

# PM tries to pacify Williams

## Blasted by Newfoundland Liberals, Martin reaches out to angry Premier

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Prime Minister Paul Martin moved yesterday to bring a still-seething Danny Williams back onside as he coped with an internal political storm rising from the collapse of an offshore oil royalty deal with Newfoundland and Labrador.

The failure to get a deal with the Premier this week created deep tensions for a number of Liberal politicians from the province, including one who said he might have to reconsider his career in the Liberal Party if an appropriate deal is not reached.

"If we're not getting the 100 per cent as committed and promised, then I'm coming down squarely on the side of the premiers and the province," MP Bill Matthews said.

"What are my options? Well, I suppose one option might be to go back to Newfoundland and Labrador and not come back to Ottawa, it might be to sit in my seat and vote for the government sometimes and vote against it when I feel fit, or another option might be to look at another location in House."

Mr. Matthews did say, however, that he hopes the impasse can be cleared after Mr. Martin and Mr. Williams spoke yesterday afternoon. Mr. Williams boycotted a first ministers meeting on equalization on Tuesday but returned a call from Mr. Martin placed that night.

Newfoundland wants to keep 100 per cent of its oil royalty revenue without Ottawa clawing back 70 per cent of the money the province receives under the federal equalization program. Mr. Williams says



Danny Williams is talking again to Prime Minister Paul Martin.

Mr. Martin promised him this during the spring election campaign.

The federal government says it's willing to do this, but that the deal must be reviewed once the province's ability to generate revenue exceeds that of Ontario, which does not qualify for equalization. The federal equalization program provides cash top-ups to provinces so they can deliver services consistent with those of wealthier provinces.

Mr. Williams said yesterday his chat with Mr. Martin was a frank one and that he told the Prime Minister that he was hearing different versions of what the federal government is offering regarding oil revenues and the clawback from Mr. Martin, Finance Minister Ralph Goodale and other federal officials.

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# Martin 'broke the spirit of what he said'

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"Our conversation today wasn't acrimonious, but it wasn't cordial," he said. "There were no raised voices. There was no animosity or anything like that."

Mr. Williams said the two men agreed to have their officials discuss the matter.

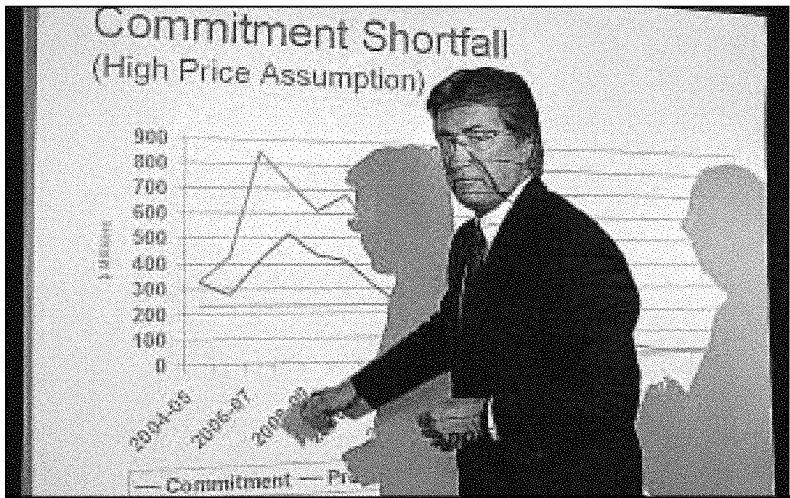
In a news conference yesterday, Mr. Williams repeated his allegation that Mr. Martin is not fulfilling his promise to make a deal for 100 per cent of revenues.

"We are not prepared to let Ottawa keep the loaf while we get the crumbs," Mr. Williams said. "The agreement that the Prime Minister and I reached on June 5 could get us off to a very good start."

In the House of Commons yesterday, Mr. Martin said he intends to fulfill the agreement that he reached with Mr. Williams.

"There is no doubt that when we look at the situation in Newfoundland and Labrador, that in terms of its debt and the fiscal capacity of the province, that all of us have an interest in making sure that Newfoundland and Labrador do well," he said. "It is my intention to fulfill exactly the agreement that I reached with the Premier."

Meanwhile, yesterday, the Newfoundland caucus — which consists of five Liberal MPs and three senators — was meeting in the early



PAUL DALY/CANADIAN PRESS

**At a news conference in St. John's yesterday, Premier Danny Williams said that the Prime Minister is not fulfilling his promise to make a deal for 100 per cent of the province's oil revenues.**

**'We're been keeping the carpets on the floors in Ottawa since we joined Canada. Canada now owes Newfoundland big time.'**

*Senator George Baker*

morning in a room in Parliament's Centre Block when Mr. Martin unexpectedly walked in and discussed the issue with them for 90 minutes.

"Okay guys, let me have it," sources said he told the group, adding, "Look, I need some communication with the Premier."

Sources said he also admitted that he was wrong when he told the national media on Tuesday that he had not received a telephone call from Mr. Williams. "He said, 'I discovered a phone call was made by the Premier, he left a message and one of my employees mislaid it,'"

according to the insider.

Mr. Martin also asked that one of the Liberal senators, George Furey, act as a go-between by setting up a phone call.

But the Prime Minister was facing criticism in other quarters. One riding executive, Andy Smith of St. John's, said he has decided to resign as president of a provincial Liberal association and won't campaign for the federal Liberals until a fair deal is done.

"I'm so disappointed with our federal members on the Liberal benches," said Mr. Smith, who has acted as a senior campaign executive for federal elections. "[Mr. Martin] broke the spirit of what he said."

Senator George Baker said Newfoundland's exports have done much for Canada, and now it's time for the nation to pay the province back.

"We're been keeping the carpets on the floors in Ottawa since we joined Canada. Canada now owes Newfoundland big time," he said.