

Summary of Scottish Affairs Committee's visit to Canada (May 2019)

27th May, 08:45-09:45

Meeting with High Commission Staff

The Committee met with staff of High Commission for a briefing on Canadian federal politics. The briefing covered seven key areas. The first area was Canada's recent electoral history. The briefing covered the Liberal Party's 2015 federal election victory, the current government's record on delivering on manifesto promises, and the electoral prospects for next year.

Secondly, the briefing covered the economy and, in particular, fiscal performance since the 2007 financial crisis. The Committee heard about recent performance on unemployment, trade, investment, and infrastructure.

Thirdly, the High Commission staff explained important domestic issues addressed by the Trudeau administration; this included the passage of "right to die" legislation, Syrian refugee policy, US-Canada immigration policy, electoral reform, and addressing the federal government's troubled relationship with indigenous peoples.

Fourthly, the briefing covered federal-provincial relations, particularly in light of the fact that 85% of the Canadian population now lives in provinces controlled by centre-right parties (a marked change from when Trudeau was elected Prime Minister). Despite the juxtaposition with the Trudeau's Government's liberal tendency, High Commission staff explained that there is no correlation between federal and provincial politics, since most provincial elections are decided on local rather than national issues.

Fifthly, High Commission staff explained recent developments in relation to climate change and energy. Discussion was focused on Trudeau's participation in the 2015 Paris Conference, and his subsequent commitment to negotiate a Pan-Canadian Framework, which would allow provincial governments to devise their own plans to tackle emissions, but which would also threaten a carbon tax if they cannot. The staff explained that opposition from indigenous groups and from the NDP government in British Columbia has delayed plans to build new pipelines aimed at getting Alberta's landlocked oil to market.

Sixthly, the briefing covered foreign policy and defence. The Trudeau Government's withdrawal of Canadian jets from combat operations in Syria and Iraq, as well as Canada's failure to meet the 2% NATO defence spending target was discussed. The High Commission staff explained a number of international disagreements between Canada and Saudi Arabia, China, and India.

Finally, the briefing covered the election prospects of the upcoming federal government elections.

27th May, 10:00-11:00

Meeting with Canadian Chamber of Commerce

The Committee met with Ryan Greer, Senior Director for Transportation & Infrastructure Policy, and Mark Agnew, Senior Director for International Policy, at the Canadian Chamber of Commerce. The Committee began by discussing the legalisation of cannabis in Canada. The Committee heard that the legalisation of cannabis has resulted in economic growth, with cannabis producers becoming significant employers in regions which previously suffered from high unemployment. Mr Greer explained that although the legalisation took place at a federal level, the provinces have flexibility in how they implement legalisation. As such, provinces with more conservative governments have taken

a less liberal approach to legalisation, and have implemented restrictions, such as minimum age requirements. The varying provincial approaches towards implementation have resulted in a complex legalisation landscape.

The Committee then discussed internal trade within Canada. Mr Greer explained that various challenges are presented by the freedom of movement of goods across provincial borders and the various regulatory rules. The context in which interprovincial trade occurs has changed, as there has recently been an updated Canadian Free Trade Agreement, which is more inclusive and automatically applies to new and growing areas of the economy. Mr Greer explained that members of the Canadian Chamber of Commerce still experience challenges when trading across Canada due to regulatory differences. The Committee heard examples of first aid kits having different requirements in each province. Another example was different rules in different provinces for truck drivers (for example, in how many hours they can drive for). It was explained that, although there is a will at the federal government level to improve regulatory alignment, progress has been hampered by intransigence during negotiations.

The Committee asked whether the Canadian single market is effective. The response from the Chamber of Commerce representatives was that it is not. The representatives claimed that if market alignment was increased, between \$50 and \$130 billion could be added to the Canadian economy.

There was some discussion on what challenges business organisations are facing in Canada. The Committee heard that the provinces compete with each other to attract business. The example of an Alberta Premier's manifesto pledge to cut the provincial corporate tax rate to make the province more open to investment was given. The complex provincial and federal corporate tax was raised as an example of a challenge faced by businesses. The representatives also argued that opportunities for small businesses to expand are currently limited because different regulatory rules create trade barriers, which is a significant inhibitor of growth for Canadian small businesses.

The group also discussed how the Canadian immigration system impacts businesses. The Committee heard Canada's current immigration policy is not well tailored towards attracting individuals with the right skills set – particularly in relation to rural areas where the labour needs are more unique. Skill certifications are also not aligned across provinces, which means if people move to work in a different province they may need to get recertified in their professions. The federal government sets the overall envelop for immigration, but the provinces can influence these figures based on their skills shortages. Provinces can also set their own incentives to encourage immigration to their area, such as language training or tax relief. Mr Greer explained that there are many intergovernmental working groups on immigration, and there are no known disputes or examples of the federal government overruling the labour needs of a provincial government.

27th May, 11:30-12:15
Meeting with Finance Canada

The Committee met with Galen Countryman, Director General for Federal-Provincial relations, and Suzanne Kennedy, Senior Director for Equalisation Policy, at Finance Canada, in order to discuss federal transfers to the provinces and territories.

Mr Countryman and Mr Kennedy explained that Canada is a highly fiscally-decentralised federation, and that both provinces and the federal government have access to the same major sources of revenue, including personal income tax, corporate income tax, sales taxes and pay roll taxes. However, it was explained that only the federal government can raise revenue through custom import

duties/withholding taxes on non-residents, whilst the provincial governments can levy taxes on property, gaming/liquor profits and anything else in provincial jurisdiction.

The composition of the federal transfer was discussed. The transfer (which will total \$78.7 billion CAD in 2019-20) is made up of the Health Transfer (\$40.4 billion), Social Transfer (\$14.6 billion), Equalization (\$19.8 billion) and Territorial Formula Financing (\$3.9 billion). Mr Countryman and Mr Kennedy explained that the transfers are annual funding contributions by the federal government for the provision of health and social services, and are allocated to the provinces and territories on an equal per capita cash basis. Equalization payments are intended to ensure provincial governments have sufficient revenue to provide reasonably comparable levels of public services at reasonably comparable levels of taxation. This reduces, but does not eliminate, fiscal disparity. Territorial Formula Financing takes into account that the high costs in the North for the territories are based on the local jurisdictions' ability to raise revenue.

The meeting was largely spent discussing equalization payments. Mr Countryman and Mr Kennedy explained that equalization payments are set in legislation (typically expiring after 5 years), and are intended to provide opportunities to ensure work programmes are functioning as intended. Neither federal nor provincial deficits impact the level of equalization payments. Members asked about the financial competence of provincial governments and, particularly, whether the federal government has the power (or will) to intervene in fiscal activity it disagrees with. The committee heard that this does not happen, because the federal government does not dictate how provinces should spend their allocated money. The Committee learned that the federal government can withhold parts of the transfer if a province breaks federal rules. The specific recent example was raised of British Columbia charging patients for healthcare (in violation of federal rules), resulting in the federal government withholding around \$16 million. Finance Canada were confident that whilst there are political issues regarding the imbalance between provinces who contribute the most, but receive the least in return, they insisted that equalization does not constrain more prosperous provinces.

Other issues discussed included the natural resources revenue for provinces with a large oil and gas sector, such as Alberta and British Columbia. Mr Countryman and Mr Kennedy explained that natural resources is a federal area of jurisdiction, but that agreements are made between the federal government and the provinces to give royalties to provinces with large industries.

27th May, 12:45-13:30

Meeting with Michael Levitt, Chair of the Foreign Affairs Committee

The Committee met with Mr Levitt, and began by discussing personal and historic Scotland-Canada links, Scottish diaspora in Canada, and the progress of the Committee's trip thus far. Discussion touched briefly on CETA, and Prime Ministers May and Trudeau's agreement to transition CETA into a UK-Canada post-Brexit trade deal.

Mr Levitt provided the Committee with an outline of the Foreign Affairs Committee (FAC), and its role. Discussion focused on Mr Levitt's imminent report on threats to liberal democracy, and the role of social media platforms and online hate. In response, the Scottish Affairs Committee's upcoming report on Intergovernmental Relations.

Members asked about how the US-Canada relationship has been affected by the Trump administration. Mr Levitt explained that some challenges now have to be overcome which previously did not exist, but that efforts have focused on finding areas of commonality between the two governments, and working towards mutually beneficial outcomes, such as the renegotiation of the NAFTA deal.

Discussion also focused on the legalisation of cannabis. Mr Levitt outlined the Canadian Government's steps to legalise cannabis, and explained how money raised through taxation of cannabis is put into criminal enforcement of supply. Members discussed regulation and enforcement mechanisms, and the extent to which legalisations has helped tackle illicit street markets. Discussion also addressed how legalisation has affected the price, supply and accessibility of cannabis, and divergence in the implementation of legalisation.

There was some discussion about the Israel-Palestine conflict, Iranian funding of state-sponsored terrorism in the Middle East, as well as recent resurgence of antisemitism in Europe. The group then spoke at length about climate change; Mr Levitt drew attention to his Committee's report on Arctic sovereignty, and explained the importance of working through the Arctic Council to negotiate international disagreements over the Arctic region. Mr Levitt also explained why the current government believes climate change is important, and the impact rising sea levels and melting Arctic permafrost has on indigenous populations.

The group briefly addressed the crossing of Haitian and Nigerian communities across the US-Canada border, as well as the potential for Canadian border technology to provide a solution to the post-Brexit Northern Irish border complexities.

Finally, the discussion ended the upcoming Canadian federal elections, and the outcome of the recent European Parliament elections.

27th May, 14:00-15:00
Meeting with Privy Council Office

The Committee met with Christiane Fox, Deputy Minister of Intergovernmental Affairs and Youth. This is an official (civil servant) position, rather than a ministerial (political) one. The group discussed federal-provincial territorial relations in Canada. Ms Fox began by outlining Canada's federal system and the constitutional division of responsibilities between the federal and provincial/territorial governments. Ms Fox argued that the provinces and territories have considerable policy autonomy due to the evolution of the division of powers. For example, health care is a shared authority as it falls under provincial jurisdiction. However, through federal funding the federal government is able to ensure key principles are ingrained in sub-state policy. In contrast, education is an area where the provinces/territories have full autonomy, and where no engagement from the federal government is received.

Ms Fox then described Canada's intergovernmental processes. The Committee heard that that the Canadian constitution makes no reference to the machinery for intergovernmental relations, but that a system has been embedded over time. The system is made up of formal and informal, multilateral and bilateral systems, and exists between the federal, provincial and territorial levels of government. The Committee heard of the processes and mechanisms within the Canadian intergovernmental system of executive federalism, such as regular meetings between officials, and the less frequent meetings at a political level, as well as the high-profile (but infrequent) First Minister's Meetings (which includes the Prime Minister and all premiers). The Committee heard that the federal government set the time and agenda for the First Minister's Meetings.

There was a discussion around what conflict resolution mechanisms exist to cope with intergovernmental disputes. The Committee heard that in areas of overlapping policy competence (for example, healthcare and social security), the federal government provides funding on the

condition that certain requirements are met. Most conflicts are dealt with at a senior official-level by the Privy Council Office on a bilateral basis. The Committee heard that disputes can often end up in court. Ms Fox explained that this is because federal-provincial relationships are primarily informal and unstructured, which allows for adaptability and flexibility. However, this also means that when disputes arise, the primary formal route of dispute resolution is recourse to the legal system. The Committee discussed whether a dispute resolution mechanism should be introduced to the Constitution.

There was a discussion on broadcasting in Canada, which is mostly reserved to the federal government (albeit with some overlapping rules specifically in relation to “culture”), meaning there are normally both federally and provincially-funded broadcasting services.

Lastly, there was a discussion on how immigration policy works at a sub-national level. The Committee learned that immigration is primarily a federal responsibility, but that the provinces inform the federal government of their labour needs and skills shortages. Quebec has a slightly different status in that it has a sub-national immigration policy and can offer visas to work in Quebec. However, there is freedom of movement of people within Canada so there are no province-specific visas in which a worker couldn’t move to a different province.

27th May, 15:30-16:30
Meeting with Public Health Ottawa

The Committee met with Andrew Hendricks at Public Health Ottawa to discuss safe consumption facilities in Canada. Mr Hendricks began by outlining that a new permanent safe consumption facility in Ottawa opened in September 2017; after public debate around harm reduction was reignited following the deaths of several young women from drug overdoses in middle class suburbs. Mr Hendricks explained how Public Health Ottawa consulted community partners and neighbours in an effort to minimise community disruption, and that a strong working-relationship with the local police has been essential to effective running of the facility. Discussion touched on the cost of running the facility (\$100,000CAN per month – the bulk of which is staff salaries).

Mr Hendricks explained the benefits which have become apparent since the treatment centre opened, including; reduced transmission of HIV and Hepatitis C, reduced overdose fatalities, increased referrals to health and social programs, and decreased public drug consumption, and improved community safety. Many of these benefits are a direct result of the availability of sterile equipment. Mr Hendricks outlined that no one has ever died in a safe consumption facility in Canada, and that 98% of the facility’s users say that if they didn’t have access to the SCF, they would be injecting elsewhere.

There was discussion about how safe consumption facilities practically operate (including the supervision of nurses, availability of sterile equipment, drug testing, and wrap-around services). Mr Hendrick discussed the benefits of medical supervision – primarily the ability of medically-trained staff to respond quickly to overdoses (which rarely involves calling an ambulance, or an admission to A&E).

Mr Hendricks outlined that since September 2017 there had been 15,000 visits to the facility (on average 40 per day), and that service users have very different patterns of use (ranging from one visit per week or month, to 4 or 5 visits per day). The group discussed how the repeated visits of service users allows the facility’s staff to build relationships, understand psychological drivers of their substance misuse over time, and then be best placed to recommend which particular services might be best placed to address individuals’ needs. The safe supply of drugs was also discussed. Mr Hendricks argued that Canada is not facing an “opioid crisis” but, rather, a “tainted drug crisis”, whereby illicit street drugs are tainted with fentanyl/carfentanil.

There was also discussion about the legal framework which allows for the operation of safe consumption facilities; Mr Hendrick explained that the Controlled Substances Act (a federal act) allows for approved organisations (such as medical or research institutions), provided certain conditions are met, to possess illicit substances. Approval from Health Canada is required, and there is usually around 100 different restrictions and conditions to follow (for example, requirements that left-over substances are automatically destroyed in a responsible manner). Organisations must reapply for, federal approval each year and random inspections are used to ensure conditions are met.

Discussion also focused on the facility's strong relationship with the local police. Mr Hendricks explained that where possible the local police try to avoid arresting people for possession of small amounts of drugs, and that law enforcement efforts are focused instead on addressing drug supply and trafficking. In this respect Mr Hendricks explained that legal decriminalisation is not necessarily needed, since the police can *de facto* decriminalise possession of small amounts of drugs by not enforcing laws as fully as statute would potentially allow. Mr Hendricks said this was an autonomous decision taken by the police force (rather than a federally-imposed approach).

There was some discussion about other harm reduction methods, such as drug testing facilities (which are offered through provincial governments), and discussion about public health and abstinence approaches more broadly. Some Members questioned why there is not more proactive intervention to divert service users to more abstinence-based treatment. Mr Hendricks responded that "we know from evidence that abstinence-based models do not work". He added that the most successful approaches are those which treat drug addiction and mental health together, arguing that concurrent disorders need concurrent treatment. It was explained that, in line with this approach, the most effective safe consumption facilities are those which are imbedded within other integrated services, such as psychiatrists, psychologists, councillors, and welfare and housing advisors.

There was some discussion about the fundamental role of safe consumption facilities. Mr Hendricks explained that the role of SCFs is not to get people off of drugs but, rather, to reduced harms and the number of drug-related deaths. Some Members questioned whether a greater "mid-way" is possible between respecting clients' autonomy, and more proactive referral to wrap-around services. In response, Mr Hendricks made the point that more proactive referral is unlikely to prove successful, because in order for services to prove effective, clients must be fully committed.

28th May, 9:30-10:30
Visit to Safe Consumption Facility

The Committee were given a brief overview of the Sandy Hill Community Centre, before being given a tour of the facility, including an insight of the supervised injection rooms.

The Committee firstly discussed the underlying approach and assumptions of the safe consumption facilities. Mr Boyd explained that the facility operates on an "integrated" model, in which clients can access a range of "wrap-around" services, including mental health, welfare, family support and housing services. The current limits of capacity were also discussed; it is estimated that 10% of all problem drug users in the catchment area of the facility use the services available.

Mr Boyd explained that the objective of the safe consumption service at Sandy Hill is not to prevent users taking drugs but, rather, to ensure drugs are consumed in a safe manner (a fundamental tenet of harm reduction approaches to problem drug use). Mr Boyd argued that "prohibition automatically makes drugs more dangerous and harmful", because consumption of illicit drugs is pushed "underground" and unsafe and harmful methods of consumption become the default. When asked

what he would say to people who question whether safe consumption facilities “send the wrong message” to potential drug users, Mr Boyd said “there is no evidence that people prolong or progress their drug use as a result of safe consumption facilities”.

In this respect, it was stated that the service’s aim is not to push clients towards abstinence or additional wrap-around services, but to create a “safe space” in which change can happen. Mr Boyd said that only 15-20% of problem drug users achieve abstinence, and that the approach taken by Sandy Hill is therefore to ensure that harms are mitigated as far as possible for the remaining 80-85% of problem drug users, with the aim of ensuring that users can function and participate in society as fully as possible. Mr Boyd used diabetes as a metaphor – arguing that you cannot fully “treat” diabetes, but you can mitigate harms to ensure diabetics can participate fully in society.

Mr Boyd explained that most clients are single-users, who visit the facility with the sole objective of using the safe injection facilities (without referrals through the relevant integrated wrap-around services). He added that the approach taken by the facility is necessarily a long-term one, which recognises individuals’ autonomy and agency. For this reason, building trust, relationships and understanding with clients is key, and therefore can take weeks, months or years to build. Only once trust is established, do staff realistically stand a fair chance of diverting users to wrap-around services.

Some members questioned whether the apparently small number of formal referrals (540 formal referrals for the 513 clients) to wrap-around services indicates that the success of the diversion approach has been limited. Mr Boyd argued that these figures account only for the formal referrals, and that with each visit staff continue to develop considerable understanding of each clients’ underlying social, financial, traumatic or psychological drivers. In this respect, with each visit, staff are therefore becoming better placed to identify clients’ needs, gaining their trust, and therefore stand a better chance of successfully referring them to relevant additional services.

Discussion also focused on the impact the service has on the surrounding communities. Mr Boyd explained that before the safe consumption facility was opened, there was extensive consultation and engagement with local communities. Despite considerable initial concern from neighbours, Mr Boyd claimed that three months after opening, most neighbours did not realise the facility had begun operating. It was also said that a total of four complaints have been made by neighbours in the last year and that, despite initial fears, discarded needles in the surrounding area has not been a problem. Mr Boyd explained that part of the reason for the very low number of complaints, is that, because Sandy Hill is an integrated service facility, not everyone who enters the facility is necessarily a drug user. Sandy Hill staff argued that the integrated nature of the services helps to “diffuse tension” amongst neighbours. Mr Boyd briefly discussed particular systems which are in place to ensure the surrounding area is not adversely affected by clients; for example, a member of staff is dedicated to help move on clients who are loitering outside the facility.

Discussion also focused on the supply of drugs. Mr Boyd argued that systems to ensure safe supply of drugs are also key to reducing the harmful impacts of problem drug use. Mr Boyd briefly demonstrated the facility’s mass spectrometer technology, which is used to test the pharmacological content of illicit substances. The wide-spread prevalence of substances “cut” with fentanyl was also addressed.

When asked what the UK could do better address problem drug use, Mr Boyd argued that decriminalising possession of small amounts of drugs for personal use would help address the prevalence of problem drug use. Mr Boyd said, “you cannot arrest your way out of a drug problem”. On this point Mr Boyd added that regulation is key to success outcomes of decriminalisation, and that each drug needs to be treated differently (e.g. opioids require different approaches to cannabis and ecstasy, for example).

28th May, 11:00-12:30

Meeting with Canadian Intergovernmental Conference Secretariat

The Committee met with Andrew McArdle (Secretary) and colleagues from the Canadian Intergovernmental Conference Secretariat (CICS). Mr McArdle explained that CICS provides administrative services for the planning and conduct of First Ministers, Ministers and Deputy Ministers level federal-provincial-territorial and provincial-territorial conferences. They are accountable to Parliament via the Clerk of the Privy Council Office, and are a neutral organisation created with the agreement of all 14 jurisdictions (and serve all 14 equally). They are exempt from the Access to Information Act and don't have any statutory obligations.

The Committee heard that CICS's budget is around \$6 million, which is paid for by both the federal and provincial governments. Mr McArdle explained that there is no legal obligation for the provinces to pay the Secretariat, and that some do not (meaning the federal government has to plug the financial gap).

The Committee heard that in 2017-18 there were 138 intergovernmental meetings served by the secretariat. 66% were federal-provincial-territorial and 34% were provincial-territorial. Some sectors meet frequently, for example, provincial agriculture Ministers, whereas others meet on more of an ad-hoc basis. The Committee heard that often a sectoral provincial-territorial meeting for the provincial ministers to strategize will take place before the main sectoral federal-provincial-territorial meeting.

The Committee discussed the benefits of having a secretariat to facilitate such meetings, and heard that it is not mandatory for the federal government to use the secretariat to communicate with the provinces, but that it is perceived to be in everyone's best interest to do so.

28th May, 12:45-13:30

Meeting with Council of the Federation

The Committee met with Loretta O'Connor, Executive Director, Council of the Federation Secretariat. The Council of the Federation (COF) is comprised of the 13 provincial and territorial Premiers and its aim is to enable Premiers to work collaboratively to strengthen the federation by fostering a constructive relationship amongst provinces and territories. Ms O'Connor explained that there is almost always a Council of the Federation meeting before the First Ministers Conference, so Premiers can present a united front on issues to the Prime Minister. The Council is mandated to meet twice per year, but sometimes meets more frequently than that. The Chair of the Council rotates annually and all provinces get the opportunity to host the Council. The agenda for the meetings is tabled by the Chair, but everyone gets the opportunities to feed in and give their views, usually in a conference call prior to the official meeting.

The Committee discussed dispute resolution between the Premiers and heard that officials will get involved to resolve disputes and try to find common ground and consensus. All dispute resolution is informal.

The Committee discussed the role of the Premiers in international trade, and learned that the provinces do international work in North America, Europe and China as well as trade missions. The larger provinces – Alberta, Ontario and Quebec – have offices abroad. Although large trade deals are ratified at a federal rather than provincial level, the provinces contribute significantly, as was the case with CETA.

29th May, 10:00-11:00

Quebec briefing with High Commission staff

The Committee met with staff from the High Commission in Montreal, and was given an introduction to the current political situation in Quebec. Firstly, there was a discussion on demographics in Quebec which has a population of around 8 million people, split evenly between urban and rural areas, it also has an aging population. This has impacted politics in Quebec as the previously popular PQ party is losing its support base as it hasn't been able to attract younger or migrant voters meaning there is less call for separatism in the province now.

Demographics also indicate that immigration is a key policy area for Quebec, and the Committee moved on to discuss this. 20% of Canadian citizens are not born in Canada. Quebec has a slightly differentiated immigration system than other Canadian provinces to attract more francophones (the official language is French), as well as other economic migrants to work in their key sectors which include aerospace, hydroelectricity, gaming/AI and other innovative tech industries.

International trade was discussed with Germany, the UK and France, respectively, being Quebec's largest trading partners in the EU. Quebec benefits from trading in the gold industry with the UK and also has heavy investments in the UK, such as Heathrow/East Midlands airport developments, HS2 and aerospace companies. There was a discussion around opportunities and concerns following Brexit about future investment in the UK.

The Committee also discussed Quebec policies around low higher education tuition fees, secularism bill banning religious symbolism in public offices and the healthcare system.

29th May, 11:00-12:00

Meeting with Daniel Beland, McGill University

The Committee met with Daniel Beland, Director of the McGill Institute for Canada. The Committee first discussed the referendum for Quebec independence in 1995 and the closeness of the result (49.42% Yes, 50.58% No), followed by the reasons for the decline in the demand for further sovereignty or independence in the province. There were further discussions around the complexity of the question put to the electorate in the referendum, and the fact that provinces don't need federal permission to hold a referendum.

The tension federal and provincial identity was a key theme throughout. Mr Beland told the Committee that many people in Canada identify as Canadian first and then with their province second, especially in the central, more wealthier provinces. However, in some provinces, including Quebec, the reverse tends to be true, as individuals identify with Quebec before Canada. Mr Beland explained that Quebec identity, as with other francophone provinces, has been largely shaped by the language. It was of note to the Committee, however, that the separatist identity has been in decline since the rollback of the Church in Quebec (which began in the 1960s).

The Committee also discussed issues relating to the Canadian energy industry, since carbon pricing and pipeline building are currently big issues in Canadian politics. The group also touched on issues around internal trade between provinces and how federalism is an obstacle to economic growth.

29th May, 14:00-15:00

Meeting with Jacque Leroux, Assistant Deputy Minister for Strategic Planning

The Committee was given a brief introduction to the role and structure of the Department for Immigration and Integration, by Jacque Leroux. Discussion then moved on to the uniqueness of Quebec's position as a province within the Canadian constitution, and the division of federal-provincial competence in relation to immigration. Mr Leroux outlined the historical context in which the division of responsibility for immigration came about, as well as the legal framework covering immigration (the most recent of which is the "Accord Relating to Immigration and Temporary Admission of Aliens"), and the fact that the Accord with the federal government is a legal arrangement unique to Quebec. Mr Leroux explained that the federal and Quebec Governments share competence over immigration, but precedence is given to Canadian law.

The Committee discussed the specific immigration arrangements currently in place, whereby the federal government determines the overall number of immigrants to be accepted into the country, but partly taking into account recommendations from the Quebec Government. Mr Leroux explained that the Quebec Government is content with their additional autonomy over economic migration (which accounts for 60% of the province's total immigration), and explained the criteria setting and scoring system used to assess immigration applications. The categories of immigration over which the Quebec Government has no autonomy (e.g. family reunion and asylum) was briefly addressed, as were the arrangements of the three "reserved" considerations in relation to immigration (security, safety and health). The group also discussed the arrangement of immigration-related administrative processes within the Quebec Government.

Mr Leroux explained that Quebec's greater autonomy over immigration is intended to protect the province's distinctive French demographic, and that Quebec only negotiates on immigration matters bilaterally (as opposed to multilaterally) with the Canadian Government. The group discussed the lack of a dispute resolution mechanism in the Accord. Mr Leroux explained that disputes are resolved by continual discussion and negotiation, and that this arrangement has worked effectively up until a recent dispute over total immigration numbers (whereby the Canadian Government wants more immigration, but the Quebec Government wants less).

There was considerable discussion on the settlement, education (e.g. French language and "workplace culture" skills) and integration services provided to some immigrants by the Quebec Government. Given the ability of immigrants to Quebec to freely move to other provinces, the group discussed how the Quebec Government seeks to ensure the immigrants they have selected remain in their province. Mr Leroux explained that there are no formal inducements, but that it is hoped that since successful applicants have met stringent criteria, they will remain in Quebec.

29th May, 12:45-13:30

Meeting with Council for Reserved Designation

The Committee met with Pascale Tremblay, President, CARTV; Marjolaine Mondon, Coordinator of Appellation Projects, and Vincent Vilela, Director of Accreditation. CARTV (Conseil des Appellations Reserves et des Termes Valorisants, "Reserved Council for Designation") is the provincial authority responsible for managing and protecting Reserved Designations sold in Quebec. The representatives provided an initial overview of how geographical indicators work in Canada, and highlighted the key differences between the Canadian and European regimes.

The Committee began discussing the origin of legislative non-reserved designations and added-value claims for food products. Key issues discussed included Quebec Government legislation providing for

the recognition of food names, the role and structure of CARTV, and the process of applying for recognition of a reserved designation.

The difference between GIs and appellations was discussed. There was also some discussion of how potential challenges between the provincial power to legislate regarding property and civil rights and the federal power regarding trademarks.

There was significant discussion about the agricultural industry in Quebec, the future of the industry, and how it relates to GIs and added-value claims. Comparisons were drawn between Quebec iced-wine and Scotch Whiskey.

29th May, 16:30-17:30
Meeting with Spirits Canada

The Committee met with representatives from Spirits Canada, which is the representative body for distillers and products made in Canada. Discussions began on the Canadian alcohol export market. 75% of alcohol made in Canada is exported with the US. The EU is Canada's second largest market. The representatives explained that the industry views Brexit as an opportunity to renegotiate elements of CETA with the UK for the Canadian spirits sector.

Secondly, the Committee discussed how Canada's internal trade impacts the alcohol industry. The Committee learned that alcohol is heavily regulated by provincial governments, which also have exclusive competence to determine what alcohol moves in and out of the province and where it is sold. The federal government only has jurisdiction over customs and health and safety regulation. The Committee heard that each province creates advantages for their own distillers, which might include, for example, large tax exemptions. However, the representatives explained that this can make it difficult for alcohol distilled in one province to be sold in another, because the various incentives within in province can disincentivise interprovincial trade and exporting. It was described as easier to export to an external market such as the US than to other Canadian provinces.

Thirdly, the Committee heard that the provincial governments' provisions of support to their distillers via tax breaks etc. is disruptive to bigger businesses, which often are not able to match their prices. There was criticism of excise taxes making Canadian alcohol uncompetitive.

Lastly, the Committee discussed how the legalisation of cannabis has impacted the drugs industry. The Committee learned that legalisation was initially perceived to be a threat to the industry based on research done in the US, but that there has been no evidence as yet that the spirits industry would be impacted, because the only trend that has been observed is cannabis users moving from an illegal to a legal market.

30th May, 9:30-10:30
Meeting with Quebec Secretariat for Canadian Relations

The Committee met with Quebec civil servants who work in intergovernmental relations. The meeting began with an overview of the work they do – which they described as providing stability and continuity in the area of intergovernmental relations. They explained that this role is especially important in relation to bilateral administrative agreements with the federal government, and gave the example of a Quebec Minister not being able to enter a bilateral agreement with the federal government or have a federal-provincial meeting without the support of the Secretariat. It is their role to advise Ministers and senior civil servants across all sectors.

The group also discussed Canada's model of executive federalism, financial transfer programme and equalisation payments. Quebec politics were also discussed, including Quebec trying to extend their responsibilities, particularly in relation to international matters (for example, Quebec's considerable input into the renegotiation of CETA). The Secretariat representatives explained the importance of provincial governments supporting what the Canadian Parliament will be asked to ratify.

Also discussed were issues around energy funding, social housing, the environment and the Canada Health Act. The Committee heard that in Quebec, health spending used to be split almost evenly between the federal and provincial governments, but because the population is aging, no more money is coming from the federal government from this.

The Committee discussed dispute resolution mechanisms in intergovernmental relations, and was told that there is no formal framework to mediate relations between the federal state and the provinces (meaning IGR are conducted almost exclusively on an informal basis). The representatives shared with the Committee their views on why it is important to have a permanent structure and secretariat to facilitate intergovernmental relations in Canada. Members shared with the representatives insight from the Committee's upcoming report on the Relationship between the UK and Scottish Governments, with a particular focus on the recommendations calling for a permanent independent secretariat.

30th May, 15:30-16:30

Meeting with Department for the Economy and Innovation

The Committee met with Mr Jean-Francois Raymond (Director General, commercial policy), Mr Frederic Legendre (Director General, commercial agreements), Mme Marie-Andree Marquis (Director, commercial agreements) at the Department for the Economy and Innovation. The meeting began with a brief overview of how interprovincial and international trade work in Quebec, and the Quebec Government's involvement in trade negotiations.

Discussion initially focused on the Quebec Government's mandate for trade policy, and the role of the trade policy branch; including co-ordination in free trade agreement negotiations; defending Quebec's interests in commercial litigation; and leading interprovincial negotiations and overseeing implementation.

There was also discussion about the context in which the Quebec Government conducts interprovincial trade. Mr Raymond outlined how the constitutional context affects trade – particularly the separation of powers and corresponding barriers to interprovincial trade. Ontario, Alberta and Quebec were used as key case studies as the group discussed how trade is regulated based on the specific needs and priorities of each province. Mr Raymond explained that this creates corresponding barriers to trade.

Mr Raymond explained that the Canadian free trade agreement has been enforced since 1994, that 14 governments (three territorial governments, 10 provincial governments, and the federal government) are signatories, and that the federal government does not have a higher status than the other signatories. There was some discussion about the operating rules of the agreement (e.g. non-discrimination, dispute resolution, reservations, access etc.), and the key ways in which the agreement differs from international trade rules.

Focus then turned to the role of the Quebec Government in international trade. Members explored the Quebec Government's participation in negotiations (including debriefs, meetings with negotiation

leads, stakeholder engagement, access to negotiating texts, and participation in the elaboration of the Canadian Strategy). Members also asked about this role within the context of CETA.

The session ended with discussion of the Quebec Government's role in trade disputes. Mr Raymond first outlined Quebec's representative and collaborative role within CFTA, WTO, US, and NAFTA contexts. Secondly, the group discussed Quebec's advocacy and negotiation roles, with a particular focus on US trade and economic sanctions, and US National Security (S232) exemptions. Key case studies discussed steel/aluminium tariffs (S232), as well as Boeing Vs Bombardier, Brazil Vs Bombardier, and the Softwood Lumber dispute.

BA
Second Clerk

CF
Senior Committee Assistant