliable and adequate supplies of energy and to control demand through efficiency and conservation measures.

Premiers discussed recent developments related to environment and climate change. Premiers noted that environmental issues are an emerging priority of the federal government and they look forward to the release of the federal government's climate change strategy. Premiers also commended the work of provinces and territories in these areas.

PANDEMIC PREPAREDNESS

Premiers believe that pandemic influenza constitutes one of the most serious threats over the next generation and emphasized the importance of being prepared in the event of a major outbreak. Provincial and territorial governments have taken steps to improve their individual preparedness and believe that there are a number of actions that federal, provincial and territorial governments can take together that would improve the country's capacity to respond to a future pandemic. Canadian governments must:

- establish a dedicated national expert group to explore options for vaccine development that can result in the delivery of effective vaccines in the shortest possible time;
- ensure long term funding arrangements for maintenance and replenishment of the stockpile of antivirals, antibiotics and other critical supplies including personal protective equipment, and for vaccine purchase;
- take steps to ensure an adequate supply of antiviral medications;
- develop partnerships between private industry and public research facilities and scientists to support and expedite research and development of innovative technologies to diversify and complement the vaccine and antivirals components for pandemic response;
- ensure that protocols for regional containment of a pandemic are in place, both within Canada, and with neighbouring US states; and,
- complete, by the end of 2006, a Memorandum of Understanding to formalize the roles and responsibilities in pandemic preparedness and response, including funding. This will ensure effective command and control and address issues of communications and coordination in the management of pandemics.

Premiers welcomed the funding for pandemic preparedness announced by the federal government in this year's budget and want to work with the federal government to ensure the most effective use of these funds.

Premiers recognize that pandemic planning is not just a health issue and affirmed their commitment to cross-sectoral planning to ensure that essential services, government workforce, and essential supply issues are addressed in the pandemic planning process.

Premiers noted the importance of ensuring the preparedness and the protection of critical infrastructure essential to health, safety and economic well being. Premiers agreed that provincial/territorial Ministers responsible for Emergency Management will develop, in consultation with private, non-governmental and government organizations in their jurisdictions, a strategic approach to critical infrastructure that improves situational awareness of all hazards, including pandemic, through evaluating risk, developing partnerships, and information sharing.

Premiers call on the federal government to work with the U.S. government to ensure that borders remain open should a pandemic occur and that U.S. manufacturers will not embargo the delivery of contracted hospital supplies, particularly essential supplies, during a pandemic.

NATIONAL PHARMACEUTICALS STRATEGY

Following on their commitment from the 10 Year Plan to Strengthen Health Care, provinces, territories and the federal government have worked together to advance the National Pharmaceuticals Strategy. Premiers received an update on progress from Health Ministers, and directed them to release a report by September and to continue to work on key elements of the National Pharmaceutical Strategy with a special focus on the Catastrophic Drug Program. Premiers also urge the federal government to continue to work with provinces and territories to develop and implement the National Pharmaceuticals Strategy.

Many of the challenges faced today by public drug programs (e.g., equitable access to a catastrophic drug coverage safety net and a consistent strategy for expensive drugs for rare diseases) can best be met with approaches supported at the federal, provincial and territorial levels.

The involvement of patients, health care professionals, industry as well as private employers and insurers will be a key component of future work on the National Pharmaceutical Strategy.

ONCOLOGY DRUGS

Premiers discussed existing processes for the review and listing of oncology drugs, which are often rapidly introduced, carry a high cost and may have limited evidence of cost-effectiveness. Currently there is no common process in place to review cancer drugs and make recommendations to governments to guide decisions regarding coverage, or for bulk purchase of oncology drugs. This can result in variations across jurisdictions with respect to coverage, criteria for coverage, and costs for cancer drugs.

Premiers noted that, in response to direction from western Premiers, western provinces and Ontario have begun collaborating on the development of a common review and purchasing process for oncology drugs. They agreed that all provinces and territories would participate in and provide input into the further development of this process, which will enable immediate, collaborative action to improve patient care. Québec, having its own mechanism, contributes to this exercise by sharing information and best practices as it does with regards to the National Pharmaceutical Strategy.

HEALTHY LIVING AND WELLNESS

Premiers reaffirmed their commitment to ensuring Canadians benefit from active and healthy living and agreed that collaborative action to combat chronic disease and obesity in Canada is key to improving overall health outcomes and reducing health disparities between Canadians. All provinces and territories are engaged in health education and wellness promotion strategies.

Healthier, fitter people are an asset to the workforce, enjoy healthier lifestyles, and place fewer demands on health care systems, so that public health care dollars will go further.

Premiers support the efforts of provincial and territorial ministers responsible for healthy living and ask them to drive the healthy living agenda by promoting healthy eating and physical activity, and their relationship to healthy weights.

PROMOTING CANADA THROUGH SPORT

At Torino, in March of this year, Canadian athletes delighted our country by winning an unprecedented number of medals. While the Olympics is not just about winning, but about participating, Canadians were proud of the accomplishments of these young men and women. The facilities and programs we are creating now will let us “own the podium” when we host the Olympic and Paralympic Games in 2010.

Premiers recognize that the 2014 Commonwealth Games are an opportunity to confirm Canada’s record of successfully hosting major international sporting events, and offered their full support to Canada’s designated host city, Halifax, Nova Scotia, in its quest to win the right to host the Commonwealth Games.

Premiers agreed that the 2010 Olympic and Paralympic Winter Games offer an unparalleled opportunity to showcase Canada to the world and to promote, enhance, and enrich Canada culturally, socially and economically and to celebrate the success of Canadian athletes. They agreed the upcoming 2007 Winter Games in Whitehorse, the last major winter games in Canada before 2010, are an important contributor to the lead-up to the 2010 games.

Premiers plan to cooperate and continue to engage the federal government to ensure that all Canadians benefit from the Olympics and from the 2010 World Junior Championships in Athletics, the 2009 Canada Summer Games, and 2007 Canada Winter Games.

Premiers are committed to making the Games in 2007, 2009, 2010, and 2012 the best ever for Canada. This will help ensure that Canadians are able to realize the maximum economic, cultural, health and sport development benefits from these Games. The Games, in addition to providing opportunities for sport development, economic and community development, are unique occasions to increase the profile of provincial/territorial healthy living strategies.

REPORTS BACK

Premiers received updates on several of the Council’s ongoing initiatives and determined next steps for future work.

PROVINCIAL-TERRITORIAL INVOLVEMENT IN INTERNATIONAL NEGOTIATIONS, AGREEMENTS AND FORA

A formalized federal-provincial-territorial agreement on the provincial-territorial role in international negotiations, agreements and fora remains critical for provinces and territories.

Premiers urge the federal government to move quickly on the basis of the work that was started in early 2004 to explore options for providing a more meaningful role for provinces and territories in international negotiations. Premiers continue to emphasize that a written agreement is essential to ensure that provinces and territories have a formal role to participate fully in international activities that affect their jurisdiction, responsibilities, or interests.

NATIONAL INSTITUTIONS

Premiers reiterated their concern that the current appointment processes for key national institutions, including the Senate and the Supreme Court of Canada, do not reflect the federal nature of Canada.

Premiers expressed their belief that the Council of the Federation must be involved in any discussion on changes to important features of key Canadian institutions such as the Senate and the Supreme Court of Canada.

CRYSTAL METH AND ADDICTIONS

At the 2005 Council of the Federation summer meeting in Banff, Premiers committed to take action to address crystal meth and other addictions. Premiers noted today that the Council of the Federation Moving Forward 2006 Conference, held in Saskatoon in January 2006, provided an important opportunity for over 350 participants from across Canada to increase their knowledge of current, evidence-based practices for the prevention and treatment of substance abuse.

Substantive progress has also been made in the areas of increased and more effective treatment options, and new controls and heightened enforcement on the sale of ephedrine and pseudoephedrine. Premiers reiterated their commitment to take action to reduce and mitigate the harm from crystal meth and other addictions.

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