

## **H & K Communications**

72 Elvaston Avenue  
Nepean, Ontario  
K2G 3X9

Phone: (613) 829-1800  
Fax: (613) 829-2449  
E-mail: [hturkow@rogers.com](mailto:hturkow@rogers.com)

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**SOURCE: PCO**

**DATE: JANUARY 10, 2008**

**REFERENCE/ RÉFÉRENCE:1001DOC1**

**LOCATION/LIEU: FREDERICTON, NB**

**TIME/ HEURE: N/A**

**LENGTH/DURÉE: 13:37 MINUTES**

**PRIME MINISTER'S SCRUM IN FREDERICTON**

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Phone (613) 829-1800 Fax (613) 829-6181 E-mail [hturkow@home.com](mailto:hturkow@home.com)

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(APPLAUSE)

DIMITRI SOUDAS (Deputy Press Secretary to the Prime Minister): Good afternoon, bon après-midi. The Prime Minister will take questions. We'll start with Quentin Casey, Telegraph-Journal.

REPORTER: I'm sorry, Prime Minister, do you have any specifics on what this money will do to support New Brunswick and how it will be divvied up?

RT. HON. STEPHEN HARPER (Prime Minister of Canada): The...first of all, how it's divvied up nationally, let me answer the latter question first. How it's divvied up nationally is two components, a small component, \$10 million each for each province, \$3 million for each territory. The rest of the fund is divvied up on a per capita basis. I've encouraged and pointed out to the Premier in some other provinces, as I mentioned in my remarks, that in addition to this money because of the downturn in these sectors, we're seeing much higher than expected equalization payments in some provinces, including about \$100 million above previous prediction... projections here in New Brunswick, so I would encourage the provincial government to look at that kind of money to deal with transitional measures. As I said in my remarks, we are providing broad criteria to the provinces. There's five criteria. They broadly come under dealing with displaced workers and skills training. In some provinces I know they'll be looking at early retirement. It could also deal with infrastructure in communities that are facing systemic downturn as well as community development plans generally, so there's really a broad range of initiatives that are eligible and the province will ultimately decide within those broad criteria.

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DIMITRI SOUDAS: On va continuer avec Michelle Bridoux, Radio-Canada.

JOURNALISTE: C'était de financière et conditionnel à l'adoption du budget du printemps, pourquoi?

TR. HON. STEPHEN HARPER: Parce que c'est nécessaire d'avoir l'autorité budgétaire pour dépenser de l'argent fédéral. C'est la même chose dans chaque province. C'est...ce sont des mesures additionnelles. Ce sont pas des mesures prévues dans le budget du printemps 2007. Ce sont des nouvelles mesures, de nouveau argent, et c'est nécessaire d'avoir d'autorité budgétaire. C'est un montant de cette année, mais c'est essentiel d'approuver ce montant avant le 31 mars pour assurer l'existence de ce fonds pour les trois prochaines années.

DIMITRI SOUDAS: We'll continue with Denise Barkhouse, News 88.9.

REPORTER: Thank you very much. Actually I'm going to ask you a question that deals with Nova Scotia. With the Crown Share Panel looking into the offshore royalties, there are people who are concerned that Brian Lee Crowley, guy who in the past has said Nova Scotia shouldn't get anything, has been appointed to the panel as the federal government representative. Is this the Harper government's way of letting Nova Scotia know that it won't get anything or very little?

RT. HON. STEPHEN HARPER: The...as was agreed to with the province, the federal government's appointing one panel member. The province is appointing one panel member and the two agreeing on the third panel member, and the process will obviously commence very shortly with the panel that we've named, and obviously we'll let people judge the

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eventual outcome of that process, which shouldn't take an inordinate amount of time.

DIMITRI SOUDAS: On va continuer avec Michel Corriveau, Radio-Canada radio.

JOURNALISTE: Oui, Monsieur Harper, je reviens sur cette question du prochain budget. En fait je me demande, c'est pas un peu un cadeau empoisonné d'une certaine façon? Vous demandez aux autres partis d'adopter le budget et si c'est pas adopté, mais personne aura rien.

TR. HON. STEPHEN HARPER: Oui, c'est vrai. Mais en même temps c'est nécessaire pour le fédéral comme chaque gouvernement d'avoir l'autorité budgétaire parlementaire pour dépenser des fonds. Ce sont de nouveaux, de nouvel argent, et c'est essentiel d'avoir l'autorité budgétaire. Ce sont des nouveaux montants. Alors je pense que plusieurs, peut-être tous les partis de l'opposition ont demandé de l'aide pour ces industries. Ils ont...le Parlement a adopté le discours du Trône qui a promis cette aide, alors je pense que c'est essentiel pour le Parlement d'adopter ce budget pour nous permettre de remplir nos promesses et leurs demandes, et j'encourage les autres partis d'adopter ce programme et le budget.

DIMITRI SOUDAS: We'll continue with Andy Campbell, CTV.

REPORTER: Do you have confidence in that your Natural Resources Minister Gary Lunn has been straightforward with you in regards to AECL?

RT. HON. STEPHEN HARPER: Absolutely. Let me introduce, or let me deal just quickly with two stories that have come up. First of all, I think the Minister of Natural Resources, in fact all the ministers of the

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government who worked on this file are to be commended for acting, quite frankly, beyond the normal call of duty to ensure that the Canadian medical system is not needlessly endangered by decisions made by the president of the Nuclear Commission. And I must admit that, you know, when the Minister takes an action like that and ultimately is unsuccessful and ultimately has to go to Parliament with a bill and has to go to Parliament and Parliament actually has to overturn the decision of the Nuclear Commission unanimously – unanimously – in both Houses of Parliament in less than 48 hours, I think to label that kind of action illicit troubles me greatly and quite frankly, I'm very troubled by the response of the president of the Nuclear Commission, because this is an incident that should never have happened and cannot be contemplated in the future. In terms of...I've also seen reference in the media to this report of the Auditor General. First of all, it's important to say this is not related to the problem with the isotope production in December. But the fact of the matter is the Minister and the government have been aware for some time of the long-term managerial and financial challenges that exist at Atomic Energy Canada Limited. These are very serious problems that have developed over a very long period of time. There are no short-term solutions. The Minister and our government have taken action, both on the management side and on the financial side to try and manage these in the short term. The Minister quite a while ago, a long time ago appointed a review panel to give further recommendations on how we're going to restructure and deal with these issues in the years forward, but these are not simple issues. They are very, very difficult issues. Atomic Energy has significant problems. The Minister is more than aware of those.

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DIMITRI SOUDAS: Continuer avec Michelle Leblanc, Radio-Canada.

JOURNALISTE: Monsieur Harper, Jean Chrétien, semble-t-il à Pékin a laissé entendre que votre gouvernement n'entretenait pas d'assez bonnes relations avec la Chine. Est-ce que vous croyez que c'est le cas? Qu'est-ce que vous réagissez à cette déclaration? Comment vous réagissez?

TR. HON. STEPHEN HARPER: Évidemment notre position envers les affaires internationales est différente que celle de l'ancien gouvernement. Nous préoccuons non pas seulement de l'économie et de la commerce internationale, mais aussi de la démocratie et les droits humaines, et le Canada exprime ses valeurs et ses inquiétudes à travers le monde envers ces valeurs et ces principes très importants. En même temps nous poursuivons avec la Chine et plusieurs d'autres pays les bonnes relations économiques, et je note que notre commerce internationale a augmenté avec la Chine depuis la formation de notre gouvernement.

DIMITRI SOUDAS: Continue with Tom Murphy, CBC television.

REPORTER I'm wondering if you can repeat your answer for the budget question in English as well, but also I'm asking you about the Johnston report and wondering, have you had a chance to read that? What does it say and what do you say now about the possibility of a public inquiry?

RT. HON. STEPHEN HARPER: Thank you. First of all, on the budget, this is new money. This is a billion dollars that has not been previously budgeted. Like every government program, we require budgetary authority. Because we want to dispense the money out of this year's surplus, a

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surplus we don't expect to have next year, we must approve this in the upcoming budget by March the 31<sup>st</sup>. I note that we had promised to take action in the Speech from the Throne in the fall. I note also that all of the opposition parties have been demanding that we bring forward this kind of support for the sectors and regions affected by the forestry crisis and crisis in, you know, similar crises in manufacturing and other industries, so that's what we're doing. We're fulfilling our own promises. We're responding to their demands, so I would simply encourage them to obviously vote through the budgetary measures as they have demanded.

In the case of the Johnston report, thank you for asking that. I have received the Johnston report yesterday, late yesterday. I have not yet had an opportunity to read it. I anticipate doing that very quickly, and as I've indicated all along, we will respond along the lines of what Professor Johnston has recommended. That was the purpose of establishing the independent advisor, and I would anticipate that we will release that report and our response no later than Monday.

DIMITRI SOUDAS: We'll continue with Rebecca Lao, Global.

REPORTER: Hi there. Why have you opted to make this announcement here today as opposed to some of the one-industry towns that are affected by lay-offs?

RT. HON. STEPHEN HARPER: Well, that's a good question. First of all, we wanted to go to rural Canada, and we wanted to go to, to obviously to part of the forestry sector, but we thought actually a good way to do it was go to a success story, because ultimately while we're providing assistance, the purpose of assistance, as the Premier said, is not to

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subsidize a failure. The purpose of the assistance is to transition the economy, the New Brunswick economy, the Canadian economy towards a greater success in the future. Marwood here is a longstanding company that has in a difficult sector, basically a forestry manufacturing sector, created niche markets, is investing in machinery and technology, exactly the kind of thing we need to do to keep this sector and companies like it competitive. So we thought this was a great place to go. In terms of coming to New Brunswick, as you know, we've had a good working relationship between the government of Canada and the government of New Brunswick under successive administrations, and of course Premier Graham is Chairman of the Council of the Federation, so it seemed appropriate on this occasion. We...I don't know if I've made a national announcement in New Brunswick before, but it seemed appropriate to launch this national program in New Brunswick.

DIMITRI SOUDAS: And we have time for one last question. Jacques Poitras, CBC radio.

REPORTER: Prime Minister, could you explain why Alberta would need per capita funding out of this fund, and why that won't amount to a subsidy for the continued migration of workers from New Brunswick?

RT. HON. STEPHEN HARPER: Well, I think that's a good question. Obviously we looked at...we looked at various ways of distributing the money. The truth of the matter is this government has taken the position that we've enhanced the equalization program and that other programs will be on a per capita basis unless there is a really clear reason why they would not be. We identified one clear reason here, which is we've created a base funding component. The reason for that is, for these programs

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to be effective, there has to be a certain amount that goes to each jurisdiction. Otherwise there simply aren't...there simply isn't the critical mass of projects necessary to accomplish the result. So we created a base funding amount. As I say, there are problems, there are affected sectors, the forestry sector and others across the country. Alberta does have its own forestry sector and its own forestry-dependent communities that have been hit by this crisis. As well, Alberta is also right now the front line of a national forestry issue, and that is the spread of the pine beetle. We are going to need an additional influx of national dollars to fight the migration of the pine beetle in Alberta. We're making good progress on that. We think we...we're optimistic we can halt it there, and the government of Alberta is willing to spend some of this money towards that objective.

DIMITRI SOUDAS: Thank you very much, everybody.

Merci beaucoup.

(APPLAUSE)

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