

Canada – United Kingdom
Inter-Parliamentary Association



Association interparlementaire
Canada – Royaume-Uni

**Report of the Canadian Parliamentary Delegation respecting
its participation at the Bilateral Visit to Scotland and London,
United Kingdom**

Canada-United Kingdom Inter-Parliamentary Association

January 19 - 26, 2013

Report

A delegation of the Canada-UK Inter-Parliamentary Association visited Scotland and London, United Kingdom from January 19 – 26, 2013.

The delegation was led by Mr. James Rajotte, M.P. and included the following members of the delegation: Hon. Ghislain Maltais, Senator, Hon. Terry Mercer, Senator, Mr. John Carmichael, M.P., and Mr. Malcolm Allen, M.P. The delegation was accompanied by Elizabeth Kingston, Executive Secretary of the Canada-United Kingdom Inter-Parliamentary Association.

The prescribed themes of the visit were as such:

- 1) Overview of the parliamentary system, including the devolution of powers within the United Kingdom, especially as it concerns Scotland;
- 2) The referendum process in Scotland - including Section 30 Order of the Scotland Act and ensuing legislation;
- 3) The public consultative process;
- 4) The independence debate;
- 5) Post referendum scenarios.

While at Westminster, the delegation's discussions concerned the following subjects of focus:

- 1) The Canada-European Trade Partnership;
- 2) The promotion of the strategic partnership between Canada and the United Kingdom;
- 3) Provision of a greater insight into the current financial situation in Britain and the European debt crisis.

1) Overview of the Parliamentary System, including the devolution of powers within the United Kingdom:

In 1707 the Act of Union abolished the separate Parliaments for Scotland and England, and created a single Parliament at Westminster in London.

However Scotland retained many distinctive features, including a separate church and legal system. A form of administrative devolution for Scotland was established in 1885 when the Scottish Office was created as a Department of the UK Government, assuming responsibility for many of the issues which in England and Wales were dealt with by Whitehall Departments, such as health, education, justice, agriculture, fisheries and farming, and was headed by a UK Cabinet Minister, the Secretary of State for Scotland.

In 1979 a Referendum was held on proposals by the then Government to establish a Scottish Assembly. A small majority voted in favour of the proposals, but did not obtain the necessary 40 per cent support of the electorate required for implementation.

In 1989 the Scottish Constitutional Convention was established, consisting of representatives of civic Scotland and some of the political parties, to draw up a detailed blueprint for devolution including proposals for a directly elected Scottish Parliament with wide legislative powers. The SCC's Report in 1995 formed the basis of further proposals which were brought forward by the UK Government in 1997.

These proposals received overwhelming support in a Referendum on September 11, 1997, with 74 per cent voting in favour of a Scottish Parliament and 63 per cent voting for the Parliament to have powers to vary the basic rate of income tax.

Following the passage of the Scotland Act 1998, the Scottish Executive (officially referred to as the Scottish Government since August 2007) and Scottish Parliament were officially convened on July 1, 1999 - a date which marks the transfer of powers in devolved matters, previously exercised by the Secretary of State for Scotland and other UK Ministers, to the Scottish Ministers.

Elections to the Scottish Parliament are conducted on the basis of combining the traditional first-past-the-post system (to elect 73 constituency members) and a form of proportional representation called the Additional Member System (to elect 56 regional members - seven for each of the eight regions used in European Parliament elections).

2) The referendum process in Scotland – including Section 30 order of the Scotland Act and ensuing legislation

Under Tony Blair, and following the 1997 general election, the idea of Scottish devolution was revived in the United Kingdom government. As a result the 1998 Scotland Act provided the necessary statutory framework to establish the Scottish Parliament and Executive. Almost 300 years after the 1707 Act of Union that combined the Scottish and English Parliaments at Westminster, the Scottish Parliament was reconvened in 1999.

The May 2011 election marked the beginning of the fourth session of the Scottish Parliament and the bringing to power of the Scottish National Party (SNP). The party won 69 out of 129 seats, and became the first party to win a majority since the creation of the Scottish Parliament in 1999. SNP leader, Alex Salmond became First Minister. A significant part of the party's platform in the election was a promise to hold a referendum on Scottish independence.

Therefore, in January 2012, the Scottish Government put forth proposals for a referendum on Scottish independence, to be held in 2014. In October 2012, the Edinburgh Agreement was signed by First Minister Alex Salmond and Prime Minister of the United Kingdom, David Cameron, thereby confirming the Scottish Parliament's mandate to hold a referendum on Scottish independence. The Agreement laid out the following parameters for the process:

- Would have a clear legal base;
- Would be legislated by the Scottish Parliament;
- Would be conducted so as to command the confidence of parliaments, governments and people;
- Would deliver a fair test and a decisive expression of the views of people in Scotland and a result that everyone would respect.

As the Government of the United Kingdom has jurisdiction over constitutional matters, it granted the necessary power for the Scottish Parliament to hold the referendum under Section 30 of the Scotland Act, allowing the powers of the Scottish Parliament and the Scottish Executive to be adjusted over time by agreement between both Parliaments by means of an Order in Council.

3) The Public Consultation Process

The delegation witnessed that arguments on both sides of the referendum debate are wide ranging. Those on the yes side argue that there is no reason for Scotland not to have complete control over its own affairs. Further, under the current system, they are of the view that Scotland's unique needs are not taken into account by Westminster, with Scottish interests always being secondary to that of England.

To those opposed, creating an independent Scotland would create a less financially stable and secure Scotland. The newly independent state would be in competition with its closest, larger neighbour, the United Kingdom. Furthermore, in keeping the pound as its currency, Scotland would rely on a foreign central bank. In other words, those in opposition to separation feel that independence is too drastic and risky an approach. Scotland would benefit more from remaining in the United Kingdom, and increasing its devolved powers. This perspective was endorsed by such people as the Right Honourable Lord Wallace of Tankerness, Q.C., Advocate General for Scotland.

Should Scotland vote in favour of independence, the likely scenario would be the following:

- Scotland would retain the monarch as Head of State, and Scotland would remain a member of the British Commonwealth;
- Scotland would retain the pound, unless subsequently it votes to use the euro; Independence would not be immediate. Certain issues, such as Scotland's share of the United Kingdom debt, dividing up North Sea oil fields, a possible currency union, and taking over military bases and U.K. offices would have to be negotiated. Moreover, Scotland's continued status as a member of NATO and the European Union would not be assured.

The delegation met with Fiona Hyslop, Cabinet Secretary for Culture and External Affairs who stated that with a positive outcome to the referendum, defence and security would remain the prime responsibility of the Scottish Government. Moreover, she argued that it would only be under an independent Scotland that its membership within the European Union would be assured.

Should Scotland vote against independence, it is expected that the debate would shift to consider the devolution of increased powers to Holyrood. The referendum is set for September 18, 2014, with the question: Should Scotland be an independent country? Yes or No. The Electoral Commission is responsible for overseeing the referendum and will report the results to the Scottish Parliament. The poll and count will be managed in the same fashion as that of a local election. While the campaign in favour of Scottish independence, Yes Scotland, as launched in May 2012 and supported by the SNP, the Scottish Green Party and the Scottish Socialist Party, the campaign in favour of Scotland remaining in the United Kingdom, Better Together, was launched in June of

2012, and led by Alistair Darling, former Chancellor of the Exchequer, and has the support of the Conservative Party, Liberal Democrats and the Labour Party.

Moreover, those 16 and 17 year old citizens of Scotland have been given the opportunity to vote in the referendum. This has been a long-standing policy of the Scottish National Party and provisions have been granted to Scotland to extend the franchise for purposes only of this specific referendum.

4) The Independence Debate

The delegation had the opportunity to speak with stakeholders on both sides of the referendum debate. The debate centred around issues concerning the constitution, finance, currency, defence, membership in the European Union and the United Nations.

The main constitutional issue related to the Monarch's status as Head of State and whether Scotland would be a Commonwealth country. Questions also raised pertained to the nature of the relationship between Scotland and the rest of the United Kingdom, such as whether or not a passport would be required for travel.

With respect to financial implications, questions have been raised respecting the cost of establishing an independent Scotland as well as the potential fiscal and monetary policy of a separate Scotland. Would Scotland retain the use of the pound, and if so, would it be fiscally independent? Moreover, how would the North Sea oil revenues be defined and distributed? Would Scotland produce sufficient tax revenue to sustain a separate Scottish economy? Also of concern is the potential for economic instability due to the constitutional uncertainty caused by holding the referendum in the first instance.

Would Scotland have separate armed forces and if so, how would they be funded and equipped? In this respect, issues concerning jobs, contracts and defence procurement were of particular concern. Moreover, would Scottish citizens continue to serve in English, Welsh and Northern Irish regiments? Questions concerning continued membership in international organizations such as NATO and the United Nations were also raised.

The status of an independent Scotland in the European Union was a firm topic of debate during the visit as it came at the time when Prime Minister Cameron had stated in the British House of Commons that should he be re-elected as Prime Minister, in 2015, he would hold a referendum to consider Britain's continued membership in the European Union. The position of the SNP was that the uncertainty of Scotland's place within the European Community comes from an increasing scepticism regarding Britain's place within Europe. With Scotland voting in favour of independence, it would assure its place as a member of the European Union.

Visit to Westminster:

Prior to a most successful visit to Scotland, the delegation held two days of meetings at Westminster, focusing on trade and investment issues.

The Canada-European Trade Partnership (CETA) and the European Debt Crisis

Canada and the United Kingdom have a profound and positive relationship. The **Canada - United Kingdom Joint Declaration** - signed in Ottawa by Prime Ministers Harper and Cameron on September 22, 2011 - outlined the enduring strength of that relationship and the ongoing cooperation between the two countries.

Canada and the UK share a sovereign, Her Majesty Queen Elizabeth II, and are among the oldest traditions of parliamentary democracy in the world. The relationship between our two countries continues a long tradition of strategic partnership, forged in peace and war, through two world wars and in nearly every major conflict for more than a century.

Canada has been in negotiation with the European Union since May 2009 on the establishment of a Canada-European Union Comprehensive Economic and Trade Agreement (CETA). The United Kingdom has been a strong supporter of CETA and has played a key role in supporting a successful outcome to trade talks with Canada. As stated in the **Canada-United Kingdom Joint Declaration, we will seek an ambitious and mutually successful outcome to the negotiation of the Canada-EU Comprehensive Economic and Trade Agreement (CETA). This will result in economic growth for both countries, by stimulating competition, increasing trade, expanding market access and promoting joint investment and innovation.** This perspective was certainly re-affirmed by John Mann M.P., Member of the Treasury Committee as well as Nick Baird, Chief Executive UKTI (United Kingdom Trade and Investment). They did, however, state that certain United Kingdom members would be happier with a more relaxed trade arrangement with Europe, citing the fact that the European Union financial crisis has done much to intensify reservations concerning participation than ever before.

The promotion of the strategic partnership between Canada and the United Kingdom

The delegation also had the opportunity to meet with members of the Canada-United Kingdom Colloquium while at Westminster. This initiative is an annual event that aims to increase knowledge and educate the public on the advantages to be drawn from a close and dynamic relationship between the two countries. The event takes place alternately in each country, bringing together by invitation British and Canadian parliamentarians, public officials, academics, representatives from the private sector, graduate students and others. One principal outcome of these meetings is to publish research while seeking to promote the already strong existing relationship between the two countries. Subjects target a broad range of issues of mutual concern, from the global economic crisis, knowledge, skills and innovation for a global economy, the Arctic and northern dimensions of world issues, and international engagement in fragile states. It was suggested that the Canada-United Kingdom Inter-Parliamentary Association might be a natural point of contact for the Colloquium and its work in broadening the awareness of its activities and publications within the parliamentary perspective.

Financial Situation in Great Britain

The United Kingdom is a predominant player in the world's economy but presently in the midst of challenging times. Following the 2010 election, the government inherited a substantial deficit and as a result has undergone sizeable public sector spending cuts. In an effort to stimulate the economy, the government has announced measures to promote economic investment, manufacturing and export opportunities, particularly as it relates to infrastructure investment, and the green economy. This is good news for Canadian pension fund investors who have invested heavily in the UK marketplace. The Eurozone situation however, continues to present a significant risk for the United Kingdom economy given its reliance on trade within the European Union.

In closing, the delegation would like to extend its thanks and appreciation to the Scottish Parliament as well as CPA-UK for hosting and arranging a tremendously interesting program. Also, the kind assistance and support extended by the Canadian High Commission in London as well as the Department of Foreign Affairs and International Trade in providing a briefing prior to our departure are all most appreciated.

Respectfully submitted,

Ed Holder, M.P.

Chair

Canada-United Kingdom Inter-
Parliamentary Association

Travel Costs

ASSOCIATION	Canada-UK Inter-Parliamentary Association
ACTIVITY	Bilateral Visit to the United Kingdom
DESTINATION	Scotland and Westminster, London
DATES	January 19 – 26, 2013
DELEGATION	
SENATE	The Honourable Ghislain Maltais, Senator, the Honourable Terry Mercer, Senator
HOUSE OF COMMONS	Mr. Malcolm Allen, M.P., Mr. John Carmichael, M.P., Mr. James Rajotte, M.P.
STAFF	Elizabeth Kingston, Executive Secretary
TRANSPORTATION	\$12,950.45
ACCOMMODATION	\$10,689.82
HOSPITALITY	\$232.70
PER DIEMS	\$3,653.21
OFFICIAL GIFTS	\$629.50
MISCELLANEOUS / REGISTRATION FEES	\$620.70
TOTAL	\$28,776.38