



**Communiqué**

August 29, 2014 – Charlottetown, PE – 55<sup>th</sup> Annual Premiers’ Conference

Canada's Premiers concluded their 55<sup>th</sup> annual summer meeting today in Charlottetown.

The meetings began yesterday with a discussion on the opportunities and challenges facing the Canadian federation on the 150<sup>th</sup> anniversary of the Charlottetown Conference. The special session was held in Prince Edward Island's Province House, where, in 1864, the Fathers of Confederation began work on defining the future roles and responsibilities of the federal, provincial and territorial governments. This work continued at conferences in Québec City and London, culminating in the *British North America Act* and later in the Constitution Acts and amendments. During the discussion, it was acknowledged that Quebec has not agreed to the Constitution Act of 1982.

Premiers agreed that the Canadian federation has fulfilled many of the aspirations of its founders. To continue to build a strong federation, Canada’s Premiers remain committed to working together to create jobs and improve the economy in a competitive global climate while fostering a fair and inclusive society where citizens have access to public services and economic opportunities that support their well-being.

**Federal program changes affect provinces and territories**

While provinces and territories continue to undertake initiatives to manage program spending and grow the economy, Premiers remain concerned that the federal government’s unilateral changes to these fiscal arrangements and programs will negatively affect provinces and territories. Some of the measures the federal government has employed to achieve its surplus have created additional pressures on provincial and territorial governments and will impact services to Canadians. In addition, should the federal government introduce income splitting this would impact revenues of some provinces and territories. This downloading of funding responsibilities, along with the changing needs of Canadians in an increasingly competitive global economy, points to the need for changes in Canada’s fiscal arrangements.

Since 2006, the federal government has cut back financial support and downloaded responsibilities many times. The following examples illustrate federal withdrawal from its responsibilities for funding and delivering services that Canadians expect. This has impacted all sectors and all groups of Canadians, from businesses and workers to families, First Nations and vulnerable people.

Program	Change / Impact
<p><b>Canada Health Transfer (CHT) – Reduction in Growth Rate</b>            The CHT is a federal block transfer to provinces and territories (PT) to support PT health care systems,</p>	<p>In 2011, the federal government announced that the CHT will grow in line with nominal GDP growth, with a floor of three per cent per year, starting in 2017-18. Total CHT will be reduced by almost \$25 billion nationally from 2017-18 to 2023-24 due to the reduction in the growth rate.</p>

<p><b>RCMP Health Care</b>  Prior to June 29, 2012, the federal Canada Health Act specifically excluded Royal Canadian Mounted Police (RCMP) from the definition of “insured person” for provincial / territorial health insurance.</p>	<p>On June 29, 2012, via federal Bill C-38, the federal Canada Health Act was amended so that members of the RCMP are now included in the definition of an “insured person” and thus eligible to register under provincial and territorial health insurance programs. 19,000 Regular Members (i.e. trained and sworn Peace Officers) of the RCMP became eligible to register under provincial and territorial health insurance programs, resulting in cost savings for the federal government by downloading costs to PTs. However in the future, in some jurisdictions, costs of policing contracts with the federal government may decrease to help offset these costs.</p>
<p><b>Interim Federal Health Program (IFHP)</b>  IFHP provides limited temporary coverage of health-care costs to protected persons who are not eligible for PT health insurance plans and where a claim cannot be made under private health insurance. These protected persons include resettled refugees, refugee claimants, certain persons detained under the Immigration and Refugee Protection Act and other specified groups.</p>	<p>In 2012, funding was reduced for health expenses for refugee claimants. The federal government effectively downloaded federal costs onto provincial health care systems. Changes to the IFHP may also contribute to an increase in requests for social assistance.</p> <p>Analysis by the Wellesley Institute outlines several detrimental effects including negative impacts to basic health, greater reliance on emergency rooms and urgent care, greater administrative complexity, and particular risks to women and children.</p>
<p><b>Immigration Settlement Funding Formula</b>  The federal government funds services that help newcomers settle and adapt to life in Canada, including free language training, information and referrals, etc.</p>	<p>In 2011, the federal government announced it would revise the settlement funding formula to reflect a province or territory’s share of immigrant intake, which will change the distribution of federal settlement funding.</p> <p>The federal government has also reduced total spending on settlement services from \$622 million in 2010-11 to \$577 million in 2012-13.</p>
<p><b>Immigrant Investor Program (IIP)</b>  The Immigrant Investor Program (IIP) attracts experienced business people to contribute to Canada’s growth and long-term prosperity by investing in Canada’s economy. Eligible investors must show that they have business experience, have a net worth of at least C\$1,600,000 that was gained legally, and invest \$800,000. This program was cancelled due to a large backlog in applications and poor integration of immigrant investors.</p>	<p>Applications for this program were stopped in July 2012 due to the backlog, and the program was terminated in June 2014. The Quebec Investor Program was not affected by this decision.</p> <p>The termination of this program reduces foreign investment in provinces and territories. The average amount of investment from this program over the past three years is \$2.35B/year.</p> <p>The federal government has announced their intention to develop similar pilot programs, such as the Start-up Visa Program, which has stricter requirements.</p>

<p><b>Safe Streets and Communities Act</b>  This Act ends house arrest for serious/ violent criminals, toughens sentences and sets mandatory jail time for serious offences.</p>	<p>This federal crime initiative presents a potential cost burden for the provinces as they are responsible for the administration of justice and the incarceration of offenders awaiting trial or serving sentences less than two years.</p> <p>In 2012, the PBO estimated that Bill C-10, the “Safe Streets” Act, would cost PTs \$137 million in non-capital spending alone (prosecutions, cases, incarceration, and parole reviews).</p> <p>PBO analysis of other federal crime legislation shows that changes to sentencing legislation can result in an increased financial burden on PTs relating in part to growing capital costs.</p> <p>The federal government will not provide compensation for the burden of these initiatives.</p>
<p><b>Public Safety/ Emergency Management Budget Reductions</b>  Public Safety Canada was created in 2003 to ensure coordination across all federal departments and agencies responsible for national security and the safety of Canadians.</p> <p>Its mandate is to keep Canadians safe from a range of risks such as natural disasters, crime and terrorism.</p>	<p>The 2012 federal budget reduced Public Safety Canada’s (PSC) budget by 8.5 per cent over three years beginning April 1, 2013. This reduction has impacted provincial services.</p>
<p><b>Medical Transportation for Children and Youth in First Nations Communities</b>  Health Canada covers costs for children and youth travelling off-reserve to receive Non-Insured Health Benefits (e.g. physiotherapy, occupational therapy; speech and language therapy).</p>	<p>The federal government indicated that, beginning in 2013-14, it will no longer cover the costs of children and youth traveling off-reserve to receive Non-Insured Health Benefits.</p> <p>Transportation is essential for on-reserve families to be able to access these types of services, so PTs may be pressured to absorb the costs.</p>
<p><b>Equalization</b>  Equalization is the Government of Canada's transfer program for addressing fiscal disparities among provinces. Equalization payments enable less prosperous provincial governments to provide their residents with public services that are reasonably comparable to those in other provinces, at reasonably comparable levels of taxation.</p>	<p>In 2009, the federal government implemented two major changes to the Equalization program: the fiscal capacity cap was redefined as the average fiscal capacity of recipient provinces; and a ceiling that limited growth of the Equalization program to the growth in GDP.</p> <p>Between 2009-10 and 2014-15 total Equalization entitlements were cumulatively \$18.2 billion less than they would have been under an unconstrained program.</p>

<p><b>Statistics Canada</b>          Statistics Canada produces statistics for Canada on its population, resources, economy, society and culture. In addition to conducting a Census every five years, there are about 350 active surveys on virtually all aspects of Canadian life.</p>	<p>The federal government has eliminated/limited funding for a number of surveys through Statistics Canada that PTs used to support policy-making in many areas (e.g., elimination of the Cultural Statistics Division, elimination of Physical Activity Limitation survey, and reduction to the frequency of annual surveys on cultural industries).</p> <p>Over three years (2012-13 to 2014-15) the federal government projects to realize \$60.5 million in saving at Statistics Canada.</p>
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Premiers call on the federal government to avoid further unilateral changes to programs affecting provinces and territories, and particularly measures involving cutbacks in financial support, including offloading and downloading responsibilities.

**Disaster Mitigation**

Premiers discussed the frequency and severity of natural disasters in recent years and highlighted the impacts being experienced across the country. Premiers stressed the critical importance of continuing strong, reliable federal financial support through the Disaster Financial Assistance Arrangements. Premiers call on the federal government to broaden the definition of a “disaster event” to include multiple smaller events that have large, cumulative impacts and to acknowledge that urban flooding can occur outside natural floodplains, maintain its 90-10 cost-sharing agreements for disaster recovery; and support communities to rebuild to a higher, more resilient standard. Premiers called on the federal government to promptly reach an agreement with provinces and territories to strengthen the future National Disaster Mitigation Program in order to better support provinces, territories and Aboriginal communities to move ahead quickly with high-priority projects.

**Housing**

Premiers discussed the critical role that safe, adequate and affordable housing plays in the national economy and the overall well-being of Canadians. Social and affordable housing in Canada is among the most important social infrastructure in our communities. Premiers noted that decreases in federal social housing funding will create significant challenges for provinces and territories in supporting and maintaining affordable and social housing.

Premiers call on the federal government to reinvest in social housing, replacing the declining funds. Premiers emphasized the importance of strengthened long-term collaboration between provinces and territories and the federal government to effectively meet the housing needs of Canadians now and in the future.

**Search and Rescue and Marine Safety Review**

The federal government has a real and clear responsibility to protect Canadian citizens and provide them access to a reliable and responsive air and marine search and rescue system. Premiers restate their call for the federal government to commit to improve search and rescue response times, and conduct a thorough review of marine safety. Canada’s Premiers also asked the federal government to reconsider its decision to close Marine Rescue Sub-Centres and Marine Communications Traffic and Service Centres.

**Climate Change and Carbon Market**

Premiers discussed climate change including approaches that are being taken by some governments regarding carbon pricing. They noted the recent statement by the Organization for Economic Cooperation and Development (OECD) on the importance of incorporating the cost of carbon emissions in the economy. Given the ever-changing international context, Premiers agreed on the importance of being aware of the various emission reduction initiatives, ranging from Cap and Trade systems to carbon pricing and innovations, such as clean coal and other technologies. They agreed to take stock of such climate change initiatives and the economic opportunity of global action to address climate change at each of their future summer meetings. In spring 2015, Quebec will host a summit on climate change to which all Premiers will be invited to participate.

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