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HOUSE OF COMMONS CHAMBRE DES COMMUNES CANADA KIA OA6

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The Standing Committee on Elections, Privileges and Procedure has the honour to present its

FIRST REPORT

In accordance with the Order of Reference of Wednesday, November 19, 1986, in relation to the document entitled "Lobbying and the Registration of Paid Lobbyists, a Discussion Paper", your Committee submits the following report:

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CHAPTER I

THE COMMITTEE'S HEARINGS AND DELIBERATIONS

The House of Commons Standing Committee on Elections, Privileges and Procedure, to which was referred the discussion paper prepared by the Department of Consumer and Corporate Affairs entitled: "Lobbying and the Registration of Paid Lobbyists" has, pursuant to the Order of Reference of February, 1986, renewed in November, 1986 examined the subject-matter of the paper and now submits its report.

The discussion paper which formed the basis of the deliberations of your Committee was developed after the announcement by the Prime Minister on September 9, 1985 that one of the components of his initiatives in the field of public-sector ethics would be the registration of paid lobbyists. He stated at that time that as a result of disclosure through registration, lobbying "should no longer be shrouded in mystery".

We approached our task in this area with great interest and enthusiasm knowing that few countries in the world have legislated in this area. The reference to the Committee gave it the opportunity to draw on the experience of others and develop ideas which would eventually lead to a uniquely Canadian approach to the registration of lobbyists. The Committee divided its work into three stages. From April 14, 1986 when we first met as a new committee established under the new provisional Standing Orders of the House of Commons until May 29, 1986 public hearings were held in Ottawa. During this period we heard from fourteen witnesses. Most of these witnesses had knowledge concerning the business of consulting with government for third party interests or dealing directly as lobbyists on their own behalf.

THE COMMITMEE'S MEANINGS AND DELIBERATIONS

The Harse of Commons Standing Cramitton on Flactions, Privileges and Protoduct, to write was reformed the discussion paper preparet by the Department of Commons and Europarate Affairs exiting an Unoby ing and the Regestration of Pain Labovietor has, porsuant to the Order of Reference of February, 1986, characted in Amendence, Stark examined the subject-matter of the Decard and und not wathuits its report.

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The third and final phase of our work took place <u>in camera</u>. During these sessions the Committee reviewed the evidence and developed goals or objectives for a registration system for lobbyists. These deliberations led to the conclusions and recommendations contained in this Report.

Democracy benefits and thrives when the public is informed. As we approached the end of our hearings it became apparent that the overall objective which we had to meet was to provide recommendations that resulted in a degree of openness in lobbying and meaningful disclosure of the activities of lobbyists in Canada while at the same time protecting the principle of free and open access to government.

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As the Committee was empowered to travel outside Catada, the second stars of our work involved hearings in Mashington, O.C. and Sacramento, California, The Committee defined veluable knowledge during these mentings regarding the relative strengths and mentarsee of the registative mathods used in these jurisdicities in desirvit hodoying. We are especially grateful to the hoboyints who appeared before the Constitue in the United Starses for their danget and inciding remarks. Resirvities endersons of the remarks of operands and their remarks. Second to the concept of operands and disclosure regarding indiping a

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POLITICAL INFLUENCE THROUGH LOBBYING IN CANADA

CHAPTER II

It should be stressed at the outset that we are given to understand that the initiative in this area which resulted in this Committee's work was not occasioned by any knowledge of impropriety or illegal conduct in the lobbying industry in Canada. In fact, this Committee in the course of its hearings has received no concrete evidence to this effect. The intent of the initiative and the work of this Committee has been directed towards determining the need for a system of registration and the form which such a system could take.

In Canada, sections of the Criminal Code protect against serious abuses wherein those who would offer advantages to elected or other officials and those who accept them can be charged with criminal offences and are liable to be punished. This is also the case with those who claim they can gain favours or have special influence with government officials. As well, the Standing Orders of the House of Commons, Beauchesne's Parliamentary Rules and Forms, and the <u>Senate and</u> <u>the House of Commons Act</u> all contain relevant instructions for federal Members of Parliament dealing with such matters as:

- (a) the disentitlement to vote upon any question in which a member has a pecuniary interest;
- (b) the prohibition of bribery;
- (c) the preservation of the independence of Parliament through the setting of rules of eligibility for Members of Parliament.

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POLITICAL INFLOENCE UNROLOGI LOBBYING IN CANADA

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(a) the disentilizement to vote upon any question in which a mendar has a peruntary interest:

(c) the preservation of the independence of Paritement Stronge th

The role of a Parliamentary Agent as defined in the Standing Orders of the House of Commons should not be confused with that of a lobbyist. The Standing Orders provide that the promoters of a private bill, that is, a bill which is of a special kind conferring particular powers or benefits on someone in excess of or in conflict with the general law, have to pay a fee on a sessional basis and be governed by rules established by the Speaker. Aside from the above which only obliquely touch on the practice of lobbying there are no laws in Canada at the present time dealing with lobbyists per se.

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Your Committee is impressed with the role that special interest groups or lobbyists play in the dissemination of information on matters of public policy. The lines of communication which are developed by these groups are important in the resolution of government policy. A critical part of policy development in any government is to accept and even seek out information and views from those affected and the public at large. Lobbyists often present competing views, supply what might be otherwise unavailable information, and propose solutions so government can better assess the implications of proposed policies.

This influence in Canada has been primarily focussed on the bureaucracy and the executive. However, with the introduction of recent reforms to the committee system and private members' business in the House of Commons it is anticipated that the private member will increasingly become the target of lobbying efforts. Under the provisional Standing Orders of the House, standing committees now have unlimited mandates to study matters within their jurisdiction as well as the power and budget to engage the services of professional staff. It is our belief that in addition to all the usual contact points, these Standing Committees may provide a new focus for lobbying activities. Not take of formore should not be confused with inux of a lobbjash. The Standing the house of formore should not be confused with inux of a lobbjash. The Standing Greats and the the presenters of a stirut o bill, that is, a bill which is of a special bind moderning setticular powers for bandaha on generate in reactes of stan confined at rules solvellarded by the Section has been at a set a domained to rules solvellarded by the Section Acide it is lies in Canada at the ablighted is rules solvellarded by the Section Acide it is lies in Canada at the domained to rules and the insection of lobbying there are no leve in Canada at the ablighted is rules and the descentration of rules when a solve is found and the domain at the discontration of the section of lobbying there are no leve in Canada at the independence blay in the discontration of theorem is the special intervent anomals at the lines of canonichies which are desclared by these glasses at inpacts on the restalution of opteroment and such as desclared by these glasses at inpacts on the restalution of opteroment of section of theorem is of poster constraints on the restalution of opteroment and and are desclared by these glasses at inpacts on the restalution of opteroment and and an area and the rules the section of a solid the folder restalution of opteroment and and are desclared by these glasses at these and the standard as the standard and the description and view from these these affected restalution of opteroment and and even and information and view from the standard at a posteroment as the standard and an information and view from the distributed restalution of opteroment and an area of a information and view from the standard at a posteroment as the standard and information and view from the standard at a posteroment and a standard and information and view from the standard at a posteroment and a standard and a for a standard and view from the standard at a posteroment and the standard and a standard and view from the standard at a posteroment and a

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Main your Completes are experience to note of these arguments ispecially the one that ittinging is a complete and or with which to deal, he cannot appent maintaining the state one in this way. We respect the solute with a model of cantiles a state one in this way. We respect the solute with a model of cantiles a state one in this way. Is respect the solute of the model of cantiles a state on in this way, and respect the state terms of models of cantiles a state on in thought in an endities of the state are problems a model of cantiles a state on it hought in an endited a terms are problems a the they must enter white one state on it hought in an end of the state are problems a then they must enter white one state on it hought in an end of the state are problems a the they must enter white one state on it hought in an end of the state are problems and then they must enter white are and and a state on the state of the

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CHAPTER III

THE ALTERNATIVES

Your Committee has determined that there are three main alternatives which it could recommend regarding lobbying in Canada. They are: maintain the status quo; recommend some form of self-regulation by the lobbying industry; or recommend some form of registration.

Maintaining the Status Quo

Many witnesses, especially from the lobbying industry in Canada advocated that nothing be done in relation to the registration of paid lobbyists. As we have pointed out there are no laws specifically regulating this activity or requiring the registration of paid lobbyists in Canada. It was argued by some that as there are no apparent problems of impropriety in the lobbying industry at the present time then there is no reason for this matter to be considered by Parliament. Those who support this view claim that any system of registration would require a tremendous amount of paper work to make it function and would be very costly to implement. Also, the disclosure of information which may be required by a registry system would intrude upon the privacy not only of the lobbyist but of the client as well and that client confidentiality would no longer exist.

Those who desire the status quo point out that the registration of lobbyists is a very complex area fraught with legal problems. There are many definitional problems and the implementation of such a system could be very difficult.

While your Committee was sympathetic to some of these arguments especially the one that lobbying is a complex subject with which to deal, we cannot support maintaining the status quo in this area. We respect the advice we have received from witnesses advocating the status quo and consider their views as a counsel of caution in this area. In addition, we recognize that a series of recommendations which are not well thought out may very well create more problems than they would ever solve.

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The idea of legislating on the subject of lobbying seems to be almost totally a solution which has been implemented in the United States. We recognize that our system of government is different than that of the United States. Their system which does not rely on political party discipline seems to heighten the profile of lobbyists. It is also important to note that in the United States there is a concern that election financing laws are not as restrictive as those under the <u>Canada Elections Expenses Act</u> and as such provide lobbyists with additional leverage. However, both systems of government deal with the development of public policy, with such policy in many cases being translated into either legislative or administrative action. Influence is brought to bear in both systems as policy develops. Public disclosure of these competing forces is as desirable in our parliamentary system as it is in the United States.

We believe that it would be unwise to put aside the issue of the registration of lobbyists until there is some form of impropriety which reaches the public arena. In fact, during a period when there are few problems in the lobbying industry would seem to be the best time for Parliament to act.

Self-Regulation by the Lobbying Industry

Some lobbyists who appeared before us advocated some form of selfregulation either with or without government involvement as an alternative to registration. These groups advanced arguments similar to the ones put forward by the groups who want to maintain the status quo in order to convince us not to recommend a registration system. Self-regulation through the formation of an association and the adoption of a code of ethical behaviour which would be enforced was seen by these witnesses as a viable alternative to doing nothing or to recommending a full scale system of registration.

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Self-regulation, it was argued, would be as effective as any system of registration.

Self-regulation by means of a professional association would also be accompanied by a Code of Ethics to which all members would be subject. This association would also have a disciplinary committee which would have authority to revoke or suspend an individual's membership, if that member breached the code of conduct. A list of members would be published on a regular basis as well as a list of those whose membership has been revoked or suspended for misconduct.

This system, it was argued, is attractive because it is easy to implement, would not restrict access to government, and would provide a certain measure of information.

We are not convinced that self regulation even with some governmental involvement would be able to attract a large membership and be able to perform the types of disciplinary tasks which have been described to us. We are also somewhat concerned that suggestions to form such an organization only arose as a result of the release of the government's discussion paper dealing with the registration of paid lobbyists. However, your Committee has studied this option carefully and feels that it may be an effective additional method through which to deal with lobbying. The association should have a discipline committee enforcing a stringent code of ethics.

Registration of Lobbyists

While few witnesses advocated the registration of lobbyists we found that those who did advanced reasons which we consider to be compelling. One witness pointed out that with a system of registration it is possible to determine the relative strengths of the positions being advocated by the various interest groups on a particular issue. It takes lobbying out of the area of innuendo and conjecture because the names of those involved in various issues will be known. Some advanced the argument that it would give a sense of legitimacy to the act of lobbying and elevate those who are engaged in it to professional status.

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The strongest argument we heard in favour of registration is that disclosure of information in this area is vital if we are to have an informed public. An informed public is vital for the survival of democracy. Information provided through a register is a tool which can be used by the general public to evaluate the pressures which are brought to bear on government.

We are aware of all the arguments against the adoption of a register of lobbyists and in the next chapter we deal with many of them. Our recommendations have taken these problems into account.

We recommend the adoption and implementation of a system of registration of paid lobbyists.

We recommend that the government consult with members of the lobbying industry to discuss the formation of an association of lobbyists in addition to the system of registration. This will put the responsibility for day to day conduct of the lobbying industry squarely where it belongs, on the industry itself. The attraction in this area is vital if we are to nave to nave an informed disclosure of information in this area is vital if we are to nave an informed pholia. An informed public is tital for the survival of desorracy. Information provided through a register is a tool which can be used by the depend public to evaluate the pressures which are brought to bear on government.

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CHAPTER IV.

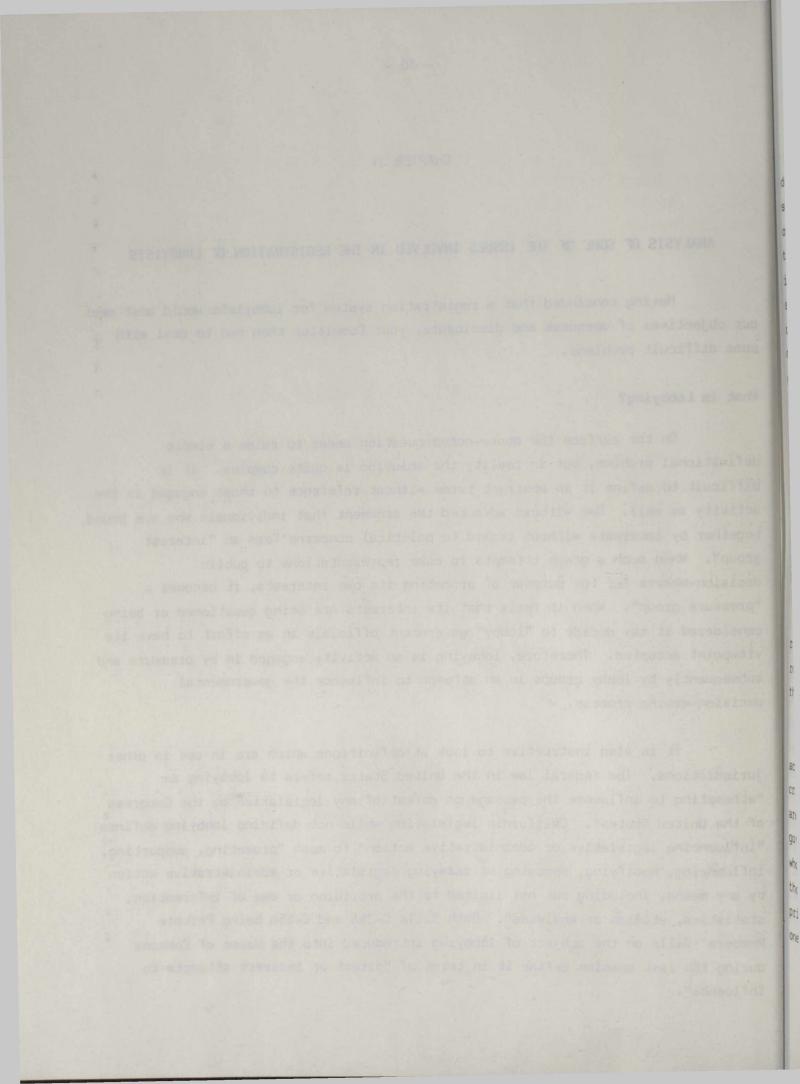
ANALYSIS OF SOME OF THE ISSUES INVOLVED IN THE REGISTRATION OF LOBBYISTS

Having concluded that a registration system for lobbyists would best meet our objectives of openness and disclosure, your Committee then had to deal with some difficult problems.

What is Lobbying?

On the surface the above-noted question seems to raise a simple definitional problem, but in reality the solution is quite complex. It is difficult to define it in abstract terms without reference to those engaged in the activity as well. One witness advanced the argument that individuals who are bound together by interests without regard to political concerns form an "interest group". When such a group attempts to make representations to public decision-makers for the purpose of promoting its own interests, it becomes a "pressure group". When it feels that its interests are being questioned or being considered it may decide to "lobby" government officials in an effort to have its viewpoint accepted. Therefore, lobbying is an activity engaged in by pressure and subsequently by lobby groups in an attempt to influence the governmental decision-making process.

It is also instructive to look at definitions which are in use in other jurisdictions. The federal law in the United States refers to lobbying as "attempting to influence the passage or defeat of any legislation by the Congress of the United States". California legislation while not defining lobbying defines "influencing legislative or administrative action" to mean "promoting, supporting, influencing, modifying, opposing or delaying legislative or administrative action by any means, including but not limited to the provision or use of information, statistics, studies or analyses". Both Bills C-248 and C-256 being Private Members' Bills on the subject of lobbying introduced into the House of Commons during the last session define it in terms of "direct or indirect attempts to influence".



It is also important to consider the practical implementation of the definition of lobbying, that is, what specific activities are included. It would seem logical that it would include attempting to influence the making or amending of legislation or regulations. However, would it extend to attempting to influence the making or changing of federal policies and programs? Would it include influencing decisions on the awarding of grants or contracts? What would be the situation with regard to attempting to influence federal appointments to public office? It is arguable that those who only arrange contacts and meetings for clients are not lobbying and neither are those who gather information from governmental sources and distribute it to their clients?

The definition of lobbying is also important because through it we address the question of who is to be included as the recipient or object of the lobbying activity. Should lobbying include activities directed toward only those who are legislators, or their staffs, or should it extend beyond them into the executive and the bureaucracy?

Which Lobbyists Should be Required to Register?

Your Committee has had to contend with competing interests and arguments regarding who should be included within the group which would be subject to a registration system. To put the question in its most simple terms, how wide should the net be cast or which lobbying groups should be subject to disclosure?

Arguments have been made that only those who are paid for lobbying activities should be required to register. If this is accepted as a valid criterion then the question must be asked should the net be cast beyond those who are retained to act on behalf of third parties to present their views to government? After this group is identified it becomes more difficult to determine who should be included in the class of lobbyist. For example, should it include those who are in full-time employment in a government relations department of a private company? Should the single interest group established for the promotion of one cause and then disbanded be included? Should non-profit organizations be The inition of ishbyfing, that is, whit opening the practical products to the statistic set in the statistic of the statistic set in the statistic set is another and the statistic set is another and set is another another and set is another another another and set is another an

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Your Commuttee has had to contend with competing interests and scontents ding who should be included within the group which would be subject to a distribution system. To get the question in its must simple terms, how wide should at we call of which lobbying acoust should be subject to disclosure?

Argumente have been nede that only those who are paid for laboring tivities should be required to redistor. If whis is accepted as a value iterion then the question must be asked should the net be ceek gavend these we a retained th act on bohasf of third parties to present their views to verywhen? After this group is identified it herewe more difficult to determine to expedent? After this group is identified it herewer their views to a specie be included in the clease of laborist. For example, should it incluse the test company? Should the single interest distinged to reduce the present of these should be included to the single interest of a scatter of the second of the is at a case we are in full-time apployment in a quint mean to be the information of the second of the distingt of the included of a single interest of the second of the present of the second of the distingt of the included of the second of the second of the present is at a second of the distingt of the included of the second of the second of the present of the second of the distingt of the included of the second of the distingt of the included of the second of the s required to register, or should they only become involved in registration when they hire a paid lobbyist? Should trade associations and unions register? It is argued that if non-profit organizations or grass roots movements are covered by registration this will have a chilling effect on their ability to be effective. Are companies who are involved solely in the gathering of information and preparing clients to meet with government officials engaged in lobbying? There are also groups who do not directly approach government officials to influence policy but are involved in mass mailings or advertising campaigns. Are they lobbyists? Finally, should lawyers and accountants be considered to be lobbyists and should they be given special treatment regarding what they claim to be client confidentiality?

For the purposes of registration, California legislation defines a lobbyist as "any person who for compensation engages in direct communication, other than administrative testimony, ... for the purpose of influencing legislative or administrative action" and also meets either a compensation test of \$2,000 in any calendar month or a contact test of 25 contacts with officials in any two consecutive months. It should be noted that California law breaks down the definition even farther as it defines a "lobbying firm" which also has to register. Furthermore, those who spend \$5,000 during a calendar guarter for the purpose of influencing legislative or administrative action but do not employ a lobbyist are considered to be lobbyists themselves. This is designed to include those organizations who are only involved in mass mailings or advertising campaigns. In Australia, lobbyist has a simple definition. "Lobbyist means a person (or company) who, for financial or other advantage, represents a client in dealings with Commonwealth Government Ministers and officials". The two private members bills referred to earlier define a lobbyist as "any person who for payment, attempts to influence, directly or indirectly, the introduction, passage, defeat or amendment of any legislation before either House of Parliament, or a decision to be taken on any matter coming within the administrative jurisdiction of a Minister of the Crown, whether or not that matter has come or is likely to come before either House of Parliament for legislative action".

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Nature of the Information to be Disclosed

While your Committee heard a great deal of discussion on what the proper definition of lobbying should be and who should be considered to be a lobbyist, the area where there was the widest amount of disagreement amongst witnesses was on the subject of the amount of information which should be disclosed if a system of registration was to be adopted.

Some argued that initially a registration system should only require the name of the lobbyist or lobbying firm. They contend that when we become more familiar with the operation of the system it may be desirable to include the names of clients, the subject-matter of the lobbying activity and the amount of money both received and disbursed by the lobbyist with respect to the registered lobbying activity. A great number of lobbyist witnesses stated their opposition to any form of financial disclosure while some indicated that they would consider divulging a scale of fees.

We ascertained that if financial disclosure is required it is important to be specific as to the time when disclosure is to begin, the nature of the information requested and the items to which it is attributable.

At the other end of the spectrum were witnesses, mostly with the experience of lobbying in the United States who felt that all matters concerning lobbying activity should be disclosed. Full disclosure was not regarded as either intrusive or difficult to accomplish provided simple forms were made available for the use of lobbyists and their employers. Disclosure was also not regarded as being in conflict with confidentiality in dealings between a lobbyist and a client. This is because public information or public policy is the subject matter upon which lobbying is taking place and it is in the public interest that these matters not be subject to confidentiality.

No registration system should require any information to be made public concerning what a client told a lobbyist and therefore confidentiality is maintained in this important area.

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Lobbyists and/or their employers could be required to divulge:

- a) names of clients;
- b) nature of the lobbying activity;
- c) a record of mass mailings undertaken by the lobbyist;
- names of public servants and Members of Parliament that the lobbyist dealt with on a particular matter;
- e) financial information.

Witnesses indicated to us that if a registration system requires the registrant to disclose too many details then the system may break down as it attempts to cope with the amount of information being submitted. Also, whatever information is requested should be presented in a clear, concise form so that those who wish to study the disclosure records may easily understand the nature of the activity being recorded.

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CHAPTER V

A REGISTRATION SYSTEM FOR LOBBYISTS: THE COMMITTEE'S PROPOSAL

Having explored thoroughly the options available when designing a registration system, we have reached conclusions on such matters as the definitions to be applied to lobbying and lobbyist, the amount of disclosure, administration of the scheme, sanctions to be imposed, and finally how this system would mesh with other aspects of our legal system such as the <u>Access to Information Act</u> and the <u>Charter of Rights and Freedoms</u>. The components of our model for a registration system are described in the pages that follow.

Lobbying Activities Which Are Subject To Registration

We are well aware of the problems which have resulted from the judicial limitations that have been placed on the definition of lobbying contained in the United States federal statute dealing with lobbying. As a result, registerable lobbying only occurs when Members of Congress are directly approached by lobbyists. Those who concentrate their efforts on political staff, the bureaucracy and the executive are exempt from registration.

It is our intention that lobbying activities would include efforts to influence the Executive, the Bureaucracy and Members of Parliament including both Members of the House of Commons, the Senate and their staff.* The definition of lobbying activities should be comprehensive so that it will not be possible for lobbyists to focus their efforts on one branch of the government and thereby escape registration.

* We wish to make it clear that although in this and other chapters we may use the word "government" to denote the object of lobbying activity this term is to include efforts to influence the executive, bureaucracy, Members of the House of Commons, the Senate and their staff.

A RECISION SYSTEM FOR LOBBYISTS: THE COMMITTEE'S PROPOSE

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We are impressed with the definitions of lobbying which concentrate on attempts to "influence" governmental decisions.

As important as it is to state what we consider lobbying to be, it is equally important that we detail what it is not. Lobbying does not include private citizens, on their own behalf, contacting either government officials or Members of Parliament. Our definition should not in any way impede the right of an individual to contact government officials or Members of Parliament nor should it impede a Member of Parliament from carrying on his or her duties.

> We recommend that lobbying be defined as attempting to influence either directly or indirectly any governmental decision whether it be legislative or administrative.

We recommend that the act of lobbying government be specifically defined as to include:

- (a) attempting to influence the making or amending of legislation or regulations;
- (b) attempting to influence the making or changing of federal policies or programs;
- (c) attempting to influence federal decisions on the awarding of grants, contracts, contributions or any similar benefit;
- (d) attempting to influence federal appointments to boards, commissions and any other public office.

We recommend that in order to escape the problems which have plagued the United States federal lobbying act, approaches to influence the executive, Members of Parliament which includes both Members of the House of Commons and the Senate and their staff, and the bureaucracy be considered to be activities within the definition of lobbying. We are impressed with the definitions of lobbying which concentrate on . attempts to "influence" governmental decisions.

As important as it is to state what as consider lookbying to be, it is a equally important that we detail what it is not. (Obbying does not indicate private citizens, on their own bohaif, contacting cither government of figures of Hembers of Parliament. Out definition shoold not in any way impede the right of un individual to contact government affinities of Hembers of Parliament, har should if

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Definition of a Lobbyist

Having defined lobbying activity as attempting to influence government decisions of either a legislative or administrative nature it is now appropriate to define who is required to register. We have concluded that paid lobbyists should be required to register. This naturally would include those who are retained to act on behalf of third parties to advance the views of their clients to government be they foreign or domestic clients. By foreign we mean foreign nationals or foreign governments and those who represent them excluding duly accredited diplomatic or consular officers of a foreign government or members of their staff.

Employees of non-governmental organizations who spend a substantial portion of their time communicating with government with the goal being to exert influence would also be considered to be paid lobbyists. We also wish to make it clear that we do not consider the members and representatives of the various levels of government in Canada and their staffs to be lobbyists when they are dealing with the federal government.

We have concluded that groups or individuals who are paid to organize mass mailing or advertising campaigns to disseminate political advocacy material designed to influence public opinion on matters of government policy or public concern should also be classified as lobbyists and be required to register under the system which we propose.

We have struggled with the question of whether unpaid lobbyists should be required to register as well as paid lobbyists. For example, should the single interest group which forms to deal with one particular matter and whose participants are volunteers be required to register? They are involved for a limited time in attempting to influence public policy. Would registration hurt the ability of these groups to form and achieve their goals?

Definicion of a Lobbyist

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We have concluded that volunteer associations, single interest groups, and non-profit associations would not generally be required to register as lobbyists at this time. We realize that this decision eliminates a large portion of the lobbying population from the requirement of registration but we feel justified in making this determination at this time. We are concerned that a requirement such as registration may have a chilling or detrimental effect on their ability to organize and communicate effectively with government. However, when this matter is reviewed in two years' time, experience may indicate that these groups should be required to register.

Another question which has given your committee some difficulty is whether lawyers or accountants who represent clients in dealings with the government should be considered as lobbyists and required to register. Are those professionals who represent clients before either administrative or legislative tribunals engaged in lobbying? They are representing clients in judicial or quasi-judicial proceedings which are almost always held in public and as such would be required to identify their clients. We do not consider these activities to be acts of a lobbying nature. This should be contrasted with professionals who represent their clients in a much less public milieu for the purpose of influencing public policy or governmental activity.

> We recommend that for the purpose of registration, lobbyist be defined generally to be anyone who for compensation engages in lobbying activities directed at the executive, bureaucracy, Members of the House of Commons, the Senate and their staff. More specifically it includes:

We are nonerined that those involved in non-drafit argentrations will construe any stiempt to note then register if they are engaged in imbiving activities as being an attempt to injubit their activities. An the other hand, if they are not required to register, it may leave a giant incohole in the system which could be utilized by those who do not what in here main labbying efforts of become part of the public record.

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- (a) those who for compensation represent third party interests directly or indirectly to government including those representing foreign nationals or foreign governments. (Duly accredited diplomatic or consular officers of a foreign government or members of their staff would not be considered as lobbyists. Nor do we consider the members and representatives of the various levels of government in Canada and their staffs to be lobbyists when they are dealing with the federal government.)
- (b) employees or officers of non-government business organizations, non-profit organizations, volunteer groups, single interest volunteer groups and foreign nationals who for pay or other benefit perform duties which may from time to time include lobbying. The organization by which they are employed or with which they are associated should also be required to register.
- (c) those who initiate and those who are paid to organize mass mailing or advertising campaigns to disseminate material designed to influence government through public opinion.
- (d) non-profit organizations, volunteer groups and single interest groups when they retain a paid lobbyist to represent their views to government;
- (e) lawyers, accountants and other professionals when they represent clients in dealings with government primarily for the purpose of lobbying as defined in this Report.

Degree of Disclosure Required

The registration of lobbyists is a new area of legislative involvement for our federal parliament. Entering any new field, especially one which poses as many difficulties as this should be done with caution. If the lobbyist or the lobbyist employer is required to furnish copious amounts of information we could create a situation similar to that found in some states in the United States where disclosure has been unmanageable both for the lobbyist and the state. However, enough information should be required to make registration a meaningful exercise.

A large number of witnesses who appeared before us were quite reluctant to support any scheme of registration which required the disclosure of information Chase you for conpensation represent inited party initerests directly or andirectly re guerrament foreign great americs. (Duly actedited distantic at consular officers of a forcer considered as inhygets, Mar there staff mould not be considered as inhygets, Mar do we consider the archare and coorsected there at the yerious levels of government, in Consets and there at staffs to be inhygets when they are desired with the featured government.)

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such as client lists, lobbying activities or compensation received. This disclosure would impose a heavy burden on them. We respect these strongly held views but feel that some of these matters are no longer within the realm of confidentiality when the intended result of these efforts is to attempt to influence public policy. Confidentiality in these areas is deemed to be waived when the parties are dealing with matters of public policy. Disclosure in the case of lobbying could be compared with the disclosure of political contributions required under the Canada Election Expenses Act.

After hearing witnesses in both Washington, D.C. and Sacramento, California describe disclosure as not creating an excessive burden we have determined that a certain degree of disclosure should be required.

We recommend that registered lobbyists be required to disclose:

- (a) their names; firm name, if applicable, and a contact person; addresses and telephone numbers;
- (b) names of clients and their place of business;
- (c) the issue or matter upon which the lobbying activity is to take place;

We recommend that lobbyists be prohibited from receiving compensation from clients which is contingent in any manner upon the outcome of the lobbying activity.

Administration and Sanctions

If the system of registration which is the subject of these recommendations is to work effectively so that the public will be better informed, it must be properly administered. It is equally imperative that the legislation establishing the system give to the administrative agency sufficient legal authority so that it can seek both civil and criminal penalties which can be utilized in order to enforce the statute.

We have seen the problems that result and the contempt in which the federal lobbying law in the United States is held because of a lack of enforceable sanctions. While the Office of the Clerk of the House of Representatives and his counterpart in the Senate seem to be well equipped to handle the record keeping required by the statute, they have no power to enforce compliance. buch as allered itsta. Lobbying settitites or nonpensitum received. This disclosure would throas a heavy builder on them. As respect these strongly held views but feet that same of othese matters at an longer within the reals of confidentiality when the intended result of these affords is to attempt to influence making reflex. Equifientiality in these stores is deemed to be waited when the parties are dealing with matters of public, policy. Discionate in the case of lobbying could be compared with the disclosure of policy. Discionate in the case required under the Dangle Election Expenses Act.

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It has been argued before your Committee that the cost of implementing such a system would be prohibitive. We have discussed the cost of operating the system required by the federal lobbying law in the United States both with respect to domestic lobbyists and foreign agents, as well as the system in California and we are impressed with the fact that they operate efficiently with a relatively small staff. For example, in Washington, D.C. where the number of lobbyists is large, only six people are engaged in the registration process.

> We recommend that the Assistant Deputy Registrar General be charged with the responsibility of administering the register of lobbyists. This office will maintain records of the information required to be filed and will make same available to the general public on a cost recovery basis.

We recommend that there be no cost associated with the filing of information on lobbying matters.

We recommend that all those who fall within the definition of lobbyist be required to register with the Assistant Deputy Registrar General.

We recommend that within 10 days of the commencement of the conduct of a specific lobbying activity the lobbyist be required to notify the Assistant Deputy Registrar General and disclose the necessary information. The lobbyist shall file a termination notice within 10 days of ceasing work on a particular lobbying activity.

We recommend that the Assistant Deputy Registrar General be empowered to check the filings for deficiencies. It is important that the information required to be disploited by mesembled in and a way that it can be readily used and understand by all those whe are interacted. The purpose of registration could be totally defeated if the information files was produced in an unintelligible samear.

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We recommend that the statute establishing the register contain penalties for non-compliance which would be severe enough to make compliance a desirable and necessary goal on the part of lobbyists.

The Registration of Lobbyists and Our Legal System

We recognize that the introduction of a law requiring lobbyists to register and to disclose certain information represents a new departure for our legal system. It is therefore important in this context that we consider how it will interact with existing laws.

The registration of lobbyists is an attempt solely aimed at the disclosure of information, not regulation of a profession. It is not our intention in any way to limit access to public servants or Members of Parliament. The registration requirement does not interfere with one's right to petition Parliament to seek redress of grievances. This is one of the main reasons why we have recommended a system which is easily complied with. We feel that registration is the least restrictive way to deal with political intercourse.

We have heard arguments on the subject of the <u>Access to Information Act</u> and <u>The Privacy Act</u> on the basis that both acts militate against the release of either commercially sensitive information or personal information such as "information relating to financial transactions in which the individual has been involved". We strongly believe that the public's right to know in the field of lobbying activities takes precedence over these prohibitions on release of as renovations that the Assistant in Unputy Reputer Greens is given culfittent investigations of the register of compliance with the requirements of the register of isobytets. This would writeductes authority to receive complaints, carry of unput ighteon in order to while the resplaint and where he source is receivery the to the appropriate estimatives for further with.

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The recognize that the introduction of a law requiring Dibbyrais to register and to disclose certain information funcements a new obtarture for but ingal-system. It is therefore important in this context that we consider how it will interact with existing laws.

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And The Privace Same segurants on the subjects of the Append to Information Act and The Privace Sci. on the basis that both acts militate operation such as either commutable sensibles information of personal information such as "information fainting to financial compactnes in which the individual has been information activities calles that the about is constructed of involved". We strongly believe that the about is constructed of involved". information. We believe that the information which we have recommended to be made public should be made public and its release should not be prevented by the application of these statutes.

Section 2 of the <u>Charter of Rights and Freedoms</u> which deals with fundamental freedoms contains two subsections which we feel are important to address in the context of our recommendations. Section 2(b) states that everyone has the fundamental freedoms of thought, belief, opinion and expression, including freedom of the press and other media of communication. Section 2(d) gives everyone the fundamental freedom of association. We do not view our recommendations as limitations on these fundamental freedoms. Our recommendations simply require disclosure and we feel that even those requirements are not onerous. We believe that it is important for the public to know what influences are being brought to bear on the policy makers. Disclosure in this regard should increase public confidence in our system of government. We feel that disclosure by lobbyists through registration is a reasonable response to the public's right to know and to judge whether public policy decisions are being made on their merits.

clearly establishes the stitute of an income who are to require, and mount to fairly simple to deal with free an secondistrative prevention. In shore shows to interfere with the public's screens to generating drivelates. We did not not wished to have dealphonts of an only first two competing drivelates. We did not not achieved a balance between them the principles in our requirements for registration are similaries, drives are descention and both indepines are these who are the size of the resident of an original states of an our requirements for comments from an similaries, drives are descentions and both indepines and these who are the size of the resident of a second to here a second and both indepines and these of these spectrum, we required to here a list of contacts and the major sector with report to the article of here are a grant indepine and abarding formation, as feature are presented and there are a second to here a list of contacts and the major sector of these spectrum, we required to here a list of contacts and the major states are presented as a second to here a second to state of an an are the forces and the major sector with the area presented as a second to here are an an an abard sector of facilitation with report to the article of an area of grant interacts and the major sector area presented as a second to here are an area abard to be an and the second sector area prevented as a second of the second and an area abard and the provide the induced area prevented as a second of the second and the forces of the brought the boundative toformation. We balleve that the information which we bare recommended to be made public should be made public and its release should not be prevented by the application of these statutes.

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CHAPTER VI

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THE IMPLEMENTATION OF OUR PROPOSAL

The recommendations contained in this report should not be looked upon as a general panacea to the public's concern that paid lobbyists and friends of the government, regardless of the political party in power, are secretly receiving preferential treatment. These recommendations when implemented will provide for more information to be made available to the public. This should result in a more informed public and democracy should benefit as public disclosure is central to the operation of democratic government. A public record is created which will be open for all to scrutinize.

In making these recommendations we have addressed ourselves to the "quiding principles" which are set forth in the government's discussion paper. We believe the system we have recommended creates an open system of disclosure, clearly establishes the criteria for those who are to register, and should be fairly simple to deal with from an administrative perspective. In making these recommendations we have had to deal with two competing principles. We did not want to interfere with the public's access to government while at the same time we wished to have disclosure of activities from the lobbying sector. We feel we have achieved a balance between these two principles in our requirements for registration and disclosure. During our discussions concerning information which should be required from lobbyists, it was suggested that both lobbyists and those who are the object of lobbying activities - particularly public servants and Cabinet Ministers - be required to keep a list of contacts and the subject-matter of those contacts. There is great concern among Members of Parliament with regard to the origin of some pieces of legislation and subsequent amendments, as Members are provided with little information on the forces which brought the legislative

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The recommendations contained in this report should not be looked open to a deneral paraces to the public's concern that paid loobyists and friends of the f government; regardines of the public's party in parer, are secretly receiving proferential traditmet. Shese recommendations while implemented will provide for acce information to be made available to the public. This should result in a more informed public and damperers about benefit as public disclosure is central to the operation of democratic government. A public record is created while be open

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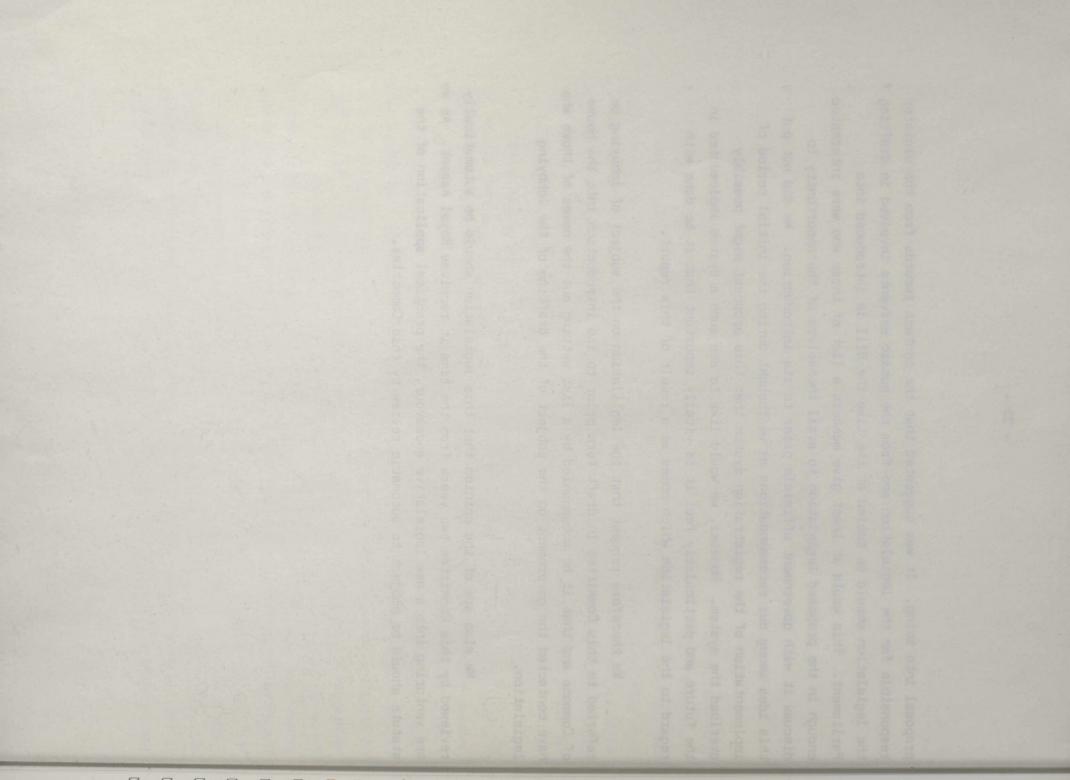
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proposal into being. It was suggested that the contact records from the minister responsible for the legislation and from the public servants involved in drafting the legislation should be tabled at the time the Bill is introduced into Parliament. This would at least give members a list of those who were interested enough in the proposed legislation to avail themselves of the opportunity to discuss it with government officials prior to its introduction. We did not put this idea among our recommendations as we thought during the initial period of implementation of the registration system that this proposal might possibly overload the system. However, we would like to see such a system implemented in the future and particularly feel it is vitally important that it be done with regard to the legislation which comes as a result of this report.

We therefore request that the legislation on the subject of lobbying be referred to this Committee in draft form prior to its introduction into the House of Commons and that it be accompanied by a list setting out the names of those who have contacted the government on the subject of the drafting of the lobbying legislation.

We also are of the opinion that this legislation should be automatically reviewed by this Committee two years from the time it receives Royal Assent. As we are venturing into a new legislative endeavour, the practical application of the statute should be subject to automatic review by this Committee.

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APPENDIX A - EVIDENCE RECEIVED

Witnesses:

Honourable Michel Côté, Minister of Consumer and Corporate Affairs
Institute of Association Executives
John Rodriguez, M.P.
Government Consultants International Inc.
Honourable James A. McGrath, P.C., M.P.
Canadian Bar Association
Dow Chemical Canada Inc.
Executive Consultants Ltd.
S.A. Murray Consultants
Thom, Malcolm and Associates
Canadian Coalition on Acid Rain
Les Partenaires
Public Affairs International
Public Affairs Management Inc.

Submissions from:

Aggregate Producers' Association of Ontario Canadian Association of University Teachers Canadian Cable Television Assoc. Canadian Chamber of Commerce Canadian Construction Association Canadian Federation of Independent Business Canadian Gas Association Canadian Jewish Congress

Submissions from: (Cont'd)

Canadian Manufacturers' Association Canadian Medical Association Canadian Owners and Pilots Association Canadian Real Estate Association Canadian Urban Transit Association Robert H. Carlton Cooperative Union of Canada Norma Evans Imperial Oil Limited William Kennaley David A. Lloyd-Jones National Farmers Union National Voluntary Organizations Progressive Conservative Party, Women's Bureau

During its visit to the United States, the Committee met with the following people:

In Washington, D.C.:

Benjamin Guthrie, Clerk of the House of Representatives Senator Ted Stevens, Alaska John Zorach, Professional Lobbying Center Jim O'Hara, American League of Lobbyists Mark Richards, Deputy Assistant Attorney-General, Department of Justice Congressman Don Glickman, Kansas

In Sacramento, California:

Management Inc.

Tim Hodson, Senate Office of Research
Bob Steel, Manager, Political Reform, Office of the Secretary of State
Michael Salerno, Office of the Legislative Counsel
Lynn Montgomery, Fair Political Practices Commission
Martin Smith, Editorial Director, Sacramento Bee
Don Burma, President, Institute of Government Advocates and Organization

Nickolai Konorvaloff, A-K Associates, Inc.

A copy of the relevant Minutes of Proceedings and Evidence (Issues Nos. 1, 2, 4, 5, 6, 10, 11, 12, 13 and 14 of the First Session and Issues Nos. 1 and 2 of the Second Session which contains this report) is tabled.

Respectfully submitted,

ALBERT COOPER Chairman #



