
Year in Review 2005

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ABORIGINAL PEOPLES

- 28 April 2005
*Business, Energy,
Northwest Territories*
- Imperial Oil Ltd., angered by costly demands by Aboriginal groups and delays in regulatory approvals, suspends all work on the proposed \$7 billion Mackenzie Valley natural gas pipeline project. Four First Nations communities are claiming compensation for use of their territory; understaffed regulatory boards are further finding themselves unable to process the thousands of requests associated with the project. Government officials from both the federal and territorial governments remain confident that outstanding issues can be resolved.
- 10 May
*Business, Energy,
Northwest Territories*
- Premier Joe Handley and Deputy Prime Minister Anne McClellan announce a funding agreement to strengthen Aboriginal social programs in the North. Aboriginal groups had demanded the funds in compensation for allowing the proposed Mackenzie Valley pipeline through their territory. Construction of the pipeline is currently on hold pending resolution of the Aboriginal claim and outstanding regulatory issues.
- 31 May
*Aboriginal Peoples
and Federal
Relations*
- Prime Minister Paul Martin and leaders of five national Aboriginal organizations sign an agreement promising First Nations involvement in federal policy discussions. The pact outlines means through which Aboriginal organizations will be given direct influence over policies concerning their communities. Martin calls on provincial and municipal governments to offer similar influence to Aboriginal groups.
- 11 July
*Business, Energy,
Northwest Territories*
- The federal government settles a lawsuit by the Deh Cho First Nation concerning the Mackenzie Valley pipeline project. In exchange for allowing the pipeline to pass through their territory, the Deh Cho receive a compensation package worth \$21 million and guarantees regarding the environmental and economic spillovers associated with the development. Though the settlement does not resolve the outstanding project issues with the First Nations, it is seen as an important step.
- 20 July
*Aboriginal Peoples,
New Brunswick,
Nova Scotia*
- The Supreme Court rules against Mi'kmaq loggers in Nova Scotia and New Brunswick claiming logging rights on Crown land. Although treaties accord native groups the right to trade "traditional items," the court

rules that logging does not represent a “logical evolution” of historic Mi’kmaq trading practices. The decision is seen as a major setback for native rights. Government officials in both provinces pledge to negotiate an agreement to protect Mi’kmaq forestry activities.

25 October
*Aboriginal Peoples,
Environment,
Ontario*

The Ontario government declares a state of emergency on the Kashechewan native reserve as a result of the contamination of reserve drinking water. Water quality has been an issue on the reserve for several years; the Ontario Clean Water Agency described the situation as a “Walkerton-in-waiting” in 2003. The situation worsened when E. coli was found in the water on 18 October 2005. On 27 October 2005, the federal government commits to relocating the entire community to safer land.

23 November
*Business, Energy,
Northwest Territories*

Imperial Oil Ltd. announces plans to proceed to public hearings on development of the Mackenzie Valley pipeline. Planning of the pipeline has been stalled since April pending resolution of regulatory concerns and Aboriginal claims. Imperial is satisfied with progress on the issues, including a 17 November pledge of \$2.8 billion in federal aid.

24–25 November
*Aboriginal Peoples
and Federal
Relations: Kelowna
Accord*

The First Ministers meet with Aboriginal leaders in Kelowna, British Columbia. \$5 billion is committed by the federal government over five years towards improvement of Aboriginal quality of life, including health care, education, housing and employment opportunities.

7 December
Aboriginal Peoples

The Assembly of First Nations (AFN) Renewal Commission releases *A Treaty Among Ourselves*, a 300-page report containing 47 recommendations for improving the functioning of the Assembly. The committee had been formed in 2004 to re-examine the purpose and structure of the organization. Proposals include election of the National Chief of the Assembly through a universal vote of all First Nations citizens, greater AFN standing within Confederation, and an organizational focus on political advocacy.

AGRICULTURE

- 2 January
*Alberta, BSE,
Canada–U.S.
Relations*
- The Canadian Food Inspection Agency announces the detection of a BSE infected cow on an Alberta dairy farm. This is the second known case of mad cow disease in Canada. In reaction, Federal Agriculture Minister Andy Mitchell points to increased BSE protection and screening measures implemented since 2003 in order to try to reassure consumers of the continued safety of Canadian beef. American officials insist that the U.S. border will still be reopened to live cattle trade on 7 March as planned.
- 11 January
*Alberta, BSE,
Canada–U.S.
Relations*
- A third Canadian case of BSE, the second in less than two weeks, is detected by the Canadian Food Inspection Agency in Alberta. American agriculture officials send a delegation to Canada to investigate the case. Canadian officials again stress their confidence in the safety of the country's beef.
- 2 March
*BSE, Canada–U.S.
Relations*
- A planned 7 March reopening of the U.S. border to Canadian beef exports is postponed indefinitely following an American federal court injunction. R-CALF USA, a lobby group representing cattle ranchers, is granted permission under the injunction to proceed with a lawsuit seeking indefinite border closure. The group claims Canadian beef puts U.S. consumers and cattle producers at risk.
- 29 March
*Agriculture, Federal
Government, BSE*
- Federal Agriculture Minister Andy Mitchell announces a \$1 billion aid package for Canadian farmers. The funds will be devoted primarily to grain farmers suffering from successive seasons of drought and cattle ranchers devastated by BSE-induced export market closures. Though the announcement is not tied to provincial matching, Mitchell calls on the provinces to provide supplementary aid.
- 21 November
*Agriculture, Foreign
Affairs*
- Amid fears of avian flu, bans on imports of Canadian poultry are enacted in the United States, Taiwan, Japan and Hong Kong. 60 farms in the Fraser Valley have been quarantined for the disease following detection of an infected bird last week. Industry officials call the bans an over-reaction.

BUDGETS

Federal Government

- 23 February
Finance Minister Ralph Goodale tables the first budget of Prime Minister Paul Martin's minority government. Highlights include five-year plans for \$12.6 billion in tax cuts, \$12.8 billion in military spending, \$5 billion for child care and \$5 billion for municipalities through sharing of fuel tax revenues. While Conservatives and New Democrats are satisfied with the budget, Bloc Québécois Leader Gilles Duceppe says his party will vote against it, citing a failure to address the fiscal imbalance with the provinces.
Link to Federal Budget
<http://www.fin.gc.ca/budget05/bp/bptoce.htm>
- 26 April
*Federal Spending,
Federal Politics*
Prime Minister Paul Martin, in exchange for New Democratic Party (NDP) support for the budget, agrees to replace \$4.6 billion in planned corporate tax cuts with increases in education, housing and environmental spending. Layton stresses that although his party will support the budget, he is not promising unconditional future support to the government. The agreement does not guarantee the 155 votes needed for the passage of the budget, however, as the caucuses of the Liberals and the NDP total only 131 and 19 members respectively.
- 19 May
Federal Politics
The Liberal government narrowly survives a vote of confidence as House of Commons Speaker Peter Milliken votes in favour of the New Democratic Party (NDP) amendment to the budget to break a 152-152 tie. The Liberals were supported by the NDP and independents Chuck Cadman and Carolyn Parrish. The vote follows a week of high drama on Parliament Hill including the defection of Belinda Stronach from the Conservatives to the Liberals and uncertainty about Cadman's vote. Opposition leader Stephen Harper, though disappointed, notes that future opportunities will arise to defeat the government.
- 14 November
*Federal Government,
Economic and Fiscal
Update*
The government's Economic and Fiscal Update is interpreted as a pre-election "mini-budget" by the media given a multitude of new spending promises and policy initiatives. Buoyed by increases in forecasted surpluses, now

estimated at \$54 billion over five years, Finance Minister Ralph Goodale announces a 1% tax rate cut for the lowest personal income tax bracket, a \$500 increase in the basic personal tax exemption, as well as \$230 million in corporate tax cuts and several new educational spending programs.

Link to Economic and Fiscal Update 2005

http://www.fin.gc.ca/budtoce/2005/ec05_e.html

Provincial and Territorial Governments

10 February

Northwest Territories

Link to Northwest Territories Budget 2005

<http://www.fin.gov.nt.ca/documents/2005budget.pdf>

15 February

British Columbia

The Liberal government tables a budget heavy on spending increases, tax cuts for low income earners and debt repayment. Highlights include an additional \$1 billion for construction of schools, colleges, hospitals and transportation infrastructure, as well as an increase in the provincial basic personal tax exemption to \$15,000. Finance Minister Colin Hansen calls the budget a blueprint for a “golden decade.” He attributes booming growth to the deep tax cuts enacted during the government’s first three years in office.

Link to British Columbia Budget, 2005

<http://www.bcbudget.gov.bc.ca/2005/summary/default.htm>

24 February

Nunavut

Link to Nunavut Budget 2005

<http://www.gov.nu.ca/finance/mainbudgets/budget2005.pdf>

8 March

Manitoba

Link to Manitoba Budget 2005

<http://www.gov.mb.ca/finance/budget05/papers/index.html>

21 March

Newfoundland and Labrador

Link to Newfoundland and Labrador Budget 2005

<http://www.budget.gov.nl.ca/budget2005/pdf/BudgetSpeech05.pdf>

24 March

Yukon Territories

Link to Yukon Territories Budget 2005

http://www.finance.gov.yk.ca/pdf/2005_2006_speech.pdf

- 30 March
New Brunswick Link to New Brunswick Budget 2005
http://www.gnb.ca/0160/budget/buddoc2005/budget_2005-e.pdf
- 31 March
Saskatchewan Link to Saskatchewan Budget 2005
<http://www.gov.sk.ca/finance/budget/budget05/budgetsummary.pdf>
- 7 April
Prince Edward Island Link to Prince Edward Island Budget 2005
<http://www.gov.pe.ca/budget/2005/address.pdf>
- 13 April
Alberta In a reversal of position from the deep cuts implemented during the early years of Ralph Klein's Conservative government, an abundance of natural resource revenues allows the government to boost spending across the board in the provincial budget. Critics, however, lament the decision to forgo significant tax relief; provincial treasurer Shirley McClellan responds by noting the tax cuts implemented by the government over the last six years and the fact that Albertans already face the lowest tax burden of all Canadians.
Link to Alberta Budget 2005
<http://www.finance.gov.ab.ca/publications/budget/budget2005/index.html>
- 21 April
Quebec A cautious budget with modest tax cuts and spending increases is tabled in the provincial legislature for 2005-06. For the third consecutive year, the Liberal government breaks its election promise to cut taxes by \$1 billion per year. The government claims that significant change will only be possible once the federal government restores fiscal equity within the federation.
Link to Quebec Budget 2005
<http://www.budget.finances.gouv.qc.ca/budget/2005-2006/en/pdf/BudgetPlan.pdf>
- 26 April 2005
Nova Scotia Link to Nova Scotia Budget 2005
http://www.gov.ns.ca/fina/budget05/budgetaddress2005_06.pdf
- 11 May
Ontario Link to Ontario Budget 2005
http://www.fin.gov.on.ca/english/budget/bud05/pdf/papers_all.pdf

EDUCATION

- 2 April
Quebec
- An agreement is reached between the federal government, the Quebec government and student government leaders to reinvest \$482 million into post-secondary bursaries over five years, reversing a much maligned 2004 cut. Students at several CEGEPS and universities have been boycotting classes for several weeks to pressure governments on the issue.
- 7 October
British Columbia
- British Columbia teachers undertake an illegal strike to protest the unilateral imposition of a labour contract extension by the provincial government. The province has unilaterally legislated an extension to the existing labour agreement through June 2006 without improvements to wages or working conditions. Teachers pledge to maintain their strike until a mutually acceptable agreement is reached regardless of possible fines or lost wages.
- 23 October
British Columbia
- Teachers vote to accept a proposed agreement to end their illegal strike. The mediated settlement includes \$40 million to harmonize teachers' salaries throughout the province and changes to the School Act to reduce class sizes. A \$500,000 fine was levied on the union for contempt of court during the strike; teachers were denied strike pay for their two weeks off the job.

ENVIRONMENT

- 15 February
*Federal Government,
Climate Change*
- The Kyoto Protocol comes into effect internationally. As yet Canada has no implementation plan for the protocol; Environment Minister Stéphane Dion says that one will be forthcoming "in the weeks following the budget" but does not offer a firm date.
- 13 April
*Federal Government,
Climate Change*
- The federal government releases its Kyoto Protocol implementation plan. Estimated to cost \$10 billion, the plan proposes advertising campaigns encouraging individuals and businesses to voluntarily take measures to reduce their emissions, funding for clean energy and conservation projects and possible purchases of emission credits from other countries. Critics deride the

plan's reliance on voluntary initiatives and international credit purchases, claiming that few real emissions reductions will be achieved.

28 November–
9 December
*Environment,
Climate Change*

Montreal hosts the 11th Conference of the Parties to the United Nations Framework Convention on Climate Change. The conference is the largest on climate change to be held since the creation of the Kyoto Protocol in 1997. Discussions focus on implementation plans for environmental initiatives, including emissions trading, joint implementation mechanisms, and clean development measures.

EQUALITY RIGHTS

1 February
*Federal Politics and
Same-Sex Rights*

The Civil Marriage Act, a bill to extend marriage to same-sex couples, is tabled in the House of Commons. The legislation follows numerous provincial court rulings against the traditional definition of marriage as well as a Supreme Court reference affirming the authority of the federal government to define marriage. Prime Minister Paul Martin believes the bill contains sufficient assurances that religious institutions will be allowed to maintain their traditional marriage definitions.

6 June
*Federal Politics and
Same-Sex Rights*

Member of Parliament Pat O'Brien, displeased with the proposed same-sex marriage legislation, quits the Liberal party to sit as an independent. O'Brien, a supporter of the traditional definition of marriage, believes that "fair, full and meaningful" public hearings have not been held on the issue. While O'Brien intends to vote against the government on matters of confidence, Liberals remain positive that both their budget and the same-sex marriage bill will pass.

28 June
*Federal Politics and
Same-Sex Rights*

Bill C-38 passes final reading on a 158-133 House of Commons vote, making Canada the third country in the world to recognize same-sex marriage. Conservative leader Stephen Harper pledges to revisit the question should his party win the next election.

FEDERAL POLITICS

14 January
Federal Politics

Judy Sgro resigns her cabinet post as Immigration Minister amid allegations of abuses of her authority. Sgro is alleged to have intervened to prevent the deportation of a pizza shop owner in exchange for contributions to her election campaign. The federal ethics commissioner is further investigating a temporary resident permit granted to a Romanian exotic dancer who had volunteered for Sgro during the campaign. Sgro denies all improprieties and vows to fight to clear her name.

6 March
Federal Politics

Prime Minister Paul Martin receives 88 percent delegate support at the Liberal Party policy convention in Ottawa. Martin sees the result as a strong vote of confidence in his leadership and his government.

17–19 March
Federal Politics

The newly created Conservative Party of Canada holds its founding policy convention in Montreal. Delegates hope to use the occasion to create a new image for the party, unite the former Canadian Alliance and Progressive Conservative factions and reduce the party's perceived social conservative focus and "hidden agenda." A Conservative government, delegates decide, would pursue significant personal and corporate tax cuts, a review of the Kyoto Protocol and increased assistance for parents. Delegates further pledge not to seek to regulate abortion.

10 May
Federal Politics

A House of Commons motion calling on the government to resign passes by a 153-130 margin but is ignored by the Liberals. The motion, a request that the public accounts committee rewrite a report to call on the government to resign, is called "procedural" and not a matter of confidence. Prime Minister Paul Martin refuses a subsequent opposition call for an immediate confidence vote given that numerous opportunities will arise in the coming weeks for opposition members to defeat the government if they so choose.

17 May
Federal Politics

MP Belinda Stronach crosses the floor to the Liberals, claiming discomfort with the policy direction of the new Conservative Party. Stronach is subsequently named Minister of Human Resources by her new party; she denies

that the promise of a cabinet appointment led to her defection. The move increases the likelihood of the Liberals surviving an upcoming confidence vote.

24 May
Federal Politics

Liberal candidate Todd Russell wins a by-election in the riding of Labrador, increasing the likelihood of the government surviving future votes of confidence. This is the first Liberal victory in the riding since 1968.

31 May
Federal Politics

Transcripts of taped conversations between Member of Parliament Gurmant Grewal and senior Liberal Party officials are made public by the Conservative Party. Conservatives interpret the content of the conversations as an offer of a cabinet appointment in exchange for Grewal's defection to the government. Opposition parties call on the RCMP and ethics commissioner Bernard Shapiro to investigate whether the conversations show breaches of the Criminal Code and/or conflicts of interest. Liberals claim that the tapes were edited prior to their release.

Ongoing controversy leads Grewal to take a "stress leave" from Parliament the following week.

21 June
Federal Politics

Ethics Commissioner Bernard Shapiro releases his final report into allegations that former immigration minister Judy Sgro handed out special visas to volunteers during her 2004 re-election campaign. While Shapiro places direct responsibility for the illegitimate visas on Sgro's chief of staff, he stops short of clearing the former minister, claiming that she could not have been unaware of the presence of the visa recipients on her campaign. Sgro continues to deny any wrongdoing.

10 July
Federal Politics

Independent Member of Parliament Chuck Cadman dies of cancer. Cadman was serving his third term as an MP; he will be best remembered for supporting the government in the 19 May 2005 confidence vote, as his vote represented the margin of victory for the government.

4 August
Federal Politics

Michaëlle Jean is appointed Canada's 27th Governor General. Jean will replace the outgoing Adrienne Clarkson on 1 October. A Haitian-born Canadian, Jean is best known as an award winning CBC journalist.

17 August
Federal Politics

Responding to allegations that she and her husband are Quebec sovereignists, Governor General Designate Michaëlle Jean releases a statement affirming her commitment to Canadian federalism and its institutions. Controversy had emerged over a 1991 film made by her husband, Jean-Daniel Lafond, in which Jean joins in a toast among separatist intellectuals, although the cause being toasted is not clear. Jean's statement attests that neither she nor her husband have ever "belonged to a political party or the separatist movement."

29 August
Federal Politics

Prime Minister Paul Martin announces the appointment of Francis Fox and Yoine Goldstein to the Senate. Fox is a former cabinet minister and corporate executive; Goldstein is a bankruptcy lawyer and Jewish community activist. Opposition parties criticize the appointees on their common Montreal background and their past involvements in the Liberal Party.

27 September
Federal Politics

Michaëlle Jean is sworn in as Canada's 27th Governor General. A Haitian-born journalist, Jean was announced as the successor to Adrienne Clarkson on 4 August. Jean uses her address at the swearing-in ceremony to call for an end to tensions between English- and French-speaking Canadians.

29 November
Federal Politics

Following the defeat of the government in a vote of confidence the day previous, Prime Minister Paul Martin asks Governor General Michaëlle Jean to dissolve Parliament. An election is called for 23 January 2006. Initial polls show the Liberals and Conservatives in a virtual dead heat.

Martin announces that the Liberal Party will run on the strength of its record in government, including a consistently strong economy, balanced budgets and progress on social issues. He criticizes opposition parties for having forced the election, claiming that political ambition "has overwhelmed common sense."

Opposition parties focus on the value of change. Conservative Leader Stephen Harper asks voters to allow his party to restore accountability to federal politics, while Bloc Québécois leader Gilles Duceppe argues that the Liberals have lost the moral authority to govern. New Democratic Party Jack Layton urges people to reject both

major parties, highlighting the successes it achieved during the tenure of Martin's minority government.

In the first major policy announcement of the campaign, Harper pledges to re-open the same-sex marriage debate and allow a full free vote on the issue if elected Prime Minister.

30 November
Federal Politics

The Bloc Québécois is the first major party to release its election platform. Priorities include resolution of the ongoing fiscal imbalance, increasing Quebec's voice in international affairs and achieving the environmental targets outlined in the Kyoto protocol. Media reaction to the platform highlights a call for Quebec to field its own sports teams at international events.

1 December
Federal Politics

Conservative Leader Stephen Harper announces plans to cut the Goods and Services Tax (GST) by two percentage points if elected Prime Minister. Harper would cut the tax by one percentage point immediately, with another one percentage point cut within five years. Liberals criticize the Conservatives' intention to reverse an announced income tax cut to fund the pledge. New Democratic Party leader Jack Layton claims tax cuts are not among the priorities of Canadians.

5 December
Federal Politics

Conservative Leader Stephen Harper announces his party's child care plan, including an annual \$1,200 per child payment to parents and a business tax credit designed to create 125,000 new daycare spaces over five years. The proposal contrasts with Liberal plans for a national daycare program which Harper calls a restrictive "child-care bureaucracy."

6 December
Federal Politics

Prime Minister Paul Martin responds the following day by promising to boost the value of its child care plan to \$10 billion over ten years.

8 December
Federal Politics

The Liberal Party proposes a national handgun ban. The promise is primarily seen as a response to prominent gun crime in Ontario, particularly Toronto. Public Safety Minister Anne McClellan concedes, however, that the measure would have to be subject to provincial opt-out. Critics cite the ineffectiveness of the federal gun registry as evidence

of the shortcomings of bans as a means of preventing gun crime.

11 December
Federal Politics

Prime Minister Paul Martin's Director of Communications, Scott Reid, claims that the Conservatives \$1,200 per year child care subsidy amounts to giving parents money to "blow on beer and popcorn." Reid later apologizes for the claim.

15 December
Federal Politics

The leaders of the three opposition parties mount a united attack on Prime Minister Paul Martin in the first French language election debate. Bloc Québécois Leader Gilles Duceppe leads the charge, claiming that the Liberals, having allegedly tried to buy the support of Quebecers through the sponsorship scandal, have lost the moral authority to govern. Martin points in his defence to his having appointed the commission of inquiry led by Justice John Gomery, an act he claims would only have been done by someone with nothing to hide. He tries to direct attention to the Bloc's ultimate goal of Quebec separation, arguing that Quebecers do not want to be forced into another referendum. Stephen Harper and Jack Layton, for their part, urge voters to punish the Liberals for their misdeeds without casting a vote that could be interpreted as support for Quebec sovereignty.

16 December
Federal Politics

Polls show no clear winner in the first English language election debate. Focus is initially placed on Conservative Leader Stephen Harper's positions on social issues such as same-sex marriage, with other leaders attacking Harper on his refusal to accept the decision of the last Parliament on the matter. On crime prevention, Prime Minister Martin touts the value of his promise to ban handguns, while Harper insists that crime prevention measures should not obscure the need for harsh penalties for offenders. Martin and Harper further clash over their contrasting child care proposals. New Democratic Party leader Jack Layton focuses his remarks on the importance of improvements to social spending. As was the case the night before, the opposition parties, led by Bloc Québécois leader Gilles Duceppe, all attack Martin on corruption within the Liberal Party, claiming that the Liberals have lost the moral authority to govern.

19 December
Federal Politics

Conservative Leader Stephen Harper makes his now famous “open federalism” pitch to Quebec voters, promising to give the province an increased international voice and improved fiscal arrangements if elected Prime Minister. He speaks specifically of giving the province a voice in international organizations such as UNESCO. Prime Minister Paul Martin responds by insisting that Canada must speak with a single, united voice on the international stage.

28 December
Federal Politics

The Royal Canadian Mounted Police announces an investigation into possible information leaks regarding the freeze on the creation of income trusts by the government on 23 November. The freeze announcement was preceded by a flurry of market trading during the day with the value of several trusts rising sharply. Finance Minister Ralph Goodale denies any improper disclosures in his department.

30 December
Federal Politics

Conservative Leader Stephen Harper promises a 16 percent tax credit for public transit users if his party is elected to government. The promise is the latest of a string of small, targeted tax breaks designed to appeal to targeted groups of voters. Opponents view the plan as ineffective in promoting public transit usage.

HEALTH

11 January
Alberta

In a highly anticipated speech to the Canadian Club of Calgary, Premier Ralph Klein outlines plans for health care reform in Alberta. Rejecting both the current Canadian system and the American private model, Klein proposes a “third way” that combines government and market provision. Proposals focus on increased flexibility in delivery options for regional health boards including partnerships with the private sector where deemed valuable. Klein stresses that his plan is a test of the boundaries of the Canada Health Act rather than an attack against it.

3 April
Health and First Ministers

The Wait Time Alliance of Canada (WTA), an association of seven major Canadian medical associations, releases an interim report detailing acceptable wait times for a series of key medical services. The report builds towards the September 2004 First Ministers’ commitment to es-

establishing benchmarks for acceptable wait times by the end of 2005 as part of the “Ten-Year Plan to Strengthen Health Care.” The final report is released in August 2005.

9 June
Supreme Court and Health

In a complex 4-3 decision on the case of *Chaoulli v. Quebec*, the Supreme Court rules that public prohibition of private health insurance violates the Quebec and Canadian Charters of Rights. The majority opinion contends that limiting access to private medical services is unjustifiable given life-threatening waiting lists for such services in the public sector. Reactions to the potential consequences of the ruling are widespread; federal officials call the ruling a “wake-up call” to improve the quality of public health care delivery, while others claim that the court has made the demise of universal public health care inevitable.

12 July
Alberta and Canada Health Act

Premier Ralph Klein announces the first of his “third way” health care reforms, including improved prescription drug coverage and provision of premium services such as luxury hotel rooms and specialized hip replacements. Though the reforms are seen by some critics as thinly veiled privatization, federal Health Minister Ujjal Dosanjh considers them consistent with the principles of the Canada Health Act.

17 August
Health and Private Insurance

Nearly two-thirds of delegates at the annual meeting of the Canadian Medical Association (CMA) vote to endorse a motion allowing patients to use private health insurance where publicly delivered services are inadequate. The motion, a response to the Chaoulli Supreme Court decision, serves as a CMA endorsement of a parallel private insurance system for Canadians.

12 December
Health

Provincial and territorial health ministers announce national benchmarks for acceptable wait times on ten major medical procedures. The “Ten-Year Plan to Strengthen Health Care” signed between the provincial and federal governments commits the provinces to establishing the benchmarks by the end of 2005. Critics note, however, that the non-binding benchmarks are significantly more generous than those proposed by the Wait Times Alliance in April and August 2005 reports.

INTERGOVERNMENTAL RELATIONS

28 January
*Atlantic Canada and
Intergovernmental
Relations*

The federal government reaches an agreement-in-principle with the governments of Nova Scotia and Newfoundland and Labrador concerning treatment of offshore natural resource royalties within the federal equalization formula. Provincial natural resource revenues will be exempted from equalization calculations for eight years; a further exemption will follow for the provinces should their revenues not reach the national average by 2012. Nearly 70 percent of resource royalties are at present lost to the provinces through reduced equalization payments. Saskatchewan Premier Lorne Calvert and Northwest Territories Premier Joe Handley respond to the agreements with calls for similar arrangements for their jurisdictions.

9 February
*Ontario and
Intergovernmental
Relations*

Premier Dalton McGuinty reacts to the equalization agreements signed last month between the federal government and the governments of Newfoundland and Nova Scotia, calling them “patently unfair” to taxpayers. Noting that Ontario contributes \$23 billion more to the federal treasury than it receives back in services, McGuinty calls for increased federal fiscal support for his province. Following Saskatchewan Premier Lorne Calvert, McGuinty is the second provincial premier to criticize last month’s agreement.

8 May
*Ontario and
Intergovernmental
Relations*

A day of negotiations between Premier Dalton McGuinty and Prime Minister Paul Martin results in a five-year, \$5.75 billion funding agreement to offset the alleged \$23 billion gap between federal revenues from and expenditures to the province. Although McGuinty recognizes the need for Ontario to contribute fiscally to the federation, he has called the current extent of the gap excessive. McGuinty had sought an immediate \$5 billion payment; he pledges to continue pressuring the federal government for further funding.

INTERNATIONAL RELATIONS

24 February
*Canada–U.S.
Relations*

Prime Minister Paul Martin formally rejects Canadian involvement in the planned American ballistic missile defence system. The decision, following non-participation

in the U.S.-led war in Iraq, is the second Canadian refusal of a major American military request in two years. U.S. Ambassador Paul Cellucci warns that the American government will not hesitate to breach Canadian airspace if necessary to intercept an oncoming missile.

27 April
*International
Relations*

President George W. Bush nominates David Wilkins to be the next United States Ambassador to Canada. Wilkins, a close personal friend and Bush fundraiser, served as Speaker of the South Carolina legislature for 11 years. Critics of the appointment note his minimal experience with Canadian relations and his criticisms of Canadian softwood lumber practises.

15 June
*International
Relations*

North Dakota agrees to delay the opening of the Devils Lake water diversion project pending resolution of pollution concerns. The Canadian federal, Manitoba and Minnesota governments fear that the project, designed to prevent flooding in Devils Lake, North Dakota, will pollute the Red River and Lake Winnipeg. Officials from North Dakota insist that the project will proceed but recognize the need for continuing pollution dialogue.

27 June
*International
Relations*

The governments of Canada, Mexico and the United States announce plans for comprehensive continental security and economic integration. Proposals include improved screening of individuals and goods entering the continent, increased information sharing, and coordinated responses to threats. Critics decry the lack of public consultation prior to the agreements.

29 June
*International
Relations*

David Wilkins formally becomes the United States' Ambassador to Canada. Wilkins was appointed by President George W. Bush on 27 April.

6–8 July
*International
Relations*

The 31st meeting of the Group of Eight (G8) takes place in Scotland. Discussions focus primarily on world poverty and global warming. Prime Minister Paul Martin is criticized in some circles for refusing to commit to increasing Canadian foreign aid to an international target of 0.7 percent of GDP. The meeting is overshadowed by a bombing in the London, underground on 7 July.

- 20 July
International Relations
- Defence Minister Bill Graham travels to Hans Island as a symbolic assertion of Canada's claim of sovereignty over the territory, sparking Danish protest. A dispute with Denmark over claim to the island dates back to 1983.
- 6 August
International Relations
- Tensions over the proposed Devils Lake water diversion project are eased as North Dakota officials agree to comply with several Canadian recommendations, including construction of an advanced water filtration system and abandoning plans to transfer water into the Red River. Canadian officials had feared that the project as originally planned would cause increased pollution and harm wildlife. Though not all concerns are resolved, Manitoba Premier Gary Doer is satisfied with the improvements.
- 10 August
International Relations
- A dispute resolution panel under the North American Free Trade Agreement rules that the Canadian government does not unfairly subsidize its lumber producers. The ruling implicitly calls on the U.S. to eliminate countervailing duties on Canadian softwood exports. American officials indicate, however, that they will ignore the ruling.
- 19 September
International Relations
- Canadian and Danish officials call a truce in the ongoing dispute over Hans Island. The two countries agree to inform each other before any official visits to the island; discussions will further be held between representatives of the two countries to evaluate past treaties and documents in the hopes of resolving the sovereignty dispute. Neither country, however, renounces its claim to control of the island.
- 25 November
International Relations
- The federal government announces a \$1.5 billion forestry aid package. More than half the money will assist exporters hurt by the ongoing softwood lumber dispute with the U.S., with the remainder devoted to industry development initiatives. American officials, calling it another subsidy, see the package as an example of ongoing unfair trade practises.
- 6 December
International Relations
- Following a review showing subsidies to be lower than originally estimated, the United States Commerce Department cuts duties on Canadian softwood lumber and promises a partial refund of duties previously collected. Countervailing duties are lowered to 8.7 percent from 16.4

percent, while anti-dumping duties are brought down to 2.1 percent from 3.8 percent. Though Trade Minister Jim Peterson views the cut as a positive step, he intends to continue to press for restoration of fully unobstructed access to the American market.

13 December
*International
Relations*

U.S. Ambassador David Wilkins criticizes Prime Minister Paul Martin's anti-American campaign rhetoric in a luncheon speech to the Canadian Club in Ottawa. Martin, Wilkins claims, has repeatedly disparaged the United States throughout the campaign, noting comments on issues including climate change and softwood lumber. Martin defends his comments and vows to protect Canadian interests against anyone who might threaten them. Liberals are hoping the anti-American sentiment will bolster their electoral hopes.

Continuing a string of daily policy announcements, Conservative Leader Stephen Harper promises \$5.3 billion in new military spending if his party is elected.

MUNICIPALITIES

1 February
Municipalities

An allocation plan for \$5 billion in fuel tax revenues promised to municipal governments is announced by Federal Infrastructure and Communities Minister John Godfrey. Allocations will be made on a per capita basis with a base amount set for small municipalities. Though concerns are raised regarding the speed of the transfer process, the plan is generally well received.

15 April
Municipalities

The federal government signs an agreement with the province of British Columbia and the Union of British Columbia Municipalities regarding federal gas tax revenue sharing. The deal is the first of a series of such agreements struck with provincial governments across the country.

5 June
Municipalities

Speaking at the annual meeting of the Federation of Canadian Municipalities, Prime Minister Paul Martin promises increased municipal involvement in federal policy discussions and permanent sources of new municipal funding. Although the address contains few specific policy initiatives, mayors interpret the remarks as evidence

of a new partnership between the federal and municipal governments. Municipal initiatives already undertaken by Martin include pre-budget consultations and gas tax revenue sharing.

7 November
Municipalities

Elections are held in 780 municipalities across Quebec. In Montreal, Gérald Tremblay is re-elected mayor, defeating Pierre Bourque and Richard Bergeron. As with his first election, Tremblay received strong support from Montreal Island suburbs, many of which voted to de-merge from the amalgamated City of Montreal on 1 January 2006. Andrée Boucher, an independent candidate running with a \$5,000 budget, is elected mayor of Quebec City.

14 November
Municipalities

The final report of the Joint Ontario–City of Toronto Task Force to Review the City of Toronto Acts and Other Legislation is released. Based on a belief that the city is “more like a province than a municipality,” the report recommends that Toronto be given more independent authority with respect to taxation and legislative powers. The City of Toronto Act, implementing the recommendations of the report, is expected to be tabled in December.

19 November
Municipalities

Sam Sullivan is elected Mayor of Vancouver, defeating Jim Green by a margin of fewer than 4,000 votes. Sullivan, a paraplegic, becomes the first physically impaired mayor in Canadian history. His campaign focused on fiscal responsibility and crime prevention.

14 December
Municipalities

The City of Toronto Act, designed to give the city additional powers and responsibilities in recognition of its special status, is unveiled by the province. Measures covered under the Act include additional means of taxation, legislative jurisdiction over development, and the ability to negotiate agreements directly with the federal government.

POST-SECONDARY EDUCATION

7 February
*Ontario and Post
Secondary Education*

Ontario: A Leader in Learning, a panel report on the state of post-secondary education in Ontario, is released. The report recommends that the province’s tuition freeze be lifted alongside substantial increases to institutional fund-

ing and bursary programs. Reaction to the report is mixed; though many experts praise its findings, several groups fear the impact of tuition deregulation on low-income students.

PROVINCIAL POLITICS

5 May
*Quebec, Provincial
Politics*

A study released by Parti Québécois (PQ) finance critic Francois Legault concludes that sovereignty would improve the finances of the province. An update of a report for the 1991 Bélanger-Campeau commission, the analysis forecasts budget surpluses for a sovereign Quebec of \$17.1 billion over five years. The province is currently forecasted to run a total deficit of \$3.3 billion through 2010. Critics dismiss the result, saying that the study underestimates the share of the federal debt that an independent Quebec would be forced to assume. They further argue that the fiscal gains claimed in the study could be achieved without sovereignty if the federal government were to address the fiscal imbalance.

18 May
*British Columbia,
Provincial Politics*

Gordon Campbell's Liberal Party is re-elected to government, winning 46 of 79 seats in the provincial legislature. Though the Liberals suffer a substantial loss from the 77 seats they had won in the 2001 election, they maintain a comfortable majority over the 33 seat New Democratic Party opposition. Campbell is satisfied with the result, acknowledging the value of a strong opposition to keep government in check. The Premier's campaign focused on his government's record of tax cuts, fiscal restraint and economic stimulus.

In a parallel referendum, an electoral reform proposal based on a "single transferable vote" ballot obtains 57 percent support, just short of the 60 percent needed for its implementation. The proposal was drafted by the Citizen's Assembly on Electoral Reform, a committee of randomly selected citizens tasked with evaluation of alternative electoral systems for the province. Campbell calls the results indicative of support for electoral reform and pledges further action on the issue.

26 May
*Quebec, Provincial
Politics*

The National Assembly unanimously rejects the establishment of Islamic tribunals. Quebec thus becomes the first province to explicitly ban sharia law. Some Islamic com-

munities have called for such tribunals under Canadian guarantees of multiculturalism; critics of sharia law argue that it discriminates against women. Ontario is expected to make a decision on sharia law shortly.

4 June
*Quebec, Provincial
Politics*

Bernard Landry, despite obtaining 76 percent support in a leadership confidence vote, steps down as leader of the Parti Québécois. Landry argues that the leader of the party must have unequivocal support if the sovereignty movement is to succeed. The resignation reflects a rift between the moderates and hard liners within the party.

10–12 August
Provincial Politics

The Council of the Federation meets in Banff, Alberta. The highlight of the three-day meeting is a call on the federal government to restore the Canada Social Transfer to its 1994–95 level; the call is quickly rebuffed by federal finance minister Ralph Goodale who notes that transfer cuts have been offset by increases in federal expenditures on social services through other means. Further issues discussed by the premiers include pharmaceutical strategy, the fiscal imbalance, and barriers to internal trade.

25 August
*Ontario, Provincial
Politics*

The Ontario Chamber of Commerce releases Phase One of *Fairness in Confederation*, a report on the province's fiscal deficit in relation to the rest of the country. The report, an affirmation of the existence of a disproportionately large and growing gap between what the province contributes to the federal government and what it receives, bolsters Premier Dalton McGuinty's argument for restructuring Canadian fiscal federalism. Prime Minister Paul Martin continues to deny the existence of any sort of imbalance.

11 September
*Ontario, Provincial
Politics*

Premier Dalton McGuinty announces that the province will outlaw all forms of religious arbitration including but not restricted to Islamic sharia law. Backlash against proposals for sharia law-based tribunals led the province to review the 1991 Arbitration Act, which allowed limited religious dispute settlements in the province. Opponents of sharia law argue that such tribunals discriminate against women. Following Quebec, Ontario becomes the second province to publicly consider and reject the practise of sharia law.

- 12 September
Alberta, Provincial Politics
- Following strong provincial surpluses resulting from high energy prices, Premier Ralph Klein announces plans to send each Alberta resident a tax-free “prosperity cheque.” The amount of the cheques is later announced to be \$400 per person. Critics view the cheques as irresponsible spending of temporary revenues. Klein says that the cheques will continue in future years if energy revenues remain at current levels.
- 12 September
British Columbia, Provincial Politics
- The provincial Speech From the Throne announces that a second referendum on electoral reform will be held in 2008. A first referendum on the implementation of a Single Transferable Vote system, originally proposed by the Citizen’s Assembly on Electoral Reform, failed to achieve the required 60 percent support in May. Further issues discussed in the speech include Aboriginal poverty and measures to encourage innovation in government policy.
- 29 September
Nova Scotia, Provincial Politics
- Premier John Hamm announces plans to retire. Hamm served as Premier for three terms; he is remembered for balancing the budget in 2004 and for reaching an agreement with the federal government regarding offshore energy revenues in January 2005. He will officially step down following the election of a successor at a Progressive Conservative leadership convention next year.
- 11 October
Ontario, Provincial Politics
- Greg Sorbara resigns his position as Minister of Finance following allegations of fraud during his time as a director of Royal Group Technologies Ltd. Sorbara was named in a search warrant concerning an as-of-yet unnamed transaction; he claims neither knowledge of nor involvement in any alleged incidents. RCMP officials exercised search warrants at Sorbara Group offices earlier in the day.
- 12 October
Ontario, Provincial Politics
- The provincial Speech from the Throne focuses primarily on the achievements of the governments from its first two years in office, highlighting investments in education, health care and the environment. Planned initiatives include measures to reduce high school dropout rates, revamping of the province’s automobile emissions program, and passage of the City of Toronto Act. The speech is overshadowed by the previous day’s resignation of Greg Sorbara.

15 November
*Quebec, Provincial
Politics*

André Boisclair wins the leadership of the Parti Québécois, easily defeating all other contenders with 54 percent of first ballot support. Boisclair's victory is seen as a major directional change for the party. The new leader's acceptance speech pledges to bridge divides both within the party, between hard-line and moderate sovereignists, and across the province. Throughout the campaign Boisclair drew criticism over past cocaine use.

SENATE

24 March
Senate

Prime Minister Paul Martin announces nine new appointments to the Senate, including former federal defense minister Art Eggleton and former general Roméo Dallaire. The appointments do not include any of the Alberta senators-in-waiting elected on 22 November 2004.

SOCIAL POLICY

1 March
*Quebec and Social
Programming*

The federal government signs an agreement allowing Quebec to operate its own parental leave program. Following a Supreme Court ruling saying that parental leave is outside federal jurisdiction, the agreement will allow Quebec to opt out of the federal employment insurance-based parental leave program and receive \$750 million in annual funding for its own program. Federal officials insist that similar agreements will be offered to any other interested provinces.

28 July
*Ontario and Social
Programming*

Ontario unveils its "Best Start" plan towards the development of affordable child care in the province. The project seeks to create 25,000 new child care spaces over the next three years using federal funds allocated in the February budget. Under a May agreement, Ontario will receive \$1.9 billion over five years in federal child care funding. Critics of the proposals argue government monies should be allocated exclusively to not-for-profit daycare centers.

28 October
*Quebec and Social
Programming*

Quebec signs an agreement with the federal government to receive \$1.125 billion over five years in child care funding under the federal Early Learning and Child Care Initiative. The province becomes the first to sign an agree-

ment under the initiative. The unconditional transfer is cited as an example of effective asymmetrical federalism.

SPONSORSHIP/GOMERY INQUIRY

8 February
Sponsorship

Former Prime Minister Jean Chrétien testifies before the Gomery inquiry. Chrétien defends the sponsorship program, arguing that the value of national unity trumps any organizational failures associated with the program's delivery. He denies having had any knowledge of mistakes or misappropriated funds.

10 February
Sponsorship

Paul Martin appears before the Gomery commission. He claims that his involvement in the sponsorship program as Finance Minister was reserved to approving budgets; he says he had no discussions regarding the organization or operation of the program. It is the first time in 130 years that a sitting Prime Minister has testified before a public inquiry.

21 April
Sponsorship

Paul Martin, in a rare event for a Canadian Prime Minister, addresses the country on television. It is the first such televised Prime Ministerial address since 1995. Responding to ongoing sponsorship scandal revelations emerging from testimony before the John Gomery-led inquiry, Martin apologizes for having allowed the scandal to occur during his time as Prime Minister, saying that he "should have been more vigilant." He lists the measures taken by his government to repair the damage from the scandal, including appointing the Gomery commission, firing Alfonso Gagliano, and promising to repay any monies found to have been illegitimately gained by the Liberal Party. Responding to calls for the defeat of the government over the sponsorship issue, however, he promises to call an election within 30 days of the release of the final Gomery report, arguing that Canadians should judge the government only once all necessary information is unearthed.

Opposition leaders are subsequently granted airtime to respond to Martin. Although Conservative leader Stephen Harper and Bloc Québécois leader Gilles Duceppe commit to defeating the government at the first available

opportunity, New Democratic Party leader Jack Layton offers to support the budget if corporate tax cuts are removed in favour of increased social spending.

30 May
Sponsorship

Former Prime Minister Jean Chrétien withdraws a Federal Court application calling for the removal of Justice John Gomery as head of the commission of inquiry into the sponsorship scandal. The application was based on allegations of bias given comments made by Gomery in interviews over his time at the head of the inquiry. Chrétien's lawyers intend to reconsider the application following the release of Gomery's final report.

12 September
Sponsorship

Justice John Gomery announces a delay for the release of his final report into the sponsorship scandal. Originally planned for 15 December 2005, the final report is now expected to be released on 1 February 2006. Gomery cites the volume of submissions to the inquiry as the reason for the delay. A preliminary report is still expected for 1 November 2005.

1 November
Sponsorship

The first report from the commission of inquiry into the sponsorship scandal is tabled in Parliament. Justice John Gomery is scathing in his attack on what he calls an elaborate kickback scheme designed to funnel hundreds of thousands of dollars into the Quebec wing of the Liberal Party of Canada. He places final responsibility for the program on former Prime Minister Jean Chrétien, exonerating current Prime Minister Paul Martin of personal blame.

Martin reacts to the report by banishing ten individuals from the Liberal Party for life. Chrétien vows to challenge the report's findings in Federal Court, claiming that Justice Gomery was biased against him.

30 November
Sponsorship

Former Prime Minister Jean Chrétien files a legal challenge in Federal Court against Justice John Gomery's first inquiry report into the sponsorship scandal. According to the claim, Gomery was biased against Chrétien and based his findings on unreliable evidence. Chrétien had announced his intention to file the challenge at the time of the report's release.

SUPREME COURT

30 March
Supreme Court

The Supreme Court rules on three challenges to the education language provisions of Quebec's Charter of the French Language (Bill 101). Though restrictions on access to English language education are ruled to not violate the Charter of Rights and Freedoms, the court compels the provincial government to be more flexible when deciding eligibility for English language schooling. It is further ruled that children enrolled in French immersion schooling by choice should not lose future eligibility for English language schooling.

26 April
Supreme Court

Chief Justice of the Quebec Court of Appeal Michel Robert incites controversy by suggesting that sovereignists should be disqualified from holding top positions in the federal government. In an interview with the *Montreal Gazette*, Robert suggests that those who do not support the Canadian constitution should not be allowed to occupy roles upholding it. Robert rejects subsequent calls for his resignation over the comments.

29 September
Supreme Court

The Supreme Court rules that the British Columbia government can sue tobacco companies for five decades worth of health care costs associated with smoking. British Columbia passed the Tobacco Damages and Health Care Costs Recovery Act in 2001 towards recovery of such costs; the court rejected the claim that the law was outside the province's jurisdiction. The ruling paves the way for tobacco lawsuits by other provinces.