



FOR IMMEDIATE RELEASE

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COMMUNIQUÉ

Charlottetown, PEI - Automobile insurance, federal-provincial cooperation on health care, a framework for federal-provincial relations, softwood lumber, Canada-US relations, and Equalization and CHST were the principal topics of discussion at the Council of Atlantic Premiers' meeting held today in Charlottetown, Prince Edward Island.

The Atlantic premiers agreed on a number of national and regional issues including:

- establishment of a regional task force to examine regulatory reforms designed to facilitate greater access to, and affordability of, automobile insurance for Atlantic Canadians;
- a renewed request that the federal government fulfill its obligations to fully fund the recommendations contained in the Romanow report on health care renewal;
- the development of a more effective partnership between the federal and provincial governments to address issues of common interest;
- unanimous opposition to the federal government's counter proposal to the United States on softwood lumber duties and taxes;
- a request for more provincial involvement in development of Canadian-US border and trade policy issues; and
- a call to strengthen the equalization and CHST programs;

Auto Insurance

Premiers stated that auto insurance consumers have been subjected to unacceptable "rate shock" with rising rates and are determined that Atlantic Canadian drivers will have access to affordable automobile insurance throughout the region. Rising automobile insurance rates is a growing problem throughout Canada but is of particular concern in Atlantic Canada.

Premiers reviewed individual initiatives that have been undertaken in each province to date, as all four Atlantic provinces have already taken steps to deal with this important issue.

Premiers believe that a common regional approach to lowering automobile insurance rates for Atlantic Canadian consumers is an integral part of the solution consumers are seeking.

Accordingly, the Council of Atlantic Premiers agreed today to adopt a common, harmonized legislative and regulatory framework for automobile insurance in Atlantic Canada. This will consist of the following elements:

- Common regulatory and harmonized rules and procedures to create a more efficient market within Atlantic Canada, and ensure access to more affordable and fair automobile insurance options for consumers. The premiers agree that harmonization would reduce duplication and therefore costs, and are determined that these cost savings would be passed on to consumers in the form of lower premiums;
- Common underwriting practices to protect consumers from unfair and discriminatory insurance practices;
- Common solutions to addressing rising claims costs, balanced with a consumer's right to legal remedies;
- Common approach and coverage leading to a basic affordable insurance option for Atlantic Canadian consumers throughout the region; and
- Common consumer protection and information approach to ensure Atlantic Canadian consumers have access to information and advocacy mechanisms to help them make informed choices about automobile insurance.

Premiers are determined to implement this common framework for automobile insurance for Atlantic Canada as soon as possible. Specific steps to be undertaken will include the following.

1. Establishing an Auto Insurance Task Force, reporting directly to premiers, by September 30, 2003, to do the following:
 - a) prepare a draft set of harmonized legislation and regulations for auto insurance for adoption by provinces; and
 - b) conduct and complete a comprehensive study of the full cost-benefit and legal implications of establishing an Atlantic public automobile insurance system.
2. Direct the Atlantic Insurance Harmonization Project to complete the drafting of a common Model Act, covering other lines of insurance, also by September 30, 2003. The Model Act, will be a landmark regional cooperation achievement unique in Canada, and will contain strong consumer protection provisions. This Model Act will be combined with the Auto Insurance Task Force results to create a comprehensive, harmonized legislative and regulatory framework for Atlantic Canada, covering all types of insurance.

3. Each premier further committed to introducing the combined results of the Auto Insurance Task Force and the Atlantic Harmonization Project to their respective legislatures at the next sitting.
4. Premiers also agreed to collectively urge the federal government to conduct an immediate and full review of all federal regulations relating to the insurance industry, particularly allowable investment practices of insurance companies operating in Canada.

Health

Since the First Ministers' Meeting in February 2003, provincial and territorial health departments have posted significant progress in cooperating on primary health care, home care, catastrophic drug coverage, patient safety, the assessment of new health technology, healthy living, and a national immunization strategy. Provinces and territories have agreed in principle to monitor and make annual reports to Canadians on the implementation of the arrangements for health care coming out of the First Ministers' Meeting on health in February 2003. Canada's premiers are expected to review progress on these items when they meet in Charlottetown next month.

The level of provincial/territorial cooperation on health care is already significant, with the Atlantic provinces leading the way in several areas. The Atlantic Drug Review system will act as prototype when the national drug review system becomes functional this fall. The Brain Repair Centre in Halifax is one example of Atlantic Canada's commitment to centres of excellence in health.

The Atlantic premiers reiterated their call for the federal government to increase its efforts to become a more meaningful partner in the renewal of health care in Canada. While the funding arrangements announced by the Prime Minister on February 5 were a good first step, they did not adequately address Canadians' need for a sustainable health care funding partnership, as called for by the federal Royal Commission on the Future of Health Care in Canada and by premiers in August 2002. These arrangements raised the share of federal funding from 14% in 2002/03 to just under 16% in 2003/04, but failed to meet Commissioner Romanow's recommendation to restore the federal share of health care funding to 25% of provincial and territorial health expenditures.

Atlantic premiers agreed that the federal government must act immediately to ensure that the \$2 billion which the Prime Minister agreed in February to provide for health care in the 2003/04 fiscal year is allocated without conditions to health care. Since the federal government remains in a strong fiscal position, Ottawa clearly has the capacity to honour its pledge to Canadians now and Atlantic premiers expect them to do so.

Thereafter, funding must increase steadily to ensure that the federal government plays an

appropriate role in funding health care. This means increasing federal funding by \$3 billion in 2004/05, and by 1% per year after that, until the federal share reaches 25% of provincial/territorial health and social expenditures. This was the approach advocated by all premiers in January 2003, and reaffirmed by Western Premiers in June 2003

Atlantic premiers will discuss an appropriate role for provinces, territories and the federal government in addressing public health emergencies at the Annual Premiers' Conference in Charlottetown on 9-11 July 2003. Atlantic premiers believe that a national strategy must be developed for major public health emergencies, a strategy that not only targets resources toward the epicentre of the emergency, but also alleviates economic and other impacts on other provinces and territories.

Principles of Cooperation to Strengthen and Renew the Federation

Atlantic premiers recognize that the federal and provincial governments, as the two orders of government recognized by the Constitution, have an obligation to work in partnership for the betterment of all Canadians.

Premiers believe it is necessary to improve the efficiency and effectiveness of the federation to provide the best possible governance and public services for our citizens. Canadians want governments to work cooperatively in an atmosphere of courtesy and openness and with mutual respect for the roles and responsibilities of each order of government.

A Code of Conduct

To ensure effectiveness and efficiency, premiers believe that intergovernmental relationships in Canada should be guided by the following overarching rules.

Notice: As the actions of one jurisdiction can have implications for others, all jurisdictions have an obligation to give one another advance notice prior to implementation of a major policy or program change that could substantially impact on other jurisdictions.

Duty to Consult: The federal government has an obligation to meaningful prior consultation on major decisions which impact upon a province/territory (or provinces/territories). Provinces/territories also have an obligation to consult with one another on major decisions which could have implications beyond their borders.

Duty to Negotiate: The federal government has an obligation to commence negotiations with a province/territory (or provinces/territories) which brings forward a matter of significant concern.

Dispute Avoidance and Resolution: All jurisdictions must work collaboratively and with reasonable flexibility to avoid and resolve intergovernmental disputes. If necessary, third party advice and mediation will be used to resolve disputes.

First Steps to Renewal:

Building from this Code, Atlantic premiers call on the Prime Minister to commit to holding annual First Ministers' Meetings. These meetings would provide a forum for executive direction on the broad issues affecting the Federation. Specifically, Atlantic premiers believe Annual First Ministers' Meetings should be co-chaired by the Prime Minister and the designated chair of the Annual Premiers' Conference (APC) in any given year; and agendas for these meetings should be developed in collaboration between the Prime Minister and the APC Chair, in collaboration with other premiers.

Among the first items of business, First Ministers should address provincial interests in international negotiations and establish a dispute resolution mechanism. In addition, standing items on the agenda should include health, trade, finance, justice, and the economy.

International Trade: Atlantic premiers agree that First Ministers should immediately commence negotiations on an agreement which will permit full and effective participation by provinces in negotiations which may have a direct effect on their areas of jurisdiction, particularly with respect to natural resources and trade.

Dispute Avoidance and Resolution: As outlined above, Atlantic premiers further agree on the need for a broadly-based mechanism to address and resolve disputes between jurisdictions within the Canadian Federation. This mechanism should commit governments to avoid disputes through working together and information sharing. It should also provide for joint fact finding on specific disputes and provide for the utilization of third parties for fact finding, advice and mediation. Atlantic premiers believe the development of an appropriate dispute settlement mechanism should be a top priority for First Ministers.

Softwood lumber

Atlantic premiers maintain their stated position on softwood lumber negotiations—no countervailing duties, no anti-dumping and no export tax should be applied to the Atlantic Canadian industry. Premiers are united in their position that the current counter proposal made by Canada to the United States is unacceptable to the Atlantic provinces as it applies a new tariff rate quota on Atlantic Canadian softwood exports and fails to achieve a long-term durable solution. This position was conveyed to the federal government in a letter sent to Ottawa on May 30th.

The premiers noted that Atlantic Canada is not part of the Canada-US problem, so should not be compromised as part of the solution. They re-committed each of their provinces to continue working with industry in a united front, fully engaged in the current discussions with other provinces and the Government of Canada on this issue.

Enhancing Canada - U.S. Relations

Atlantic premiers want to promote a more open and collaborative partnership between the provincial and federal governments, to ensure provincial interests and input are effectively represented in Canada-U.S. policy and initiatives such as the management of the Canada-U.S. trade and border issues.

The observation by United States Ambassador Paul Cellucci, on June 14th, 2003, that Canada-US relations are back to normal was welcomed by the premiers, as was his decision to meet with close to 1,000 Atlantic Canadian business people during his upcoming visit to Halifax on June 19th and 20th. The Atlantic premiers intend to further enhance this close relationship with their American colleagues at the September 2003 meeting of the New England Governors-Eastern Canadian Premiers in Mystic, Connecticut.

Fiscal Imbalance

The Atlantic premiers noted Equalization is not meeting its intended purpose to ensure provinces have sufficient revenues to provide reasonably comparable services at reasonably comparable levels of taxation. They call on the federal government to strengthen the program so that it meets its constitutional commitment.

Canada's premiers have unanimously called on the federal government to begin work immediately on a strengthened and fair equalization formula. The Council of Atlantic Premiers will send a letter to the Prime Minister of Canada indicating their desire for the federal government to conduct meaningful negotiations on the promised renewal of the equalization program.

Despite the funding arrangements announced at the February 2003 First Ministers' Meeting, premiers recognized that disparities in the delivery of health care and other services will remain because of the differences in fiscal capacity between provinces. Atlantic premiers believe that to reduce disparities in health care and other services and to ensure that those services develop in a balanced way across Canada, it is essential that Equalization be strengthened in lockstep with the strengthening of the Canada Health and Social Transfer (CHST).

Atlantic premiers called on the federal government to adopt the balance of the findings of the Senate Finance Committee report (March 2002) which advocates restoration of the ten-province standard, full revenue coverage, and lifting the ceiling on the program. In February, the Prime Minister agreed to lift the ceiling on the Equalization program on a go-forward basis, but in the current fiscal situation it has not had any positive impact on federal transfers to Equalization-recipient provinces.

The Atlantic provinces have also argued for measures to offset reductions in entitlements experienced every five years due to relative population declines in the region. Provinces

facing revenue losses should receive meaningful relief, similar to that offered following the 1981 and 1986 census.

Beef Industry Support

Premiers have had an opportunity to review the compensation package for beef producers announced by the federal government yesterday..

They called on the federal government to ensure that the program conditions are fair and responsive to the industry's needs in Atlantic Canada.

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For further information please contact:

- Chisholm Pothier, New Brunswick (506)453-2144
- Catherina Kennedy, Newfoundland & Labrador (709)729-3960
- Rob Batherson, Nova Scotia (902)424-6601
- Patrick Dorsey, Prince Edward Island (902)368-4400