



COMMUNIQUE

BANFF, August 12, 2005 -- The Council of the Federation concluded its meeting today in Banff, Alberta, as Premiers agreed to take historic steps towards strengthening Canada's social and economic fabric. The Council of the Federation today unveiled several additional key initiatives including priorities in the areas of skills training and post-secondary education, pharmaceuticals, prevention and treatment of drug addiction, and fiscal imbalance.

Skills Training and Post-Secondary Education

Provinces and territories are responsible for training and education in Canada. During their meeting, Premiers renewed their commitment to ensure provincial/territorial training and post-secondary education systems are able to meet new challenges and ensure Canada remains competitive in the global economy.

Premiers discussed the important link between economic, social and cultural development and high-quality education and training. Approximately 70% of the jobs created in the coming years will require a post-secondary education. Approaches to economic development must therefore be tied to effective strategies for education and training.

Premiers acknowledge the important work done to date by their Advanced Education and Labour Market Ministers and are directing them to meet with provincial/territorial Finance Ministers in early October to discuss funding issues related to post-secondary education and skills training.

Following this meeting, Premiers McGuinty and Charest will convene a Summit on Post-Secondary Education and Skills. This Summit will engage stakeholders including students, colleges, universities, business, labour and provinces and territories on the key issues and challenges in post-secondary education and skills, and seek to establish a path forward to ensure that Canada remains competitive in the global economy.

An investment in post-secondary education and skills today is an investment in jobs for tomorrow. It is an investment in our future prosperity. But higher education is more than an economic imperative. It is the measure of our commitment to opportunity – it is the foundation of an engaged citizenry and a strong democracy.

Over the last decade, provinces and territories have increased spending on post-secondary education and skills training, and are committed to significant further enhancements in the coming years.

However, over the last decade federal transfers for post-secondary education institutions through the CST have not kept pace with need. As a first step, Premiers called on the Prime Minister to restore immediately the CST to 1994 -1995 levels.

Premiers noted the commitments the Prime Minister made in June 2004 to increase transfers in support of post-secondary education to about \$7 or \$8 billion directly to the provinces and territories. They invite the Prime Minister to meet with them in November, in order to agree on a Canada-wide education and training strategy and an adequate level of federal funding through the Canada Social Transfer.

Premiers understand the importance of higher education and skills training. It is an essential investment – one that will translate into a competitive advantage, economic growth, and a higher standard of living for Canadians. The brains and know-how of a skilled workforce are the competitive edge of the 21st century. Canada requires post-secondary education and training systems that are among the best in the world.

National Pharmaceutical Strategy and Expensive Drugs for Rare Diseases

At the July 2004 Council of the Federation meeting, Premiers called on the federal government to take steps to ensure that all Canadians have access to the drugs they need when they need them. At the September 2004 meeting of First Ministers, the federal government agreed that Health Ministers be directed to develop and implement a national pharmaceuticals strategy, understanding that Québec will maintain its own pharmacare program.

No Canadian should suffer undue financial hardship in accessing needed drug therapies. Premiers noted that access to expensive drugs for rare diseases is a critical example of the need for a federal program to address the catastrophic impact of this situation on patients. Premiers called on the federal government to appropriately meet its financial responsibility for funding these catastrophic drugs.

Premiers direct their Ministers to expedite the other key elements of the National Pharmaceutical Strategy.

Prevention and Treatment of Drug Addiction: Crystal Meth

Premier Calvert reported to Premiers on the June 10th meeting on crystal methamphetamine and addictions (Building Partnerships to Address Addictions – Responding to Crystal Meth) that he chaired at the request of Western Premiers.

Atlantic Premiers raised the issue of the misuse of prescription drugs, such as OxyContin and Dilaudid, in their jurisdictions. Premiers noted that while different drugs pose challenges in different parts of the country, they all agreed that efforts to prevent the spread of drugs from region to region must be a priority.

Premiers discussed the U.S. experience with crystal meth and agreed there are lessons to be learned. Premiers emphasized that while the use of crystal meth varies throughout the country, action is required now to reduce its use and to ensure that Canadians are made aware of the devastating impact of crystal meth on individuals, families and communities.

Premiers agreed that effective responses to the serious problems associated with the use of crystal meth and other addictions require integrated and collaborative approaches. Accordingly, Premiers agreed that:

1. The Council of the Federation will develop a national awareness campaign to make young people and parents more aware of the dangers of crystal meth and other addictive drugs.
2. The Council of the Federation will sponsor a national conference in Saskatchewan to share information on the best and most promising educational and clinical practices in the prevention and treatment of addictions.
3. The Council of the Federation, through their ministers responsible, will develop strategies to better manage the sale of products containing the key ingredients in crystal meth to reduce the use of these products in its production.

Premiers strongly support the federal government's recent announcement to implement harsher penalties for crimes involving crystal meth, as called for by western leaders at their June 10th Conference, and call on the federal government to determine what further federal actions can be taken to tighten controls over the key ingredients used in the production of crystal meth.

Fiscal Imbalance

Premiers have discussed the state of fiscal relations in Canada. They noted that a significant fiscal imbalance remains in Canada, which makes it increasingly difficult for provinces and territories to maintain and improve crucial services such as health care, education, and other social programs, while continuing to fund other priorities including environmental protection and enhancing job training, transportation, agriculture and infrastructure to strengthen Canada's competitiveness. This situation has significant impact on all Canadians.

Premiers noted that in Canada, each order of government has specific constitutional responsibilities and that there needs to be a balance between the expenditure responsibilities and the ability to fund the services resulting from these responsibilities.

Premiers have welcomed the \$41B over the next ten years the federal government committed at last September's First Ministers Meeting for health care transfers to provinces and territories. However, Premiers noted the Conference Board of Canada has estimated that sustaining health care will require provinces and territories to invest

more than \$1 trillion over the same period. They also noted that annual federal surpluses regularly far exceed estimates.

Premiers believe that fiscal relations in Canada need to be guided by clear principles such as transparency, accountability, adequacy, predictability, equity, and fairness.

The Council of the Federation has established an Advisory Panel on Fiscal Imbalance which will provide, by March 2006, an independent review of this situation and make recommendations to address any fiscal imbalance in the federation over the long term.

In the meantime, Premiers invite the federal government to reinvest in important programs delivered by provincial-territorial governments using the established fiscal arrangements rather than inventing new conditional transfers, as has been witnessed in the recent months. Premiers expressed concern that the federal government seems to be trying to rewrite the constitution with taxpayers' money.

Premiers also noted that the current Equalization program, which is based on a fixed envelope with a fixed escalator, does not reflect the constitutional principles on which it was based. They call on the federal government to confirm that changes to the Equalization program will be made for 2006-07 that will allow the program to fulfill the federal constitutional obligation to ensure that provinces can provide reasonably comparable levels of public services at reasonably comparable levels of taxation.

Unlike the provinces and Yukon, the Northwest Territories and Nunavut do not currently have access to their non-renewable resource revenues, including royalties. Premiers agreed that the transfer of control over non-renewable resource revenues is an important part of resolving fiscal imbalance for the NWT and Nunavut.

Premiers put a high priority on restoring fiscal balance: to help guarantee that provinces and territories have the revenues they require to provide important programs and services and that all Canadians receive comparable, high quality services.

Premiers also noted that the current Territorial Formula Financing arrangement no longer reflects the previous principle underlying the program, which took into account the difference between the expenditure needs and the revenue means of territorial governments.

Council of the Federation Work Plan

Premiers reviewed progress on the Council's ongoing work plan, and set out next steps for continued work on several key initiatives, including strengthening the role of the Council of the Federation.

National Institutions

Premier Klein reported that Alberta's Senate nominee advisory committee consulted with provincial and territorial governments in regard to opportunities for pursuing reforms to how future Senate appointments are made.

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 believe that the federal government must show leadership on these issues, and has an obligation to engage in a discussion with provincial and territorial governments on these important issues.

International Negotiations, Agreements and Fora

Premiers noted that in May 2004, the federal government committed to develop a detailed implementing agreement for provincial-territorial consideration, which would provide for provincial-territorial involvement in international negotiations, agreements and forums. Premiers expressed disappointment that the federal government has not lived up to this commitment and has not built upon the constructive approach that marked the early stages of discussions in 2004.

Premiers emphasized 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. It should be remembered that implementation of international agreements can not be done without the participation of provinces and territories when issues fall under their responsibilities.

Domestic Trade Flows

Premiers approved a progress report submitted by Premiers Doer and Lord, which provides an update on the work of Internal Trade Ministers to address internal trade barriers. Premiers noted the recent progress, including improvements to the dispute resolution mechanism of the Agreement on Internal Trade, and agreement to conclude a review of the scope and coverage of Agriculture and Food Goods Chapter by December 2005. Premiers also endorsed the efforts of Internal Trade Ministers to advance the Energy Chapter negotiations towards a successful conclusion.

As a next step, Premiers requested the Forum of Labour Market Ministers to develop an action plan on labour mobility that addresses specific targets and timelines for completion. Premiers agreed that Ministers of Internal Trade should meet in late fall 2005 to discuss further next steps on internal trade. They also instructed Ministers of Internal Trade to meet regularly and provide regular progress reports on the work plan to the Council of the Federation.

Bovine Spongiform Encephalopathy

Premiers expressed their optimism in light of the United States reopening the border to live cattle and other ruminants that are less than 30 months of age. Premiers urged the federal government to continue to work collaboratively with provincial and territorial governments towards the goal of restoring a normal market for the cattle and beef industries, including an open U.S. border to all live animals and meat regardless of age. Premiers will continue to give high priority to international market access and market

development initiatives to reduce dependence on the U.S. market, including increasing Canadian slaughter and processing capacity.

Green Economy

Premiers acknowledged the recent work of the Canadian Council of Ministers of the Environment aimed at identifying priority Green Economy initiatives. Premiers directed their Environment Ministers to proceed as expeditiously as possible in identifying promising areas for inter-jurisdictional collaboration in support of more effective integration of economic development and environmentally sustainable goals and priorities. Premiers continue to recognize the critical importance of long-term sustainable development to the current and future health and well-being of Canadians.

Environmental Assessment

Premiers will continue to work with the federal government to develop recommendations for changes that would improve the timeliness, certainty and predictability of environmental assessments for projects subject to both provincial-territorial and federal assessments.

Premiers are encouraged by the federal government's March 2005 "Smart Regulation" paper, which identified consolidation of environmental assessment as a priority. Premiers urge the federal government to move quickly to improve the federal environmental assessment process.

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