

Harper to provinces on Atlantic accords: sue me

OTTAWA (CP) - Prime Minister Stephen Harper is upping the ante in the high-stakes dispute over the Atlantic accords, challenging Nova Scotia and Newfoundland to sue his government.

And he threatened Monday to take the matter to court if they don't put up or shut up.

The premiers of Nova Scotia and Newfoundland accuse Harper of tampering with the Atlantic accords and breaking his promise to exclude offshore resource revenues from the federal equalization formula.

Nova Scotia officials say federal changes to the province's accord would mean the loss of about \$1 billion in revenue over the next decade.

But Harper denies the charges and says such serious allegations cannot be left uncorrected.

"If you're really serious in the allegation we've broken a contract, then I think that you have to follow that allegation up with action," Harper said.

"We're prepared, if we cannot pursue an accord with Nova Scotia and the others, . . . to consult the courts ourselves."

Harper said Nova Scotia is receiving \$95 million more in equalization transfers under his government's new budget than it is entitled to under the 1984 Atlantic accords.

Nova Scotia had been negotiating with Ottawa to try to reach a compromise over the dispute, but Premier Rodney MacDonald called off the talks on the weekend.

MacDonald issued an angry letter Sunday accusing Federal Finance Minister Jim Flaherty of "undermining" negotiations.

He is now calling on the two remaining Tory MPs from his province - Peter MacKay and Gerald Keddy - to vote against the federal budget implementation bill, claiming it would alter the Atlantic accords.

Last week, Nova Scotia MP Bill Casey was turfed from the federal Conservative caucus for voting against the implementation bill on the grounds it did not honour the accords.

Flaherty has said he's not interested in doing any side deals just to pick up a few extra votes.

Harper said Monday that his government will not negotiate side deals, saying it is ironic that the provinces who are doing the griping are the ones that have been given the best deals.

Newfoundland Premier Danny Williams and Saskatchewan Premier Lorne Calvert have also publicly blasted Harper for allegedly breaking his promise to exclude resource revenues from the equalization



Nova Scotia Premier Rodney MacDonald. (CPimages/Andrew Vaughan)

formula which determines how much money the provinces get from Ottawa.

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