Preface

This report is submitted to the Parliament of Canada pursuant to section 11 of the Lobbying Act (Act) R.S.C., 1985, c. 44 (4th Supp.).

Within three months after the end of each fiscal year, the Commissioner must prepare a report about the administration of the Act during that fiscal year. The Commissioner is required to submit the report to the Speaker of the Senate and the Speaker of the House of Commons. Each Speaker tables the report in the House over which they preside.

The Commissioner’s mandate under the Act is threefold:

- maintaining the Registry of Lobbyists, which contains and makes public the information disclosed by lobbyists;
- developing and implementing educational programs to foster public awareness of the requirements of the Act and the Lobbyists’ Code of Conduct (Code); and
- conducting investigations to ensure compliance with the Act and the Code.
CONTENTS

Message from the Commissioner 5

Enabling transparency 6

   Registry of Lobbyists 6

   Lobbying statistics 8

Ensuring compliance 11

   Targeted and proactive measures 11

   Updated guidance on the Lobbyists’ Code of Conduct 13

   Investigations 14

   Exemptions granted under the Lobbying Act 16

Enhancing awareness 17

   Outreach activities 17

   Requests for information and assistance with registrations 17

Workings of the Office 18

Looking ahead 19
Last year has been busy for the Office and for me.

With the dedication of a number of employees, we planned and managed a relocation of the Office. The success of this move was also made possible with the professional expertise of Public Services and Procurement Canada and Shared Services Canada.

This report highlights the great strides we made in meeting the priorities we set out in our three-year strategic plan with respect to four key results areas: A modern lobbyist registration system, Effective compliance and enforcement activities, Enhanced outreach and communications for Canadians and An exceptional workplace.

My first year as Commissioner focused on building relationships, not only with the employees of the Office, but also with lobbyists and other stakeholders. It was important for me to understand the perspectives of lobbyists and the challenges they face. I have sought a respectful dialogue with lobbyists while also acknowledging that my decisions to advance the purposes of the Act may not always align with their positions.

I have built relationships with my provincial and municipal colleagues and have learned a great deal from their experiences. I expect that this perspective will serve me well, in particular when Parliament initiates the next statutory review of the Lobbying Act. I have continued to engage with the Conflict of Interest and Ethics Commissioner and the Senate Ethics Officer. Initiatives such as joint webinars on topics of mutual interest to our stakeholders provide an opportunity to better communicate our respective rules. I have also met with Senators, Members of the House of Commons and public office holders to discuss the requirements of the Act and to learn about their experiences. All of these relationships will help me better administer my mandate.

I have discovered the many benefits and challenges of working in such a small organization. The unwavering support and resilience of employees is of utmost importance. What is not readily known is that my Office is subject to the same reporting requirements as any other federal organization. Considering the breadth of my mandate, this can be taxing on employees. In meeting these challenges, the Office is fortunate to be able to count on the support of other federal organizations with which we have both memoranda of understanding and service agreements. Their support is appreciated and necessary in fulfilling my mandate.

It has become obvious that given today’s realities of increased costs in IT and enhanced complexity of our work, additional funding will be necessary. A budget of 4.5 million allocated in 2008 is no longer sufficient. I have met and will continue to meet with officials from the Treasury Board Secretariat to share our accomplishments, challenges and needs in order to properly assess funding requirements.

I finish with my sincere gratitude to the employees of the Office. It is with their expertise, professionalism and perseverance that we continue to advance the important work carried out by the Office. I am grateful for their contribution and look forward to continuing to work with them in delivering on our important mandate.

Nancy Bélanger
Commissioner of Lobbying of Canada
REGISTRY OF LOBBYISTS

The Registry of Lobbyists provides Canadians with information about who is communicating with government decision makers on specific topics. Information available in the Registry includes:

- who is lobbying;
- on whose behalf lobbying is done;
- which federal institutions are lobbied;
- what lobbying is about (e.g. legislative proposals, bills, regulations, policies, programs, grants and contributions or contracts);
- the types of communication used (e.g. oral communications, written correspondence, and appeals to the public);
- the names of designated public office holders involved in oral communications.

Consultant lobbyists, and the most senior paid officer of a corporation or organization who meets the significant part of duties threshold, must register and submit all required information directly into the online Registry.

This year, the Office streamlined the account creation process. New users no longer have to print and mail forms before they are able to electronically submit their registrations, making the process more efficient and more in-line with today’s technology. This allows the public to have earlier access to the information. The process for changing the registrant of an in-house organization or corporation was also simplified.

In addition, a new predictive text function was added to the Registry in April 2019 to reduce future spelling variations in the names of organizations and corporations. In time, having the names of organizations or corporations entered in a consistent manner will improve the quality of search results by reducing spelling variations. The Office will continue to explore ways to improve the Registry for all users.
Registry data is readily available and free of charge through the Office’s website and Canada’s open data portal. The Registry is searched to gather information about communications between public office holders and lobbyists, and the frequency of communication between them and designated public officer holders. Some of the past year’s top federal news stories included information drawn from the Registry.

The Registry is searched by the public as well as journalists, researchers, and advocacy groups. The Office supports transparency by helping them understand the information they find in the Registry, clarifying reporting requirements and identifying the best way to obtain the information they are seeking in the Registry.

Registry search results were accessed 844,149 times in 2018-19

- 95 media inquiries
- 27 related to the Registry of Lobbyists
- 22 inquiries from researchers and academics
LOBBYING STATISTICS

WHO IS LOBBYING
Organizations, corporations and other entities may:

- have employees that lobby as part of their duties (in-house lobbyists);
- hire one or more consultants to lobby on their behalf (consultant lobbyists); or
- have both employees and consultants that lobby on their behalf.

WHO IS BEING LOBBIED
When lobbyists communicate with public office holders (i.e. federal government employees, members of the House of Commons and their staff, Senators and their staff), they must register if the communication relates to federal legislative proposals, legislation, regulations, programs, grants, contributions, or financial benefits. For consultant lobbyists this list also includes contracts and organizing a meeting.

In addition, lobbyists who discuss reportable subject matters with designated public office holders must report any communications if the communication:

- was oral and arranged; and
- included one or more designated public office holders.

By the numbers 2018-19

2,782 organizations and corporations benefited from lobbying reported in the Registry

63% hired one or more consultants to lobby on their behalf

20% paid employees to lobby where the lobbying met the threshold for registration

17% paid both employees and consultants to lobby on their behalf

6,819 lobbyists

1,408 consultants

5,411 in-house

3,244 employed by organizations

2,167 employed by corporations

Public Office Holders (POH)
- Almost all federal government employees
- Members of the House of Commons and their staff
- Senators and their staff

Designated Public Office Holders (DPOH)
High level government decision makers:
- Prime Minister, Ministers of State, and their staff
- Members of the House, Senators
- Deputy Ministers, ADMs, and equivalents
- Positions designated by regulation
In the last year, there were 27,522 monthly communication reports published in the Registry. Communication reports were submitted on behalf of more than half (51%) of the organizations and corporations listed in the registrations.

27,522 monthly communication reports (MCRs) total

94% of MCRs were submitted on time

Monthly communication reports must be submitted by the 15th of the month after the communication occurred.

Which designated public office holders are being lobbied

- 8,443 Members of Parliament
- 1,629 Cabinet Ministers
- 383 Parliamentary Secretaries
- 10,518 Exempt staff working in Ministers’ offices
- 1,588 Senators
- 5,465 Deputy Ministers, Assistant Deputy Ministers, and equivalents

Cabinet Ministers may appear as either MPs or Cabinet Ministers because they may be lobbied in either role.

Distribution of monthly communication reports submitted by organizations and corporations

- 1-10 communication reports: 919
- 11-50 communication reports: 379
- 51-100 communication reports: 107
- Over 100 communication reports: 24
What is the subject of the lobbying

Most common institutions listed in registrations (2018-19)

1st House of Commons
2nd Prime Minister’s Office
3rd Innovation, Science and Economic Development Canada
4th Finance Canada
5th Senate of Canada

Most common topics (2018-19)

Registrations: Industry, International trade

Trends

New registrations, by fiscal year

Total monthly communication reports posted, by fiscal year
ENSURING COMPLIANCE

TARGETED AND PROACTIVE MEASURES

COMPLIANCE VERIFICATIONS
To promote compliance with the Act, the Office conducts verifications of corporations and organizations that are, or may be, engaged in lobbying activities. In some cases, when they are not registered and may not be aware of the requirements of the Act, the Office sends advisory letters explaining the obligations under the Lobbying Act. In other cases, corporations and organizations may be asked to correct or clarify inaccuracies in their registrations. In all cases, they are asked to confirm that they are compliant. This past year, 46 of these types of advisory letters were sent.

In addition, this past year, a targeted compliance analysis of the cannabis industry was conducted which involved a verification of 200 corporations and organizations. This led to 6 advisory letters being sent. One corporation registered, another was no longer in operation, and the remaining four did not meet the requirements for registration under the Lobbying Act.

When registrants have been advised of a breach (e.g. late registrations or monthly communication reports) the Office assesses their compliance over the next twelve-month period. This year, all 79 registrants assessed were complying with the requirements of the Act.

Cannabis / marijuana organizations and corporations registered

52 advisory letters [ensuring that corporations and organizations are aware of their legal obligations and are complying]

79 compliance assessment [verification that those advised of a breach of the Act are compliant during the subsequent 12 months]
VERIFYING ACCURACY OF MONTHLY COMMUNICATION REPORTS

Each month, the Office takes a sample of new communication reports in the Registry and confirms with the listed designated public office holders that the information is correct. In 2018-19, the Office verified 1,256 communication reports. The majority (89.8%) of verified communication reports were confirmed to be accurate.

A small portion (2.9%) were “over reported”, meaning that the report did not need to be submitted because there was no communication, the communication was not oral and arranged, or it was a duplicate entry.

Another portion (7.25%) were found to contain errors.

When the Office identifies a communication report containing an error, the registrant is contacted and corrects the error within 30 days.

DEPARTING DESIGNATED PUBLIC OFFICE HOLDERS

When the Office learns that a designated public office holder leaves their position, a letter is prepared informing them of the prohibition on lobbying that applies for 5 years after they cease to hold office.

The Office sent 6 post-employment letters to MPs who left office this last year. Another 10 letters were sent to other designated public office holders (e.g. senators, deputy ministers, ministerial staff) who also left office.

In light of the upcoming election, members of the House of Commons have begun to announce that they will not seek re-election. The Office will contact them during the summer.

Communication reports 2018-19

Accuracy of communication reports verified

<table>
<thead>
<tr>
<th>Count</th>
<th>Outcome of verification</th>
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<tbody>
<tr>
<td>1</td>
<td>DPOH unable to confirm</td>
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<tr>
<td>36</td>
<td>Over-reported</td>
</tr>
<tr>
<td>91</td>
<td>Error located</td>
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<tr>
<td>1,128</td>
<td>Confirmed accurate</td>
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</table>

Top 5 errors

<table>
<thead>
<tr>
<th>Count</th>
<th>Description</th>
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</thead>
<tbody>
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<td>35</td>
<td>Lists participants who are not designated public office holders</td>
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<tr>
<td>19</td>
<td>Includes a public office holder who did not participate</td>
</tr>
<tr>
<td>16</td>
<td>Name or title incorrect</td>
</tr>
<tr>
<td>14</td>
<td>Missing a designated public office holder who participated</td>
</tr>
<tr>
<td>10</td>
<td>Date incorrect</td>
</tr>
</tbody>
</table>
UPDATED GUIDANCE ON THE LOBBYISTS’ CODE OF CONDUCT

In addition to the Lobbying Act, lobbyists must comply with the Lobbyists’ Code of Conduct, which sets out ethical standards for lobbyists. It includes principles and a set of rules to guide their conduct.

In 2018-19, the Office updated its guidance documents on how to mitigate conflicts of interest related to preferential access, political activities, and gifts. The guidance was updated to reflect the answers provided to lobbyists who contacted the Office directly for advice and to make it easier to apply. The Office consulted with stakeholders, including counterparts and associations representing lobbyists.

What was updated?

Old guidance

Rule 6 — Conflict of interest
referred to the guidance for rules 7 to 10

Rules 7-8 – Preferential access
• family, friends, business partners

Rule 9 – Political activities
• high risk vs no risk

Rule 10 – Gifts
• allowed vs not allowed
• blanket rules for receptions

Rule 10 – Gifts (post-secondary)
additional exceptions for alumni events

New guidance

Rules 7-8 – Preferential access
• family, friends, business partners, professional relationships

Rule 9 – Political activities
• higher risk vs lower risk vs no risk
• frequency, quantity and level of interaction with candidates impact risk

Rule 10 – Gifts
• no gifts by default
• limited list of exceptions, including food and refreshments for working meetings
• receptions to be evaluated on a case-by-case basis
INVESTIGATIONS

NUMBERS AT A GLANCE

The Commissioner has a mandate to investigate if there is “reason to believe an investigation is necessary to ensure compliance” with the Lobbying Act or the Lobbyists’ Code of Conduct. When the Commissioner becomes aware of a potential breach, the Office conducts a preliminary assessment to evaluate the nature of the alleged contravention, obtain initial information, and determine whether the subject matter falls within the Office’s mandate. When necessary to ensure compliance, an investigation is commenced.

This year, we reviewed our compliance processes, which allowed us to substantially reduce the number of active preliminary assessments and investigations in order to remain timely and relevant.

The Office completed 21 preliminary assessments. In 17 of these, the Commissioner determined that no further action was required and the preliminary assessment was closed. The reasons for closure included: the organization was strictly volunteer based, the practice that was under assessment had ceased, no communication report was required, or information in the registration was correct. Four (4) other preliminary assessments led to investigations.

The Office completed 19 investigations related to sponsored travel and a report to Parliament was tabled in early 2019-20.

In addition, the Commissioner ceased 13 investigations. The reasons for ceasing included: the practice under investigation had stopped, the communication was a request for information and therefore not lobbying, the Code did not apply because the person was not engaged in lobbying, and the information in the Registry was accurate.

PUBLICLY CONFIRMING INVESTIGATIONS

If, during the course of an investigation, the Commissioner has reasonable grounds to believe that someone has committed an offence under the Lobbying Act, she must suspend her investigation and refer the matter to a peace officer (e.g. RCMP, provincial/municipal police). The police then conducts its own investigation to determine whether to lay charges.

Given the possibility that these matters may become police investigations, the Office is unable to confirm or deny whether an investigation has been initiated or is ongoing on any specific matter.

In accordance with the Act, the Commissioner may refuse to conduct or may cease an investigation with respect to any matter if he or she is of the opinion that:

- the matter could more appropriately be dealt with by another Act of Parliament;
- the matter is not sufficiently important;
- dealing with the matter would serve no useful purpose due to the length of time elapsed since the matter arose; or
- there is any other valid reason for not dealing with the matter.

1 referral to a peace officer in 2018-19

1 referral to a peace officer in early 2019-20

1 post-conviction lobbying prohibition applied by the Commissioner in 2018-19

It is an offence to contravene any provision of the Act, including:

- failing to register
- failing to submit a communication report
- knowingly making any false or misleading statement
- lobbying while prohibited
INVESTIGATIONS THAT BECAME PUBLIC

Sponsored travel provided by lobbyists

In 2016, the Office received information alleging that, over a 7-year period, a number of organizations employing in-house lobbyists had breached the Lobbyists’ Code of Conduct by providing sponsored travel to parliamentarians. The Office conducted parallel investigations related to 19 organizations that had collectively provided 334 instances of sponsored travel to parliamentarians between 2009 and 2016.

The Commissioner did not find any evidence of unregistered lobbying nor any unreported communications under the Lobbying Act. In addition, the Commissioner found that the organizations had not contravened the Lobbyists’ Code of Conduct by providing sponsored travel. The Code prohibits lobbyists from providing gifts, favours or other benefits to public office holders they either are lobbying or will lobby that the public office holders are not allowed to accept. The rules for both members of the House of Commons and for Senators explicitly allow them to accept sponsored travel that arises from or relates to their position. Given that parliamentarians are allowed to accept sponsored travel, lobbyists cannot contravene the Code by offering or providing it.

In her report, the Commissioner observed that lobbyists are not currently required to disclose that their lobbying occurred during or after sponsored travel provided to parliamentarians. While such information could be deduced by cross referencing information found in various public registries, the significant effort required to do so hinders transparency.

The Commissioner recommended that this gap be addressed to improve the overall transparency of the federal lobbying regime. This could be accomplished by amending the existing reporting requirements to include any additional information that the Commissioner considers relevant to a full understanding of the context in which lobbying occurred. Such a requirement could be considered by Parliament during the next review of the Lobbying Act or through a review and update of the Lobbyists Registration Regulations.

His Highness the Aga Khan

In September 2017, then-Commissioner Karen Shepherd decided not to conduct an investigation into an allegation that Prince Shah Karim Al Hussaini (the Aga Khan) had breached the Lobbyists’ Code of Conduct by hosting the Right Honourable Justin Trudeau and his family on a private island in the Caribbean. The decision was based on information collected in an administrative review which established that, while the Aga Khan Foundation had an active in-house (organization) entry in the Registry of Lobbyists, the Aga Khan did not receive money for his involvement on the board of the Foundation. The Lobbying Act only applies to individuals who lobby for payment, and the Code only applies to individuals who are subject to the Act. The former Commissioner found that since the Act did not apply to the Aga Khan, the Code also did not apply.
Advocacy group Democracy Watch sought judicial review of former Commissioner Shepherd’s decision in the Federal Court. On March 29, 2019, Justice Gleeson of the Federal Court ruled on the matter. The Court made a number of findings including that the Act applies to anyone who is lobbying for payment and that the definition of “payment” in the Act is wider in scope than “remuneration” in return for a service. The Court directed the Commissioner to reconsider the matter in light of the guidance provided by the Court.

On April 25, 2019, the Attorney General appealed the Federal Court’s decision. It also sought a stay of the Court’s decision pending the outcome of the appeal. The Office will await the results of these proceedings before taking any action related to this matter.

Dr. Barry Sherman

In January 2018, the Commissioner ceased her investigation of the lobbying activities of Dr. Barry Sherman, following his death in December 2017. In February 2018, Democracy Watch commenced an application for judicial review in Federal Court, challenging the Commissioner’s decision to cease the investigation.

The Federal Court adjourned the hearing of the application in October 2018, in order to permit Apotex Inc. and two former officers of the company to participate as respondents to the application. Further to an order in March 2019, the application for judicial review will proceed on a Court-ordered timeline in the spring and summer of 2019. Democracy Watch has been directed by the Court to seek a hearing date by October 15, 2019.

EXEMPTIONS GRANTED UNDER THE LOBBYING ACT

Designated public office holders are prohibited from lobbying for a period of 5 years after they cease to hold office. The Commissioner can exempt an individual from the 5-year prohibition, as long as it would not be contrary to the purposes of the Act.

Out of the 11 requests received in 2018-19, the Commissioner granted 4 exemptions because the former designated public office holder either:

- held the position for a short period of time;
- was a student employee; or
- had administrative duties only.

The Commissioner may also impose conditions when granting exemptions, such as limiting certain institutions they may not lobby. Exemptions granted by the Commissioner are published on the Office’s website.

For 5 years after they cease to hold office, designated public office holders are prohibited from:

- Being a consultant lobbyist
- Being an in-house lobbyist for an organization
- Being an in-house lobbyist for a corporation, if the lobbying activities constitute a significant part of their duties
ENHANCING AWARENESS

OUTREACH ACTIVITIES

The Office fosters public awareness of the requirements of the Lobbying Act and the Lobbyists’ Code of Conduct through a variety of outreach and education activities. The Office also offers information sessions and provides timely and relevant information for targeted stakeholders.

In 2018-19, the Office adopted a new corporate visual identity. The Office took the opportunity to update and improve the clarity, brevity, and consistent terminology of several commonly used documents in order to better respond to the needs of stakeholders. These include:

- Outreach presentations
- Advisory letters
- Corporate and internal documents

The Office also began the significant task of consolidating and reorganizing its website to make information easier to find. Efforts to improve the Office’s web content are ongoing and a new website is also expected in 2020.

The Office held its first joint public education activity with the Office of the Conflict of Interest and Ethics Commissioner, under the Memorandum of Understanding (MOU) signed in March 2018. Future joint activities are expected to take place in 2019-20.

During her nomination appearances before the House of Commons and the Senate, the Commissioner committed to meeting with MPs and Senators. A letter from the Commissioner to MPs and Senators was sent to reiterate the Commissioner’s commitment to increasing outreach activities and knowledge of obligations stemming from the Act and the Code, and offered to meet with them. Several meetings have already taken place and more continue to be scheduled.

The Commissioner or members of the Office gave 70 presentations on a variety of topics related to lobbying requirements. Some of the Commissioner’s public speaking engagements during 2018-19 included the annual general meeting of associations representing lobbyists, COGEL (international conference on ethics and lobbying laws), meeting of non-profit organizations and associations, and the Public Sector Ethics Conference.

REQUESTS FOR INFORMATION
AND ASSISTANCE WITH REGISTRATIONS

The Office responded to 8,254 calls and emails from various stakeholders throughout the fiscal year. The vast majority were related to general information about the Registry, information about the Act and Regulations, as well as specific assistance with registrations. The Office also reviewed 6,753 new and updated registrations for completeness and accuracy.

8,254
calls and emails
6,817 calls
1,437 emails

- 57% General information
- 20% Act and Regulations
- 18% Registrations
- 2% Code
- 3% Other
WORKINGS OF THE OFFICE

July 2018 marked ten years of the Office of the Commissioner of Lobbying and the Office marked the occasion with a small celebration. It was an opportunity to reflect on the Office’s accomplishments and, along with stakeholders, to renew the commitment to enhancing transparency in federal lobbying.

A significant priority for the Office this year has been preparing for the move to a new space at 410 Laurier Avenue West in Ottawa. Employees were involved in the design of the space and planning of the move. The Office requested and received dedicated funds for this project in Budget 2018.

In 2017-18, the Office developed a strategy on mental health in the workplace, and this was put into action throughout 2018-19. Employees have ongoing access to resources to support them if they or their loved ones are in crisis, as well as information and tools to support wellness in the workplace.

Results from the 2018 Public Service Employee Survey suggest that the Office’s effort to create and maintain an exceptional workplace are highly successful. The survey showed that 93% of the Office’s staff would recommend the Office as a great place to work. At the same time, there is opportunity for improvement in certain areas such as the 60% of employees who say the quality of their work suffers because of changing priorities. This is the reality of a micro organization and the Office will look for opportunities for improvement.

What staff say about working for the Office
2018 Public Service Employee Survey results

- 93% would recommend the Office as a great place to work (3rd best in the public service)
- 92% are satisfied with their department or agency (4th best in the public service)
- 89% say the Office is a psychologically healthy workplace (4th best in the public service)
LOOKING AHEAD

Next year will be another busy one for the Office. The priorities are derived from the Office’s strategic plan.

**Modern lobbyist registration system**

Next year the Office will improve the system to make it more user- and mobile-friendly for the registrant.

**Effective compliance and enforcement activities**

We will continue to advance on the ongoing 11 preliminary assessments and 15 investigations. Also, we will finalize the revision of the manual for investigators.

With respect to the 5-year prohibition on lobbying, the Office will develop an online tool to simplify applications for exemptions by former designated public office holders.

**Enhanced outreach and communications for Canadians**

The Office will launch the website to make it easier for users to find information. Targeted communication products and tools will also be developed based on an analysis of inquiries received from stakeholders.

As the October 2019 general election approaches, the Office will continue to assist lobbyists in understanding the impact of their political activities on their lobbying of members of Parliament they may have assisted in being elected. After the election, the Office will also approach all caucuses to provide information about the lobbying regime to new and re-elected Members of Parliament.

**Exceptional workplace**

We will continue to support our Mental Health Strategy. We will further the creation of a career development program tailored to the reality of a small office.

The statutory review of the Lobbying Act is anticipated. The Commissioner’s recommendations to strengthen the Act continue to be developed and she will be ready to share them when called for by Parliament.

The Office has operated for more than ten years with a static budget and with a staff complement of 27 employees. Pressures such as higher technology costs are increasing. The work that is being performed by the Office has also evolved in complexity, litigiousness and level of scrutiny. There is limited flexibility to reallocate financial resources, hire additional human resources or to make investments in systems with today’s price tags. To ensure the ongoing sustainability of the Office and to invest in the technological improvements required for the Registry, there is a need for increased funding. In the coming year, the Office will work with the Treasury Board to determine the additional funding required.

We are ready to build on our previous achievements and to continue improving on the delivery of our mandate to support a healthy Canadian democracy.