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Industry Canada

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LOBBYISTS REGISTRATION ACT

Annual Report

FOR THE YEAR ENDED
MARCH 31, 1997



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June 30, 1997

The Honourable John Manley, P.C., M.P.
Registrar General of Canada
House of Commons
Confederation Building
Ottawa, Ontario
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Dear Sir:

I have the honour to present to you the eighth Annual Report by the Registrar on the administration of the information disclosure and public registry provisions of the *Lobbyists Registration Act* (R.S.C. 1985, c.44 (4th supp.) as amended by S.C. 1995, c.12). This report is presented in accordance with the provisions of subsection 11.(1) of the Act. The report covers the fiscal year ending March 31, 1997.

Yours sincerely,

Corinne MacLaurin
Registrar

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This is the eighth Annual Report by the Registrar on the administration of the information disclosure and public registry provisions of the *Lobbyists Registration Act* (R.S.C. 1985, c.44 (4th supp.) as amended by S.C. 1995, c.12). This report covers the period from April 1, 1996 to March 31, 1997.

Purpose and Description of the Act

Major amendments to the *Lobbyists Registration Act* and the *Lobbyists Registration Regulations* came into force on January 31, 1996 and require lobbyists to disclose more comprehensive information about their activities.

The Act provides for the public registration of those individuals who are paid to communicate with federal public office holders in attempts to influence government decisions - i.e. lobby. Public office holders are virtually all persons occupying an elected or appointed position in the federal government, including members of the House of Commons and the Senate and their staff, officers and employees of federal departments and agencies, members of the Canadian Armed Forces and the Royal Canadian Mounted Police.

Four basic principles are set out in the preamble to the Act:

- . free and open access to government is an important matter of public interest;
- . lobbying public office holders is a legitimate activity;
- . it is desirable that public office holders and the general public be able to know who is attempting to influence government; and
- . the system for the registration of paid lobbyists should not impede free and open access to government.

Lobbying or the activity which is subject to the requirements for registration as a lobbyist is communicating with federal public office holders, whether formally or informally, in attempts to influence:

- . the making, developing or amending of federal legislative proposals, bills or resolutions, regulations, policies or programs;
- . the awarding of federal grants, contributions or other financial benefits.

The Act provides for three categories of lobbyists.

Consultant lobbyists are individuals who, for payment, lobby on behalf of a client. Consultant lobbyists are also required to register if they undertake to arrange a meeting between their client and a public office holder, and if they lobby for the awarding of a federal contract. Consultant lobbyists may include government relations consultants, lawyers, accountants or other professional advisors who provide lobbying services for their clients.

In-house lobbyists (corporate) are employees of corporations that carry on commercial activities for financial gain and who lobby as a significant part of their duties. These employees are usually full-time officers of a corporation whose primary function is generally public affairs or government relations work.

For organizations, the senior paid officer must register as an in-house lobbyist (organizations) when one or more employees lobby federal public office holders and where the accumulated lobbying activity of all such employees would constitute a significant part of the duties of one employee.

Specifically excluded from the registration requirements are public proceedings before parliamentary committees or other federal bodies; submissions to a public office holder with respect to the enforcement, interpretation or application of a federal law or regulation by that official; and submissions in direct response to written requests from a public office holder for advice or comment.

All lobbyists are required to disclose certain information within time limits specified in the Act. The information includes: the name of the client, corporate or organizational employer; the names of the parent or subsidiary companies that would benefit from the lobbying activity; the organizational members of coalition groups; the specific subject-matters lobbied; the names of the federal departments or agencies contacted; the source and amount of any government funding received; and the communication techniques used, such as grassroots lobbying. Corporations and organizations must also provide a general description of their business or activities.

The *Lobbyists Registration Regulations* set out the detailed forms which lobbyists must complete and file. Lobbyists may complete and file these registration forms electronically free-of-charge. The fee schedule for processing of forms submitted in paper format was published in the *Canada Gazette* Part I, December 16, 1995.

Registration under the Act is the responsibility of the individual lobbyist. The Act provides severe penalties for those who fail to register or who submit false or misleading information in their registration forms. Enforcement is the responsibility of the Royal Canadian Mounted Police, and the limitation period for such proceedings is two years.

Separately, the Act also provides for a mandatory code of conduct for lobbyists, and the submission of an Annual Report on this code. The *Lobbyists' Code of Conduct*, which took effect March 1, 1997 is the responsibility of the Ethics Counsellor.

The law provides for a review of the administration and operation of the Act by a parliamentary committee four years after the coming into force, which will be January 2000.

Lobbyists Registration Branch

Responsibility for administration of the information disclosure provisions of the Act and maintenance of the public registry is assigned to a Registrar designated by the Registrar General of Canada (Minister of Industry). The Registrar heads the Lobbyists Registration Branch of the Office of the Ethics Counsellor.

Under the Act, lobbyists must provide clarification of any information they submit in their registration forms in response to a request from the Registrar. The Registrar also has the authority to verify this information. All forms submitted for registration are checked for completeness and clarity. Inconsistencies or obvious omissions are communicated to the lobbyist for correction or for supplementary information.

The Act also authorizes the Registrar to issue advisory opinions and interpretation bulletins in order to provide greater certainty regarding the registration provisions. Two interpretation bulletins were issued last year on the requirement to report government funding and on the meaning of the phrase "significant part of the duties" as it applies to in-house lobbyists. As well, a definition of "undertaking" for consultant lobbyists can be found in the *Guide to Registration*.

This year, the Registrar issued two advisory opinions on registration by consultant lobbyists in respect of arranging a meeting for their client, and the application of the Act to a director of a corporation. These advisory opinions are published in the Annex to this report.

The Lobbyists Registration Branch continued to provide advice about the requirements for registration to lobbyists, potential lobbyists and the general public. Branch staff also assisted members of the general public and public office holders to obtain information and to produce reports from the computerized registry system.

During the year, all of the publications and bulletins issued on the Act, as well as those on the code of conduct for lobbyists, were made available through Strategis, the Industry Canada website at <http://strategis.ic.gc.ca/lobbyist>.

The Branch also disseminated information on the Act and Regulations through correspondence with potential lobbyists, interviews with the media, and presentations to professional and industry associations, universities and government officials. The Registrar also wrote several articles on the registration requirements for publication in association and firm newsletters.

During the year, the Registrar led information sessions on the *Lobbyists Registration Act* for official visitors from the Russian Ministry of Foreign Affairs, the Latvian Ethics Council, and the Ontario government. She also continued to participate actively in the work of an international council of government administrators of ethics laws.

Federal government public office holders were reminded about the registration requirements for lobbyists and informed about the services of the registry in letters sent with the Annual Report to federal deputy ministers and Governor-in-Council appointees.

Electronic Filing

The legislation and regulations permit lobbyists to file their registration forms electronically free-of-charge.

Of the total registrations received as of March 31, 1997, 90% of the consultant lobbyists actively lobbying had registered electronically, using the Branch direct dial-up filing system. Those consultants who filed in paper format were basically from smaller firms. Sixty percent of organizations continued to use the bulletin board technology to register electronically. In-house lobbyists (corporate) filed 76% of their registrations electronically, an increase of 20% since last year.

During the year, a major project was to redesign the direct dial-up filing system to permit full interactive access for electronic filing through Strategis, Industry Canada's gateway to the Internet. By April 1, 1997 a totally new and much more user friendly approach to electronic filing will be in place which will include enhanced data validation functions to remind lobbyists to complete all required information and permit them to more easily edit their own forms. Data, once verified, will move immediately to the public search application.

Before lobbyists can use the computer systems for filing the registration forms required by the Act, they must provide identification for system access and then sign a contractual agreement acknowledging responsibility for the security of their electronic signature or password used to certify the validity of the information they submit.

Organizations, companies or firms that do not yet have the necessary equipment may file electronically using the facilities within the Lobbyists Registration Branch, or through the Industry Canada regional offices.

Public Registry

The concept of openness is one of the fundamental principles that underlie the registration system of the *Lobbyists Registration Act*. All information collected under this Act and its Regulations is a matter of public record. The objective of the registry is to ensure that the general public and public office holders know who is paid to attempt to influence government decisions.

In September 1996, the registry database was made available to all Canadians through Strategis, Industry Canada's website. By April 1, 1997 work will have been completed to further enhance this information search capability so that users will be able to choose the type of search and more quickly retrieve information on who lobbies and on whose behalf, as well as keyword searches for specific subject-matters. As well, plans include the addition of a new function for users to produce their own summary reports from the lobbyists registry.

Users can search and retrieve such information as who lobbies and for which firms, corporations, organizations or associations; the parent and subsidiary companies of corporations that benefit from the lobbying; the organizational members of coalition groups; a general description of the activities of corporations and associations; which government departments or agencies are contacted; and the name or description of the specific legislative proposals, bills, regulations, policies, programs, grants, contributions or contracts sought.

Users who search and retrieve the data directly from their own computers may do so free-of-charge. If registry staff are requested to search and retrieve information, a service charge is applicable.

During the year, all publications and bulletins with respect to the Act were made available through Strategis. These include *the Guide to Registration*, which covers the basic requirements of the *Lobbyists Registration Act* and contains a summary *Quick Reference Guide to Registration*, two interpretation bulletins, an informal consolidation of the Act, previous annual reports, and the *Lobbyists' Code of Conduct*.

Statistical Review

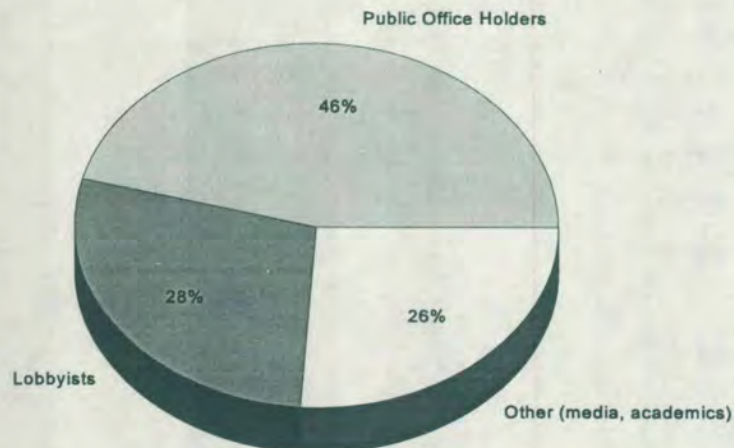
ADVISORY AND INFORMATION SERVICES

As this first year of implementation of the new Act progressed, there were fewer calls for advice on the registration requirements. The calls initiated by the Registrar to lobbyists for clarification of information submitted in registration forms, as well as calls to potential registrants increased. Overall, there were 1,362 program calls compared to 2,510 calls last year.

Even with one year's experience, the number of calls for technology assistance decreased only slightly from last year when the Branch direct dial-up system for registration became operational. In 1996-1997, Branch staff responded to 813 help line calls, down only 14% from last year. When the Department of Industry's wider base of technical staff expertise becomes available to users and once the lobbyists registration application is implemented in April 1997 through Strategis, it is expected that the overall number of technical calls will decrease.

The key principle of the *Lobbyists Registration Act*, transparency, is that public office holders and the public should be able to know who is attempting to influence government. In September, the lobbyists registry was made directly accessible through Strategis to all users for searches and information retrieval on their own computers. The number of reports produced by Branch staff for users, therefore, continues to decrease. In 1996-1997, staff produced only 420 reports, of which 46% were for public office holders.

**Reports Produced by Branch Staff (by category of users)
1996-1997**



In September 1996, the lobbyists registry was made available to the general public for information search and retrieval on the Internet. Between September and March 31, 1997 an impressive total of some 40,000 pages of text and data were accessed directly by users, including public office holders and lobbyists viewing their own registrations for updating.

SUBJECT-MATTERS OF LOBBYING ACTIVITIES

All lobbyists are required to identify the broad subject-matters of their lobbying activities from a pre-selected checklist. The following list identifies, in descending order from active registrations, the 20 subject areas most frequently identified by lobbyists in their registrations as of March 31, 1997.

1. Industry
2. Taxation and finance
3. International trade
4. Environment
5. Health
6. Transportation
7. Science and technology
8. Consumer issues
9. Internal trade
10. Employment and training
11. Government procurement
12. Energy
13. Agriculture
14. Financial institutions
15. Intellectual property
16. International relations
17. Regional development
18. Telecommunications
19. Labour
20. Small business

GOVERNMENT DEPARTMENTS AND AGENCIES

All lobbyists are required to identify the names of the government departments and agencies which they contact or expect to contact in the course of their lobbying activities. The following list identifies, in descending order from active registrations, the 20 departments and agencies most frequently identified by lobbyists in their registrations as of March 31, 1997.

1. Industry Canada
2. Finance Canada
3. Foreign Affairs and International Trade
4. Revenue Canada
5. Environment Canada
6. Health Canada
7. Transport Canada
8. Natural Resources Canada
9. Privy Council Office
10. Treasury Board of Canada
11. Agriculture and Agri-Food Canada
12. Public Works and Government Services Canada
13. Human Resources Development Canada
14. Canadian Heritage
15. Fisheries and Oceans Canada
16. National Defence
17. Canadian International Development Agency
18. Justice Canada
19. Indian and Northern Affairs Canada
20. Canadian Transportation Agency

REGISTRATIONS

On March 31, 1996 when the two-month transition period for re-registration under the new Act ended, 290 consultant lobbyists had re-registered. By March 31, 1997 this number had increased to 485 consultant lobbyists from 239 firms across Canada.

On March 31, 1997 there were 349 employees registered as lobbying the federal government on behalf of their corporate employer as a significant part of their duties. These in-house lobbyists (corporate) represented the interests of 177 corporations. Also, the senior paid officers had registered as in-house lobbyists (organizations) for 295 non-profit societies and interest groups as well as business, trade, industry, and professional organizations or associations.

Of the total number of lobbyists active at the year end, 43% of the consultants, 14% of the in-house corporate lobbyists, and 49% of the organizations had business addresses in the National Capital Region.

| | 1995-1996 (New Act) | 1996-1997 (New Act) |
|--|------------------------|------------------------|
| Registrations Active as of March 31 | | |
| Consultant Lobbyists | 1,171 | 1,774 |
| In-House Lobbyists (Corporate) | 261 | 380 |
| In-House Lobbyists (Organizations) | 174 | 295 |
| Lobbyists Active as of March 31 | | |
| Consultant Lobbyists | 290 | 485 |
| In-House Lobbyists (Corporate) | 260 | 349 |
| Organizations (Senior Officers) | 177 | 295 |

Total registrations under the Act continue to increase. The Registrar continues an active public information campaign to discuss the requirements for registration and to encourage firms, companies and associations to review their situations.

During the year, in response to oral and written questions, the Registrar issued two advisory opinions to clarify the registration requirements with respect to consultants and other professional advisors who arrange meetings for their clients, and directors of a corporation. These advisory opinions are published in the Annex to this report.

Additional Information

For the legal text of the Act and Regulations, consult:

- *Lobbyists Registration Act*, R.S.C. 1985, c.44 (4th supp.) as amended by S.C. 1995, c.12;
- *Lobbyists Registration Regulations*, *Canada Gazette* Part II, December 27, 1995; and
- *Lobbyists Registration and Service Fees*, *Canada Gazette* Part I, December 16, 1995.

Publications available on the Internet include: the *Guide to Registration*, the interpretation bulletins, an informal consolidation of the Act, previous annual reports, and the *Lobbyists' Code of Conduct*.

The lobbyists registry data is also accessible on the Internet for viewing, searching, and production of summary reports.

Consult: <http://strategis.ic.gc.ca/lobbyist>

For further information, contact:

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e-mail: lobbyists.reg@ic.gc.ca

Annex: ADVISORY OPINIONS ISSUED BY THE REGISTRAR DURING 1996-1997

Advisory opinions are issued by the Registrar
under the authority of subsection 10.(1) of the *Lobbyists Registration Act*.

Consultant Lobbyists: Registration in respect of arranging meetings

The Act requires consultants to register when they arrange meetings with federal public office holders for their clients as an independent stand-alone service or as the primary task of the lobbying undertaking.

If a meeting is arranged, however, in the context of a broader representational endeavour or registrable activity as defined by the legislation, and the arrangement of the meeting(s) are only incidental to the broader undertaking, the broader undertaking would be subject to the registration requirements. The arranging of such a meeting would then be only one of several different communication techniques to report.

Consultant Lobbyists and In-House Lobbyists (Corporate): Application of the Act to a director of the board of a corporation

Generally, the role of a Chairman or a member of a corporate Board of Directors is to oversee the operations of a company.

The requirement for registration as a Consultant Lobbyist would apply if (i) the individual is not an employee of the corporation as defined by the many established legal precedents on employee-employer relationships, (ii) the duty is formally assigned to that Director to communicate with federal public office holders on registrable matters as enumerated by the *Lobbyists Registration Act*, and (iii) the director were to be paid fees beyond reimbursement of expenses.

The requirement for registration as an In-House Lobbyist (Corporate) would apply if the chairman or member of the Board of Directors is an official of the corporation (i.e. an employee) and, as a significant part of his or her duties as a Director, he or she communicates with federal public office holders in attempts to influence the matters enumerated by the Act.

The fundamental principles that underlie the registration requirements of the Act are transparency and the legitimacy of lobbying activity. The interpretation bulletin on the meaning of "significant part of the duties" provides administrative guidelines which are intended to clarify the requirements for in-house employee registration, while ensuring that the Act's principle of transparency is met.



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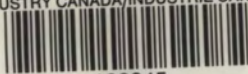
LA LOI SUR L'ENREGISTREMENT DES LOBBYISTES

Rapport annuel

POUR L'EXERCICE TERMINÉ
LE 31 MARS 1997

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