



Office of the Conflict of
Interest and Ethics
Commissioner

Commissariat aux
conflits d'intérêts et
à l'éthique

The 2010-2011 ANNUAL REPORT

in respect of the
*CONFLICT OF INTEREST CODE FOR
MEMBERS OF THE HOUSE OF COMMONS*



June 16, 2011

Mary Dawson
Conflict of Interest and
Ethics Commissioner

The 2010-2011 Annual Report

in respect of the
CONFLICT OF INTEREST CODE FOR MEMBERS OF THE HOUSE OF COMMONS

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Commissariat aux conflits d'intérêts et à l'éthique
Office of the Conflict of Interest and Ethics Commissioner

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June 16, 2011

The Honourable Andrew Scheer, M.P.
Speaker of the House of Commons
House of Commons
Room 224-N, Centre Block
Ottawa, ON K1A 0A6

Dear Mr. Speaker:

I am pleased to submit to you my report on the performance of my duties and functions under the *Conflict of Interest Code for Members of the House of Commons* for the fiscal year ending March 31, 2011.

This fulfills my obligations under paragraph 90(1)(a) of the *Parliament of Canada Act*.

Sincerely,

Mary Dawson
Conflict of Interest and Ethics Commissioner

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I. INTRODUCTION

The Conflict of Interest and Ethics Commissioner administers the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Code). These two regimes seek to ensure that public officials, whether appointed as public office holders or elected as Members, are not in a conflict of interest.

The mission statement of my Office is: *To administer the conflict of interest rules for Members of the House of Commons and public office holders in order to maintain and enhance the trust and confidence of the Canadian public in the conduct of these elected and appointed officials.* In line with this mission, my Office's main responsibilities are to:

- advise public office holders and Members on their obligations under the Act and the Code;
- receive and review confidential reports of assets, liabilities, income and activities of reporting public office holders and Members in order to advise on and establish appropriate compliance measures;
- maintain confidential files of required disclosures;
- maintain public registries of publicly declarable information; and
- conduct examinations and inquiries into alleged contraventions of the Act and the Code.

The Commissioner is also mandated to provide confidential advice to the Prime Minister about conflict of interest and ethics issues.

The Act, which came into force in July 2007, applies to public office holders, including ministers, parliamentary secretaries, ministerial staff, ministerial advisers, deputy ministers and most full- and part-time Governor in Council appointees. There are approximately 2,800 public office holders subject to the Act, more than half of whom are part-time.

The Code is appended to the *Standing Orders of the House of Commons*. It applies to all 308 Members of the House of Commons. The Code was adopted by the House of Commons in 2004 and was amended in 2007, 2008 and 2009.

The Act and the Code hold public office holders and Members to standards that place the public interest above private interests when the two come into conflict. The Act also contains a number of post-employment rules. The focus of both the Act and the Code is on prevention. Rules and procedures set out in each aim to minimize the possibility of conflicts arising between public and private interests.

This is one of two annual reports issued by my Office. This report is made under the *Conflict of Interest Code for Members of the House of Commons* (Code) and the other report is made under the *Conflict of Interest Act* (Act).



II. OVERVIEW - BUILDING ON OUR EXPERIENCE

In the past year, we have continued our focus on helping public office holders and Members of the House of Commons comply with the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Code), enhancing client outreach and public communications, and reviewing and investigating alleged contraventions. Providing public office holders and Members with the information and advice they need to meet their obligations under the Act or Code and to remain in compliance continue to be the core of my Office's work. Identifying improvements in these areas is an ongoing priority.

In keeping with my usual focus on preventive action to avoid conflicts of interest, the use of conflict of interest screens has become a practical measure to ensure that public office holders remain in compliance with the Act. I include in this report a discussion of the range of compliance measures that I can employ to help public office holders meet their obligations under the Act.

In the past fiscal year, I have reported on three investigations conducted under both the Act and the Code. I discussed the Cheques Report in some detail in last year's annual report. In the other investigations, I looked into the activities of a minister and a parliamentary secretary in connection with political fundraising events organized for their riding associations. While I found that no obligations under the Act or the Code had been breached, I noted that there was a need for some guidelines on the involvement of Members in political fundraising events, particularly in the case of ministers and parliamentary secretaries.

In the course of my investigative activities over the past year, I have encountered some difficulties in receiving timely or adequate access to relevant documents, and I discuss these issues more fully in this report.

Several other investigations are currently in progress under the Act or the Code, and I will issue reports on them when they are completed.

Expanded outreach and communications activities have enabled my Office to connect more effectively with public office holders and Members, and to better inform the media, the general public and those with an interest in conflict of interest and ethics issues. We have renewed and enhanced our website, one of our most important communications tools.

We have increased our outreach efforts for public office holders who are not reporting public office holders, a group with whom my Office previously had little contact. We have also made presentations to a number of stakeholders, including political party caucuses, Ministers' offices and various boards and tribunals. We have issued information notices, backgrounders and other communications tools to address specific issues. Finally, my Office continues to engage with other domestic and international organizations on conflict of interest and ethics issues.

As I am now passing the midway point of my mandate, I have also turned my attention to identifying improvements that could be made to the Act and the Code to address some of the challenges that I have encountered.



The current administrative monetary penalty regime under the Act applies only to failures to report certain matters, generally within established deadlines, and not to failures to comply with the substantive obligations of the Act. The Act provides for full examinations for all contraventions of the Act, but in many cases an examination may not be warranted. For example it would not be warranted where the facts and the interpretation of the Act are clear, where the breach appears to have been inadvertent and where the public office holder recognizes that there has been a contravention and is prepared to take whatever steps are necessary to achieve conformity with the Act. In this report, I have suggested possible avenues for future amendments to the Act to deal with certain substantive breaches.

In the absence of a formal statutory regime for such situations, where I have found that an examination is not warranted, I work with public office holders to identify the appropriate remedy for them to ensure that they meet their obligations. In the interest of transparency and where privacy issues are not a factor, I will continue to use my discretion to make public, where appropriate, any compliance measures, including measures to remedy a breach of the Act.

Another challenge concerns the Act's post-employment provisions for former public office holders. I would support an amendment to the Act to introduce reporting obligations for former reporting public office holders in relation to employment undertaken during their "cooling off" period.

Various provisions of the Code could also be improved. Some issues relating to the compliance and inquiry processes were identified in a package of proposed amendments that I submitted in March 2010 to the House of Commons Standing Committee on Procedure and House Affairs. These were not addressed before dissolution. I am planning to resubmit them to the new Committee at an early opportunity.

I believe that partisan political conduct is largely beyond the scope of both the Act and the Code, despite the many related complaints that my Office receives in this area. In the absence of any clear rules governing the ethical aspects of the partisan conduct of politicians, I have recommended that the House of Commons consider implementing separate rules to address the political conduct of Members and their staff.

Finally, the Act and Code are housed in two separate instruments, with many similar provisions but also with some significant differences. I have suggested that streamlining them, possibly within one legislative regime with separate provisions for certain classes of individuals, is an option that Parliament might wish to consider.

Subsequent sections of this annual report expand on the highlights noted in this overview, including the challenges that I have described here very briefly. I have enjoyed working with public office holders and Members of the House of Commons in the past year, and thank them for their continued support as I fulfill my role. I am pleased to note that my Office is enjoying ongoing stability, and continues to build capacity as we further solidify our management and administrative frameworks. I thank my staff for their ongoing professionalism and dedication.



III. APPLYING THE CODE

The *Conflict of Interest Code for Members of the House of Commons* (Code) applies to the 308 elected Members of the House of Commons. Members who are ministers and parliamentary secretaries are also subject to the *Conflict of Interest Act* (Act).

My Office provides guidance and advice to these individuals to help them achieve and maintain compliance with the Code.

Requirements for initial compliance

Members have a number of reporting obligations set out in the Code, most of which have specific deadlines. New Members must submit a confidential disclosure statement within 60 days after the publication of their name in the *Canada Gazette*. The statement must list the Member's assets, liabilities, sources of income and activities outside of Parliament, as well as benefits he or she receives as a result of government contracts, and every known trust from which he or she could derive a benefit or income. Members must also make reasonable efforts to disclose the same information for their spouses or common-law partners and their dependent children.

Advisors in my Office review this information and advise Members on any steps they must take to comply with the Code. At the completion of this initial compliance process, each Member must sign a disclosure summary that is prepared by my Office. While not as detailed as the information received by my Office, the disclosure summary provides a degree of transparency while maintaining a level of privacy. Once signed, the summary is made public.

Unlike the Act, the Code does not provide for administrative monetary penalties for failures to meet deadlines. There is no deadline in the Code for members to sign their disclosure summary.

During the 2010-11 fiscal year, six Members left office. By-elections were held during the year to replace three of these Members and three seats were still vacant at the end of the year. The three new Members all met the 60-day deadline.

My Office has published a backgrounder on the initial compliance process for Members which can be found on our website. A status report identifying where the Member is in the initial compliance process is regularly updated and is posted on our website.

Ongoing advice to Members

One of the most important roles of my Office is providing confidential advice to Members on the application of the Code to their individual situations in order to facilitate compliance and to avoid potential conflict of interest situations. During the past year, I completed a series of presentations to the parliamentary caucus of each political party represented in the House of Commons. My staff has met individually with a number of Members or their staff at their request and has given advice to individual Members in close to 500 instances. While some questions are relatively straightforward, others can be challenging. Half of the instances when advice was



given occurred during the course of the annual review, and usually related to small changes in personal situations. The most common requests for advice from Members related to the acceptability of gifts or other benefits.

Annual review of information

The Code requires that Members disclose on an annual basis a full statement of their private interests and those of their family members. To help Members meet this obligation, my Office initiates an annual review process each year. Members' annual reviews commence on or around the date on which they signed their original disclosure summaries.

I note that, as is the case for signing disclosure summaries, there is no deadline in the Code for completing the annual review process. While some Members complete this process quite quickly, others may take several months. This will push back their next annual review and means that not all Members will complete an annual review each year.

Over the past year, my Office contacted 203 Members to initiate an annual review under the Code. This number includes 41 Members who were ministers or parliamentary secretaries and were, therefore, required to complete an annual review under the Act as well. In the same period, we received 243 responses, some of which related to annual reviews initiated during the previous year.

All changes to Members' personal situations are reviewed by my Office and, where necessary, compliance measures are revised or established and public statements updated. My Office has modified the public registry to include the date on which the most recent annual review for each Member was completed. This allows for greater transparency regarding when Members most recently completed an annual review.

Material change

The annual review process is not the only mechanism by which Members' compliance arrangements are reviewed and amended. The Code requires that Members inform my Office of material changes to any information included in their disclosure statements within 60 days of the change. Where necessary, these material changes are reflected in a revised disclosure summary.

During the past year, 10 notices of material change were made public. However, I note that some material changes were not reported until the time of the annual review process. This meant that the 60-day deadline to report the change was missed in some cases.

Gifts and other benefits

In this past year, my Office received over 80 requests for advice relating to gifts and other benefits. Many of the gifts and other benefits reported to my Office, while acceptable, were valued at less than \$500 and were therefore not publicly declarable. In a few instances, I have had to require that a gift be returned or that the value of a gift or benefit be reimbursed because it might reasonably be seen to have been given to influence the Member in the exercise of his or her duties or functions. When a gift is returned, no public declaration that it was received is



required by the Code. There were 37 public declarations of gifts or other benefits made in the past year.

Although the rules relating to gifts and other benefits received by Members and members of their families seem relatively straightforward, their application is not always clear-cut.

Following the 2009 amendments to the Code relating to gifts and other benefits, my Office held numerous information sessions to explain the changes to Members. Probably as a result, there would appear to be a growing awareness among Members of their reporting obligations. For example, some Members subsequently disclosed an accumulation of gifts and other benefits that they had previously received but had not yet disclosed. My Office has also followed up with Members in instances where media reports or information received from other Members suggested that a Member may have received a gift or other benefit that they did not disclose.

Recently, Members of the House of Commons became “designated public office holders” under the *Lobbying Act*. As a result, more information is available in the Registry of Lobbyists regarding who lobbies Members. My Office consults this information when advising Members on the acceptability of gifts or other benefits to determine whether a gift or other benefit was received from a lobbyist registered to lobby the Member and whether it could reasonably be seen to have been given to influence the Member.

I am pleased to report that some potential donors now consult my Office before sending invitations or offering gifts or other benefits to Members seeking to better understand Members’ obligations under the Code. In all instances, my Office explains the general rules relating to the acceptance of gifts while emphasizing that it is the responsibility of each individual Member to seek guidance if there is any doubt as to the acceptability of a gift or other benefit, and to publicly disclose those that are accepted if required.

My Office continues to emphasize that the value of a gift or other benefit does not determine its acceptability. Rather, its value only determines whether it must be publicly declared. The determining factor is whether a gift or other benefit might reasonably be seen to have been given to influence a Member in his or her public duties.

In order to make this determination, all the circumstances surrounding the gift or benefit must be considered. It is important to consider, among other things, who is offering the gift or benefit, why is it being offered, and the donor’s existing or future relationship with individual Members of the House of Commons, including whether the donor or the donor’s firm is a registered lobbyist or has hired a registered lobbyist to lobby Members of the House of Commons. The same gift from the same donor may be acceptable for one Member but not for another depending, for example, on which committees of House of Commons they sit.

I encourage Members to contact my Office whenever they have any doubt about the acceptability of a gift or benefit that they are offered.



Sponsored travel

Members regularly accept sponsored travel paid in whole or in part by foreign governments, advocacy groups, businesses or other organizations. If the travel costs exceed \$500, Members must, within 60 days after the end of the trip, file a statement disclosing to my Office the details required by the Code. Members are also required to submit supporting documents for transportation and accommodation.

My responsibility with respect to sponsored travel is to receive this information and to maintain a registry showing the details supplied by the Members, to prepare a list of all sponsored travel for the previous calendar year and to provide the list to the Speaker for tabling before March 31. Sponsored travel is permitted under the Code and is specifically excluded from the application of the conflict of interest rules for gifts and other benefits. I note, however, that over the past year various media have commented on potential conflict of interest issues that may arise from sponsored travel.

The list of all sponsored travel accepted by Members during 2010 was presented to the Speaker of the House and tabled on March 17, 2011.

A total of 68 Members disclosed travel for 2010, compared to 55 for 2009. The 2010 Sponsored Travel List is available on my Office's website and all recent individual sponsored travel can be found in the public registry of Members of the House of Commons.



IV. INVESTIGATIONS

Examinations and inquiries

My Office administers two investigative regimes, one under the *Conflict of Interest Act* (Act) and the other under the *Conflict of Interest Code for Members of the House of Commons* (Code). An investigation under the Act, called an examination, can be initiated after receiving a request, either from a Senator or a Member of the House of Commons, or on my own initiative. An investigation under the Code, called an inquiry, can be initiated after receiving a request from a Member, upon resolution of the House of Commons or on my own initiative. I have issued backgrounders on investigations under the Act and the Code describing the processes that must be followed. They are available on my Office's website.

A Member making a request under the Act or the Code must set out his or her reasonable grounds to believe that a contravention has taken place. Members who are also ministers or parliamentary secretaries are subject to both the Code and the Act and their conduct can be investigated under either regime or both, depending on the circumstances. At the completion of an investigation, I report my findings publicly.

In the past year, I completed three investigations and commenced four others. I will discuss these in turn.

Investigations completed this reporting period

Cheques reports

Early in the reporting period, I released two reports relating to 63 requests for investigation into the use of partisan or personal identifiers on ceremonial cheques and other props in connection with government funding announcements. My investigation related to the conduct of 60 Members of the House of Commons, 25 of whom were also ministers or parliamentary secretaries. Reports under the Code and Act were issued on April 29, 2010 at the conclusion of the investigation. They were described in detail in my last annual report.

I determined in the Cheques Reports that the practice of using partisan or personal identifiers in announcing government initiatives did not constitute a breach of the Act or the Code, because the concept of "private interest" in the relevant provisions of the Act and Code does not cover partisan political interests. However, I concluded that this practice has the potential to diminish public confidence in the integrity of Members and the governing institutions they represent.

Reports on political fundraising and the involvement of lobbyists

The other reports that I issued in the past fiscal year considered the activities of a Member who was also a minister and, in a separate investigation, the activities of a Member who was also a parliamentary secretary. Both investigations related to the involvement of lobbyists in political fundraising events. Following each of these investigations I released reports in relation to both the Act and the Code.



The first investigation considered allegations involving the Honourable Lisa Raitt, Member of Parliament for Halton and Minister of Natural Resources at the time. It was alleged that Ms. Raitt had accepted the assistance of a lobbyist in the organization of a political fundraising event at the same time as the lobbyist was lobbying her as minister. It was alleged that these volunteer services constituted a gift or benefit that could reasonably be seen to have been given to influence her and were therefore prohibited under the Act and Code. Reports under the Act and Code were both released on May 13, 2010.

I concluded as a factual matter that Ms. Raitt was not involved in the organization of the fundraising event and that the volunteer services provided in connection with this event were given to Ms. Raitt's electoral district association.

The second investigation considered the activities of Mr. Rick Dykstra, Member of Parliament for St. Catharines and Parliamentary Secretary to the Minister of Citizenship and Immigration, in connection with a political fundraising event organized for the benefit of the St. Catharines Electoral District Association and held in the Owner's Suite at the Rogers Centre in Toronto.

It was alleged that Mr. Dykstra had obtained access to the Owner's Suite at less than full market value from Rogers Communications, an organization registered to lobby the government, and that, in so doing, he received a gift, advantage or benefit that could reasonably be seen to have been given to influence him in the exercise of an official power, duty or function.

I found that the Owner's Suite could be rented by third parties and that full market value was paid both to rent the Owner's Suite and to cover the cost of food and beverages. Therefore, there was no gift or other advantage or benefit involved.

Mr. Dykstra had also sent an e-mail, using his parliamentary account, to a list of potential contributors inviting them to attend the fundraising event. The Act prohibits public office holders from personally soliciting funds from individuals or organizations where to do so would place them in a conflict of interest; I found no evidence to suggest that Mr. Dykstra was in a conflict of interest. There is no equivalent provision in the Code.

Although I did not find contraventions of the Act or the Code, the investigations relating to Ms. Raitt and Mr. Dykstra raised concerns about the involvement of lobbyists in the organization of political fundraising events and their attendance at those events. A conflict of interest can potentially arise when a Member seeks or accepts political contributions or volunteer services from lobbyists or other stakeholders, particularly if the Member is also a minister or parliamentary secretary.

In my reports, I suggested that consideration should be given to amending the Code to include provisions dealing with political fundraising, perhaps to include prohibitions against solicitation of funds, broader recusal obligations and provisions for the establishment of conflict of interest screens.



With respect to Members who are also ministers and parliamentary secretaries, I suggested that more stringent provisions relating to fundraising should be considered. In this connection, I noted that the predecessor to the Act, the *Conflict of Interest and Post-Employment Code for Public Office Holders* (2006), prohibited ministers, parliamentary secretaries and other full-time public office holders from personally soliciting funds, regardless of whether doing so would place them in a conflict of interest.

I recommended that consideration be given to reinstating this prohibition, at least in relation to ministers and parliamentary secretaries, as it would remove a source of public concern in this area.

At the time of the events in question, there were no guidelines that applied either to Members or specifically to ministers or parliamentary secretaries in relation to political fundraising events that could help them to ensure that they are not placed or seen to be placed in situations of actual or potential conflicts of interest.

During the course of my investigations, the Prime Minister issued guidelines for ministers and parliamentary secretaries in relation to the involvement of lobbyists and other stakeholders in political fundraising. I noted in the Raitt reports that this document applies to Members of Parliament who are public office holders, namely ministers and parliamentary secretaries, but not more broadly to all Members of the House of Commons. These guidelines were made public in the fall of 2010 as an Annex to the 2008 publication *Accountable Government: A Guide for Ministers and Ministers of State*. A revised version of the guidelines appears in the 2011 version of that guide.

Examinations and inquiries commenced this reporting period

This past year I commenced three examinations under the Act, one of which was self-initiated, and one inquiry under the Code. These are discussed below.

The first examination under the Act relates to the conduct of the Honourable Christian Paradis when he was Minister of Public Works and Government Services Canada. It was alleged that Mr. Paradis had extended preferential treatment to a former Conservative Member in connection with a request to Public Works for a meeting on a solar panel project proposal. This examination is ongoing.

The second examination, commenced on my own initiative, was discontinued after considering the circumstances of the case. The Act does not contemplate a public report when a self-initiated examination is discontinued.

The third examination relates to the conduct of Mr. Bruce Carson, a former public office holder, in relation to his post-employment obligations. This examination is ongoing.

Under the Code, I commenced an inquiry relating to a letter of introduction to municipal officials sent on behalf of a constituent and his company by the Honourable Helena Guergis, when she was the Member of Parliament for Simcoe–Grey. It was alleged that, at the time the letter was sent, Ms. Guergis' husband was involved in business dealings with that company. I am in the process of finalizing my report on this inquiry.



Cases that did not result in an inquiry or an examination

In addition to the matters already referred to, my Office carried out a number of initial assessments as a result of information received from a variety of sources – Members, government officials, private citizens and media reports. My Office handled these cases in a variety of ways. In some, I concluded relatively quickly that the matter fell outside my jurisdiction or that further steps by my Office were not warranted. In others, where I found circumstances that warranted follow-up with a Member or public office holder, I did so.

The Act and Code establish evidentiary thresholds that must be met before an investigation can be commenced. I cannot launch an examination or an inquiry based simply on a suspicion or appearance of conflict of interest in the absence of credible information indicating that a contravention may actually have occurred.

That being said, staff in my Office review all correspondence received. We solicit further information where warranted and consider the relevant information carefully before determining whether any sections of the Act or Code could apply. Where I do not proceed to an investigation, I consider whether other steps may be warranted. In some cases I have addressed the concerns raised by private citizens with the Members or public office holders concerned. In the case of a reporting public office holder, new compliance measures may also be considered to help the public office holder to ensure that his or her obligations under the Act are met.

My ability to report publicly on activities that do not lead to a public report is limited. The Act and the Code prevent me from making public my reasons for not proceeding to an inquiry or examination. In a limited number of cases, however, I may release some information because the matter has already become one of public record.

When I receive a request for an inquiry that meets the requirements of the Code, I must send the request to the Member against whom the complaint has been made and afford him or her 30 calendar days to respond. I then conduct a preliminary review to determine if an inquiry is warranted. During the past year I received two requests from Members for separate inquiries under the Code that resulted in a preliminary review. In both cases I concluded that inquiries were not warranted after conducting the preliminary reviews.

The process for commencing an inquiry on my own initiative is similar. I must give the Member in relation to whom I have concerns 30 days to respond to those concerns. Last fall I received correspondence from a member of the public who raised concerns about the conduct of a Member that I thought might lead to a self-initiated inquiry. After reviewing the Member's response and soliciting additional information, I determined that I did not have grounds to commence an inquiry.

In the past year I received some seven requests and related correspondence from Members raising concerns about the conduct of other Members, including ministers and parliamentary secretaries. The matters raised related to partisan political activities and the appropriate use of public funds.



In the past year I received some 15 communications from private citizens raising concerns or making specific allegations relating to Members and to ministers, parliamentary secretaries and other public office holders. This was a significant increase over the previous reporting year. Concerns raised by private citizens related to a number of areas covered by the Act or the Code, including outside activities, preferential treatment and sponsored travel. My Office considered all the concerns that were raised.

Some of the concerns raised with me from various sources related to conduct not explicitly regulated by the Act or Code, including partisan political activities, policy disputes and the appropriate use of public funds.

I declined to investigate a number of requests and communications received from either Members or private citizens relating to political activities of Members, including ministers and parliamentary secretaries. In these cases it was alleged that the Members in question improperly attempted to sway public opinion in favour of their party, themselves or their political allies. Generally, political conduct aimed at furthering political interests falls outside my mandate where there is no private interest engaged. I address this topic in more detail in the section entitled *Matters of Note* under the heading *Partisan political conduct*.

While matters relating to the use of public funds do not necessarily fall outside of my mandate, there are other institutions – such as the House of Commons Board of Internal Economy and the Treasury Board Secretariat – that have primary responsibility for such matters and have policies and procedures specifically designed to address them. Where I believed that the matter was properly within the jurisdiction of one of these bodies, the case was referred to it.

On several occasions, my Office followed up on the conduct of public officials solely on the basis of information contained in media reports. These reports related to outside activities, insider information and political fundraising.

My Office also received a few calls from individuals who implied that they had information relating to a contravention of the Act but would not or could not provide further details when asked by my staff. It was impossible to take these matters further as I did not even have the name of the persons who had allegedly contravened the Act.

Some of the matters raised by Members and private citizens that did not involve a contravention of the Act or Code raised broader ethical concerns. In many of these instances, staff in my Office followed up with the Members and public office holders concerned to inform them of the matters raised. They were generally receptive and appeared to appreciate the fact that these matters were raised with them. Some wanted to know who had raised the concern with my Office. My Office did not disclose this information. It is the practice of my Office to protect, where possible, the identities of those who raise concerns with us.

These instances also provided a good opportunity to review with the Member or public office holder his or her obligations. Often in these situations, the Member or public office holder will take steps to address the concerns raised, even if they do not amount to a contravention of the Act or Code. This sometimes results in a new compliance measure being established to avoid a potential conflict of interest.



Challenges in accessing documents

In two investigations undertaken in the past year I experienced significant difficulty in obtaining relevant documents from public authorities.

Cabinet confidences

Formal records of Cabinet and Cabinet committees, commonly referred to as “Cabinet confidences”, are protected by special rules of confidentiality. These include memoranda to Cabinet, records of Cabinet decisions, and Treasury Board submissions and decisions. Occasionally, for the purposes of an investigation, I require access to documentation that is considered a Cabinet confidence. I had one such case in this reporting period. Although I was finally given access to the necessary documents, there were significant delays in obtaining them.

In order for me to carry out my investigative mandate, I must have access to documents when I determine it is necessary. I recognize the importance of preserving the confidentiality of Cabinet documents and, in fact, am subject to specific confidentiality obligations relating to such documents under both section 51 of the *Conflict of Interest Act* and section 90 of the *Parliament of Canada Act*. The very existence of these special confidentiality obligations indicates an expectation in the Act that I will, at least in some cases, have access to Cabinet confidences. My Office is currently working with government officials to resolve this matter so as to avoid delays in future investigations.

Accessibility of documents in inquiries under the Code

In the last year, my Office has noted several challenges with respect to obtaining documents while conducting inquiries under the Code.

Summoning witnesses to appear or to produce documents

Unlike the Act, the Code does not empower my Office to compel witnesses – either Members or private individuals – to appear or to produce documents. In this connection, although Members are required by subsection 27(8) of the Code to cooperate with me in respect of any inquiry, they are not compellable witnesses.

In March 2010, at the request of the previous Standing Committee on Procedure and House Affairs, I submitted to that committee suggested amendments to the Code. Along with some other suggestions related to the inquiry provisions, I recommended that the Code be amended to provide the Commissioner with the power to compel third party witnesses to appear for interviews or to produce requested documents in relation to inquiries conducted by my Office.

The previous Committee did not discuss these suggestions before the dissolution of the previous Parliament. I look forward to reviewing them with the current committee when I resubmit them.



Further discussions would be required to determine how such powers to compel third party witnesses to appear and to produce evidence would be enforced. In the event that this amendment were to be adopted, it would be necessary to determine what specific procedures should be followed in such circumstances.

Documents in the custody of the House of Commons

One inquiry that I conducted over the past year required that a search be conducted of e-mail accounts of a Member and the Member's staff as well as the archives of those accounts. Two issues arose in relation to my request to the House of Commons to conduct the necessary search. First, the House would not conduct such a search without the consent of the Member. Second, the search results were provided to the Member, who then had an opportunity to review the resulting documents and the discretion to decide which of these documents should be provided to my Office.

This situation raises serious concerns about the integrity of the inquiry process. I hope to have an opportunity to work with the House of Commons to establish a process that will allow me to obtain direct and full disclosure of documentary evidence.

V. MATTERS OF NOTE

Monitoring compliance

On occasion, I am asked whether I conduct routine audits to ensure that Members and public office holders are complying with their obligations under the *Conflict of Interest Code for Members of the House of Commons* (Code) or the *Conflict of Interest Act* (Act), and whether I have the authority to do so. While we do not necessarily refer to them as audits, I undertake a range of proactive measures to monitor ongoing compliance.

When new Members or public office holders take office, my Office contacts them to guide them through the initial compliance process. In most cases, the compliance process is completed within a relatively short time and may include making arrangements such as divesting assets or putting in place a conflict of interest screen to help individuals avoid potential conflicts of interest.

After the initial compliance process, my Office undertakes annual reviews of the individual's file, including examining investment records and inquiring whether gifts have been received or outside activities undertaken. This annual review process is an important tool to ensure that those subject to the Act or Code not only remain in compliance but also keep their obligations at top of mind.

In addition to the annual reviews, my Office undertakes random internal file reviews to ensure the completeness and accuracy of information held in our files. Over 200 files were reviewed in the past year.

My Office also follows up on disclosures made by one or more individuals that suggest that a similar disclosure should be forthcoming from another individual or group of individuals. For example, where a Member or public office holder has received a gift or an invitation to an event and it is clear that the same gift or invitation was offered to others, my Office follows up with the other individuals involved to ensure that they are aware of their obligations with respect to a similar gift or invitation.

Where a gift or invitation is acceptable, my Office works to ensure that the recipient completes the necessary disclosure process. Where the gift or invitation is unacceptable, I take steps to ensure that all those who may have received the same offer are advised of my opinion in as timely a fashion as possible. If a prohibited gift or invitation has already been accepted, I require that it be returned or the value repaid.

My Office regularly monitors media outlets to stay abreast of any potential concerns and checks other outside information sources, such as the lobbying registry and corporate registries, when there is a reason to do so. We also follow up on communications or complaints from the public about Members or public office holders. There have been a number of these situations in the past year.

I believe that ongoing, proactive monitoring provides an important means by which my Office helps Members and public office holders meet their obligations under the Act and Code.



Suggested amendments to the Code

I continue to work with the House of Commons Standing Committee on Procedure and House Affairs (Committee), which, under Standing Order 108(3)(a)(viii), is mandated to review and report on all matters relating to the Code. I meet from time to time with the Committee to discuss matters relating to the administration of the Code.

I have worked with the Committee in the past to bring about a number of amendments to the Code, the gift and benefit amendments being of greatest note to date. On the advice of the Committee, the House of Commons amended the Code in June 2007, June 2008 and June 2009. I am grateful for the work and support of the Committee to ensure the Code's effective administration.

In my last annual report, I reported in detail on the proposed amendments I submitted to the Committee on March 1, 2010. Those suggested changes related to the Code's disclosure and public reporting requirements, including deadlines to complete the initial compliance process. I also proposed amendments relating to inquiries. The issues relating to inquiries are discussed in further detail in the section entitled *Investigations* under the heading *Challenges in accessing documents*.

I also sought in March 2010 to obtain the Committee's approval of a standard request form for inquiries that would help streamline and expedite the inquiry process. Section 30 of the Code requires that I obtain the Committee's approval for all our forms and guidelines under the Code. This requirement causes significant delays and I have raised my concern in the past and asked the Committee to consider whether there is still a need for this approval requirement.

I also identified, in the Raitt and Dykstra Reports, some areas where amendments to the Code might be considered, in particular in relation to political fundraising. During my appearance before the Committee in October 2010, I indicated that I would be pleased to pursue these suggestions with the Committee.

At the time of dissolution of the 40th Parliament, the Standing Committee on Procedure and House Affairs had not yet considered my March 2010 proposals. I intend to resubmit them to the new Committee and I hope that the Committee will consider them early in the new Parliament. I also look forward to working with the Committee on its next mandatory review of the Code set for 2012.

Partisan political conduct

In recent inquiry and examination reports, I have offered some observations on ethical matters troubling to Canadians that have been considered in the course of my investigations but ultimately found not to be covered by the Act or the Code.

Canadians, including Members of Parliament, have brought to my attention with increasing frequency concerns about the conduct of Members, ministers or parliamentary secretaries that they view to be inappropriate. Misleading statements, personal attacks and the like that come



with the partisan nature of political life are often distasteful to many Canadians. Some assume that this sort of behaviour must be covered by one or another of the various accountability regimes in force. In fact, there is no comprehensive regime that governs political conduct in general.

Political activities, such as campaigning, fundraising and engaging in vigorous debate over preferred policy approaches, are a legitimate and necessary part of the democratic process. Political activities in and of themselves are not at issue. It is the way in which these activities are pursued that gives rise to occasional criticism.

Complaints about the conduct of political figures are not new, nor are they confined to a particular party, government or era. I often receive complaints from Members or the public where there is a perception that Members, including those who are ministers or parliamentary secretaries, are using their positions inappropriately to further their political interests. Examples of matters raised in the past year include using MP mailings or communications tools in an overtly partisan manner, using partisan identifiers when announcing government initiatives, and making public announcements of budget measures before they are tabled in the House of Commons. These activities are all aimed at influencing voter perceptions for political gain.

I face a challenge when the activity itself may be questionable but does not breach the Act or the Code. In most of these circumstances political interests are at issue without involving private interests. The Act and the Code deal with situations where private interests come into conflict with public duties, not where political interests alone are being pursued.

In some cases, these activities may be covered by other regimes. With respect to matters that take place on the floor of the House of Commons, it is the Speaker who is responsible for maintaining decorum. Matters relating to the management of parliamentary resources and the use of parliamentary premises by Members and their staff are governed by the Board of Internal Economy.

At the federal level, there are other legislative and policy instruments beyond the regimes that I administer that cover a range of ethical issues and activities and apply to certain Members and public office holders. There is the Privy Council Office publication, *Accountable Government: A Guide for Ministers and Ministers of State 2011*, which addresses in part the expectations for those public office holders with respect to balancing political interests and governance responsibilities, the *Senate Code of Ethics*, which applies to Senators who are also ministers, and the *Lobbying Act*, which sets out additional post-employment rules for certain public office holders. There is also the *Canada Elections Act*, which applies primarily during election periods. The *Criminal Code* may also be relevant.

I will refer a matter to the authority that administers one of these regimes if it appears to fall within its jurisdiction. However, none of these authorities appears to have within its mandate the responsibility for regulating the ethical aspects of partisan political conduct.

Questions remain as to what constitutes acceptable behaviour, whose role it is to regulate it, and – perhaps most fundamentally – whether it should be regulated. While certain situations



cause consternation for some Canadians, other Canadians simply dismiss it as part of the everyday business of political life. Would it, then, be desirable to try to regulate political conduct? Should it be left to be dealt with only at the voting booth?

In my opinion, there is a need for some guidance in this area. Resignation and acceptance of inappropriate conduct in the political sphere do a great disservice to our democratic institutions and to Parliament itself, and can only erode the confidence of Canadians in our systems of government.

The House of Commons could consider implementing a separate set of rules, perhaps a code of conduct, in relation to partisan political activities that could apply to Members as well as their staff. These rules could rely on voluntary compliance or they could perhaps be overseen by a group of former parliamentarians from various political backgrounds. The establishment of, and adherence to, rules of conduct established by Members themselves might best respond to the concerns that are raised and help enhance a positive perception of elected office.

Streamlining the Act and the Code

The two regimes that I administer, the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Code), are housed in two separate instruments and have in some respects significant differences due to the different roles of public office holders and Members. Among the more significant differences are the fact that the Act has post-employment and divestment requirements, while the Code has none, and the Act and the Code have different compliance requirements and different procedures for investigations.

At the same time, the Act and the Code have a number of very similar rules of conduct, and other provisions that contain only slight differences, that could be brought into line. For example, the Code has no definition of conflict of interest, while the Act does, and the Code describes in some detail what amounts to a private interest, while the Act does not. This can be confusing, particularly for the individuals subject to both regimes, namely ministers and parliamentary secretaries.

I note that a number of other jurisdictions, including some at the provincial or territorial level, have one statutory regime in place that covers both members of the legislative assembly and public office holders, with more stringent rules for certain classes of individuals.

The upcoming five-year legislative review of the Act could provide an opportunity to address this issue. There are several options that Parliament might wish to consider. Combining the Act and the Code into one piece of legislation is one possibility. This would facilitate a streamlining of the provisions, thereby removing some of the slight inconsistencies between the Act and the Code where there is no reason to have different rules or standards. If Parliament were to consider a single legislative regime, there would have to remain some differences in the specific rules for some of the separate classes of individuals, such as Members or ministers. This could be accommodated by establishing separate provisions of the Act applicable only to certain classes of individuals.



Members could, in any event, at least look for ways in which both regimes could be modified to ensure consistency of language and prescribed processes. As well, the Act could be modified to ensure that, for certain matters, only one regime is applicable to ministers and parliamentary secretaries, rather than both the Act and Code applying.



VI. OUTREACH AND COMMUNICATIONS

I remain committed to strengthening communications with all stakeholders. My Office continues to look for ways to inform public office holders and Members of the House of Commons of their obligations under the *Conflict of Interest Act* (Act) and *Conflict of Interest Code for Members of the House of Commons* (Code) to help them comply with their obligations. My Office is providing more information in a timely way about my role and the administration of the Act and the Code to the media and to all Canadians. We have been making greater use of the Internet and have been working to make our website more user-friendly. We also continue to share information with organizations similar to ours in Canada and abroad.

New website

On April 1, 2011, my Office launched a new website that makes it easier for visitors to find information about my Office and the conflict of interest regimes that I administer.

Our new website includes individual portals for Members, public office holders and members of the media. It gives Members and public office holders convenient access to information and forms they need to help them meet their obligations. It enables visitors to the site, including the media, to find our latest reports and background information quickly and serves as a valuable educational resource for anyone interested in conflict of interest and ethics issues.

The website will continue to evolve as further improvements are incorporated.

Reaching out to public office holders and Members

One of the primary roles of my Office is to ensure that public office holders and Members are mindful of their obligations under the Act and the Code. I continue to make outreach to these groups a priority.

During the past fiscal year, my staff and I made presentations to organizations whose members have obligations under the Act, including the Immigration and Refugee Appeal Board, the National Council on Seniors and various ministers' offices, as well as to the Privy Council Office, which has responsibility for Governor-in-Council appointments.

In November 2010, I spoke to the Conservative caucus about the requirements of the Act and Code, completing a series of presentations to the four parliamentary party caucuses in the House of Commons that began in the previous fiscal year. The sessions have been a good way to remind Members of their obligations under the Code and, in the case of ministers and parliamentary secretaries, of their obligations under the Act. It also gives Members the opportunity to raise any issues or questions in the privacy of their own caucus.

In the coming year I intend to build on our outreach initiatives through a variety of measures targeting specific groups of public office holders. For example, my Office is currently preparing material to distribute to ministerial staff through their respective chiefs of staff. This group is of particular interest because of the relatively high turnover in ministerial offices. My Office will also be contacting administrative bodies where public office holders serve, including the various



boards and tribunals, to seek opportunities to meet with the greatest number of public office holders to discuss their obligations under the Act.

In the past year, we introduced a number of new backgrounders aimed at providing quick reference information focussed on various aspects of the Act and the Code to public office holders and Members as well as to general audiences. We issued backgrounders about investigations under the Act and the Code to help individuals better understand what is required to trigger an investigation and the investigative process, and three backgrounders outlining the compliance processes for Members, Members who are also ministers or parliamentary secretaries and public office holders. These resources are posted on my Office's website.

My Office continues to issue information notices, guidelines, and advisory opinions as a way to help clarify different and sometimes complex aspects of the Act and Code. In the past year, we issued information notices under the Act on material change, categories of assets, offers of outside employment and "direct and significant official dealings." More recently, we have issued information notices under the Act on leave without pay during an election period for ministerial staff, and an updated information notice on political activities of reporting public office holders during an election period.

We have also issued a guideline under the Act on controlled assets and advisory opinions under the Code on the acceptability of gifts offered to Members at special events and the acceptability of event tickets and invitations. I have highlighted the challenges in relation to gifts and other benefits or advantages earlier in this report.

I note that post-employment issues have received more attention in the wake of the Oliphant Commission's hearings and its report. As mentioned in my 2009-10 Annual Report, I testified before the Oliphant Commission twice on post-employment issues. In February 2011 I issued two new information notices related to the Act's post-employment provisions: one on offers of outside employment and one on direct and significant official dealings. They complement the existing information notice on post-employment obligations; together, these documents aim to increase public office holders' understanding of how Part 3 of the Act applies to them.

House of Commons committees

I appear regularly before the House of Commons Standing Committee on Access to Information, Privacy and Ethics regarding my administration of the *Conflict of Interest Act*, and before the Standing Committee on Procedure and House Affairs regarding my administration of the *Conflict of Interest Code for Members of the House of Commons*.

I appeared before each committee in April 2010 to discuss my Office's budgetary submission for the 2010-11 Main Estimates, and again in October to discuss my 2009-10 annual reports under the Act and the Code.

These meetings give Members a chance to question me, publicly and directly, on matters of interest. They also give me the opportunity to update the committees on the work of my Office and to bring issues and concerns to their attention.



Communicating with others

We continue to be actively involved with organizations administering conflict of interest regimes across Canada and abroad.

In September 2010 I attended the annual meeting of the Canadian Conflict of Interest Network (CCOIN), whose members are provincial, territorial and federal conflict of interest commissioners. My Office coordinates the retention of information for the network and also keeps CCOIN members aware of any investigation reports that are issued, and other developments in the field.

In December, I participated in the annual meeting of the Council on Governmental Ethics Laws (COGEL), an organization for government ethics agencies from the United States, Canada, Europe, Australia and Latin America.

During the past year, I met with representatives of the Republic of Korea National Assembly's Special Committee on Ethics. My staff also met with officials from China, and Turks and Caicos.

I participated in the annual conference of the Institute of Public Administration of Canada, where I gave a presentation on ethics in democratic development, and a representative from my Office spoke at a professional development day for the Association of Certified Fraud Examiners. I also met this year with students in public administration programs from Canada, United States and Ukraine.

My Office provided input to the Government of Canada Values and Ethics Network with regard to a new draft policy on conflict of interest for the public service. We have also provided advice to a Government of Canada working group seeking to establish a guideline on the reimbursement of costs for the divestment of assets.

My Office routinely responds to questions sent to us from organizations in other countries that are researching conflict of interest and ethics regimes. During this reporting period we assisted organizations in Australia, China, France and New Zealand.

Inquiries from the media and the general public

As public awareness of our work grows, my Office continues to receive an increasing number of inquiries from members of the public and the media on a wide range of issues, not all of which are related to my mandate under the Act and the Code. During this reporting period my Office received almost 800 communications by telephone, e-mail and letter mail.

About half of them were not related to my mandate under the Act or the Code. They involved a variety of matters and, where appropriate, were referred to other bodies. While I often receive requests that do not fall within my mandate, I ensure that a reply from my Office is sent that provides useful information about my role and mandate.



The rest of the communications covered a wide variety of topics that did relate to matters within my mandate, about half of which involved requests for information on policies, requests for documents from my Office or requests for information about ongoing investigations or compliance issues.

In last year's annual report, I committed to more proactive media relations to help the general public and our stakeholders gain a better awareness of the role of our Office. To that end, I have participated in several interviews with various media outlets this year to respond to questions regarding conflict of interest issues, including gifts and investigation processes. I have also continued to ensure that responses to media inquiries are dealt with clearly, comprehensively and in a timely manner. I am pleased to note that various journalists are making use of the information available on our website and have contacted my Office to seek clarification as needed.



VII. ADMINISTRATION

As an Officer of Parliament, I am accountable to Parliament and not to the federal government or an individual minister. My Office is part of the parliamentary infrastructure and, unlike many Agents of Parliament, not part of the federal public administration.

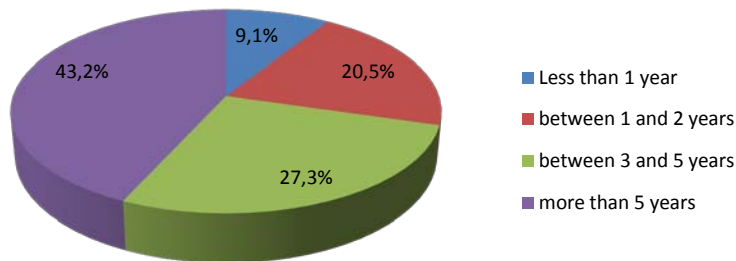
Under the *Parliament of Canada Act*, I have the rank of a deputy head of a department of the Government of Canada and therefore have control over the management of the resources of my Office. Each year, I submit the spending estimates for my Office to the Speaker of the House of Commons, who then transmits them to the President of the Treasury Board for inclusion in the estimates of the government. I then appear before the Standing Committees on Access to Information, Privacy and Ethics to report and to respond to any questions pertaining to the operations and management of my Office.

All resources assigned to my Office, whether they are financial, human or material, are managed with the same values and principles that can be found in the federal public service. In fact, the internal management framework being implemented in my Office is built on a very similar foundation.

I am pleased to report below on achievements of the last year in the area of resource management in my Office.

Human resources management

As I look back to July 2007 and the months following the creation of my Office, and note the challenges encountered at that time in the staffing of positions, I am very pleased to note the level of stability now being enjoyed by the Office in that area. The turnover rate, once we exclude two retirements and one term assignment, is 13% (or six out of 46 employees). The six employees who left the Office in 2010-11 accepted promotions in larger organizations. This is a reality that is faced by most, if not all, small organizations. It is, however, a manageable situation and the Office continues to be able to attract and retain qualified candidates. As indicated below, 70% of the indeterminate employees currently working at the Office have more than three years of service at the Office. This stability contributes greatly to its effective functioning.



As of March 31, 2011, my Office was in the process of staffing two new positions created in a recently reorganized Policy, Research and Communications Division, as well as one position left vacant after the incumbent left for a promotion in the federal public service. Anticipatory staffing is underway for three positions that will become vacant in the new year as a result of a retirement and two maternity leaves.

We also launched a succession planning exercise in order to plan systematically for the continued performance of functions in line with current and projected operational objectives and priorities.

My Office is in the process of updating its policy and guidelines on learning and development. The plan is to introduce mandatory training for targeted groups (*e.g.* new managers) and to ensure an effective and consistent approach to learning.

I mentioned in my last annual report that my Office had implemented a program to hire and develop new compliance advisors. These are the primary resource persons at the Office for public office holders and Members of the House of Commons. During the last 12 months, one more participant joined the development program.

Other progress in the establishment of an internal management framework includes the implementation of an internal policy on official languages under which my Office formalized its commitment to the equitable use of official languages with respect to the delivery of services and the language of work. In a supporting guideline, we introduced a new practice of determining the level of second official language proficiency of each position on a case by case basis instead of applying a general rule where all positions require the same level. Although all positions remain bilingual, their level of second language proficiency is better reflective of the duties of employees and their work units.

My Office also implemented a policy and guidelines on discipline, which will be further supported by a code of conduct to be developed in the new fiscal year. These documents are being implemented simply to set out standard expectations that are specific to our unique mandate and work environment, and not in response to any human resources issues.

In order to better track and manage information on employees, positions and staffing processes, in 2010 my Office launched a human resources management system, a simple but effective database. The new system is used to track and generate reminders related to key milestones, including annual salary increments, term assignments and renewal of security clearances. It is also used to produce statistics on the management of human resources, which are reviewed by my management team.

Financial management

For the third consecutive year, my Office has an operating budget of \$7.1 million. We continue to rely on the House of Commons and the Library of Parliament to provide shared administrative services. These arrangements for information technology and financial services



work well, even though they consume 35% of the non-salary budget of my Office. Other non-salary expenditures are typical of any public service office and include travel, service contracts for specialized services (e.g. classification, court reporting) and telecommunications.

It has been an objective of my Office since its establishment to have audited financial statements. However, in order to get there, we needed to put in place procedures to document the management of financial resources. I am pleased to report that the opening balance for 2010-11 was audited by KPMG and that no concerns were raised with the financial practices of the Office. The 2010-11 financial statements, once finalized, will also be audited and made public.

An important element of financial management is the control of assets. A complete inventory was prepared this past winter, using an approach and system that will facilitate the ongoing management of the equipment and furniture purchased, used and disposed of by my Office.

As a result of the distinct status of my Office, we are exempt from most policies and rules of the Treasury Board Secretariat (TBS). However, our internal policies and practices normally reflect the broad principles and values found in TBS policies and rules. Over the past year, we developed guidelines on travel, which are very closely based on the travel directive of the federal public service. We also updated our policy on the delegation of financial signing authorities and our guidelines on the purchase and use of wireless devices.

A table broadly outlining the financial information for the Office for the 2010-11 fiscal year is provided in the Appendix under the heading *Financial Resources Summary*. Detailed financial information can be found on our website.

Information management

As mentioned earlier in this report, my Office has the responsibility to receive confidential information and maintain files and registries of this information. Strong practices of information management and effective working tools are necessary to support this responsibility.

In 2010-11, the Office launched a project to replace its current case management system, which is approaching its full capacity. In close consultation with the House of Commons, the Office is looking for an integrated approach that will not only address the management of stakeholder information but also support the investigation function and records management. Business requirements have been identified and documented, and the project is now nearing the planning and design phase. The solution will likely be based on an application already developed by the House of Commons for one of its internal clients.

On a related subject, the Office introduced and implemented a functions-based classification structure for its records in the past year. This more logical approach to records management is based on the key functions of the Office and is being implemented for the management of both paper and electronic documents.

Finally and as mentioned earlier in this report, on April 1, 2011 my Office launched a new version of its website, which has been restructured to facilitate navigation. With the new design, visitors are able to locate more easily and rapidly the information they are looking for.



VIII. LOOKING AHEAD

In 2011-12, my Office will build on the momentum that we have achieved over the past four years in administering the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Code).

Providing public office holders and Members of the House of Commons with advice, guidance, information and assistance to help them understand and comply with the Act and Code, supported by proactive outreach and communications activities and effective internal systems and processes, will continue to be an important focus of our work.

We will be especially busy in this area in the weeks and months ahead in the wake of the May 2011 federal election, which brought 111 new Members to the House of Commons. My staff is helping all Members of Parliament meet their compliance obligations under the Code, assisting with their disclosure process and working to resolve any conflict of interest issues they might have.

The appointment of new Cabinet members after the election also triggered a shift in ministerial staff, a segment of public office holders that traditionally has a high level of turnover. My Office will be taking steps to ensure that new ministerial staffers understand what is required for them to be in compliance with the Act and that departing ministerial staffers understand the Act's post-employment obligations. We are ready to provide individual advice as needed.

With the legislated five-year review of the Act set to take place by July 2012 and a mandatory review of the Code also coming up next year, I hope that my Office can contribute our experience and expertise to these important processes. These reviews could provide an opportunity to bring about changes in areas where I have identified challenges over the past few years.

I will continue to work with the House of Commons Standing Committee on Access to Information, Privacy and Ethics and the Standing Committee on Procedure and House Affairs. As I have noted earlier in this report, I will resubmit to the latter committee the amendments to the Code that I proposed last year.

I will continue to expand the outreach and communications activities of my Office in a range of areas in support of my priorities. In particular, I will identify areas where additional communications tools can assist Members and public office holders to comply with their obligations under the Act and the Code. I also intend to build on our existing research and policy capabilities to monitor developments in the field of conflict of interest and ethics.

My Office will continue to enhance internal procedures and management systems in order to improve further the efficiency of our operations and our advisory services to public office holders and Members, and will continue to seek opportunities to enhance client outreach.

My staff and I look forward to continuing, in the year ahead, to advise appointed and elected officials and help them prevent and avoid conflicts between their public duties and private interests, so as to maintain and enhance the trust and confidence of the Canadian public in the conduct of their elected and appointed officials.



APPENDIX - FINANCIAL RESOURCES SUMMARY (from page 26)

	(thousands of dollars)				
Program Activity	2009-10 Actual Spending	2010-11			Alignment to Government of Canada Outcomes
		Main Estimates	Total Authorities	Actual Spending	
Administration of the <i>Conflict of Interest Act</i> and the <i>Conflict of Interest Code for Members of the House of Commons</i>	5,528	7,105	7,105	6,016	Government Affairs
Total Spending	5,528	7,105	7,105	6,016	
Plus: Cost of services received without charge	960	n/a	n/a	1,021	
Net Cost of Department	6,488	7,105	7,105	7,037	
# of employees	46			46	

The budget process for the Office of the Conflict of Interest and Ethics Commissioner is established in the *Parliament of Canada Act*. The Speaker of the House considers the estimates for the Office and transmits them to the President of the Treasury Board for inclusion in the estimates of the Government. The Standing Committee on Access to Information, Privacy and Ethics has within its mandate the role to review and report on the effectiveness, management and operations together with the operational and expenditure plans relating to the Office.

Since 2008-09, the budget for the Office has remained at \$7.1 million, 74% (or \$5.3 million) of which is dedicated to salaries and employee benefits. Of the remaining \$1.8 million, approximately \$700,000 is used to cover the cost of shared services provided by the House of Commons, the Library of Parliament and Public Works and Government Services Canada in the area of information technology, finance and compensation, respectively.

Complete financial statements can be found on our website at <http://ciec-ccie.gc.ca/>.