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Local People

Riverview native heads funding panel

■ David McLaughlin to visit each province to investigate federal funding 'imbalance'

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FREDERICTON — Premier Bernard Lord's former chief of staff David McLaughlin is heading up an independent panel tasked to recommend a new set of financial arrangements between Ottawa and the provinces.

Admittedly the fiscal imbalance between the federal and provincial governments isn't always the top priority on the minds of Canadians, but McLaughlin says its impact is far reaching.

"It wouldn't be the number one issue if you called it the fiscal imbalance," McLaughlin said in a recent interview.

"But if you said to them, 'Do you deserve the same level of health care in New Brunswick as somebody does in Ontario, Alberta or British Columbia?' The answer would be yes, we are Canadians. That is the fiscal imbalance and that is how this affects people."

The Council of the Federation, the organization created by Canada's provincial and territorial leaders, hired McLaughlin, a Riverview native, as the executive director for its advisory council on fiscal imbalance and has given the panel a deadline of March 31, 2006 to release its report.

The advisory board has a five-person panel and is being co-chaired by Robert Gagne and Janice Gross Stein, two well-known Canadian academics.

The panel also includes Peter Meekison, a public policy expert and former deputy minister of intergovernmental affairs in Alberta, Sen. Lowell Murray, who served as former N.B. premier Richard Hatfield's deputy minister from 1974-76, and John Todd, a former finance minister for the government of the Northwest Territories.

McLaughlin just finished a term as deputy minister for the Commission on Legislative Democracy where he toured New Brunswick

asking citizens about how they thought the electoral system should be reformed. Now he will pack his bags again as the panel will visit every province and meet with premiers, think tanks, other interested groups as well as the federal government.

The group is supposed to look at the underlying causes of the fiscal imbalance, review all the funding mechanisms contributing to the financial discrepancies, such as equalization and health and social transfers, and make recommendations on how to reverse the problem.

The federal government has routinely dismissed the idea of a fiscal imbalance but the financial disparities between Ottawa and the provinces are clearly demonstrated by comparing budgets. In 2004-05, Ottawa is estimating a \$9.7-billion surplus compared to \$3.1-billion cumulative surplus of all the provinces and territories. Branching out into the future, McLaughlin points to other studies suggesting massive federal surpluses while the provinces struggle with combined deficits.

"You have a situation where the federal government has much greater revenue-raising capacity than the provinces combined and much less onerous spending responsibilities when it comes to the fastest growing social programs, namely health and education," McLaughlin said.

Fixing the perceived fiscal inequities now is critical especially for provinces, like New Brunswick which are staring at dwindling populations that are growing older. McLaughlin said these provinces have the most to lose by maintaining the status quo.

"If you maintain the current structure of fiscal federalism, for example, you can make a case that those provinces will be disadvantaged over the long term because of their demographic make-up," he said.

"They still have to maintain the same hospitals and nursing homes, but they then have to add more."

The New Brunswick premier said having McLaughlin as the advisory council's executive director will add a strong voice when it comes to making decisions that could impact Atlantic Canada.

"It is important to make sure our point of view is heard and make sure we have the discussion among Canadians," Lord said in a recent interview.

"David is highly qualified and I think he will provide great support to the commission."

Lord was one of the first premiers pushing the Council of the Federation to establish its own independent commission to look at the fiscal imbalance.