



## REPORTS ON LEGISLATIVE ACTIVITIES



### Senate and House of Commons

Governor-General Edward Schreyer read the Speech from the Throne to open the First Session of the Thirty-Second Parliament on April 14, 1980. In an apparent shift to the left the Liberal Government enunciated several policies aimed at economic and social reform including more Canadian control of the economy.

Specific economic policies included: an expanded role for Petro-Canada, new export and marketing boards, a blended price for oil, the creation of an alternative energy corporation and tighter rules for foreign investment. Among the social reforms mentioned were an increase in the Guaranteed Income Supplement of Old Age Security pensions, amendment of the Criminal Code regarding cannabis offences and violence against women, and amendments to the Human Rights Act respecting the rights of the handicapped. From an administrative perspective the Government also committed itself

to a gradual reduction in the federal deficit and implementation of some of the Lambert Report recommendations, as well as Freedom of Information legislation.

During the Throne Speech debate Finance Minister MacEachen announced a number of tax measures -- increases on alcohol and tobacco, a two-year corporation surtax, and new rules for professional business which he referred to as housekeeping measures but were termed an "economic statement" and a "mini-budget" by the Opposition, who challenged it on procedural grounds. On April 28 the Speaker ruled that the statement "strained" but did not violate parliamentary procedure.

On May 23 the House moved to appoint five Special Committees, with Members to be named at a later date. These committees, first referred to in the Throne Speech, were the subject of some controversy because they were originally intended to be task forces reporting to Ministers. Agreement was eventually reached that they would have essentially the same status as parliamentary committees, except insofar as membership and substitution is concerned. The five committees are in the areas of: Alternative Energy and Oil Substitution, Regulatory Reform, North-South Relations, Critical Skills for the 80's and the Disabled and Handicapped.



### Yukon

The second session of the first Yukon assembly in which members are divided along party lines was highlighted by two major developments -- the first report of the Public Accounts Committee and a question of privilege regarding an RCMP wiretap of the Minister of Justice. The wiretap took place in 1979 as part of a police investigation into the dealings of a Whitehorse contractor. As soon as the leader of the government, Chris Pearson, found out about the wiretap he raised a question of privilege saying that such action put into question the integrity of all members of the House. He called for a full investigation and the matter was referred to the committee on privilege.

The CANADIAN REGIONAL REVIEW intends to publish quarterly reports on federal and provincial legislative activity. For this issue all reports were prepared in Ottawa and deal mainly with major developments such as Throne Speeches or budgets. Future provincial reports, whenever possible, will come from correspondents able to provide more up-to-date coverage including committee reports, Speaker's rulings, special debates and other information about legislative activities.

On April 16, 1980 the first report of the Yukon Public Accounts Committee was debated and concurred in by the House. The Committee had been established in November 1979 with a Chairman, Tony Penikett, drawn from the ranks of the Opposition. Due to the small size of the Yukon Legislature the Committee decided to meet only when the House was adjourned. It also decided to hold its meetings *in camera* and to call Deputy Heads rather than Cabinet Ministers as witnesses. In 1980 two departments, Finance and Tourism, were examined but that number may increase in years to come. To date the activities of the Committee have been characterized by a non-partisan approach with members of all parties questioning witnesses and participating in the drafting of the final report.



### Northwest Territories

In February 1980 the territorial government introduced a deficit budget with expenditures exceeding revenues by some \$14 million. Most of the increase was due to higher fuel cost. Virtually every department suffered a cutback in its capital allotment. The territorial budget process differs from provincial practice since there is no party system in the assembly and hence no government majority to push it through. The budget is prepared by the Civil Service with some consultation with the 4 member executive committee. The legislature's finance committee also has some input. The budget is then examined by the entire assembly on a department by department basis and any item can be changed if a majority of members agree.

The long awaited report of C.M. "Bud" Drury on political development in Canada's North was released in March 1980. The 200 page report recommended

that the federal government gradually relinquish some of its authority in certain areas to municipal bodies or to the Territories Council. However, it did not envisage provincehood in the near future nor did it call for the division of the Territories into two or more smaller units. Mr. Drury did recommend that in the future authority over northern land and resources be shared between the federal and territorial governments similar to the way agriculture is divided between Ottawa and the provinces.



### Saskatchewan

On March 13, 1980 Finance Minister Ed Tchorzewski presented a balanced budget to the legislature. The only tax increase was on cigarettes and on other tobacco products. The elderly received an income tax cut of up to \$50 each bringing their maximum general reduction to \$210. The income tax credit for each child was raised \$10 to \$50. Another feature of the budget was a proposed system of grants up to \$25,000 for attracting medical specialists to the province. There was also \$25 million for hospital building and renovations to older institutions. The Minister noted that the Saskatchewan Heritage Fund could have assets of \$915 million by the end of 1981 and he said separate divisions for energy and environment would be created within the fund.

Also in March, Mr. Richard L. Collver, former leader of the Provincial Progressive Conservative Party declared that he wished to sit as an Independent in the Legislative Assembly in order to promote the union of the western Canadian provinces with the United States. Mr. Dennis Ham, the representative from Swift Current, also left the Progressive Conservative caucus. On April 25, 1980, Mr. Collver and Mr. Ham officially formed the Unionest Party.

Another unusual event took place

on April 29 when the Progressive Conservatives, led by Opposition leader Eric Berntson, introduced a motion of censure against the Speaker, John Brockelbank. Mr. Berntson referred to some inconsistencies in rulings going back over a period of years. Premier Allan Blakeney called on the Conservatives to withdraw the motion arguing that if there had been inconsistencies they were not due to any lack of impartiality by the presiding officer. The Premier criticized the Conservatives for comparing rulings made during the heat of question period with rulings made during other proceedings. After two hours of debate the Conservative motion was defeated by a vote of 29 to 11.



### Nova Scotia

On February 28, 1980 the Throne Speech opening the 2nd session of the 52nd General Assembly concentrated on the need for an industrial strategy for Nova Scotia. The government pledged to move toward self-sufficiency in natural resources and to implement a policy giving Nova Scotians first priority for developing the province's energy resources. Another problem outlined in the speech was the absence of research and development in the province. A task force was set up to study the situation and make recommendations for a Nova Scotia science policy. A Comprehensive Small Business Agency will replace the existing small business divisions. The government will also continue to develop a long-term program to assist small business to innovate and introduce high technology products and services. In April Finance Minister Joel Matheson introduced a bill to implement a small business income tax cut. The corporate tax rate for small businesses drops from 12 to 10 per cent, while large corporations will have to pay 13 per cent.



## Newfoundland

The Throne Speech opening the legislature on February 28, 1980 emphasized Newfoundland's determination to secure undisputed ownership of undersea minerals, control of the fisheries and a renegotiation of an electricity agreement whereby Newfoundland sells Quebec electricity for 3/10 of a cent per kilowatt hour. A budget introduced on March 28 by Finance Minister John Collins called for an 8 cent a package increase in the cost of cigarettes, a 1% increase in corporate income tax for large companies and higher rates for government loans to fishermen and farmers. The Finance Minister also announced a local preference policy for the purchase of goods and services by the government. Social assistance rates were also increased by 10% as of April 1.



## New Brunswick

The Throne Speech opening the spring session placed heavy emphasis on resource development and promised the largest capital construction program in the history of the province. The Conservative Government of Premier Richard Hatfield said it would introduce a new Crown Lands and Forest Act to outline new policies for forest management and the use of Crown lands. Other highlights of the speech included increased efforts to re-

place and modernize fishing fleets, a revamped jury system and amendments to the Defamation Act to free newspapers from liabilities relating to letters to the editor, social legislation in the area of child and family services and division of marital property during divorce.

On March 25 Finance Minister Fernand Dubé unveiled a budget calling for a 14% increase in spending with no major tax increases. The budget provided that paraplegics would no longer have to pay sales tax on special equipment for their homes and cars. A controversial user fee for hospital admissions, emergency and outpatient services was eliminated. In the fisheries sector, grants and forgivable loans will be expanded by \$250,000 to improve the quality of fish products by offering financial assistance for ice-making facilities. Funds for the Fisheries Development Board will be increased by \$1.9 million to \$12 million. Another \$1.3 million is earmarked for upgrading the tourist industry.



## Ontario

The Throne Speech opening the spring session of the legislature on March 11, 1980 called for measures aimed at using more nuclear power, conserving energy and reducing dependence on oil. Other promises included a commitment to develop more markets for Ontario industry by opening more offices in the United States and in the Far-East. The Ontario Labour Relations Act will also be amended to achieve better labour management relations. An agency will be set up to monitor foreign ownership of agricultural land. Municipalities will be allowed to withdraw from cost-sharing agreements for rent geared to income housing. French language court services will be further developed. Local school boards will be

responsible for providing adequate special education classes.

The budget brought down by Treasurer Frank Miller in April had a number of measures intended to stimulate small business including a new investment tax credit for small corporations and more liberal terms for Small Business Development Corporation grants and an easing of the corporate capital tax. The budget complemented the complete package of services for small business outlined in the legislature by the Minister of Industry and Tourism, Larry Grossman on March 28. He announced the forthcoming publication of a *How to Sell to Government* booklet describing purchasing procedures and listing provincial purchasing agents. Sophisticated computer facilities will become available to virtually every manufacturer in the province. A pilot project will be launched in Kitchener-Waterloo to test the concept of local boards of directors to provide small business with the same calibre of advice as larger firms.



## Manitoba

New economic initiatives centred on energy and the development of hydro-electric resources were at the heart of the Throne Speech opening the legislature on February 21, 1980. The government announced its intention to create a Manitoba Energy Authority as a focus for activities in a wide range of energy areas including export opportunities, supply monitoring and contingency planning. It will restructure the Manitoba Energy Council to complement the operations of the new Authority by encouraging public participation in energy conservation and research and development. It also promised to conclude a new major agreement with Ottawa to finance energy conservation initiatives, especially in housing. Tax incentives to promote the use

of gasohol and other renewable energy sources will be offered and legislation will be introduced based on the recommendations arising from the Hydro inquiry to erect better management structures for all Crown agencies.



### Prince Edward Island

The second session of the 55th General Assembly opened on February 7, 1980. Among other things the Throne Speech promised creation of an inner cabinet policy and priorities board, creation of a department of community affairs to shift more responsibility for social services from the province to communities, a recycling plant that would eventually allow for the replacement of 200,000 barrels of imported oil each year, guaranteed French language education for francophone children where there are sufficient numbers to warrant the cost, a new Employment Standards Act to provide protection to unorganized workers, paving of 100 kilometers of rural roads over the next three years, improvement to some fishing ports and a strong vessel subsidy program. The government also announced it would attempt to decrease its dependence on foreign oil by encouraging the use of wood for home heating fuel, increasing the production of tree seedlings and providing help for woodlot owners, sawmill operators and wood harvesters.

The provincial budget brought down on February 28 by Finance Minister Lloyd MacPhail called for a 12.3% increase in government spending offset by 12.5% increase in revenue. Most of the additional revenue will come from an

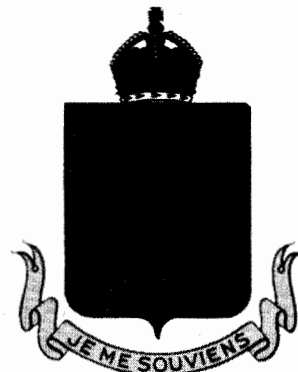
increase in gasoline tax (half a cent more per litre) sales tax (one per cent) cigarette tax (10c per package) and personal income tax.



### British Columbia

The Throne Speech opening the British Columbia Legislative Assembly February 29 contained a number of legislative and policy initiatives in the economic domain. The government promised a new Ministry of the Environment Act as a first step toward a full review of environmental legislation. Other legislation would allow the Minister of Environment to provide immediate response to pollution emergencies. A perpetual reforestation policy was announced to ensure the future of BC's most important renewable resource. The Ministry of Industry and Small Business Development will soon complete a new industrial strategy including a Small Business Venture Capital Corporation Act to create a new type of investment company to provide small business with equity capital. The mandate of the Ministry of Agriculture will be enlarged to include responsibility for the food industry. The Ministry will work closely with the industry to promote British Columbia grown and manufactured food products. The Minister of Labour will propose extension of coverage under the Workers' Compensation Act to improve the administration of occupational safety. On March 11 the Minister of Finance, Hugh Curtis, presented a balanced budget to the legislature. It contained no significant tax reductions or increases but did provide for a sliding sales tax on new cars calculated to encourage fuel efficiency. The 4% sales tax was eliminated on energy saving equipment such as

wood stoves and coal burning furnaces. Homeowner grants for the elderly, the handicapped and war veterans were increased while corporation income tax on small businesses was reduced from 12 to 10 percent.



### Quebec

For three weeks in March the members of the National Assembly debated the government's proposal to ask the people of Quebec for a mandate to negotiate sovereignty-association with the rest of Canada. The debate, watched on television by an estimated 600,000 Quebecers, marked the start of several months of campaigning prior to the referendum eventually held on May 20. The final results showed the No side winning about 58% of the vote compared to approximately 42% for the Yes side. In admitting defeat the leader of the Yes forces, Premier René Levesque, admitted the initiative had shifted back to the federalist side and he called upon them to make good their promises regarding constitutional reform.

Before adjourning prior to the referendum the National Assembly listened as Finance Minister Jacques Parizeau introduced a budget calling for higher spending and lower taxes with a resulting record deficit of 2.3 million dollars. The sales tax on furniture and textiles was abolished, personal income tax was cut by 3% effective July 1, and personal exemptions were increased to keep pace with inflation. The gasoline excise tax was changed from 4.2 cents a litre to 20% of the pump price so that it will keep pace with future increases.



## Alberta

The spring session of the legislature opened on March 20, 1980 with a Throne Speech that concentrated on social programs

including hospital construction, housing, manpower training and highways. The government also promised to assist rural municipalities in attracting qualified dental personnel and facilities, to accelerate funding for coal research and a review of the petroleum exploratory incentive drilling program to implement a business incentive tax system.

Less than two weeks later the Provincial Treasurer, Louis Hyndman introduced a budget calling for a 14.4% increase in spending with no tax increase apart from a \$1 single and \$2 family month hike in

health insurance premiums. With provincial revenue increased by 23% due to oil and gas revenue Alberta continues to look for ways to diversify its industrial basis. The Department of Economic Development was given a 56% budget increase to improve Alberta's grain-handling and transportation systems, to expand foreign sales and to enhance its marketing activities. Legislation was promised to implement a business incentive tax system enabling the province to collect its own corporate income tax effective January 1981.

## COMPARISON OF TAX RATES BY PROVINCE\*

	Personal Tax	Corporate Taxa	Gasoline Tax	Retail Sales
	(%)	(%)	(¢ / gal)	(%)
British Columbia .....	44.0	15(10)	17	4
Alberta .....	38.5	11(5)	0	0
Saskatchewan .....	53.0	14(11)	19	5
Manitoba .....	54.0	15(11)	18	5
Ontario .....	44.0	14(10) <sup>b</sup>	21	7
Quebec .....	c	13	19 <sup>d</sup>	8
New Brunswick .....	52.45 <sup>e</sup>	12(9)	20	8
Prince Edward Island .....	51.25 <sup>f</sup>	10	23 <sup>g</sup>	9
Nova Scotia .....	52.5	13(10)	21	8
Newfoundland .....	58.0	14(12)	27	11

a Small business rate in brackets.

b Excluding income which qualifies for the federal manufacturing and processing deduction, and income from mining, logging, farming, and fishing which is subject to a 13% rate.

c Effective July 1, 1980, rates range from 10% to 30% of Quebec taxable income which is defined differently than federal taxable income.

d Quebec will now set its gasoline tax at 20% of the retail price.

e Effective January 1, 1979 the tax rate was reduced by 5.5% from 55.5% to 52.45%.

f Average rate for 1980. The rate will be increased from 50% to 52.5% on July 1, 1980.

g Prince Edward Island will now set its gasoline tax at approximately 22% of the retail price.

\* Based on information in the Alberta Budget Papers, presented to the Alberta Legislative Assembly on April 2, 1980.