



## *Recommended Pathway to Renewal*

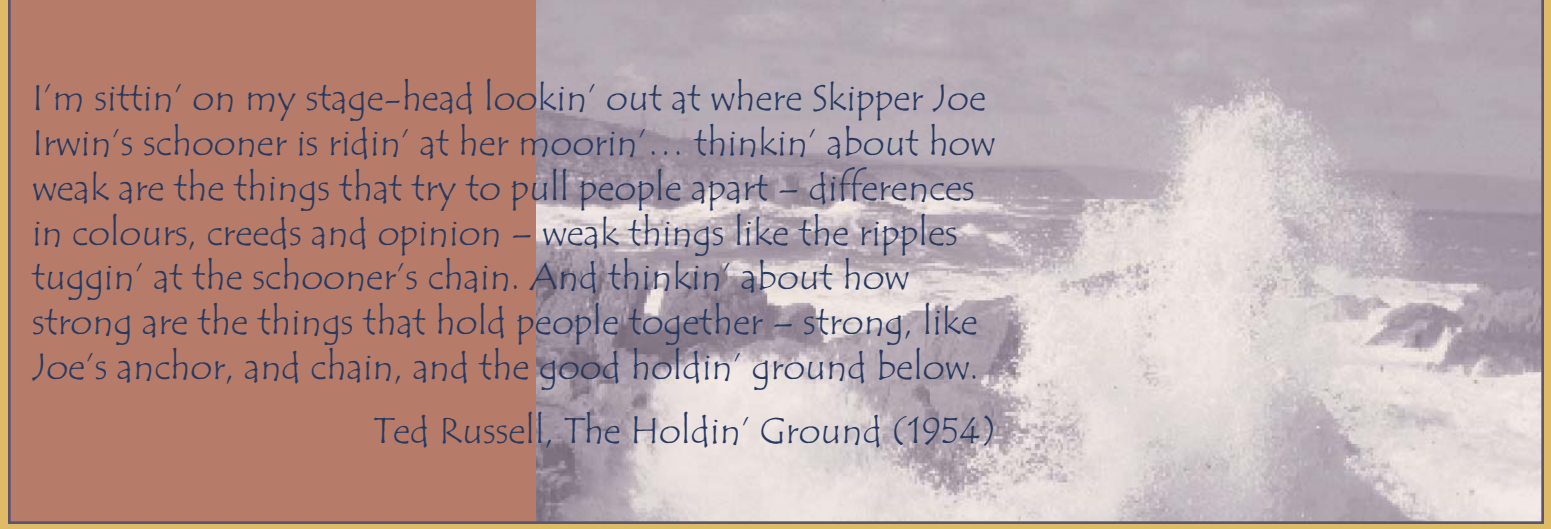
The Commission has been significantly influenced by the passion with which Newfoundlanders and Labradorians described their place in Canada, and the manner in which they articulated their views on the critical issues affecting their future as Canadians. There is a deep sense that a powerful set of circumstances has dominated Newfoundland and Labrador's relatively short history in Confederation, and that these circumstances cry out for accommodation. Newfoundland and Labrador has lost its fish, lost the profits from its hydroelectricity, is losing a large segment of its population and is now losing much of the benefits from its offshore oil. As a consequence, the province seems to have lost its place in Canada.

When Newfoundland and Labrador joined Canada, it expected to be a fully respected partner in the federation and to progress to the same standard of living as other Canadians. The province expected that it would not be dependent on the federation, but would derive its prosperity from its own abundant natural resources. It has been the Commission's challenge to take these expectations into account and to recommend a new pathway to renewal. This pathway is intended to tackle current realities and offer practical responses that are in the best interests of the people of the province.

The foundation for this pathway must be a different kind of relationship between the federal and provincial governments. The relationship between the two is not working. It has been characterized by blame and acrimony, confrontation and dismissiveness, legal threats and constitutional demands, lack of understanding and sensitivity and the failure to jointly address the major issues facing this province. A renewed partnership is a two-way street, and it needs to be pursued based on collaboration and a continuing commitment to understanding each other's expectations and challenges. The partnership must be strong enough to withstand disagreements, flexible enough to deal with distinct circumstances and creative enough to find approaches to unique needs and opportunities. The measure of a renewed relationship will not be whether the two governments are simply getting along. Rather, it will be the extent to which they jointly deal with the key issues facing the province and in the long-term best interests of the people of Newfoundland and Labrador.

The pathway deals with a comprehensive package of issues of paramount importance to the province. The Commission is confident that the elements in the pathway have great potential to renew and strengthen Newfoundland and Labrador's place in Canada – but *only* if the political will exists to move forward. Canada has a history of adapting itself to new realities, not always through constitutional arrangements, but often through negotiation and flexibility in government decision-making. It has a history of being guided by the shared values of equality, justice and respect. It is in this context that the Commission is hopeful that its Report will strengthen Newfoundland and Labrador's place in the federation.

In the following pages, the Commission outlines the findings, conclusions and recommendations that are the key elements in the pathway to renewal.



I'm sittin' on my stage-head lookin' out at where Skipper Joe Irwin's schooner is ridin' at her moorin'... thinkin' about how weak are the things that try to pull people apart – differences in colours, creeds and opinion – weak things like the ripples tuggin' at the schooner's chain. And thinkin' about how strong are the things that hold people together – strong, like Joe's anchor, and chain, and the good holdin' ground below.

Ted Russell, *The Holdin' Ground* (1954)

## Recommended Pathway to Renewal

### Confederation – a Partnership of Mutual Benefit

- Confederation was a moment of historic significance for Canada and an unprecedented opportunity for Newfoundland and Labrador. In joining, the province became a partner with nine others, an equal in a growing and prosperous nation. The province brought vast new riches into Confederation, including the diversity of its Aboriginal and non-Aboriginal cultures, the openness and warmth of its peoples, the beauty of its geography and landscape and the skills of a talented workforce of women and men. ***Although the people were few in number, only 350,000 at the time of Confederation, Newfoundland and Labrador entered Canada with much to contribute.***
- The province's contribution also included its strategic airspace and geographic location, one of the richest fishing resources in the world, powerful hydroelectric resources (particularly on the Churchill River), a massive continental shelf encompassing significant oil and gas reserves, forest resources on the Island and in Labrador and mineral resources, including the vast iron ore and nickel deposits in Labrador. ***There is no doubt that Newfoundland and Labrador has made a magnificent contribution to Canada.***
- Since 1949, Newfoundland and Labrador's economy has become more diversified, real personal incomes are higher and the overall level of education has risen. Important public infrastructure, including roads, schools and hospitals, has been expanded and improved. Newfoundlanders and Labradorians are benefiting from medicare, Canada Pension, employment insurance and other Canadian social benefit programs. Significant contributions to economic progress have come from Canada's development expenditures and from its investment in the Hibernia oil project. ***There is no doubt that Canada has made a magnificent contribution to Newfoundland and Labrador.***

### Disconnect and Discontent

- There is a worrisome disconnect between the vast resources brought into Confederation and the relatively disadvantaged position of Newfoundland and Labrador compared to that of other provinces. It has the nation's highest unemployment rate, lowest per capita income, some of the highest rates of taxation, highest per capita debt, the weakest financial position, highest rate of out-migration and fastest population decline. ***Whatever else, the perpetuation of economic disparities was not the expectation of the people of Newfoundland and Labrador when they entered Confederation.***
- The troublesome irony which exists today is that Newfoundland and Labrador leads the nation in GDP growth at a time when it is desperately struggling with the painful loss of its once lucrative

fishery; it has lost an astounding 70,000 people, or 12 per cent of its population, to out-migration in the last decade; and it has experienced double-digit unemployment for each of the last 35 years. ***The collapse of the fishery, serious out-migration and unacceptably high unemployment have shaken the very foundation of Newfoundland and Labrador and fuelled discontent and frustration about its place in Canada.***

- This deep-rooted frustration is exacerbated by the inequitable outcome of the Churchill Falls project and the lack of development of the Lower Churchill. Furthermore, there is an unfolding realization that, despite the stated objectives of the Atlantic Accord, the province will not be the principal beneficiary of its offshore oil developments. ***In the absence of constructive changes in public policy, Newfoundland and Labrador's place in Canada appears destined to be one of disparity and discontent.***

### No to Separation! No to the Status Quo!

- Newfoundlanders and Labradorians are proud to be Canadians. Based on all of its meetings, hearings, research and polling, the Commission has concluded that the issue of separation is not a priority for the large majority of people in the province. The poll indicated that only 12 per cent of respondents thought Newfoundland and Labrador should leave Canada and become an independent country. ***The overwhelming sentiment is against separation and in favour of improving our place within Canada.***
- Newfoundlanders and Labradorians do not believe that the province has yet found its full place in Canada. There is a strong sense that the fundamental issues facing the province are not well understood by the federal government, and are too often ignored or dismissed as “regional” and far less important than concerns seen as “central.” The overwhelming sentiment is that the status quo is totally unacceptable. ***Being entrenched at the bottom of the Canadian ladder in a cycle of dependency underscores the need to improve our place in Canada.***
- Under the Terms of Union, Newfoundland and Labrador accepted a place within Canada that was not materially different from that of other provinces. With the exception of Term 32(1), related to the Gulf ferry service, there are no significant clauses in the Terms of Union that can be called upon to renew and strengthen our place in Canada. ***What is needed is a new partnership, not changes to the Terms of Union.***

### A New Partnership – a Two-Way Street

- The current federal/provincial relationship is in disarray. It is simply not working, and the best interests of the people of the province are not being served. A changed mindset, characterized by inclusion, cooperation, respect and accommodation, must guide the development of the new relationship between the federal government and the provincial government. ***Both governments must agree to the need for a changed relationship and make a commitment to creating a new partnership.***
- The recommended change to a collaborative relationship is not meant to apply only to Newfoundland and Labrador. The Commission believes such a change is being demanded by other provinces and by Canadians right across this country. ***The future strength of Canada depends on the ability of the provincial, territorial and federal governments to reshape the federation so that it works in the best interests of Canadians.***
- It is in Canada's best interest that this province find the way to build on its own strengths and break away from its cycle of dependency. The recommended pathway to renewal is key to this province's achieving prosperity and self-reliance. ***Newfoundland and Labrador has an***

*opportunity to be seen as a test case of whether the political will exists in both the provincial and federal governments to break the pattern of confrontational federalism.*

- Since the members of the Canadian Senate are not elected, the Senate lacks the democratic legitimacy to represent the interests of the provinces. An elected Senate, with equal representation of the provinces, would ensure that provincial issues receive greater federal attention. While this is a longer-term objective, the provincial government should join other provinces in advocating Senate reform. ***The Commission supports the calls for an elected and equal Senate in order to improve the representation of provinces in the federal parliament.***
- A properly balanced and well-functioning federation is the responsibility of both the federal and provincial governments. Currently, federal/provincial mechanisms are too ad hoc and dependent on the will of the federal government. Provincial and territorial governments should explore with the federal government more efficient mechanisms for strengthening federal/provincial relations. ***The Commission supports the need for more organized and regularly scheduled First Ministers' meetings for a better functioning federation.***
- Provinces are increasingly frustrated because their interests are not understood by the federal public service or reflected in federal policies and programs. This is exacerbated by the perception of many Canadians that the interests of central Canada are of greater importance than those of the other provinces. ***In order to improve federal administrative sensitivity to Canada's regional diversity, the federal government should implement policies to ensure that the federal public service understands and reflects that diversity.***

### A New Way of Thinking and Relating

- An important step toward renewal would be the adoption of a new mindset which embraces the concept of being relentlessly “present-minded” in analysing challenges, and relentlessly “future-minded” in tackling them. ***It is time to adopt a new state of mind – one which looks to the future, refuses to dwell on the past and takes more responsibility for working cooperatively as a society.***
- Within Newfoundland and Labrador, the provincial government must build on initiatives related to social inclusion for all of its citizens. The pathway to renewal is based on a team effort involving Aboriginal and non-Aboriginal cultures, women and men, businesses, unions and tradespeople, volunteers, youth and seniors. ***The principles of social inclusion – equality, openness, dialogue, respect and trust – are seen as fundamental to renewal in governments' dealings with all aspects of society as well as in citizens' relationships with each other.***
- Unfolding social and economic circumstances have, in many respects, different impacts on men and women. Stronger policies must be implemented by the provincial government to facilitate the inclusion of women in decision-making, improve women's access to training and education and improve gender equality in the workplace. The Commission supports those calling on the Government of Canada to revisit the 1970 *Report of the Royal Commission on the Status of Women*. ***Governments at all levels must work more diligently to ensure that women's values, experiences, knowledge and skills are better reflected in policy formulation.***
- There is no single solution or template for the numerous complex issues confronting Aboriginal peoples. Priority attention should be given to the timely conclusion of Innu and Inuit land claims negotiations with the provincial and federal governments; the creation of federal reserves at the Innu communities of Natuashish and Sheshatshiu; access to federal programs by Mi'kmaq and Labrador Métis; and timely decisions by the federal government on Labrador Métis land claims application. ***The federal government, working closely with the provincial government***

*and Aboriginal groups, must act to bring clarity to the rights and entitlements of Aboriginal peoples in the province.*

- The undercurrent of alienation that exists in Labrador cannot be ignored. There must be ongoing consultation and focus on issues of vital importance to Labradorians. In particular, the Commission is recommending that attention be directed toward accessing Labrador energy for domestic and commercial use in Labrador, completing the Trans-Labrador Highway and securing the future of the Goose Bay airbase. On these issues, governments must address the interests of Aboriginal peoples as well as environmental matters. ***The provincial government must demonstrate an ongoing strong commitment to meaningful consultation with Labradorians, and their inclusion on key issues.***

## Youth and Our Future

- With the out-migration of young adults and families with young children, many rural areas have lost almost their entire younger generation. This province needs young men and women if it is to build a stronger and more prosperous future and if it is to continue to have a strong culture and identity. It is recognized that some young people will always choose to move to broaden their horizons. ***The challenge for the province lies in ensuring that young people are not compelled to leave for economic reasons, but have a choice to stay or return home.***
- The Commission was encouraged by the importance that young women and men attach to education. Nevertheless, there is a need for increased counselling services during high school to enable youth to make better choices about their future careers and post-secondary education in university or community college. There is also a need for improved access to apprenticeship programs and support for training programs for women in areas in which they are under-represented. The Commission is aware of the irony that there is an imminent labour shortage in this province even as it experiences high unemployment. ***Young people are challenging government to find ways to ensure that they are fully aware of the employment opportunities existing in this province, and that the appropriate educational programs are in place for them to take advantage of these opportunities.***
- While every person must be encouraged to pursue his or her full potential, opportunity must be provided for that potential to be realized within Newfoundland and Labrador. Too many talented young people have to leave this province to secure employment, often because their student debt loads leave them no choice. ***The Commission concluded that student debt burden is becoming a significant contributor to out-migration, and that federal/provincial programs must be adapted to deal with this reality.***
- The Commission was reminded by young people that too much focus on the negative discourages them from believing in themselves and feeling confident about the future. They know that the image of the province will improve as the province's place in Canada improves. ***The optimism and energy of young men and women embody the new way of thinking needed to renew and strengthen our place in Canada.***

## Fiscal House in Order

- Since Confederation, successive budgetary deficits in Newfoundland and Labrador have led to an accumulation of debt which, combined with unfunded pension liabilities, results in an overall taxpayer-supported debt burden in excess of \$10 billion. In 2003, the province budgeted for a deficit that is double the previous year's, and incorporates a shortfall of over \$100 million on current account. ***Newfoundland and Labrador's budgetary deficit trend is unsustainable.***

- The prospect of significant reductions in program spending presents major challenges to the government's ability to maintain existing service standards. Tax levels in this province rank amongst the highest in the country, and further tax increases would be counterproductive. ***The fiscal options are extremely difficult, but they must be addressed.***
- Offshore oil revenues are projected to increase significantly in the coming years. However, the net benefit of these revenues to the province will be substantially diminished through the loss of equalization payments, even after fully reflecting the revenue-protection arrangements set out in the Atlantic Accord. ***Offshore oil revenues under the current structure cannot be expected to eradicate the serious fiscal challenges confronting the province.***
- The Commission urges the provincial government to commit itself, through legislation, to balanced budgets within a specific time frame, and to take action to ensure that appropriate arrangements are in place to address its significant unfunded pension liabilities. Once fiscal balance is restored, there is still the need to address debt and ease tax burdens. ***Fiscal prudence dictates that the provincial government take the necessary steps to get its fiscal house in order.***

### Fiscal Federalism

- The purpose of equalization is to ensure that provinces can provide reasonably comparable levels of social services at reasonably comparable levels of taxation. While it has been enormously beneficial, the equalization formula is not working as it was intended. ***The reinstatement of the ten-province standard, the inclusion of accommodation for population changes and the preservation of the generic solution are all critical if the equalization program is to meet its stated objectives.***
- The Canada Health and Social Transfer (CHST) is designed to support social programs in the provinces and territories. Despite the additional federal funding provided this year, CHST cash entitlements for this province remain below the level in effect in the mid-nineties. The Commission supports the position of the provinces and territories that, in order for social programs to be sustainable, the federal government must provide greater financial support. In addition, the Commission is recommending that accommodation be made to enable provinces to adjust for declining population over a reasonable period of time. ***Funding under CHST should be increased, and the arrangements altered to ensure that population loss can be equitably accommodated.***
- After many decades of federal and provincial governments cooperatively planning and jointly funding regional economic development programs, the federal government has abandoned this approach. Those cost-shared agreements provided critical funding for many strategic government and industry-specific initiatives in Newfoundland and Labrador. ***The Commission encourages the Government of Canada to reconsider its position and negotiate new cost-shared agreements with the provincial government.***

### Last Chance for the Fishery

- The collapse of the groundfish fishery and the vulnerability of the crab and shrimp fishery are critical issues for the people of rural Newfoundland and Labrador and for the economy of the province. Priority must be given to the rebuilding of fish stocks. This requires a renewed emphasis on fisheries science, with the restoration of adequate federal funding for the Department of Fisheries and Oceans. ***There must be a collaborative approach to resource recovery that***

*focuses on conservation, science and industry reform, and gives the province a meaningful say in its fishery.*

- The rebuilding of groundfish stocks, the long-term sustainability of shellfish and the restoration of fisheries science are of the highest priority. An action plan is urgently needed to address the issues. This plan would be based on existing extensive research, and would incorporate a strategy to restore funding for fisheries science. ***The Commission recommends the establishment of an Action Team jointly appointed by the Prime Minister and the Premier, with a six-month mandate to develop a comprehensive action plan.***
- The provincial government must have direct participation in the management of its most important resource. The Commission recommends the negotiation of a new fisheries-management relationship between the two governments, leading to the development of mechanisms for joint management of the fishery, integrated policy development and implementation. ***Achieving joint management does not require constitutional amendment, and could follow the same route that led to the current joint management regime for offshore oil and gas.***
- The Commission recommends that the federal government develop a forceful plan to address foreign overfishing based on the reality that NAFO (Northwest Atlantic Fisheries Organization) simply is not working. It recognizes, however, that unilateral action by Canada to assume custodial management for areas such as the Nose and Tail of the Grand Banks poses serious legal, diplomatic and enforcement risks. Canada, therefore, should make a determined effort to strengthen NAFO. ***At the same time, Canada should prepare itself and the international community for the reality that strong unilateral action, including custodial management, will be necessary should efforts within NAFO fail.***

### Rural Sustainability – an Unresolved Challenge

- The most significant social and economic challenge facing the province today is the survival of rural Newfoundland and Labrador. Any efforts to openly address this challenge are complicated by memories of the 1960s resettlement program, by fears that even discussing the issue will signal the end of rural communities, or by mistrust that decisions will be imposed on people in rural areas. Ignoring the challenge, however, discourages in-depth exploration of more creative approaches to rural sustainability. ***The people of the province must become engaged in an informed, public dialogue on the future of rural Newfoundland and Labrador as preparation for the development of a rural strategy.***
- In developing a rural strategy, the provincial government will need to go beyond a focus on jobs alone and explore more fundamental questions and options concerning the future of the province. These future options would include, but not be limited to, the pursuit of an urban agenda, a regional agenda or a rural agenda. Each of these options presents its own opportunities, comes with its own costs and has implications for public policy decisions and public expenditures. There are many possible models of citizen engagement that can be used by the provincial government to bring about informed public dialogue. ***It is imperative that the provincial government articulate a strategy for rural Newfoundland and Labrador.***

### Regulation of Natural Resources

- The provincial government must constantly challenge itself to ensure the greatest possible returns from the development of the province's natural resources. The provincial government's current review of electricity policy provides a valuable opportunity in this regard. ***A key component of this review must be a careful consideration of the province's powers under the Constitution of***

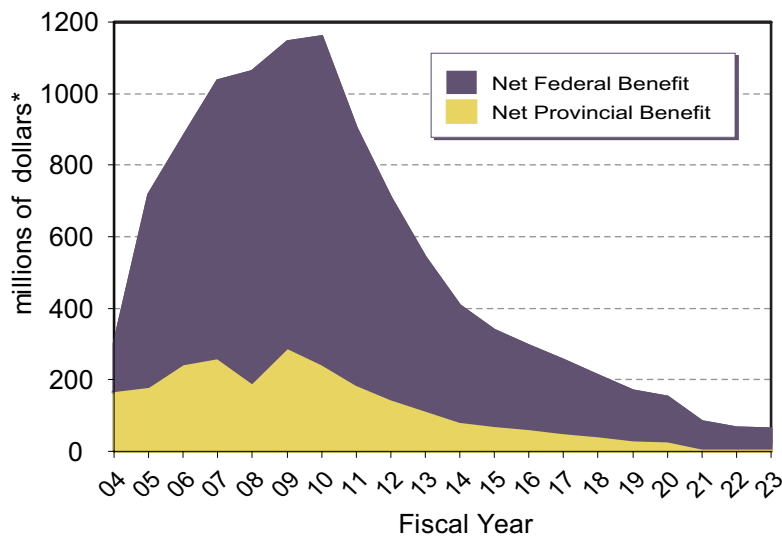
*Canada, including those added by Section 92A, to derive important and needed benefits from electricity generated on the Island and in Labrador.*

### Offshore Oil – Principal Beneficiary

- The stated intent of the Atlantic Accord is that Newfoundland and Labrador is to be the principal beneficiary of oil and gas resources off its shores. The protection in the Atlantic Accord against equalization losses was based on the overly optimistic expectation that Newfoundland and Labrador would become a “have” province in a relatively short period of time. This situation did not materialize. Today, the federal government’s income tax revenues, coupled with its savings on equalization, are projected to total 75 to 80 per cent of combined federal/provincial oil revenues over the life of existing projects. The provincial government will be the net beneficiary of only 20 to 25 per cent of these revenues. ***Under existing arrangements, the principal beneficiary of offshore oil will be the Government of Canada and not the people of Newfoundland and Labrador.***
- The current arrangements yield a startling revenue split (see Figure 13.1). It defies all logic to say that the spirit and intent of the Atlantic Accord will be honoured under present sharing arrangements. ***The Commission recommends that the federal and provincial governments enter into immediate negotiations to revise the Atlantic Accord to ensure that a far greater share of net government revenues will be retained by the province.***

Figure 13.1

### Net Sharing of Government Revenues from Offshore Oil



**Source:** Projections based on the existing projects (Hibernia, Terra Nova and White Rose). Data extracted from projections provided by the provincial Department of Finance.

**\*Note:** Constant dollars adjusted for inflation.

- The amended arrangements should ensure that the province will realize a higher net share of combined federal/provincial government oil revenues until it reaches the Canadian average on agreed-upon fiscal and economic measures. This is an essential ingredient to renewal. ***The existing revenue-sharing arrangements of the Atlantic Accord are no longer a valid means of***



*achieving the objectives of the Accord, and they must be amended to enable Newfoundland and Labrador to become the principal beneficiary.*

### Churchill River

- The Churchill Falls development has profoundly shaped Newfoundlanders' and Labradorians' perception of their place in Canada. Nevertheless, it is crucial that the development of the Gull Island site on the Lower Churchill proceeds in a way that builds new relationships, both with Québec and the federal government. ***After 30 years of unsuccessful negotiations, the time has come to develop the Gull Island hydroelectric site on the Lower Churchill River.***
- The development of the Gull Island site must result in this province's taking fair and reasonable benefits from the development of its resource. The federal government can bring balance to negotiations between Québec and Newfoundland and Labrador by agreeing to be a substantial financial backer of the project. Such a constructive role for the federal government would be entirely consistent with its constitutional commitment to "furthering economic development to reduce disparity in opportunities" under section 36(1)(b) of the Constitution Act, 1982. ***The Government of Canada should be a key participant in the development of the Gull Island energy resource.***
- In moving forward with the Gull Island development, the provincial government must ensure that it takes no action that could prejudice its future ability to regulate more effectively the Churchill Falls resource for the benefit of the people of Newfoundland and Labrador. ***In the view of the Commission, issues related to the Churchill Falls development should not be directly linked with negotiations to develop the Gull Island site.***

### The Location Challenge – Global Competition

- Newfoundlanders and Labradorians expect that they should be connected through effective transportation and communication systems to the rest of Canada. The provincial government, as part of its renewal strategy, should seek new funding arrangements with the federal government for improvements to the transportation and communications infrastructure. These arrangements must address a new generation of highway investments and broadband Internet access in rural areas. ***Joint federal/provincial funding for the improvement of key transportation and communications infrastructure in Newfoundland and Labrador is crucial to the province's future economy.***
- Under the Terms of Union, the federal government is required to provide a quality and affordable Gulf ferry service, without interruption, at a level able to meet demand. This important service, however, should not be viewed just as a constitutional commitment to be enforced and respected. ***A renewed focus by the federal government on improving the Gulf ferry service is essential to strengthening the province's economy.***
- The Commission recognizes the significance of education and research in the ability of the province to participate in the knowledge-based economy. Efforts to make federal research-funding programs less tied to past research success, and more tied to developing research strengths, are also required. ***Enhanced federal support arrangements for research will augment the province's ability to compete in the knowledge-based economy.***

### Intergovernmental Relations Strategy

- The Government of Newfoundland and Labrador needs a strengthened and well-resourced intergovernmental affairs department with advisers who are knowledgeable and experienced

in federal/provincial and intergovernmental issues and relations. *The building of a productive relationship with the federal government and the other provinces and territories requires a strong team led by the Premier or a member of Cabinet designated as Deputy Premier.*

- Forging partnerships with other provinces in areas of mutual concern is in the best interest of the province. For example, the Commission encourages the building of a tripartite partnership with Newfoundland and Labrador, Québec and the federal government on new hydroelectric developments in Labrador. *Building alliances with individual provinces on matters of mutual interest should be an important element in the provincial government's intergovernmental strategy.*
- The Commission believes that a well-considered, long-term comprehensive intergovernmental strategy with clear goals and objectives is required. *The first action within the new strategy would be an early presentation by the provincial government to the federal government on "our place in Canada," using the Commission's recommended pathway as its foundation.*

### Assessment of Progress

- If the pathway to renewal is having an impact, progress will be evident. It will be important, therefore, that a full assessment of the extent of progress be undertaken. The findings, conclusions and recommendations of the Commission can be used to benchmark such progress. *The Commission recommends that the provincial government undertake such an assessment and make a progress report to the people of the province on or before June 30, 2005.*

### A Case for Renewal

The recommended pathway to renewal puts forth compelling arguments on how Newfoundland and Labrador can renew and strengthen its place in Canada. Much of the success of the pathway depends on renewed political will by both the Government of Canada and the Government of Newfoundland and Labrador to embrace the concept of accommodation. It represents an unprecedented challenge to both governments to take into account the powerful set of circumstances that has faced Newfoundland and Labrador since Confederation, and to pursue a renewal strategy based on doing the right things in the right ways for the right reasons for the people of Newfoundland and Labrador.

The Commission believes the pathway to renewal can be the first step towards Newfoundland and Labrador's achieving prosperity and self-reliance over the long term. If the federation is going to work, it is incumbent on the federal government to be just as concerned about the disparities facing Newfoundland and Labrador as is the provincial government. There are no magic or simple solutions within the pathway. It does not envisage Newfoundland and Labrador's becoming another Alberta or progressing so rapidly that it leaves other provinces in its wake. It deals, however, with the issues that require change if Newfoundland and Labrador is to improve its current and unacceptable place in Canada.

It will be the responsibility of the provincial government to make the case for renewing the province's place in Canada. That case should start with a comprehensive presentation to the Government of Canada outlining where Newfoundland and Labrador stands after 54 years in Confederation, where the challenges lie and the solutions exist. The Report of the Commission can be used as the basis for that presentation. It will then be the responsibility of the provincial government to pursue a strategy of renewal in a comprehensive, cohesive and consistent manner. The provincial government must organize from a ministerial and public service point of view, so that it can effectively pursue the strategy of renewal through reasoned argument and with a resolute approach.

The time for making the case is now. The Commission feels that arguments relating to renewing our place in Canada must be based on merit. It is essential to get on with making the case and to relentlessly pursue

it to a successful conclusion. The people of the province have told the Commission that the status quo must now be challenged, and they expect no less from their provincial and federal governments.

### **A Better and Brighter Future**

It is the goal of this Report to provide each Newfoundlander and Labradorian with a greater understanding of the key issues that define their place in Canada, as well as a fuller acceptance of the kinds of things that have to be achieved in order for Newfoundland and Labrador to break out of its cycle of dependence. The pathway has been created in the expectation that this federation has the ability to accommodate change, to recognize the unique situations facing various provinces and territories, to honour the spirit and intent of national programs, to partner in major projects and to break the pattern of competitive and dismissive federalism. The pathway assumes that a better and brighter future for the country can be built on collaborative and cooperative federalism. This is a future worth pursuing with all the passion and intellect we can muster.

Consider these five examples from the pathway to renewal. First, the current environment of competitive, indeed, combative federalism seldom works to the advantage of the people of Newfoundland and Labrador. Confrontation by the provincial government is more often than not a response to the dismissiveness of the federal government. Reason dictates that both sides should commit to ending this counterproductive relationship. Second, it is unforgivable that, after more than a decade of moratoria on cod and other fish stocks, a plan for rebuilding has yet to be put in place. There is no conceivable reason why an Action Team, jointly appointed by the Prime Minister and the Premier, should not be created immediately. Third, it is distressing to see that, after 30 years of unsuccessful negotiations to get the Lower Churchill developments underway, the Government of Canada remains on the sidelines. It is entirely realistic to expect that Canada will partner with Newfoundland and Labrador and Québec in a joint effort to ensure that the Lower Churchill sites are developed as soon as possible. Fourth, it defies all logic to suggest that the principal-beneficiary objective of the Atlantic Accord will be met under current circumstances. Given this unanticipated outcome, there is every reason to expect that both levels of government would see the necessity of revisiting the Atlantic Accord. Fifth, it is distressing to see the province's continuing lack of direct involvement in managing its own fishery. Both governments must put aside political rhetoric in favour of immediate and realistic negotiations on joint management.

The pathway is built on the expectation that new accommodations can be reached based on fairness, equity, dignity and respect on the many issues requiring urgent action. These accommodations are not only between the two governments but involve Newfoundlanders and Labradorians pulling together to put an end to Labrador alienation; to meet the challenges of rural sustainability; to make social inclusion a way of life; to give young men and women the freedom to remain in or come back to the province; and to accept responsibility for the decisions necessary to put the province's fiscal house in order. The Commission has emerged from its deliberations with a renewed sense of hope and with realistic expectations that the key issues, pursued in an environment of reason and collaboration, will point the way in renewing and strengthening Newfoundland and Labrador's place in Canada.

That is what this pathway to renewal is all about. It is about getting on with those things that need to be done in a collaborative, cooperative and accommodating manner. It is about ending the kind of confrontational and dismissive federalism that has marked the relationship between the two levels of government for too long. It is about progress towards prosperity and self-reliance. It is about a better and brighter future for Newfoundlanders and Labradorians. It is about making certain that, after 54 years, Newfoundland and Labrador finds its rightful place in Canada.

