



Office of the Conflict  
of Interest and Ethics  
Commissioner

Commissariat aux  
conflits d'intérêts et à  
l'éthique

## The 2013-2014 ANNUAL REPORT

in respect of the  
*CONFLICT OF INTEREST ACT*



June 5, 2014

Mary Dawson  
Conflict of Interest and  
Ethics Commissioner

## The 2013-2014 Annual Report

in respect of the  
*CONFLICT OF INTEREST ACT*

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June 4, 2014

The Honourable Andrew Scheer, M.P.  
Speaker of the House of Commons  
Room 224-N, Centre Block  
Parliament of Canada  
Ottawa, Ontario 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 Act* in relation to public office holders for the fiscal year ending March 31, 2014.

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

Sincerely,

Mary Dawson  
Conflict of Interest and Ethics Commissioner





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June 4, 2014

The Honourable Noël A. Kinsella  
Speaker of the Senate  
Room 280-F, Centre Block  
Parliament of Canada  
Ottawa, Ontario K1A 0A4

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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* (Members' Code). These two regimes hold public office holders and Members to standards that place the public interest above private interests.

The Act applies to current and former 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 2,500 public office holders subject to the Act, more than half of whom are part-time. The Act came into force in July 2007 and was amended in 2011 and 2013.

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

Most rules and procedures set out in the Act and the Members' Code aim to minimize the possibility of conflicts arising between public and private interests. The rules of conduct also address a variety of other situations relating, for example, to preferential treatment and the acceptance of gifts and benefits. The Act also contains a number of post-employment rules.

While the focus of both the Act and the Members' Code is on prevention, the Commissioner is mandated to investigate alleged contraventions of either.

The main responsibilities of my Office are to:

- advise public office holders and Members on their obligations under the Act and the Members' Code;
- receive and review confidential reports of assets, liabilities, income and outside 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;
- administer an administrative monetary penalty regime for failures to comply with certain reporting requirements in the Act; and
- conduct examinations and inquiries into alleged contraventions of the Act and the Members' Code.



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

This is one of two annual reports issued by my Office. This report relates to the Act and the other report relates to the Members' Code.

## II. OVERVIEW – Strengthening the Framework for Future Progress

As I approach the end of a seven-year term, this is an appropriate time to take stock of the many achievements of my Office since my appointment. I was appointed to the newly-created position of Conflict of Interest and Ethics Commissioner on July 9, 2007, the same day the *Conflict of Interest Act* (Act) came into force and my Office was established in its current form.

Continuous improvement has been a hallmark of the past seven years, first as I organized the operations and staffing of my Office, and later as I enhanced processes, introduced new outreach initiatives, and continued to interpret and apply the Act and the *Conflict of Interest Code for Members of the House of Commons* (Members' Code). My Office can now draw on a significant body of work that includes precedents, procedures and interpretations, all of which form a solid framework for future progress.

When I became Commissioner, I articulated my intent to ensure that the Act and the Members' Code were interpreted and applied fairly and consistently, with clarity and common sense. I also undertook to ensure that my Office would support public office holders and Members in achieving and maintaining compliance with the two regimes.

Among my initial priorities as Commissioner were establishing a new administrative monetary penalties regime under the Act, improving the public registries under the Act and the Members' Code, and staffing appropriately. More recently, we have redesigned our case management system in order to adopt a more integrated approach to case management and to improve our reporting capacity. We have also taken steps to renew the public registries in order to make them easier for public office holders and Members to use and for the public to understand.

While the major focus of my Office has been on prevention, enforcement measures have also been taken. I have issued compliance orders and imposed administrative monetary penalties under the Act, and, when necessary, have investigated possible contraventions of the Act or the Members' Code. As noted in previous annual reports, I have encountered some challenges along the way. Some of these have involved process issues, such as difficulty in obtaining timely or adequate access to relevant documents required for investigations. However, in most cases, I have had very good co-operation both from those being investigated and from witnesses or others providing documentation. Since the beginning of my term, I have issued reports on 17 examinations under the Act and six inquiries under the Members' Code.

I have issued a number of guidelines and information notices under the Act and advisory opinions under the Members' Code over the years, and this past fiscal year have continued to do so, specifically on fundraising, letters of support, and gifts offered to administrative tribunal



members, among other topics. My staff and I have also made numerous presentations to groups of public office holders and Members about their obligations under the two regimes.

Over the years, the number of requests for information from the media and members of the public has increased significantly. This level of interest provides further opportunities to clarify and promote the role and mandate of my Office, and the scope of the Act and the Members' Code.

Our work with other domestic and international jurisdictions has continued to grow as a result of my coordination role in the Canadian Conflict of Interest Network, the Office's engagement with the Council of Governmental Ethics Laws and other international bodies, and a high level of interest from government officials and ethics practitioners in other countries who wish to learn more about Canada's federal conflict of interest regimes.

I have shared my experiences in administering the Act with the House of Commons Standing Committee on Access to Information, Privacy and Ethics, and my experiences in administering the Members' Code with the Standing Committee on Procedure and House Affairs, primarily through committee appearances and annual reports.

I prepared comprehensive submissions for the five-year reviews of the Act and the Members' Code, in which I noted the strengths of the two regimes and recommended ways to further increase their effectiveness. I also recommended that the provisions of the Act and the Members' Code be harmonized where possible and that consideration be given to developing a separate code dealing with partisan activities, which are not covered by the Act or the Code. The Access to Information, Privacy and Ethics Committee included a few of my recommendations in its report on the review of the Act. I look forward to the government's response to this review. As for the Procedure and House Affairs Committee, it has not yet completed its review of the Members' Code.

My Office's activities in these and other areas are supported by an internal management framework based on the principles of sound resource management, and a strong policy framework in the area of human resources. I have also ensured that my Office follows good management practices in other areas of its operations. These internal supports have been further strengthened in the past year, through directives that formalize practices already adopted by the Office in the area of expenditure management, and a new directive on performance management that is consistent with the approach being taken in the public service.

Any accomplishments that I have achieved as Commissioner this past year and since my appointment would not have been possible without the expertise and support of my staff, and I thank them for their continued hard work and dedication.

### III. APPLYING THE ACT

The *Conflict of Interest Act* (Act) applies to about 2,500 government officials, defined in the Act as “public office holders”. These include ministers, parliamentary secretaries and ministerial staff, as well as Governor in Council appointees such as deputy ministers, heads of Crown corporations and members of federal boards, commissions and tribunals. My Office assists these individuals in achieving and maintaining compliance with the Act.

More than half of the public office holders (56%) work on a part-time basis, many as members of federal boards, tribunals and commissions. These public office holders must comply with most of the rules of conduct, but are not subject to the Act’s disclosure provisions.

A somewhat smaller group of public office holders, most of whom work on a full-time basis, are called “reporting public office holders” and are subject to a broader range of provisions under the Act. They must disclose to my Office detailed information about their assets, liabilities, outside activities and other interests, and may also be required to take additional compliance measures in order to meet their obligations under the Act. My Office guides and assists them in understanding their obligations and in undertaking all the necessary measures.

As of March 31, 2014, my Office’s records indicate that there were 2,538 public office holders. Table 3-1 shows a breakdown by category of public office holders over the past four fiscal years.

Table 3-1: Number of Public Office Holders

	2010-2011	2011-2012	2012-2013	2013-2014
<b>Reporting public office holders</b>	<b>1,108</b>	<b>1,115</b>	<b>1,094</b>	<b>1,123</b>
Ministers and ministers of state	38	39	37	39
Parliamentary secretaries	27	28	27	31
Full-time ministerial staff	511	534	558	561
Full-time Governor in Council appointees	532	514	472	492
<b>Non-reporting public office holders</b> (Part-time Governor in Council appointees and ministerial staff)	<b>1,681</b>	<b>1,944</b>	<b>1,882</b>	<b>1,415</b>
<b>Total number of public office holders</b>	<b>2,789</b>	<b>3,059</b>	<b>2,976</b>	<b>2,538</b>

The total number of public office holders has decreased in both 2012-2013 and 2013-2014. This is largely because the Canada Pension Plan Review Tribunal, the Old Age Security Review Tribunal and the Employment Insurance Board of Referees began the process of eliminating their part-time positions in 2012-2013 in preparation for the creation of the new Social Security



Tribunal that is comprised of full-time members only. This transition is in its final stage and will likely result in another reduction in the number of non-reporting public office holders in 2014-2015.

I note that the distribution of reporting public office holders has shifted over the last four fiscal years. The number of ministerial staff has increased and is now the largest group. In 2010-2011, Governor in Council appointees formed the largest group.

### **Initial Compliance**

The Act establishes an initial compliance process that all reporting public office holders must complete within 120 days after their appointment. The first step in this process is a confidential report to my Office, which must be submitted no later than 60 days after appointment and must contain detailed information on the reporting public office holder’s assets, liabilities, outside activities and other interests.

My Office reviews this information and advises reporting public office holders on the measures they will need to take to meet their obligations under the Act. These measures may include, for example, publicly declaring certain assets, divesting controlled assets, establishing a conflict of interest screen or resigning from a corporate directorship. My Office may also provide advice at this time on managing potential conflicts of interest and, more generally, on maintaining ongoing compliance with the Act.

The initial compliance process is complete when the reporting public office holder signs a statement summarizing the steps he or she has taken to comply with the Act. This statement is then placed in a public registry on the Office’s website for examination by the public.

My Office issues a series of reminders and provides assistance to reporting public office holders as the 60- and 120-day deadlines approach. Most of the 359 individuals appointed during the last fiscal year met both of these deadlines. However, despite the efforts of my Office to assist them, 32 new reporting public office holders did not meet the 60-day deadline and 19 did not meet the 120-day deadline. Table 3-2 compares these figures to those of the previous three fiscal years.

Table 3-2: Compliance with 60- and 120-day Deadlines

	2010-2011	2011-2012	2012-2013	2013-2014
New reporting public office holders	300	299	290	359
Number who missed the 60-day deadline	45	53	46	32
Number who missed the 120-day deadline	9	16	11	19

Twenty-three of the 32 individuals who missed the 60-day deadline in 2013-2014 filed their confidential reports less than one week after the deadline. Eight individuals missed the deadline by more than a week because my Office was not notified of their appointment until more than 30 days after the date of their appointment, delaying my initial letter to them. In one other case, the deadline was missed because of delays in processing mail and I was satisfied that the reporting public office holder had tried to have the confidential report delivered on time. Consequently, I did not issue any monetary penalties for failures to submit these reports within 60 days in 2013-2014. In two cases, however, I issued administrative monetary penalties for failures to submit all information considered necessary to ensure compliance with the Act within a reasonable time frame.

Eight of the 19 individuals who missed the 120-day deadline completed the initial compliance process within the week following that deadline. In two other cases, my Office was only notified of the appointment around the end of the 120-day deadline. Another eight cases required additional time to complete the complex measures necessary to ensure compliance with the Act. In one other case, measures were not completed on time because supporting documents to the confidential report were not received in a timely manner. One of the monetary penalties referred to in the previous paragraph was issued in that case.

Administrative monetary penalties are discussed in greater detail later in this section.

### ***Divestment***

Section 17 of the Act prohibits reporting public office holders from holding controlled assets. My Office has interpreted controlled assets to include all investments that are publicly traded on a stock exchange or over-the-counter as well as commodities, futures and currencies that are traded on a commodities exchange. Section 27 of the Act sets out the appropriate procedure for divestment of controlled assets: either through an arm's-length sale or through the establishment of a blind trust. The Act requires that divestment be completed within 120 days of the date of appointment.

The prohibition against holding controlled assets applies to all reporting public office holders, regardless of whether those assets could give rise to a conflict of interest in relation to their official duties and responsibilities. The Commissioner has the discretion to allow exemptions from this prohibition when controlled assets are of minimal value and pose no risk of a conflict of interest. This exemption does not apply to ministers, ministers of state or parliamentary secretaries.

In 2013-2014, there was a noticeable increase in the number of divestment arrangements, resulting from the type of assets held by many of the reporting public office holders appointed during this fiscal period.



Table 3-3 summarizes divestment arrangements that took place in the last two fiscal years.

Table 3-3: Divestment Arrangements Established over the Last Two Fiscal Years

	2012-2013	2013-2014
Number of reporting public office holders who divested through one or more blind trusts	5	16
Number of reporting public office holders who divested by way of sale	10	22
Number of reporting public office holders who were granted a minimal value exemption	31	57

Sixty reporting public office holders had blind trusts at the end of 2013-2014 compared to 58 at the end of the previous fiscal year. The costs associated with reimbursing fees related to blind trusts in 2013-2014 totalled \$373,718 compared to \$602,672 in 2012-2013. Fourteen reporting public office holders dismantled their blind trusts in 2013-2014, reducing the costs being claimed for the ongoing administration of a blind trust. The amount that can be reimbursed for administration costs is significantly higher than the amount that can be reimbursed for the establishment and dismantlement of blind trusts, which are each capped at \$3,000. It is likely that administration costs will increase in 2014-2015 because new reporting public office holders who established blind trusts in 2013-2014 may request reimbursement in 2014-2015 of the ongoing administration costs associated with their blind trusts.

It is important to note that, although I may order that a reporting public office holder be reimbursed for specific costs incurred to meet some obligations under the Act, I only do so at the request of the public office holder. Currently, only about two-thirds of the public office holders who have blind trusts follow up with my Office to request reimbursement.

### **Maintaining Compliance**

Beyond the initial compliance process, my Office assists reporting public office holders in meeting their obligations under the Act throughout their term in office. This is done in part through formal mechanisms set out in the Act. These include the annual review process and the requirements that reporting public office holders report and publicly disclose material changes and gifts or other advantages received in their position as reporting public office holders.

In addition to the initial compliance and annual review processes, my Office provides information and advice on an ongoing basis to individual public office holders, and to their organizations as a whole, regarding the application of the Act.



Table 3-4 summarizes the number of instances of advice or information provided over the past four fiscal years.

Table 3-4: Advice or Information Provided to Public Office Holders

	2010-2011	2011-2012	2012-2013	2013-2014
Communications providing advice regarding gifts	200	160	188	231
Communications providing advice regarding outside activities	79	72	98	102
Communications providing advice regarding post-employment obligations	76	66	155	211
All other communications	1,245	1,252	1,307	1,187
<b>Total communications with public office holders</b>	<b>1,600</b>	<b>1,550</b>	<b>1,748</b>	<b>1,731</b>

The three categories identified in the table—gifts, outside activities and post-employment obligations—were chosen because they are the ones in relation to which advice is most frequently sought. Other categories could not be logically grouped together as they relate to a wide range of matters that are specific to individual public office holders or that do not occur often. While most communications result from changes in personal situations, such as marital status, a dependent child or relative, or the purchase of new assets, some are requests for interpretations of specific provisions of the Act. There has also been an increase in the number of communications with potential public office holders who are seeking to obtain a better understanding of their obligations in the event that they are appointed.

The Office received only 25 requests for advice or information from non-reporting public office holders in 2012-2013, and 35 such requests from this group in 2013-2014. Although the numbers are increasing, 35 is still a very small proportion of the total 1,731 communications we had with public office holders this past fiscal year. Six of those instances related to outside activities, four related to post-employment, two related to gifts and the remaining 23 covered a range of different issues. Because non-reporting public office holders are only subject to the Act’s conflict of interest rules and some post-employment rules, the focus of most communications from these public office holders is on arranging their private affairs to avoid situations of conflicts of interest.

## Annual Review

All reporting public office holders must review their compliance arrangements on an annual basis and update the information previously disclosed to my Office. While the Act does not provide a timeline for the annual review process, I ask that this be done within 30 days. Advisors from my Office assess any new information to determine whether new compliance measures are



needed and often provide additional confidential advice to reporting public office holders at that time.

As part of our continuing efforts to expedite all compliance processes under the Act, my Office takes particular care in administering the annual review process. Email reminders are sent to reporting public office holders and then followed up by phone. This continues to ensure a more timely return of a greater number of annual reviews. In 2013-2014, my Office initiated 1,008 annual reviews and received 777 responses, some of which were related to annual reviews initiated in the latter part of the previous year.

The Act does not provide a timeline for completing the annual review process. The efforts made by my Office to remind reporting public office holders to return their annual review documents have resulted in most documents being received within a reasonable time. However, there were still a few annual reviews that remained outstanding after 120 days. The Act does not provide for any penalty where reporting public office holders fail to respond to annual review requests in a timely way. For this reason, I will be initiating the practice of identifying, in the public registry on my Office's website, the reporting public office holders who fail to complete their annual review process despite several reminders from my Office. I will also consider issuing compliance orders in such cases.

I recommended, within the context of the five-year review of the Act, that it be amended to provide for both a deadline and a penalty for a failure to meet this obligation.

## **Ongoing Reporting Requirements**

### ***Material Change***

Reporting public office holders must inform my Office of any material change to the information required in their confidential report within 30 days of that change. Generally speaking, a material change is one that might affect a reporting public office holder's obligations under the Act. A change that would require a public declaration or a modification to an existing public declaration is always a material change.

The Commissioner has the authority to impose an administrative monetary penalty when a reporting public office holder fails to meet the 30-day deadline. This is discussed in more detail later in this section.

### ***Gifts and other Advantages***

Section 11 of the Act establishes an acceptability test for all gifts and other advantages offered to public office holders. Where a gift or other advantage could reasonably be seen to have been given to influence the public office holder in the exercise of an official power, duty or

function, it may not be accepted, regardless of its value. This test applies to gifts received by all public office holders, not only reporting public office holders.

There is an exception for gifts or other advantages that are received as a normal expression of courtesy or protocol, or that fall within customary standards of hospitality that normally accompany a public office holder's position. This exception applies in a variety of circumstances. For example, token gifts offered in appreciation for a speech or presentation made by a public office holder, or meals offered to public office holders at a public event that they are attending in an official capacity, are usually acceptable. Such gifts are, however, still subject to the Act's disclosure and public declaration requirements.

Gifts and other advantages that are accepted by reporting public office holders that pass the acceptability test and that are valued at \$200 or more must be disclosed to my Office and must be publicly declared. Multiple gifts accepted from a single source the total value of which exceeds \$200 within a 12-month period must also be disclosed to my Office.

As a result of concerns raised with my Office, I issued an information notice in December 2013 on the subject of gifts being offered to members of administrative tribunals. In this information notice, I remind members, who are public office holders under the Act, that any gift, whatever its value, offered by an individual having an interest in a case that is being decided by the tribunal would not pass the acceptability test and would have to be refused.

Issues around the acceptability of gifts or other advantages continue to generate many requests for advice. Table 3-5 provides some details on these interactions.

Table 3-5: Interactions with Public Office Holders relating to Gifts

	2010-2011	2011-2012	2012-2013	2013-2014
Instances of advice provided regarding gifts	200	160	188	231
Number of reporting public office holders who publicly declared gifts	27	30	29	25
Publicly declared gifts of \$200 or more	73	55	62	63
Publicly declared and forfeited gifts of \$1,000 or more	11	8	10	12

In 2013-2014, my Office provided advice relating to gifts in 231 instances to 99 individual reporting public office holders. In 75 instances, the gifts were publicly declared and some of these gifts were forfeited because their value was of \$1,000 or more. In the remaining 156 cases, the gifts were valued at under \$200, and therefore not publicly declared, or my Office determined that the gifts were unacceptable, in which case they were refused, returned or paid for.



Only two non-reporting public office holders contacted my Office seeking advice on gifts this past fiscal year, despite the fact that section 11 of the Act, relating to gifts, applies equally to all public office holders. A reminder about gifts will be included in the next annual letter sent to non-reporting public office holders.

### ***Outside Activities***

With limited exceptions, subsection 15(1) of the Act prohibits reporting public office holders from engaging in a range of outside activities, including employment or the practice of a profession, operating or managing a business or a commercial activity, serving as a director or officer in a corporation or organization, holding office in a union or professional association, serving as a paid consultant and being an active partner in a partnership.

The exceptions to subsection 15(1) are outlined in subsections 15(1.1), (2) and (3) of the Act. The Commissioner must be of the opinion that an outside activity is not incompatible with the public duties of the reporting public office holder for an exception to be granted. Acting as a director or officer in an organization of a philanthropic, charitable or non-commercial character is the most common example of an exception that is allowed. All exceptions granted by the Commissioner are publicly declared in the public registry.

I recommended to the Standing Committee on Access to Information, Privacy and Ethics during its five-year review of the Act that the Commissioner be given the authority to grant permission to engage in any outside activities where to do so would not be incompatible with the reporting public office holder's duties or obligations as a public office holder. I have found that, in most cases, activities in which reporting public office holders are engaged outside their public office, including many that are currently prohibited, do not raise any issues of conflict of interest with their official duties and functions. The Standing Committee has included this recommendation in its report, tabled in February 2014.

## **Compliance Measures**

### ***Conflict of Interest Screens and Recusals***

Under section 29 of the Act, the Commissioner may, in consultation with individual public office holders, determine appropriate compliance measures by which they can achieve compliance with the Act.

During 2013-2014, seven reporting public office holders undertook compliance measures under section 29. Four of these compliance measures have been made public. They involved conflict of interest screens or they related to measures associated with maintaining memberships in professional associations. The remaining three were not made public for privacy reasons

relating to family members and because I determined that there was no public interest in making them public.

Conflict of interest screens are generally used if reporting public office holders are in positions where there is a significant possibility that they will be involved in discussions or decision-making that could affect their own private interests or those of a relative or a friend or an organization with which they have been connected. These arrangements can be made during the initial compliance process, during the annual review process or as a result of a material change to a reporting public office holder's situation.

In cases where the possibility of a reporting public office holder being involved in such discussions or decision-making is remote, a conflict of interest screen is generally deemed unnecessary. However, reporting public office holders are advised that if any such situation should arise, they should recuse themselves in accordance with section 21 of the Act.

My Office must be informed by a reporting public office holder within 60 days of any recusal. Recusals are publicly declared unless they fall within an exception relating to a confidentiality requirement specifically referred to in the Act.

### ***Section 30 Compliance Orders***

Under section 30 of the Act, the Commissioner may order a public office holder to take any compliance measure that she determines to be necessary to comply with the Act. Compliance orders are made public on the Office's website. I issued one compliance order in 2013-2014.

### **Administrative Monetary Penalties**

The Act establishes an administrative monetary penalty scheme that gives the Commissioner authority to impose penalties on reporting public office holders. The regime generally only covers failures to report certain matters within established deadlines.

I imposed 16 penalties in 2013-2014. In 2012, I instituted the practice of requesting financial statements for all investment accounts from reporting public office holders at the time of the annual review. As a result, my Office learned that some reporting public office holders had invested in controlled assets in contravention of the Act.

This resulted in a significant increase in the number of notices of violation and administrative monetary penalties issued in 2012-2013 in connection with a material change. This trend has continued through 2013-2014, although it would appear that more care is now being taken by reporting public office holders in this regard. I issued 12 notices of violation and imposed 14 penalties in 2013-2014 for failures to disclose a material change within 30 days, three of which related to notices of violation that were initiated in the previous fiscal year. In one



of the 12 cases, after reviewing the reporting public office holder’s representations and the circumstances of that case, I determined that a penalty was not warranted.

As I have observed on many occasions, the penalties under the Act relate almost exclusively to failures to meet deadlines. I have recommended, in the context of the five-year review of the Act, that there be penalties for some substantive offences as well. In the absence of penalties for substantive offences, when dealing with failures to report material changes I have generally only applied penalties if substantive contraventions are also involved.

The only cases where I have imposed penalties for failures to meet deadlines where no substantive offences were involved were in relation to the 60- and 120-day deadlines for initial compliance, because meeting these deadlines is critical to ensuring that reporting public office holders comply with their obligations under the Act. None were imposed in 2013-2014.

To date, I have not imposed penalties where unacceptable gifts have been received if they are returned or paid for.

Table 3-6 summarizes the number of administrative monetary penalties that I have imposed over the last four fiscal years.

Table 3-6: Administrative Monetary Penalties Imposed

	2010-2011	2011-2012	2012-2013	2013-2014
Failure to meet the 60- and 120-day deadlines for initial compliance	0	1	4	0
Failure to report an outside activity	1	0	0	0
Failure to report a material change	4	6	13	14
Failure to submit all information considered necessary to ensure compliance, within 60 days of appointment	0	0	0	2
<b>Total</b>	<b>5</b>	<b>7</b>	<b>17</b>	<b>16</b>

### Post-Employment

Public office holders continue to be subject to the Act once they leave office. Some rules apply indefinitely, such as a general prohibition against taking improper advantage of one’s previous public office.

Other post-employment rules only apply during a cooling-off period and only to former reporting public office holders. The cooling-off period lasts two years for ministers and ministers

of state and one year for all other reporting public office holders. During this time certain prohibitions apply, including contracting with, accepting an appointment or employment with, or making representations to, an entity with which the former reporting public office holder had direct and significant official dealings in the year before leaving office.

In August 2013, I issued an information notice relating to reporting public office holders who leave their position to work with another public sector entity. As I have said publicly on many occasions, I have concluded that the intent of the prohibition under subsection 35(1) cannot have been so broad as to preclude movement within the federal public sector. In the information notice, I explain that I interpret that subsection as excluding entities within the federal public sector. However, there could be some circumstances, such as movement between some federal entities and a quasi-judicial tribunal, where that movement may not be appropriate or where compliance measures may be required.

Table 3-7 summarizes the number of public office holders who have left office over the last four fiscal years as well as the number of instances where advice was sought regarding post-employment obligations.

Table 3-7: Post-Employment

	2010-2011	2011-2012	2012-2013	2013-2014
Non-reporting public office holders who left office	100	68	333	732
Reporting public office holders who left office	322	292	311	330
Advice provided regarding post-employment obligations to public office holders	76	66	155	211
Offers of employment disclosed by reporting public office holders	24	15	49	48

My Office provided advice related to post-employment obligations on 211 occasions during 2013-2014. In 112 of these cases, the advice was sought after the public office holder had left office.

The Act also requires that a reporting public office holder disclose to my Office all firm offers of employment within seven days. The number of cases in which reporting public office holders have sought advice related to offers of employment and those in which they have disclosed firm offers of employment have both increased over the past two fiscal years. This suggests that reporting public office holders are becoming more aware of their post-employment obligations.



I have the discretion under section 38 to exempt a former reporting public office holder who, while in office, was a member of ministerial staff from the application of the post-employment cooling-off period and under 39 of the Act to waive or reduce that cooling-off period for any reporting public office holder. When waiving or reducing this period, I consider, among other things, whether the public interest in granting the waiver or reduction outweighs the public interest in maintaining the prohibition. There have been only five instances in the past four fiscal years in which I have granted a waiver or reduction of the cooling-off period.

## **Matters of Note**

### ***Public Office Holders***

In my 2007-2008 Annual Report, I raised issues relating to the scope of the expression “Governor in Council appointee”, listed in paragraph (d) of the definition of public office holder as one of the classes of individuals included within the definition. One such issue related to the role of the Governor in Council with respect to appointments. Sometimes, an appointment to a public office is made by a board or some other entity and only approved by the Governor in Council. This would include, for example, some directors of museums and the Governor of the Bank of Canada. The expression “Governor in Council appointee” would not appear to include these individuals.

Most individuals whose appointments were approved by the Governor in Council have agreed, as a temporary measure, to comply voluntarily with the Act’s provisions, but I have no authority to enforce them.

On December 12, 2013, upon Royal Assent of the *Economic Action Plan 2013 Act No. 2*, the definitions of “public office holder” and of “reporting public office holder” in the *Conflict of Interest Act* were amended to include persons and classes of persons designated as such by the appropriate Minister of the Crown, or by order of the Governor in Council. In instances where individuals are appointed by their respective boards, they could be designated as public office holders or reporting public office holders by the Governor in Council.

In 2013-2014, on the recommendation of the Prime Minister, His Excellency the Governor General in Council designated four individuals as “reporting public office holders” because of their participation in the work and meetings of committees and subcommittees of the Queen’s Privy Council for Canada. I note, however, that, up to the time this report went to print, no individuals who have been appointed by their respective boards have been designated by the Governor in Council. If such a designation is not made in the near future, I will assume that a decision has been taken not to cover them and my Office will accordingly cease to apply the Act to them.



## *Serving your Constituents when you are a Minister or a Parliamentary Secretary*

In my last annual report, I noted that I had issued three compliance orders in January 2013 in relation to letters of support sent by ministers or parliamentary secretaries to the Canadian Radio-television and Telecommunications Commission. My Office has since received an increased number of requests for advice on the appropriate way for Members who are also ministers or parliamentary secretaries to proceed when dealing with constituents' requests.

Since July 2013, close to 20 requests for advice were received from this group of reporting public office holders on matters relating to constituents and their dealings with quasi-judicial tribunals or federal government entities. More than half of these requests related to constituents seeking their Member's support on matters outside federal jurisdiction, and only two requests related to matters within the Member's own government portfolio. The other requests covered a variety of issues affecting their constituents' interests through policies, procedures or decisions to be made by the federal government.

As a result of concerns raised during a meeting with new ministers and parliamentary secretaries, who were appointed in July 2013 following a Cabinet shuffle, I undertook to provide them with some guidance on how to ensure that they respect their obligations under the Act and the *Conflict of Interest Code for Members of the House of Commons* (Members' Code) while serving their constituents, including any actions taken by ministerial, Hill or constituency staff. In October 2013, I issued the guideline *Serving your constituents when you are a minister or a parliamentary secretary*, which can be found on the Office's website.

Serving constituents is an important part of the role of elected officials. As stated in *House of Commons Procedure and Practice* (O'Brien and Bosc, second edition, 2009), Members "act as ombudsmen by providing information to constituents and resolving problems." Members are frequently asked to assist constituents in their interactions with the federal government and are expected to continue to perform this constituency service role after they are appointed as ministers or parliamentary secretaries.

While the legitimacy of constituency work is explicitly recognized in both the Act and the Members' Code, these regimes also place limitations on it.

Subsection 64(1) of the Act reads as follows:

**64.** (1) *Subject to subsection 6(2) and sections 21 and 30, nothing in this Act prohibits a member of the Senate or the House of Commons who is a public office holder or former public office holder from engaging in those activities that he or she would normally carry out as a member of the Senate or the House of Commons.*



I have had occasion to apply this provision in *The Paradis Report* of December 2013, which is discussed in the section entitled Investigations.

Generally speaking, ministers and parliamentary secretaries can offer support, provided that they do not use their position to further the private interests of a relative or friend (whether a constituent or not), or to improperly further the private interests of a particular constituent or small group of constituents. All constituents should be treated equally so as not to provide preferential treatment to any person or organization. Furthermore, when exercising their official duties and functions, ministers and parliamentary secretaries should not give preferential treatment to their constituents over other Canadians.

### ***Fundraising Activities***

Section 16 of the Act addresses fundraising directly. It reads as follows:

**16.** *No public office holder shall personally solicit funds from any person or organization if it would place the public office holder in a conflict of interest.*

Section 16 applies to both reporting public office holders and non-reporting public office holders.

The Act does not prevent public office holders from engaging in volunteer or political activities, including fundraising for charitable or political purposes, as long as they are not placed in a conflict of interest and they meet their other obligations under the Act.

In 2013-2014, there was a slight increase in the number of requests for advice from ministers' and parliamentary secretaries' offices relating to fundraising. In the fall of 2013, there was an increase in the number of requests for advice related to fundraising for political purposes compared to charitable fundraising.

As a result of this increased demand, I issued in November 2013 a guideline entitled *Fundraising and the Conflict of Interest Act*, which can also be found on the Office's website. It provides guidance as to the scope and interpretation of section 16 of the Act with references to sections 2, 4, 6 and 7. It also cautions ministers and parliamentary secretaries or those acting on their behalf that when engaging in fundraising for charitable or political purposes, they should not solicit funds from stakeholders with whom their office or department has had or anticipates having dealings.

The guideline also reminds public office holders to recuse themselves from any discussion, decision, debate or vote concerning donors' interests, and that a conflict of interest screen may be necessary in some instances.

Finally, the guideline makes reference to *Accountable Government: A Guide for Ministers and Ministers of State 2011*, which is administered by the Privy Council Office. That document provides guidance on fundraising for ministers and parliamentary secretaries as well as ethical and political activity guidelines for public office holders.

### ***Public Registry***

One of the main responsibilities of the Office relating to the Act and the Members' Code is to maintain a public registry of publicly declarable information. In 2008-2009, as mentioned in the annual report for that fiscal year, the Office made a set of improvements to the public registry, which contains the summary statements and public declarations of reporting public office holders, to make it more comprehensible to the general public. While the information available on the electronic version of the registry is updated as needed, no changes have been made to its infrastructure since that time.

Although the current registry is functional, much can be done to update its infrastructure in order to simplify the process by which reporting public office holders' and Members of the House of Commons' declarations are made public and to make it more user-friendly. In 2013-2014, my Office began the planning necessary to renew the public registry infrastructure for both the Act and the Members' Code.

It is intended that the new registry will allow reporting public office holders and Members to submit their public disclosures online, directly through a secure account. It is also envisioned that the renewed public registry will display the required information in a way that is easier to understand for the general public, especially in relation to ministers and parliamentary secretaries who make public disclosures under both the Act and the Members' Code.





## IV. INVESTIGATIONS

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* (Members' Code). An examination under the Act can be initiated after receiving a request from a Senator or a Member of the House of Commons, or on my own initiative. An inquiry under the Members' Code can be initiated after receiving a request from a Member, upon resolution of the House of Commons or on my own initiative.

When a Member or Senator makes a request under the Act, or a Member makes a request under the Members' Code, he or she must, among other requirements, set out reasonable grounds for believing that a contravention has occurred. If the requirements are met, the Commissioner must, in the case of the Act, conduct an examination or, in the case of the Members' Code, conduct a preliminary review to determine whether an inquiry is warranted.

Information concerning possible contraventions of the Act or the Members' Code also comes to my attention in a variety of other ways, such as media reports and communications from the general public. In those instances, the information is reviewed to determine whether the concerns fall within the mandate of this Office and whether I have reason to believe a contravention of the Act or Members' Code has occurred. In most cases, this requires preliminary fact-finding, after which I determine whether an examination or inquiry is warranted or whether any other action should be taken.

### Overview of Case Files

Over the past fiscal year, my Office worked on 41 investigation cases. Fourteen of these cases resulted from requests from Members, including seven under the Act and seven under the Members' Code. I initiated the remaining 27 cases myself in light of information received from other sources. No requests for examinations were made by Senators. Most of the 41 cases were related to the obligations of public office holders under the Act, nine of which concerned ministers or parliamentary secretaries.

These 41 cases raised concerns relating to a range of matters, often involving more than one provision of the Act or the Members' Code. More particularly, 30 of the cases pertained to actions that could be perceived as making, or seeking to influence, decisions that would improperly further a private interest (section 6, 7, or 9 of the Act or section 8 or 9 of the Members' Code). Five cases raised concerns related to post-employment rules (section 33 or 34 of the Act), another five related to gifts (section 11 of the Act or section 14 of the Members' Code) and four related to fundraising (section 16 of the Act). Finally, 20 of the cases raised concerns about a variety of other provisions of the Act or the Members' Code not already mentioned in this paragraph.



Table 4-1: Comparison of Investigative Activity over the Past Four Fiscal Years

	2010-2011	2011-2012	2012-2013	2013-2014
Cases opened	33	30	32	28
Cases carried over from previous fiscal year	6	11	16	13
<b>Total</b>	<b>39</b>	<b>41</b>	<b>48</b>	<b>41</b>

The Office closed 35 investigation files in the past fiscal year, and six were carried over into 2014-2015. Two of these six files, the suspended Carson examination and an ongoing examination not in the public domain, had been carried over earlier from 2012-2013 into 2013-2014.

I issued three public reports during the past fiscal year: *Referral from the Public Sector Integrity Commissioner: The Fonberg Report* (The Fonberg Report), as well as *The Paradis Report* (August 2013) and *The Paradis Report* (December 2013), both of which are summarized below. Four examinations are ongoing, including the Lynn examination and the Glover examination. There has been no media reporting on the other two examinations, and no media inquiries. My practice is to keep such cases confidential unless and until I issue an examination report. There is always the possibility that I might discontinue an examination that I have initiated myself, in which case no purpose would be served by making the matter public. No examinations have been discontinued during the past fiscal year, although, as discussed later in this section, a number of files were closed without proceeding to an examination.

Two other examinations remain suspended while criminal investigations or proceedings are pending, in accordance with section 49 of the Act. One, suspended in November 2011, relates to the post-employment obligations of Mr. Bruce Carson under the Act. The other, suspended in June 2013, relates to a payment made by Mr. Nigel Wright, while still in office, to Senator Mike Duffy.

I did not launch any inquiries under the Members' Code in the past fiscal year.

## Reports Issued

### *The Fonberg Report*

The Fonberg Report, released on April 30, 2013, related to an examination launched as a result of a referral from the Office of the Public Sector Integrity Commissioner in September 2011. That report was released before the 2012-2013 annual report and is therefore summarized in it.

### ***The Paradis Report (August 2013)***

In August 2013, I released a report following an examination into the conduct of the Honourable Christian Paradis while he was Minister of Public Works and Government Services and regional minister for the province of Quebec. The examination was initiated following requests from two Members of the House of Commons. It concerned a weekend in October 2009 spent by Mr. Paradis at a hunting lodge owned by Mr. Marcel Aubut. Mr. Aubut was the former owner of the Quebec Nordiques and the current president of the Canadian Olympic Committee.

Media reports stated that, at the time of the hunting trip, Mr. Aubut was lobbying Ottawa to provide funding for an arena in Québec City, which had been seeking a new professional hockey team for a number of years. It was reported that Mr. Aubut broached the subject of funding with Mr. Paradis during their stay at the hunting lodge.

I sought to determine whether Mr. Paradis had contravened section 5 of the Act, which requires public office holders to arrange their private affairs so as to prevent them from being in a conflict of interest, and section 11 of the Act, which prohibits acceptance of a gift or other advantage that might reasonably be seen to have been given to influence a public office holder in the exercise of an official power, duty or function.

I found no evidence that Mr. Aubut was lobbying the federal government or otherwise seeking federal funding for a possible arena in Québec City at the time of his invitation to Mr. Paradis or at the time of the hunting trip. In addition, no future role for the federal government regarding the possible construction of a new arena in Québec City had been defined during this period. I also found that Mr. Paradis had no role in relation to the possibility of building a new arena when he accepted Mr. Aubut's invitation or when he stayed at the hunting lodge. I determined that Mr. Paradis did not have an existing or foreseeable official power, duty or function to exercise in relation to the possibility of building a new arena during the period of time under examination and, therefore, did not contravene his obligations under section 5 of the Act.

With respect to section 11, I found that the invitation did constitute a gift or other advantage, but that the link between the invitation and the possibility that Mr. Paradis might play a role in any potential federal government decision as to whether to contribute financially to the construction of a new arena in Québec City was too remote to ground a finding that the use of the hunting lodge might reasonably be seen to have been given to influence Mr. Paradis.

### ***The Paradis Report (December 2013)***

In December 2013, I released a joint report following an inquiry under the Members' Code and an examination under the Act into the conduct of the Honourable Christian Paradis, Member



of Parliament for Mégantic–L'Érable, when he was Minister of Natural Resources and regional minister for the province of Quebec. I received a request that I examine Mr. Paradis' conduct under the Act based on a media report in February 2012 that stated that Mr. Paradis had made representations to the Honourable Diane Finley, then Minister of Human Resources and Skills Development, supporting the relocation of an employment insurance centre from Rimouski to Thetford Mines, and into a building owned by a company whose principal shareholder, Mr. Ghislain Dionne, was an associate of Mr. Paradis' father. I decided that it was also necessary to examine the matter under the Members' Code.

In 2008, the then Department of Human Resources and Skills Development had established a plan to consolidate the employment insurance claims processing function into significantly fewer Service Canada centres. Mr. Paradis was approached in 2010 by constituents who were concerned that this reorganization might lead to the closure of Thetford Mines' Service Canada centre, and result in the loss of jobs to the region.

In late winter or early spring 2011, Mr. Paradis approached Ms. Finley informally in the House of Commons in order to represent his constituents' concerns. He sought to make her aware that Thetford Mines was already operating a Service Canada centre and had the capacity to host a consolidated processing centre.

There was no evidence that Mr. Paradis discussed the consolidation process with Mr. Dionne or mentioned the company's building to Ms. Finley. The decision as to what premises the consolidated claims processing centres would occupy did not rest with Ms. Finley's department but with Public Works and Government Services Canada (PWGSC). Mr. Paradis did not contact anyone at PWGSC about the matter and there was no evidence that he had any other involvement in the consolidation process.

I sought to determine whether Mr. Paradis had contravened sections 8 or 9 of the Members' Code or subsection 6(1) or section 9 of the Act. Section 8 of the Members' Code prohibits a Member from improperly furthering another person's private interests when performing parliamentary duties and functions and section 9 of the Members' Code prohibits a Member from using his or her position to influence the decision of another person to improperly further another person's private interest. Subsection 6(1) of the Act prohibits a public office holder from making or participating in a decision where doing so would place him or her in a conflict of interest and section 9 of the Act prohibits a public office holder from using his or her position to seek to influence a decision of another person so as to improperly further a private interest.

In making these determinations I took into account section 5 of the Members' Code and subsection 64(1) of the Act, each of which limits the extent to which the Act or the Members' Code applies in relation to legitimate activities that a Member normally carries out as a Member.



I determined that, in the particular circumstances of this case, both the requirements of the Members' Code and the more stringent requirements of the Act were met.

I determined that the concerns of Mr. Paradis' constituents represented a legitimate issue of significant public interest. Even though there was a possibility that Mr. Paradis' intervention with Ms. Finley could have resulted in furthering the private interests of Mr. Dionne, I found, having considered the factors described above, that this intervention was not improper. For these reasons, I found that Mr. Paradis did not contravene these sections of the Members' Code or the Act.

### **Referrals from the Office of the Public Sector Integrity Commissioner**

Subsection 24(2.1) of the *Public Servants Disclosure Protection Act* requires that the Public Sector Integrity Commissioner refer to my Office any disclosures received, the subject matters of which, in his or her opinion, fall within my mandate.

Where information provided to my Office in a referral under the *Public Servants Disclosure Protection Act* provides me with reason to believe that a contravention has occurred, I may self-initiate an examination under section 45 of the Act. In order to determine whether an examination is warranted, I may, where appropriate, seek further information, including from the individual who made the disclosure, the individual who is the subject of the disclosure or anyone else who may have relevant information.

Even if I ultimately decide not to proceed to an examination in a case referred to me by the Public Sector Integrity Commissioner, section 68 of the *Conflict of Interest Act* requires that I issue a report setting out my reasons for not pursuing the matter further. In my submission to the House of Commons Standing Committee on Access to Information, Privacy and Ethics in the context of the five-year review of the *Conflict of Interest Act*, I recommended that section 68 be repealed. The Committee supported that recommendation in its report that was issued in February 2014.

My Office received one referral from the Public Sector Integrity Commissioner in the past fiscal year and I have launched an examination in that case.



## Files Closed during the Past Fiscal Year

Table 4-2: Files Closed in the Past Fiscal Years

	2010-2011	2011-2012	2012-2013	2013-2014
Reports issued following an examination	1	1	3	1
Reports issued following an inquiry	2	1	0	0
Joint reports issued following an examination and an inquiry	0	1	0	1
Discontinued examinations	1	2	3	0
Reports resulting from a referral by the Public Sector Integrity Commissioner	0	0	3	1
Files closed without proceeding to an examination, inquiry or public report	24	20	24	32
<b>Total</b>	<b>28</b>	<b>25</b>	<b>33</b>	<b>35</b>

The Office has closed 35 files in the past fiscal year. Two of these files resulted in public reports of an examination under the Act, *The Fonberg Report* and *The Paradis Report* (August 2013). One file resulted in *The Paradis Report* (December 2013), which was issued as a joint report resulting from an inquiry under the Members' Code and an examination under the Act.

The remaining 32 files were closed without initiating an examination or inquiry and without issuing a report. Each file was reviewed to determine whether the matter fell within the mandate of the Office, whether I had reason to believe a contravention of the Act or the Members' Code had occurred and whether an examination or inquiry was warranted or any other action should be taken.

In almost all cases, my Office informs the subject of the file that concerns have been raised about him or her. In some cases, whether or not I proceed to an examination or an inquiry, my Office provides compliance advice to that individual and changes may be made to his or her compliance arrangements as a result of that advice.

Where it is appropriate to do so, my Office will also follow up with the individual who raised the matter once the file has been closed, to inform him or her of how the matter was resolved.

Table 4-3 breaks down the files that were closed according to how the matters were raised with my Office, and whether they related to a minister or parliamentary secretary, another public office holder or a Member of the House of Commons.

Table 4-3: Files Closed during the Past Fiscal Year without Proceeding to an Examination, an Inquiry or a Report

	Related to a minister or parliamentary secretary	Related to another public office holder	Related to a Member	Total
Raised by Members	2	2	7	11
Raised in the media	1	0	3	4
Raised by the public	4	9	4	17
<b>Total</b>	<b>7</b>	<b>11</b>	<b>14</b>	<b>32</b>

### *Cases Related to Ministers or Parliamentary Secretaries*

My Office closed seven files under the Act involving ministers or parliamentary secretaries. They are summarized below.

- Media reports indicated that a parliamentary secretary may have participated in a lobbying meeting after the lobbyists had provided funding to a charity that the parliamentary secretary had created and supported. In a second similar case, I received information and a media clipping from a member of the public regarding the involvement of a parliamentary secretary in a private charitable fund that he created, where donors had also had interactions with the parliamentary secretary as part of his official duties.

In both cases, I determined there was not sufficient evidence to give me reason to believe there had been a breach of the Act or the Members' Code. I advised both parliamentary secretaries, however, to contact my Office before interacting with any organization or corporation that funded, donated to or sponsored their charitable endeavours and to ensure that their charitable work be kept separate from their work as parliamentary secretaries.

- I received information from a member of the public alleging that the Prime Minister had furthered the private interests of a minister by allowing the minister to make a funding announcement in the minister's riding, thus improving the minister's political image for re-election. After assessing the facts, I determined that while a political interest had been furthered, there had been no private interest involved and, therefore, there was no contravention of the Act. Shortly after I closed that file, I received a request for examination from a Member of the House the Commons on this same issue. I informed the Member about the determination that I had made on the matter and closed the second file as well.



- A member of the public requested that I conduct an examination into allegations involving a minister in connection with Senate expense claims. This file was closed as the subject-matter of the examination did not fall within the scope of the Act or the Members' Code.
- I received a complaint from a member of the public alleging that a minister obstructed justice by deliberately attempting to prevent a court case from proceeding in a timely manner. No information was provided describing any action by the minister that would support such an allegation or warrant an investigation under the Act or the Members' Code.
- A Member of the House of Commons requested that I conduct an examination based on media reports that a minister participated in a fundraising event during which stakeholders of the minister's department may have been solicited for donations in contravention of section 16 of the Act. The letter did not set out reasonable grounds to support the allegation; therefore, I had no reason to believe that there had been a contravention. Nonetheless, my Office followed up with the minister to discuss his obligations under the Act as well as any special measures that might be needed in the future to avoid potential conflicts of interest.

#### ***Cases Involving Public Office Holders other than Ministers or Parliamentary Secretaries***

My Office closed 11 files under the Act involving public office holders other than ministers or parliamentary secretaries without proceeding to an examination. These cases are summarized below.

- Concerns were brought to the attention of my Office, first by a member of the public and then by a Member of Parliament, that a public office holder may have given preferential treatment to his former employer during a contract-tendering process. After reviewing documentation and interviewing the public office holder, it was established that the public office holder had recused himself within his department from any matter involving his former employer. There was no evidence that the public office holder had dealings with his former employer during the bidding process or that he gave preferential treatment to any bidder during the tendering process.
- Information was brought to the attention of my Office by a member of the public that a public office holder approached the management of a private corporation to advise them that he was looking for work and to solicit their assistance in finding employment in the private sector. Because of the general nature of the request for assistance and because the public office holder's employment had already been terminated due to these actions, no further action was taken by my Office.

- A member of the public alleged that a public office holder was holding two positions of employment at the same time in contravention of the Act. I determined, after reviewing the facts, that the public office holder was acting in his supervisor's position because it had been vacated. He did not receive wages for both positions; therefore, the public office holder was not in contravention of the Act.
- In two separate cases, I was contacted by members of the public, one in relation to the way a public office holder handled a job competition, including an alleged public altercation between the public office holder and a union leader, and the second alleging that an individual had misused public funds. These files were both closed as the allegations did not fall within the scope of the Act, but suggestions were made as to where those allegations might be directed.
- I received a request from a Member to examine the conduct of a part-time public office holder who was involved in lobbying activities. The prohibition against engaging in outside employment did not apply in this case because the public office holder was not a reporting public office holder. The request provided no information suggesting that the public office holder had contravened any other provision of the Act. Because lobbying was involved, I cautioned the public office holder that he had the responsibility to manage his private affairs in a way that does not give rise to perceptions of a conflict of interest, but found no contravention in that case.
- A member of the public alleged that a public office holder commissioned a public report to be produced by a third party and influenced the findings in the report in a way that would have furthered the private interests of his former employer. After reviewing the facts presented to me and collecting some additional evidence, I determined that the public office holder had no involvement in, or influence over, the content of the public report and that his former employment did not create a conflict of interest in relation to his current employment.
- A Member of the House of Commons alleged that a public office holder was using his public position to secure contracts for his own private transportation company. Although the request did not provide reasonable grounds to proceed to an examination, I determined that it raised issues of sufficient concern to warrant gathering additional information. After reviewing the additional information, however, I found that I still had no reason to believe that the Act had been contravened.
- My Office received information from a member of the public expressing concern that a former public office holder was implicated in the sale of a company regulated by a policy in which he had been involved during his time with the Government of Canada. I determined that in his former position, his involvement in the matter was limited to providing general advice to the government on the policy. As well, there was no evidence that the former public office holder had had any involvement with any of the



companies in the sale transaction during his time with the Government of Canada. Therefore, I determined that no contravention of his post-employment obligations under the Act had occurred.

- In two separate cases, my Office received information from members of the public, each raising concerns that a former public office holder was in breach of his post-employment obligations relating to the one-year cooling-off period. In each case, in order to determine whether there had been a breach of subsection 35(1) of the Act, it was necessary to determine whether the former public office holder had had direct and significant official dealings with his new employer in the year prior to his departure. In neither case were the dealings with the new employer direct or significant.

### *Cases under the Members' Code*

My Office closed 14 files under the Members' Code involving Members of the House of Commons during the past fiscal year. This is a significant increase over the five files closed under the Members' Code in 2012-2013. My 2013-2014 annual report under the Members' Code provides a brief description of these cases.

## V. FIVE-YEAR REVIEW OF THE ACT

As discussed in my previous annual report, the five-year review of the *Conflict of Interest Act* (Act) was launched by the House of Commons Standing Committee on Access to Information, Privacy and Ethics (Committee) in January 2013. On January 30, 2013, I provided the Committee with an extensive written submission outlining my recommendations for changes to the Act, based on my experience over the previous five years administering the regime. I also appeared before the Committee four times over the course of its study, to answer questions and provide clarification on the substance of my recommendations.

### Committee Report

The Committee tabled its report to Parliament on February 5, 2014. The report includes a detailed discussion of testimony heard by the Committee from various witnesses. It also outlines a number of concerns the Committee has in several areas, and notes where the Committee agrees with witnesses that clarification or more study is needed. However, the Committee restricted the number of formal recommendations it made to 16. A number of these relate to issues that were neither raised during the Committee hearings nor discussed in the earlier part of its report.

### *Broadening the Definition of “Public Office Holder”*

The Committee’s recommendation to broaden the definition of “public office holder” would have a major impact on the mandate and operations of this Office.

In my submission to the Committee, I made several recommendations relating to the definition of “public office holder”. These recommendations were relatively minor and technical. Some issues have been addressed by Parliament, but a number of these remain outstanding (e.g., the status of the prothonotaries of the Federal Court).

Recommendation 1 of the Committee reads as follows:

*That the definition of “public office holder” be changed to include:*

- *Members of organizations that collectively bargain with the Government of Canada;*  
*and*
- *Order in Council appointees that are currently overlooked (such as the Governor of the Bank of Canada).*

In the first element of Recommendation 1, the Committee proposes a very broad amendment to the definition of “public office holder”. It recommends that all members of organizations that collectively bargain with the Government of Canada be included. The implementation of this recommendation would essentially bring all employees of the Public Service of Canada (some



260,000 public servants are members of the various public sector unions) under the Act as non-reporting public office holders. These employees are already covered by the *Values and Ethics Code for the Public Sector*, which sets out its own requirements for the disclosure and reporting of interests, and is administered within federal departments. It is not clear whether the intention is to replace the *Values and Ethics Code for the Public Sector* or only certain aspects of that Code. If this proposal were acted upon, the focus of my Office would be diluted and its nature would be dramatically altered.

The second element of Recommendation 1 is discussed in the section of this report entitled Applying the Act, in relation to the issue of voluntary compliance with the Act.

Recommendation 16 appears to recommend that all public servants serving in a Director General's position, or serving in a more senior position than Director General, be included under the *Conflict of Interest Act*.

That recommendation reads as follows:

*The Committee reiterates Recommendation 1 from its statutory review of the Lobbying Act that "all public servants serving in a Director General's position, or serving in a more senior position than Director General, should now be considered Designated Public Office Holders and held subject to all applicable laws governing this designation" and recommends that the Conflict of Interest Act be amended accordingly.*

It is unclear whether these public servants would be reporting or non-reporting public office holders but, if it is intended that they be reporting public office holders, this recommendation would impose reporting requirements on approximately 3,266<sup>1</sup> public service executives. This would nearly quadruple<sup>2</sup> the number of individuals currently subject to the Act's reporting requirements.

These increases would have an enormous impact on the Office's operations and would likely necessitate a major increase in resource levels to ensure that the Office is in a position to deliver on an expanded mandate.

### ***Harmonizing Rules of the Conflict of Interest Act with those of other Regimes***

In my submission to the Committee, I recommended that it take steps to harmonize the Act with the *Conflict of Interest Code for Members of the House of Commons* (Members' Code), given the similarities in the regimes and their applicability to some of the same individuals.

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<sup>1</sup>According to the Treasury Board of Canada's *Demographic Snapshot of the Federal Public Service, 2012*, there were 6,923 executives in the Federal Public Service as of March 31<sup>st</sup>, 2012, representing 2.5% of the workforce. More than one half (53.4%) of executives were EX-01s, which means that 46.6%, or 3,226 executives, were at the target EX-02 level and above.

<sup>2</sup> There are currently 1,100 reporting public office holders. The addition of 3,226 others would bring the total to 4,326, nearly four times the current number.



Recommendation 15 of the Committee report reads as follows:

*That the government examine ways to harmonize the Conflict of Interest Act and other ethics codes governing public office holders to provide consistency in their language and processes, where appropriate.*

It is unclear from this recommendation which other regimes might be included in such an initiative and whether it might include the rules under the Prime Minister's *Accountable Government: A Guide for Ministers and Ministers of State 2011*, which also provides accountability guidelines.

There has been some discussion of bringing the *Conflict of Interest Code for Senators* under this Office, as well as combining the post-employment rules of the Act with those of the *Lobbying Act*. If this is the intent of the recommendation, it would be feasible to implement any ensuing changes, although minor resourcing adjustments would likely be necessary.

### **My Recommendations to the Committee**

In my submission to the Committee, I made 75 recommendations for changes to the Act. As I noted in my remarks to the Committee during my appearance on February 11, 2013, I do not mean to suggest, by the number of recommendations I have made, that the regime is not, at its core, functioning relatively well.

There are, however, a number of areas where I believe the Act could be clarified or enhanced, thereby strengthening the purposes for which it was enacted. My recommendations supported eight broad priority areas, namely:

- increasing transparency around gifts and other advantages;
- strengthening the Act's post-employment provisions;
- narrowing the overly broad prohibition on engaging in outside activities;
- narrowing the overly broad prohibition on holding controlled assets;
- introducing some disclosure and reporting obligations for non-reporting public office holders;
- addressing misinformation related to investigative work;
- adding administrative monetary penalties for breaches of the Act's substantive provisions; and
- harmonizing the *Conflict of Interest Act* and the *Conflict of Interest Code for Members of the House of Commons*.



## ***Recommendations Accepted by the Committee***

I was pleased to see in the Committee's report that it agreed with a few of my own recommendations. In Recommendation 6, the Committee suggests that the Commissioner be given the authority to permit reporting public office holders to engage in outside activities prohibited by subsection 15(1) where this would not be incompatible with their public duties or obligations as public office holders. This reflects Recommendation 3-8 in my submission to the Committee.

In Recommendation 14, the Committee suggests that section 68, which gives distinct standing to referrals of cases to my Office by the Public Sector Integrity Commissioner, be repealed. This reflects Recommendation 6-5 in my submission to the Committee.

## **Issues not Resulting in Committee Recommendations**

In addition to making recommendations, the Committee commented in its report on several other issues, noting the need for clarification or further study. However, the Committee did not put forward recommendations in those areas, several of which are, in my view, priorities.

I continue to believe that the Act would be clarified and enhanced by:

- extending the obligations to all public office holders to disclose and publicly report gifts, outside activities and recusals;
- adding post-employment reporting obligations for former reporting public office holders;
- addressing the Act's overly broad divestment requirements; and
- strengthening the Act's fundraising provisions as they apply to ministers, ministers of state and parliamentary secretaries.

The Committee's report does not make any recommendation with respect to the imposition of administrative monetary penalties for substantive breaches of the Act. The current administrative monetary penalty regime provides for penalties of up to \$500, mainly for failures to meet reporting deadlines. I continue to find it odd that these are the only grounds for penalties. Consideration should be given to amending the Act to provide for penalties for obvious substantive contraventions of the Act where an examination is not warranted.

Another issue that was not addressed in the Committee's recommendations, but which I believe resonates with many Canadians, is the fact that the Act, in its current form, does not address the issue of partisan behaviour. Partisan behaviour is not addressed in either the Act or the Members' Code. I recommended that a separate set of rules be considered to address the conduct of Members, including ministers and parliamentary secretaries, and their staff, when engaged in partisan activities outside the House of Commons. I suggested that these rules be

subject only to voluntary compliance or be overseen by a group of former parliamentarians from various political backgrounds.

Finally, I had made a number of other recommendations in my submission, including several technical amendments to the Act that would clarify language and processes. While these were not explicitly included in the Committee's recommendations, I hope that they might be considered for any future legislative amendments.

### **Awaiting Government Response**

The Government of Canada has 120 calendar days from the date on which the Committee's report was tabled to respond. I look forward to the government's response, and to seeing what, if any, further changes it plans to propose for the Act.





## VI. OUTREACH AND COMMUNICATIONS

Proactive outreach and communications are very important practices to ensure that public office holders and Members are aware of, and adhere to, their obligations under the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Members' Code). My Office has continued its efforts in this critical area, with a variety of products and initiatives designed to increase awareness and understanding of the Act and the Members' Code among stakeholders.

I have also sought to increase public awareness of Canada's federal conflict of interest regimes and the role and mandate of my Office in administering them, and have continued to work with officials in other jurisdictions.

### **Reaching out to Public Office Holders and Members of the House of Commons**

#### ***Public Office Holders***

Over the past fiscal year, my staff and I have responded to 26 requests for presentations to organizations and offices whose members are subject to the Act, as well as to other groups of public office holders. They include new ministers, ministerial staff in the Prime Minister's Office and other ministerial offices, deputy ministers, departmental officials, the Association of Canadian Port Authorities, the Citizenship Commission, the National Farmers Council of Canada, the National Seniors Council, the Parole Board of Canada, the Social Security Tribunal and honorary consuls.

In support of our commitment to public office holder education and outreach, my Office has developed a number of documents that explain various aspects of the Act and its application. I have issued two guidelines, one on fundraising and the other on serving constituents for ministers and parliamentary secretaries, and issued two information notices: *Gifts offered to public office holders serving on administrative tribunals* and *Working with government after leaving office*. I have also issued a backgrounder on blind trusts.

#### ***Members of the House of Commons***

I have continued my practice of offering annual presentations to the caucuses of all recognized parties in the House of Commons. This February, we contacted all parties with official status in the House of Commons to offer presentations, and offered individual meetings to other party caucuses and to independent Members of the House of Commons. In March we made one such presentation.

Under the authority provided in subsection 26(4) of the Members' Code, I have published advisory opinions on fundraising and letters of support.



## Parliamentary Activities

As Conflict of Interest and Ethics Commissioner, I report directly to Parliament. In support of this reporting relationship, my Office conducts a variety of parliamentary activities.

### *Reports to Parliament*

In the past fiscal year, I have issued six reports. These include my annual reports under the Act and the Members' Code, which were tabled in the House of Commons in June 2013, and the *List of Sponsored Travel 2013*, which I submitted to the Speaker of the House of Commons in March 2014. The other three reports were examination and inquiry reports: *Referral from the Public Sector Integrity Commissioner: The Fonberg Report* issued under the Act in April 2013, *The Paradis Report* issued under the Act in August 2013 and *The Paradis Report* issued jointly under the Act and the Members' Code in December 2013. These are discussed in the Investigations section of this report.

### *Committee Appearances*

I am occasionally summoned to appear before parliamentary committees to testify about matters related to my Office and its work.

The House of Commons Standing Committee on Access to Information, Privacy and Ethics has oversight responsibility for my Office and reviews its annual spending estimates, as well as matters related to my reports tabled in the House of Commons under the Act. The House of Commons Standing Committee on Procedure and House Affairs has responsibility for the Members' Code. During my term of office, I have appeared most frequently before these two committees.

In May 2013, I appeared before the Standing Committee on Access to Information, Privacy and Ethics to discuss my budgetary estimates for 2013-2014, and also met *in camera* with the Committee to discuss the five-year statutory review of the Act. Further comments on the five-year review are included in the section of this report entitled Five-Year Review of the Act. In February 2014, I was summoned to appear before the same Committee during its deliberations on *Bill C-520, An Act supporting non-partisan agents of Parliament*.

I have not been summoned to appear before the Standing Committee on Procedure and House Affairs since May 2012, when the Committee initiated a five-year review of the Members' Code. I discussed with the Committee my recommendations in respect of the Members' Code at that time. Subsequently, the Committee suspended its study of the Members' Code because of other priorities, and as of the time of the completion of this report, has not yet resumed its study.

I note that the last time I was invited to discuss my annual reports before either the Standing Committee on Procedure and House Affairs or the Standing Committee on Access to Information, Privacy and Ethics was in 2010.

On November 21, 2013, I was summoned to appear before the Senate Standing Committee on Banking, Trade and Commerce during its study of *Bill C-4, Economic Action Plan 2013 Act, No. 2*, to discuss Division 2 dealing with financial institutions and conflict of interest.

On February 4, 2014, I was summoned to appear before the Senate Standing Committee on National Finance, as part of its examination of the expenditures set out in the Main Estimates for the fiscal year ending March 31, 2014.

### ***Other Parliamentary Activities***

My Office continues to participate twice a year in the Parliamentary Officers' Study Program, this past fiscal year in November 2013 and February 2014. These sessions, held once in English and once in French, provide an opportunity for senior staff from foreign legislatures and other jurisdictions within Canada to learn about the functioning of the Parliament of Canada and, in turn, to reflect on their own practices. We provide information about the Office's mandate, the Canadian parliamentary ethics framework and the Act and the Members' Code, and respond to questions.

### **Working with Others**

My Office has continued to exchange information about conflict of interest and ethics rules and to discuss related rules with organizations and individuals from Canada and around the world, through a range of activities.

I continue to serve as coordinator of the Canadian Conflict of Interest Network (CCOIN), which is comprised of federal, provincial and territorial conflict of interest commissioners. In fulfilment of this role, my Office gathers and disseminates within the network information and materials from the different Canadian jurisdictions. Last September, I hosted CCOIN's annual meeting in Ottawa. This two-day conference provides commissioners and senior officials with the opportunity to discuss developments in the field, share helpful insights and exchange best practices.

My staff and I made presentations to several external audiences. I spoke at the 30<sup>th</sup> annual Canadian Administrative Law Seminar in May 2013, the annual general meeting of the Government Relations Institute of Canada in June 2013 and a workshop in Ottawa on "Ethics Essentials" in March 2014. Members of my staff gave guest lectures on ethics and public affairs at the University of Ottawa in October 2013 and again in February 2014 and spoke to the



Rotaract Club of Ottawa in November 2013. I spoke to a graduate political management class at Carleton University in February 2014.

In December 2013, I attended the annual conference of the Council on Governmental Ethics Laws (COGEL) in Québec City, where I participated in a panel discussion on taking preventive approaches to ensuring compliance. COGEL is a U.S.-based international not-for-profit organization of government ethics practitioners.

As in previous years, my Office welcomed several international delegations. We hosted visits by delegations of parliamentarians from Tunisia in May 2013 and from Lesotho in June 2013. In October 2013, I met with officials from the Kenyan Commission on Parliamentary Service and with students visiting Canada as part of the Canada-Ukraine Parliamentary Program. In February 2014, I met with a group of interns from the African Leadership Intern Program. These visits all involved presentations about my role and mandate and included time for subsequent discussion and questions. In September 2013, I had an informal discussion of Canada's conflict of interest regimes with a visiting academic from the Czech Republic, and held another such meeting with two visiting academics from Australia in April 2014.

My Office also responded to a survey from the G20 on asset disclosure rules within member states, and a survey on lobbying from the Organisation for Economic Co-operation and Development, as well as to inquiries on a range of subjects from officials in various countries.

### **Inquiries from the Media and Members of the Public**

Over the course of my mandate, including this past fiscal year, there has been a significant increase in the number of requests for information that my Office receives from journalists and members of the public.

I believe that this increase resulted largely from two factors. One is a growing public awareness about the Act and the Members' Code and the role of my Office in administering them, as evidenced by the 690 media mentions of my Office in the past fiscal year. The other is our approach to media relations: I seek to be as forthcoming with information as my Office is permitted to be under the two regimes. We regularly issue news releases, media statements and backgrounders, and respond to queries from journalists in a timely manner.

The creation, in June 2013, of a bilingual Twitter account (@CIEC\_CCIE) for my Office will also, I believe, help increase its profile in the future. We have been tweeting report releases and other Office activities, and are considering ways in which we can expand our use of Twitter. This is part of a broader social media strategy that will also be supported by the new platform that we recently began using for the Office website.



In the last fiscal year, we received and responded to 213 media inquiries, up from 185 in 2012-2013, and I participated in five media interviews. This is a considerable increase over the 28 media requests received and responded to by my Office in 2008-2009, its first full year of operation.

The number of inquiries that we receive from members of the public has also continued to grow. In 2013-2014 we received, by email, telephone, fax and letter mail, some 1,100 such communications, up from approximately 800 the previous fiscal year.

Among those inquiries were ones related to my mandate, including requests for information about the application of the Act and the Members' Code, requests for documents issued by my Office and requests for information about ongoing investigations or compliance matters. My Office also receives information from members of the public about possible contraventions of the Act and the Members' Code.

Many of the inquiries from members of the public consisted of requests for information, action or assistance that were not related to my mandate. In keeping with my objective of increasing public awareness about the administration of the Act and the Members' Code, my staff responded to those inquiries by providing information clarifying my mandate and, where possible, referred the correspondents to other bodies better suited to respond to the issues raised.

The following table shows the increase in the number of inquiries received by my Office over the past six fiscal years.

Table 6-1: Inquiries from the Media and Members of the Public

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Media	28	17	44	102	185	213
Public	429	581	544	593	839	1,097





## **VII. ADMINISTRATION**

### **Accountability**

As an entity of Parliament, my Office operates under the *Parliament of Canada Act*. It is not subject to most Treasury Board policies and guidelines. In addition, most legislation governing the administration of the public service, such as the *Public Service Employment Act*, the *Access to Information Act* and the *Privacy Act*, does not apply to my Office.

Over the years, my Office has directed considerable efforts towards establishing and maintaining an internal management framework based on the principles of sound resource management followed in the public service. In this regard, my Office's focus over the past fiscal year has been on developing and implementing internal directives related to expenditure management, including travel, conference and hospitality expenses and the use of acquisition cards. These new directives document and formalize practices already adopted by the Office.

I have adopted a number of practices followed in the public service to publicly disclose accountability information. Annual financial statements, quarterly financial reports and status reports on travel, conference and hospitality expenses are easily accessible through the Office's website.

In my 2012-2013 annual report, I referred to internal controls being documented at the Office. Over the past fiscal year, these internal controls have been assessed by employees of the Library of Parliament as part of a shared services agreement for financial services. Spot checks of transactions processed throughout the year, similar to an internal audit, assessed the adequacy of and respect for internal controls put in place by the Office for sound expenditure management. I am pleased to report that results of this exercise were very positive.

Since 2010-2011, the annual financial statements for my Office have been audited by an independent auditor. No concerns have been raised and the financial statements have consistently been positively evaluated by the auditing firms.

My Office continues to rely on the expertise of other entities of Parliament as well as Public Works and Government Services Canada (PWGSC) for the delivery of shared services for information technology and security (House of Commons), accounts payable and external reporting (Library of Parliament) and compensation (PWGSC). These arrangements provide greater efficiency and one more level of scrutiny in the management of resources.

### **Human Resources Management**

Employee turnover remains low in my Office, although there have been some departures over the past fiscal year. Three employees left to join the public service, including two who were



at the management level, and one employee accepted a position outside the federal public service. As we continue to look for opportunities to increase efficiency at the Office, only one of these four positions has been staffed. Three remain vacant for the time being.

As part of its succession planning strategy, my Office is aiming to have competency profiles in place for all positions at the Office by the summer of 2014. These profiles, which will include defined performance indicators for each competency, will be used for all human resources management functions, including staffing, performance evaluation, training and succession planning.

A new directive on performance management came into effect at the Office on April 1, 2014. In addition to documenting already-existing practices at the Office related to performance management, such as annual performance reviews and the establishment of objectives and learning plans, this directive covers the requirements for mid-year performance reviews, talent management strategies and action plans for unsatisfactory performance. Our approach is consistent with that being taken in the federal public service.

As mentioned in my 2012-2013 annual report, job shadowing was introduced in my Office in an effort to support and encourage the career development of our employees. This initiative has been well received. Over the past fiscal year, eight employees have participated in the program by spending a few hours with a colleague who performs a different task or function.

Other policies and guidelines implemented in 2013-2014 address occupational health and safety, disability management and duty to accommodate, and management of leave.

In May 2013, my Office tendered a contract to an external company to carry out an employee satisfaction survey seeking feedback from employees on their level of satisfaction with the Office in general and their job specifically. I was very pleased with the response rate of 98%. Overall, survey results suggest that employees are generally satisfied. Employees responded very favourably, especially when it pertained to their own division, as to how they perceive their job, the level of resources provided to them to complete their work, the ability to work in both official languages, employee benefits, and collaboration and respect for diversity. Opportunities for advancement within the Office and employee empowerment were areas that were raised as needing improvement. A desire was also expressed that conflict resolution mechanisms be established. In response to these suggestions, the Office now makes more frequent use of working groups, consisting of employees only, to work on specific projects, and has negotiated an arrangement for third-party conflict resolution services.

## Financial Management

For the first five years after the Office was created in July 2007, I maintained a constant operating budget of \$7.1 million. Over the last fiscal period, in recognition of the current climate of fiscal restraint, my Office conducted a spending review to identify opportunities for efficiencies. As a result, I decided to reduce the non-salary portion of my 2013-2014 budget by an amount equivalent to 3% of the 2012-2013 operating budget, with an additional one percent in 2014-2015. Although that reduction was partially offset by an increase in my salary envelope to cover the economic increases that came into effect on April 1, 2013, I was able to proactively offer an overall budget reduction of 1.4 % for 2013-2014.

Measures implemented internally to reduce spending are producing expected results. These measures include the increased use of email, rather than traditional mail, to communicate with our stakeholders; the use of webcasts to participate in conferences, hence reducing travel costs; and the centralization of certain purchases and functions. In addition, one position in the Corporate Management division was abolished.

A table broadly outlining the financial information for the Office for the 2013-2014 fiscal year is provided in the Appendix under the heading Financial Resources Summary. Detailed financial information can be found on our website.

My Office continues to spend less than its allocated budget, in part due to the measures just mentioned, but also due to the decision not to immediately fill positions that have become vacant. I maintain a reserve within my Office to cover unexpected operational pressures, such as an increase in investigation activities. I also use this reserve to internally fund projects and initiatives that lead to greater efficiency. One such project is the renewal of the public registries maintained by my Office.

As mentioned earlier in this report, I am required under both the *Conflict of Interest Act* and the *Conflict of Interest Code for Members of the House of Commons* to maintain public registries of public declarations submitted by reporting public office holders and Members of Parliament. Although the current registries enable me to meet my obligations, they present challenges when it comes to integration with the new case management system, making structural changes and presenting information in both official languages. Business requirements have been defined and it is expected that the new registry will be launched in April 2015.





## VIII. LOOKING AHEAD

The next year could bring important developments for the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Members' Code), and for my Office's administration of them.

While I continue to believe that the two regimes, at their core, are working well, my experiences in administering the Act and the Members' Code have demonstrated that there is room for improvement. I believe that Canadians desire and deserve a system of governance that ensures that elected and appointed officials are held to the highest standards of integrity. They also deserve a system that is rooted in clear rules that are sensible, and that can be implemented effectively and efficiently.

The government is expected to respond in the near future to the report of the House of Commons Standing Committee on Access to Information, Privacy and Ethics on the five-year review of the Act. In addition, the Standing Committee on Procedure and House Affairs has yet to complete its five-year review of the Members' Code. Until such time as the results of these reviews are made public and the impact of changes, if any, are known, I will continue to apply the two regimes as they currently are.

In support of an ongoing focus on prevention, my Office will continue to provide public office holders and Members with the advice and guidance they need to comply with the Act and the Members' Code.

We will also continue to investigate possible contraventions of the Act and the Members' Code to ensure that elected and appointed officials are held to the highest standards of integrity. During the next fiscal year, we expect to be able to complete and report on all the cases that are now currently under investigation. Two cases remain suspended at this time.

Beyond the day-to-day administration of the Act and the Members' Code, I have identified a number of priorities for my Office in 2014-2015.

One priority is to implement any changes arising from the reviews of the Act and the Members' Code, referred to above, which could involve new processes, procedures or initiatives. It could also involve an assessment of the resource implications of any changes.

Another priority is the renewal of the public registries that are currently accessible on the Office's website. They will be updated using new technology and redesigned so that they are more user-friendly and allow for greater search functionality. The new registries are expected to be launched in April 2015.



We will also work toward completing an electronic internal practice manual reflecting the precedents that I have created over the years through my interpretations. This will facilitate ongoing consistency and clarity in the advice that my Office provides to public office holders and Members.

My Office has now developed the performance measurement framework that I discussed in the annual report for the previous fiscal year. This will allow us to measure and report on results more effectively and is in line with the approach used in the federal public service, but tailored to our own context. We will begin to implement it, in pilot stages, during the upcoming fiscal year.

We will endeavour to identify further opportunities for cost savings. Building on the measures that my Office has already taken to reduce spending, we will continue to assess regularly our practices and procedures with a view to enhancing our effectiveness.

Finally, we will focus on documenting internal processes, improving the way we manage electronic records and developing a succession plan for critical positions and functions. This will ensure that the corporate knowledge of the organization is secured.

Achieving these and other priorities will help my Office continue to carry out its mission to administer the conflict of interest rules for public office holders and for Members of the House of Commons with a view to maintaining and enhancing the trust and confidence of the Canadian public in the conduct of these elected and appointed officials.



**APPENDIX – FINANCIAL RESOURCES SUMMARY (from page 45)**

Program Activity	(thousands of dollars)				Alignment to Government of Canada Outcomes
	2012-2013 Actual Spending	2013-2014			
		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>	5,698	6,235	6,235	5,336	Government Affairs
Contributions to Employee Benefit Plans	755	800	800	699	
<b>Total Spending</b>	<b>6,453</b>	<b>7,035</b>	<b>7,035</b>	<b>6,035</b>	
Plus: Cost of services received without charge	1,035	n/a	n/a	1,060	
<b>Net Cost of Department</b>	<b>7,488</b>	<b>7,035</b>	<b>7,035</b>	<b>7,095</b>	

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 of Canada. 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.

For the first five years after the Office was created in July 2007, it maintained a constant operating budget of \$7.1 million. As a result of a spending review conducted in 2012, the non-salary portion of the 2013-2014 budget was reduced by an amount equivalent to 3% of the 2012-2013 operating budget. This reduction was partially offset by an increase in the salary envelope to cover the economic increases that came into effect on April 1, 2013. Seventy-seven per cent (or \$5.4 million) of the total budget is dedicated to salaries and employee benefits. Of the remaining \$1.6 million, approximately \$650,000 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, security, finance and compensation.

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

