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LOBBYISTS REGISTRATION ACT

Annual Report

FOR THE YEAR ENDED
MARCH 31, 2001

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Industry Canada

Industrie Canada

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June 30, 2001

The Honourable Brian Tobin, P.C., M.P.
Registrar General of Canada
House of Commons
Confederation Building
Ottawa ON K1A 0A6

Dear Sir:

I have the honour to present to you the twelfth 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, 2001.

Yours sincerely,

Diane Champagne-Paul
Registrar

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This is the twelfth 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, 2000, to March 31, 2001.

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 (RCMP).

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 that 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 who lobby as a significant part of their duties. These employees of a company are usually full-time officers who devote a significant part of their duties to public affairs or government relations work.

For non-profit organizations such as associations, 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 grass-roots lobbying. Corporations and organizations must also provide a general description of their business or activities.

The *Lobbyists Registration Regulations* set out the detailed forms that 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.

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.

COMPLIANCE

Registration under the Act is the responsibility of the individual lobbyist. The Act provides for criminal penalties for contravention of its provisions, including the failure to register as required, as well as for making false or misleading statements in a return or other document submitted to the Registrar under the Act. Investigations for these offences are the responsibility of the RCMP. The limitation period for instituting summary conviction proceedings is two years.

In May 1999, one case of alleged lobbying without registration was referred to the RCMP for investigation. In August 2000, the RCMP completed the investigation and concluded that the facts did not support the laying of any criminal charges.

Whenever information on a possible failure to register is received, the Registrar verifies the facts. Often it is determined that lobbying did not take place. Alternatively, the individual concerned, now fully aware of his or her obligations under the Act, registers.

In other cases, more formal allegations are made about non-compliance. To determine whether the RCMP should be asked to investigate, the Lobbyists Registration Branch has implemented an internal review process. In these circumstances, the Registrar conducts a review of the matter by gathering the facts, interviewing the individuals involved and preparing a written report of the findings. Such reports are made public and are available on the Lobbyists Registration System Web site.

During the reporting period, the Registrar received two allegations of failure to register involving two consultant lobbyists. The Registrar thoroughly reviewed each of these matters and concluded for both that the facts did not demonstrate that a failure to register under the Act had occurred. The Registrar's reports on these matters are available on the Internet (<http://strategis.gc.ca/lobbyist>).

PARLIAMENTARY REVIEW

The statute provides for a review of the administration and operation of the Act by a parliamentary committee four years after the coming into force.

Following the passing of a motion in the House of Commons on June 14, 2000, the Standing Committee on Industry was mandated with the review of the *Lobbyists Registration Act*. The Committee was set to begin its hearings when the federal elections were called last fall.

On March 20, 2001, the parliamentary review recommenced with the appearance of the Ethics Counsellor and the Registrar before the Standing Committee on Industry, Science and Technology.

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 authorizes the Registrar to issue advisory opinions and interpretation bulletins in order to provide greater certainty regarding the registration provisions.

As mentioned in last year's report, consultations were undertaken with a view to making revisions to the interpretation bulletin addressing the meaning of the expression "significant part of the duties" as it applies to in-house lobbyists (corporate). However, it was concluded that this would be more appropriately addressed as part of the parliamentary review of the Act.

All of the publications and bulletins issued on the Act, as well as those on the code of conduct for lobbyists, are available on the Internet (<http://strategis.gc.ca/lobbyist>).

The Registrar continued an active public information campaign to discuss and provide advice to lobbyists and potential lobbyists about the requirements for registration and to encourage firms, companies and associations to review their situations. The Lobbyists Registration Branch also disseminated information on the Act and Regulations through interviews with the media, and discussions with professional and industry associations, universities and government officials.

The Lobbyists Registration Branch provided clarifications of its role and responsibilities in response to questions received; in some instances, there was a lack of understanding of the *Lobbyists Registration Act*, its purpose and its objectives. The Lobbyists Registration Branch also responded to the occasional query as to whether it is necessary to obtain a lobbying licence and call for lobbyists referrals.

During the year, the Registrar responded to queries from various groups about the federal lobbyists legislation and its supporting computer systems. She also continued to participate actively in the work of an international council of government administrators of ethics laws.

Electronic Filing

Lobbyists may file their registration forms electronically, free of charge, through the Internet (<http://strategis.gc.ca/lobbyist>). This user-friendly interactive technology validates basic data such as names and addresses, reminds lobbyists to complete all required information and permits them to easily edit their own forms. Data, once verified, are moved immediately to the registry database where the general public can search for information and produce reports from their own computers.

Of the total registrations received as of March 31, 2001, 98 percent of the consultant lobbyists actively lobbying continue to register electronically. This year, 99 percent of both organizations and in-house lobbyists (corporate) filed their registrations electronically, an increase of 1.5 percentage points since last year.

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

During the reporting period, only three individuals used the facilities within the Lobbyists Registration Branch to file their registrations electronically. It is also possible for lobbyists to use the facilities of the Industry Canada regional offices.

To expedite the renewal process, the Lobbyists Registration Branch continued to issue renewal notices via e-mail, a practice which was implemented last year and which has resulted in a faster response rate from registrants and a substantial decrease in the need for follow-up calls.

Of the 965 renewal notices issued, 706, or 73 percent, were issued via e-mail; the balance of the renewal notices, for which no e-mail addresses were available, were either faxed or sent by regular mail. Of the renewal notices sent, the Lobbyists Registration Branch terminated 36 registrations due to failure to file a renewal within the required time period. Upon being advised of the termination of their registration, 11, or 31 percent, of the individuals in question immediately proceeded to re-register, acknowledging the need to maintain their registration and have it appear on the public register. The remaining individuals did not re-register, either because they were no longer in the same position or because they had re-evaluated the need to maintain their registration.

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.

The registry database is available to all Canadians (<http://strategis.gc.ca/lobbyist>). Anyone can use their own computer to easily search for and retrieve information on who lobbies for which firms, corporations, organizations or associations; the parent and subsidiary companies or 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.

As well, users can produce their own summary reports of lobbyists registered as well as copies of the individual registration forms. It is also possible to access a list of recent registrations that includes all new registrations, amendments and terminations that were processed within the past 30 days.

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

Statistical Review

ADVISORY AND INFORMATION SERVICES

The Lobbyists Registration Branch provides advice on the registration requirements, reminds lobbyists to update and refile their registration forms, and verifies that all forms are consistent and complete. During the reporting period, 1852 registrations were processed, of which 896 were consultant lobbyist registrations, 308 were in-house lobbyist (corporate) registrations and 648 were in-house lobbyist (organizations) registrations.

As with the previous year, with the initiation of the parliamentary review, the Lobbyists Registration Branch received a number of calls inquiring as to the timing of, and the process to be followed for, the review. General information and compliance calls were also received. In total, there were 368 program calls in 2000–01, a decrease from the 1042 calls received the previous year.

The Lobbyists Registration Branch has received many queries related to the introduction of a new Treasury Board policy on transfer payments, which became effective on June 1, 2000. The policy has strengthened the previous management framework to ensure that sound management is practised in the administration of grants and contributions. The new policy also reflects the requirements of the *Lobbyists Registration Act* as it applies to recipients of government funding, as well as the Treasury Board Contracting Policy, which requires departments and agencies to ensure that organizations receiving government funding do not pay lobbyists on a contingency fee basis. As a result, departments are required to include a declaration in their agreements whereby recipients declare that any individual they have retained in performing lobbying activities on their behalf in order to obtain a grant or contribution has registered in accordance with the requirements of the *Lobbyists Registration Act*. Flowing from this declaration, most of the queries received related to the interpretation of the Act to determine whether certain activities were in fact lobbying activities for which registration was required.

The number of calls for technology assistance decreased slightly from last year. Branch staff and the Industry Canada *Strategis* help desk personnel responded to calls for the lobbyists registry site address, navigational assistance, forgotten passwords, broken links and other technical problems. This year, there were 907 help line calls, compared to 949 calls last year.

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. The lobbyists registry is directly accessible through *Strategis* to all users for searches and information retrieval on their own computers. Users are gaining their own expertise in how to directly access and search the computerized registry system.

Again this year, there has been an increase in the number of pages of text and data accessed on *Strategis* by users from their own computers. In 2000–01, there were 37 119 visits to the Lobbyists section of the site, during which some 231 166 pages were accessed, an impressive total for a small program.

SUBJECT MATTER OF LOBBYING ACTIVITIES

All lobbyists are required to identify the broad subject matter 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.

	<u>1999-2000</u>	<u>2000-01</u>
Industry	1	1
International trade	2	2
Taxation and finance	3	3
Environment	4	4
Science and technology	5	5
Health	6	6
Consumer issues	7	7
Transportation	8	8
Employment and training	9	9
Internal trade	10	10
International relations	12	11
Energy	14	12
Regional development	13	13
Intellectual property	15	14
Agriculture	16	15
Government procurement	11	16
Small business	18	17
Infrastructure*	n/a	18
Labour	20	19
Telecommunications	17	20

* This subject matter was not one of the 20 most frequently identified for the previous reporting period.

GOVERNMENT DEPARTMENTS AND AGENCIES

All lobbyists are required to identify the names of the government departments and agencies that 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.

	<u>1999-2000</u>	<u>2000-01</u>
Industry Canada	1	1
Finance Canada	2	2
Foreign Affairs and International Trade	3	3
Revenue Canada	4	4
Environment Canada	5	5
Health Canada	7	6
Transport Canada	8	7
Privy Council Office	6	8
Public Works and Government Services Canada	11	9
Natural Resources Canada	10	10
Human Resources Development Canada	9	11
Treasury Board of Canada	12	12
Canadian Heritage	13	13
Agriculture and Agri-Food Canada	14	14
Fisheries and Oceans Canada*	15	15
National Defence	16	16
Justice Canada*	15	17
Canadian International Development Agency	18	18
Western Economic Diversification Canada	20	19
Statistics Canada	17	20

*These two government departments were equally identified by lobbyists in their registrations for the previous reporting period.

REGISTRATIONS

On March 31, 2001, there were 788 registered active consultant lobbyists, an increase of 12 percent from the 702 consultants registered last year. These consultants, who work for 426 firms across Canada, include government relations consultants, lawyers, accountants, and other professionals who provide lobbying services for their clients.

On March 31, 2001, there were 299 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) include 37 presidents/chief executive officers. The interests of 162 corporations were represented in the registry systems, a decrease from last year due to corporate mergers and re-evaluations by officials of their need to register when lobbying activity is less than 20 percent of their duties.

Senior paid officers had registered as in-house lobbyists (organizations) for 363 non-profit societies and interest groups as well as business, trade, industry, and professional organizations or associations, a decrease of 5 percent since last year.

	<u>1999-2000</u>	<u>2000-01</u>
Lobbyists active as of March 31		
Consultant lobbyists	702	788
In-house lobbyists (corporate)	335	299
Organizations (senior officers)	370	356
Registrations active as of March 31		
Consultant lobbyists	2401	2682
In-house lobbyists (corporate)	336	300
In-house lobbyists (organizations)	382	363

Additional Information

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

- *Lobbyists Registration Act*, R.S.C. 1985, c.44 (4th supp.);
- *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*, which covers the basic requirements of the *Lobbyists Registration Act* and contains a summary *Quick Reference Guide to Registration*; the advisory opinions and interpretation bulletins; an informal consolidation of the Act; previous annual reports; the *Lobbyists' Code of Conduct*; reports by the Registrar; and information relating to the parliamentary review of the Act.

The lobbyists registry data are accessible free of charge on the Internet for viewing, searching, and production of summary reports.

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

For further information, please contact:

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LA LOI SUR L'ENREGISTREMENT DES LOBBYISTES

Rapport annuel

POUR L'EXERCICE TERMINÉ
LE 31 MARS 2001

Canada

