



THE PREMIER
GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

June 1, 2023

Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance
Government of Canada
90 Elgin Street
Ottawa, ON K1A 0G5

RE: Equalization Program

Dear Deputy Prime Minister Freeland,

The federal government's Bill C-47 - An Act to implement certain provisions of the budget is currently being debated in Parliament. As part of this omnibus budget motion, the Act will see an amendment to the Federal-Provincial Fiscal Arrangements Act to renew the authority to make Equalization payments for another five-year period beginning on April 1, 2024 - making minor technical changes that aim to improve the accuracy of the programs and the calculation of payments.

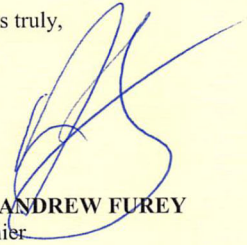
While our province may see some small benefit from the current amendments, as you are aware from previous correspondence, Newfoundland and Labrador had requested the Federal Government consider two specific revisions to the formula. The first requested change related to the removal of the Fiscal Capacity Cap. The second requested change was an update to the formula to reflect that reasonably comparable levels of public service requires different levels of per capita expenditure, given varying geographic and demographic considerations.

We are extremely disappointed the federal government would move forward to lock in the formula until 2029 as part of an omnibus bill and without any discussion with my government on these recommended improvements. Canada's Equalization Program seeks to ensure provincial governments have adequate revenues to provide comparable levels of public services at comparable levels of taxation. The Program, as currently designed does not achieve this objective for the people of Newfoundland and Labrador. As we believe that you understand, Newfoundland and Labrador is a large land mass with a small, widely dispersed and aging population. It is geographically nearly three times the size of the Maritime Provinces combined, but with roughly only one quarter of the population. While the Maritime Provinces have received \$45 billion in equalization payments in the last 10 years, NL has received \$0. By not

acknowledging that the costs of delivering services such as health, education and transportation are higher in this province, the citizens of this Province are disadvantaged.

On behalf of the people of Newfoundland and Labrador, I remain committed to advocate for the requested changes in the Equalization Formula and remain hopeful that we will have the opportunity to discuss why these two issues remain critical for Newfoundland and Labrador's social and economic future.

Yours truly,



DR. ANDREW FUREY
Premier

cc: Honourable Siobhan Coady, Minister of Finance and President of Treasury Board
Honourable Dominic LeBlanc, Minister, Intergovernmental Affairs, Infrastructure and Communities