



Office of the Conflict  
of Interest and Ethics  
Commissioner

Commissariat aux  
conflits d'intérêts et à  
l'éthique

## The 2012-2013 ANNUAL REPORT

made under the  
*CONFLICT OF INTEREST CODE FOR  
MEMBERS OF THE HOUSE OF COMMONS*



June 11, 2013

Mary Dawson  
Conflict of Interest and  
Ethics Commissioner

## The 2012-2013 Annual Report

in respect of the

*CONFLICT OF INTEREST CODE FOR MEMBERS OF THE HOUSE OF COMMONS*

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

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June 11, 2013

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 Code for Members of the House of Commons* for the fiscal year ending March 31, 2013.

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

Sincerely,

Mary Dawson  
Conflict of Interest and Ethics Commissioner



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## I. INTRODUCTION

The Conflict of Interest and Ethics Commissioner administers the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Code). These two regimes 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 3,000 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 December 2011.

The 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 Code is appended to the *Standing Orders of the House of Commons*.

Most rules and procedures set out in the Act and the 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 gifts and benefits. The Act also contains a number of post-employment rules.

While the focus of both the Act and the Code is on prevention, I am 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 Code;
- receive and review confidential reports of assets, liabilities, income and activities of reporting public office holders and Members in order to advise on and establish appropriate compliance measures;
- maintain confidential files of required disclosures;
- maintain public registries of publicly declarable information;
- administer an administrative monetary penalty regime for failures to comply with certain reporting requirements; and
- conduct examinations and inquiries into alleged contraventions of the Act and the 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 is made for the Code and the other report is made for the Act.



## II. OVERVIEW – A Pivotal Year

The past year will, I believe, prove to have been a pivotal one for my Office and the conflict of interest regimes that I administer.

I was appointed Commissioner on July 9, 2007, the day that the *Conflict of Interest Act* (Act) came into force and that my Office was established in its current form. Shortly before my appointment, the *Conflict of Interest Code for Members of the House of Commons* (Code) had undergone its last comprehensive review. In 2012-2013, Parliament launched comprehensive five-year reviews of both the Act and the Code. When the reviews are completed, the parliamentary committees that are conducting them will make recommendations to the House of Commons that could have implications for the two regimes going forward.

I was pleased to contribute to the reviews by sharing my observations and recommendations. I provided both committees with written submissions and appeared before them to discuss my recommendations. The recommendations for the Code are appended to this report as Appendix A. While my annual reports have flagged many issues relating to the administration of the Act and the Code, these five-year reviews provided an opportunity to consolidate into one comprehensive submission concerns previously identified, make recommendations of a more technical nature and provide detailed feedback on how the Act and the Code are working and how they might be improved.

In administering the Act and the Code, my focus is on helping to achieve and maintain compliance with the regimes. The past year has been marked by significant increases in the number of communications that my Office has had with public office holders and Members seeking information and advice. We have also had an increase in communications as a result of the questionnaires that my Office now includes in the annual review packages sent to reporting public office holders and Members.

The annual review process was also strengthened by my decision last year to request financial statements from all reporting public office holders. This has helped in identifying whether there have been changes in the financial situations of reporting public office holders.

We have continued to conduct a range of outreach activities aimed at educating and informing public office holders and Members. These activities include direct written communications, group presentations and the preparation of informational documents that are posted on my Office website.



In line with my focus on prevention, the information and advice provided by my Office seek to help public office holders and Members to fulfil their obligations under the Act and the Code. I recognize, however, the importance of enforcement in fulfilling my mandate and this is reflected in the investigative work conducted by my Office.

In the past year, my Office worked on 48 cases relating to possible contraventions of the Act and the Code and issued five public reports. In support of greater transparency, I have included in this report information about the case files that I closed without proceeding to an inquiry under the Code.

The activities of my Office in all areas of its operations are supported by internal processes and procedures that have been put in place over the past six years and which we continue to monitor, evaluate and improve. They are also supported by a strong policy framework in the area of human resources and a full staff complement of talented and hardworking employees.

As I look back on all that my Office has accomplished in the year just passed, I am grateful for the continued efforts of my staff and I thank them for their dedication.



### **III. APPLYING THE CODE**

The *Conflict of Interest Code for Members of the House of Commons* (Code) applies to all 308 Members of the House of Commons. This includes ministers and parliamentary secretaries, who are also subject to the *Conflict of Interest Act* (Act). My Office assists these individuals in achieving and maintaining compliance with the Code.

#### **Initial Compliance**

New Members must submit a confidential disclosure statement to my Office within 60 days after the notice of their election is published in the *Canada Gazette*. This statement must list all of the Member's assets, liabilities, sources of income and activities outside of Parliament. The statement must also disclose trusts from which the Member could derive a benefit or income, and benefits that could result from government contracts. Members must also make a reasonable effort to disclose the same information for their spouses or common-law partners and their dependent children.

My Office reviews this information and prepares a summary of it, which must be signed by the Member and placed on a public registry maintained by my Office. During this initial compliance process, my Office also provides Members with advice on maintaining ongoing compliance with the Code and may also recommend specific compliance measures. The initial compliance process is complete when the disclosure summary is placed on the registry and any additional compliance measures are put in place.

The Code establishes no deadline within which the initial compliance process must be completed. This is in contrast to the Act, which requires that reporting public office holders complete their initial compliance within 120 days of appointment. I have noted that it often takes significantly longer for Members under the Code than for reporting public office holders under the Act to complete their initial compliance process. I have therefore recommended, in the context of the five-year review of the Code, that a deadline be set for Members to complete the initial compliance process.

This year, by-elections were held in three ridings on November 26, 2012 (Calgary Centre, Durham and Victoria). All three newly elected Members met the Code's 60-day deadline to submit a confidential disclosure statement and have completed the initial compliance process.

#### **Maintaining Compliance**

Beyond the initial compliance process, my Office assists Members in meeting their obligations under the Code throughout their terms in office. This is done in part through formal



mechanisms set out in the Code. These include the annual review process and the requirements that Members report and publicly disclose material changes, sponsored travel and gifts or other benefits, as discussed below. In addition, my Office regularly communicates with Members to provide them with ongoing information and advice on the application of the Code.

### Ongoing Advice

The number of communications with Members seeking information and advice has increased significantly this year to 605 instances. There were over 100 more cases than in the 2010-2011 reporting period. There were fewer communications in 2011-2012, likely because of the general election held in May 2011. All Members were required to submit a full confidential disclosure statement to my Office following the election and most of the advice provided was given during the initial compliance process that followed.

<b>Members seeking advice</b>	
• 2010-2011	486
• 2011-2012	264
• 2012-2013	605

• 2010-2011	486
• 2011-2012	264
• 2012-2013	605

### Annual Review

All Members must review their compliance arrangements on an annual basis and update the information previously disclosed to my Office. Advisors review any new information to determine whether new compliance measures are needed and provide confidential advice to Members as required.

As part of our continuing efforts to expedite all compliance processes under the Act, my Office has paid particular attention this year to the annual review process. We have instituted the practice of sending Members email reminders and following up by phone. This has resulted in a more timely return of a greater number of annual reviews than in previous years. This year, my Office initiated 224 annual reviews and received 200 responses. As occurs each year, some responses are received from annual reviews initiated in the latter part of the previous year.

Although the Code does not impose any specific deadlines, I ask Members to complete this process within 30 days. I have recommended, within the context of the five-year review, that the Code provide for a deadline.

This year we instituted the practice of providing Members with a questionnaire along with the summary of information that we have always provided at the time of the annual review. The questionnaire is intended to draw the attention of Members to the kinds of information they are required to disclose to my Office and to assist them in identifying any changes to their personal situation.



The questionnaire has worked well and has often prompted Members to contact my Office for further advice on their obligations. A sample of the questionnaire is provided in Appendix B.

## Ongoing Reporting Requirements

The Code requires that Members report the following information: any gifts valued at over \$500 or more accepted in relation to their position as Members from any one source; sponsored travel, with some exceptions, if the travel costs exceed \$500; and any material change involving information that is required in the initial disclosure statement.

### *Gifts and Other Benefits*

Issues around the acceptability of gifts and other benefits continue to generate the most requests for advice. Members are prohibited from accepting any gift or other benefit that could reasonably be seen to have been given to influence them, regardless of its value, except where it is received as a normal expression of courtesy or protocol, or it falls within customary standards of hospitality that normally accompany a Member's position. Any gift accepted by a Member that is related to his or her position and that has a value of \$500 or more must be disclosed to my Office and publicly declared.

<b>Advice relating to gifts and other benefits</b>	
• 2010-2011	80
• 2011-2012	51
• 2012-2013	99

• 2010-2011	80
• 2011-2012	51
• 2012-2013	99

There is an exception for gifts or other benefits that are received as a normal expression of courtesy or protocol, or that fall within customary standards of hospitality that normally accompany a Member's position. This exception will apply in a variety of circumstances. For example, token gifts offered in appreciation for a speech or presentation made by a Member, or a meal offered to a Member at a public event that he or she is attending in an official capacity are usually acceptable. Such gifts are, however, still subject to the Code's disclosure and public declaration requirements.

In November 2012, I issued an advisory opinion reminding Members that the reporting requirements for gifts or other benefits also apply to those received in connection with travel. These gifts must be disclosed to my Office and publicly declared in the usual way, unless they are received as a result of sponsored travel. In that case, the total value of the gifts received is considered to be part of the sponsored travel, and must be disclosed to my Office and publicly declared according to the procedures set out for sponsored travel.



Table 3-1 sets out a three-year comparison of the number of public declarations of gifts and benefits made and the number of Members who made them.

Table 3-1: Public declarations of gifts or other benefits

	2010-2011	2011-2012	2012-2013
Declarations of gifts or other benefits	37	20	39
Number of Members who declared gifts or other benefits	15	14	24

### ***Sponsored Travel***

Subsection 15(0.1) of the Code expressly permits Members to accept sponsored travel that arises from or relates to their positions, effectively exempting it from the general rules on gifts or other benefits. As explained above, sponsored travel includes all benefits received in connection with the travel, including accommodation and gifts.

Where the cost of any sponsored travel accepted by a Member exceeds \$500 and is not wholly or substantially paid from the Consolidated Revenue Fund or by the Member personally, his or her political party or any interparliamentary association or friendship group recognized by the House, it must be disclosed to the Commissioner and publicly declared within 60 days after the end of the trip.

Public declarations of sponsored travel are posted on the Office's website as soon as they are received. The Code also requires that the Commissioner submit, by March 31 of each year, a list of sponsored travel by Members during the previous calendar year.

Table 3-2 sets out a three-year comparison of the number of public declarations of sponsored travel made during the last three calendar years and the number of Members who made them.

Table 3-2: Public declarations of sponsored travel

	2010	2011	2012
Declarations of sponsored travel	99	73	85
Members who declared sponsored travel	68	59	65

### ***Material Change***

Members are required to file a statement with my Office reporting any material change to the information that is required to be included in their initial disclosure statement to the Office

within 60 days after the change. Generally speaking, a material change is one that might affect one's obligations under the Code. A change that would require a public declaration or a modification to an existing public declaration would always be a material change.

This year, my Office received 38 requests for advice relating to possible material changes. Of these communications, 33 resulted in public declarations of a material change. Members who have questions regarding whether a change to their personal situation constitutes a material change under the Code are encouraged to contact my Office.

Table 3-3 sets out a three-year comparison of the number of public declarations of material change made and the number of Members who made them.

Table 3-3: Public declarations of material changes

	2010-2011	2011-2012	2012-2013
Declarations of material change	10	27	33
Number of Members who declared a material change	10	18	30

## Matters of Note

### *Participation in Debates and Votes*

Over the past year, Members have sought advice from my Office on several occasions on whether they could participate in debates and votes in the House of Commons, or as part of a parliamentary committee, relating to issues on matters to which they also had a private interest.

There are three provisions of the Code that specifically address this situation. Section 12 requires a Member who is present during a debate or vote relating to a matter that might affect any of his or her private interests to disclose that interest at the first opportunity and to inform the Clerk of the House of Commons in writing. Section 13 of the Code generally prohibits Members from participating in debates or votes on a question relating to that private interest. Section 13.1 provides an exception to sections 12 and 13, namely where the matter in question is of general application or affects a Member as part of a broad class of the public.

Accordingly, each situation must be reviewed on a case by case basis. Consideration must be given not only to the number of individuals or organizations that may be affected, but also to whether they would all be affected in the same way. I encourage Members to contact my Office to seek advice if they find themselves, or believe they may find themselves, in this kind of situation.



Section 8 of the Code may also apply in these situations. It prohibits Members, when performing parliamentary duties and functions, from acting in a way to further their own private interests or those of family members and from improperly furthering another person's private interests. The same exceptions for matters that are either of general application or that affect a Member as one of a broad class apply to section 8 and are set out in subsection 3(3) of the Code.

### *Supporting Constituents*

Over the past year some 30 Members asked my Office for advice on whether the Code permits them to write letters of introduction or support on behalf of constituents. The Code does not explicitly prohibit Members from doing so and, in general, I consider this to be an activity in which Members normally and properly engage on behalf of constituents. However, there are rules of conduct that may apply to the writing of such letters, depending on the circumstances. Sections 8 and 9 of the Code are of particular relevance in this regard.

Section 8, referred to above, prohibits Members from acting in a way to further the private interests of themselves or a family member or to improperly further the private interests of another person or entity. Section 9 prohibits Members from using their position to influence a decision so as to further their own private interests, the private interests of a family member or improperly further the private interests of another person or entity.

A Member should not, therefore, write letters of support on behalf of a family member, even if that family member is treated in the same manner as that Member would treat any other constituent. In addition, a Member should not write letters of support for anyone where doing so may directly or indirectly further his or her own private interests or those of his or her family members.

Both sections 8 and 9 also make reference to improperly furthering the private interests of another person or entity. The Code does not provide specific guidance on what actions would be considered to improperly further a private interest. However, certain situations could give cause for concern. Examples could include situations where there is a personal connection between the Member and the individual on behalf of whom he or she is writing the letter, or where the Member would not provide a similar letter of support to other constituents in the same circumstances.

Members who are ministers or parliamentary secretaries are also subject to the *Conflict of Interest Act* and must ensure that they do not contravene their obligations under that Act when writing letters of support.



Members are encouraged to seek advice from my Office if they have any questions about the appropriateness of writing a letter of support.

### ***Questions Falling Within the Scope of the Board of Internal Economy***

Over the past year, a number of Members sought advice from my Office on matters that relate to the use of parliamentary resources, such as the use of Members' websites for personal matters or fundraising.

Section 6 of the Code explicitly states that nothing in the Code affects the jurisdiction of the Board of Internal Economy to determine the propriety of use of funds, goods, services or premises made available to Members for carrying out their parliamentary duties. These matters are generally the responsibility of the Board and I have no mandate to interpret the by-laws of the Board of Internal Economy or to address alleged failures to comply with them. For this reason, Members with questions relating to the use of parliamentary resources are usually referred to the Board.

In some cases, however, the matters raised have touched as well on the Members' obligations under the Code. In those cases, my Office provided the Members with the appropriate advice under the Code and referred them to the Board for further clarification specifically relating to the use of parliamentary resources.

I therefore encourage Members to continue to raise such matters with my Office.





## 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* (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 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 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 Code, conduct a preliminary review to determine whether an inquiry is warranted.

Information concerning possible contraventions of the Act and 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 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 year, my Office worked on 48 cases. Twelve of these cases resulted from requests from Members, 10 relating to the Act and two relating to the Code. Thirty-six resulted from information received from other sources. No requests for an examination were made by Senators over the past year. Most of the 48 cases were related to the obligations of public office holders under the Act, 22 of which concerned ministers or parliamentary secretaries.

Table 4-1: Comparison of investigative activity over the past three reporting periods

Cases opened or carried over from past years				Cases closed or carried forward to next year			
	2010-2011	2011-2012	2012-2013		2010-2011	2011-2012	2012-2013
Opened	33	30	32	Closed	28	25	33
Carried over	6	11	16	Carried forward	11	16	15
<b>Total</b>	<b>39</b>	<b>41</b>	<b>48</b>	<b>Total</b>	<b>39</b>	<b>41</b>	<b>48</b>



Table 4-1 compares the case load over the past three years. The number of files opened by my Office annually has remained stable. The 15 files that remained open at the end of this fiscal year include three for which an examination has been initiated and one suspended examination.

Of the 48 files that my Office worked on in this reporting period, 11 were examinations initiated under the Act, some of which had been commenced in the previous year.

I issued five public reports during this reporting period: *The Raitt Report*, *The Sullivan Report*, *The Hill Report*, *The Heinke and Charbonneau Report* and *The Clement Report*. The first three of these reports resulted from examinations, and the last two reports resulted from three referrals from the Public Sector Integrity Commissioner that did not result in examinations. I also released one examination report shortly after the end of this reporting period, *The Fonberg Report*, which also resulted from a referral from the Public Sector Integrity Commissioner. This year's annual report under the Act includes a brief summary of these reports.

Three examinations were discontinued when I determined that, after reviewing the cases, I did not have reason to believe that a contravention of the Act had occurred. This year's annual report under the Act summarizes these cases.

Three examinations are ongoing. One other examination, relating to the post-employment obligations of former reporting public office holder Mr. Bruce Carson, remains suspended while criminal proceedings are pending.

There were no inquiries under the Code this year, although there were a small number of files dealt with by my Office relating to Members' obligations under the Code. These cases are summarized below.

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

In this reporting period I released two reports under section 68 of the *Conflict of Interest Act*, *The Heinke and Charbonneau Report* and *The Clement Report*. I also released one report shortly after the end of the reporting period, *The Fonberg Report*. This year's annual report under the Act includes brief summaries of these reports.

### **Discontinued Examinations**

During this reporting period I commenced three self-initiated examinations that were subsequently discontinued. I may discontinue an examination where, having regard to all the circumstances, I no longer have sufficient grounds to continue. I did not issue reports in any of these three cases. When I decide to discontinue a self-initiated examination under the Act, I do



not normally issue a report. Issuing a report in relation to an alleged contravention that is unfounded could have an unfair deleterious effect on the reputation of the individual concerned. I discuss these cases in some detail in this year's annual report under the Act.

### Files Closed during this Reporting Period

As noted earlier in Table 4-1, my Office closed 33 cases in this reporting period. This includes the three examinations that resulted in a public report that was issued during the 2012-2013 fiscal year (*The Raitt Report, The Sullivan Report, The Hill Report*) and the three discontinued examinations referred to above. It also includes three cases brought to my attention by the Public Sector Integrity Commissioner that were addressed in two reports issued during that same period (*The Clement Report* and *The Heinke-Charbonneau Report*), also referred to above. The remaining 24 files were closed without initiating an examination or inquiry and without issuing a report.

Cases closed during this reporting period	
Reports issued following an examination	3
Discontinued examinations	3
Cases resulting from a referral by the Public Sector Integrity Commissioner	3
Files closed without proceeding to an examination, inquiry or public report	24
<b>Total</b>	<b>33</b>

These 24 cases were closed after my Office had reviewed them to determine whether the matter fell within the mandate of this Office, whether I had reason to believe a contravention of the Act or Code had occurred and whether an examination or inquiry was warranted or any other action should be taken. I undertook, during an appearance before the Standing Committee on Access to Information, Privacy and Ethics, to shed more light on these cases and have attempted to do so below.

Where appropriate, my Office informs the subject of the case that concerns have been raised. My Office may also follow-up with the individual who raised the matter once the file has been closed, to inform him or her how the matter was resolved.

Table 4-2 breaks down these 24 cases according to how the matters were raised with my Office and whether they involved a minister or parliamentary secretary, another public office holder or a Member of the House of Commons.



Table 4-2: Files closed during this reporting period without proceeding to an examination, inquiry or report

	Involving a minister or parliamentary secretary	Involving another public office holder	Involving a Member	Total
Raised by Members	3	1	0	4
Raised in the media	6	1	1	8
Raised by the public	2	5	4	11
Raised internally	1	0	0	1
<b>Total</b>	<b>12</b>	<b>7</b>	<b>5</b>	<b>24</b>

My Office closed 19 investigation files related to public office holders, including ministers or parliamentary secretaries regarding matters covered by the Act. This year's annual report under the Act provides a brief description of each of these cases.

#### *Cases Involving Members of the House of Commons*

My Office closed five investigation files related to Members of the House of Commons. They are summarized below:

1. In one case, a Member had written to a court in relation to a private legal dispute involving a family member and signed the letter with his name and the designation "MP". I determined that the legal dispute did not raise a private interest as described in the Code and so I did not commence an inquiry. I felt, however, that the Member's actions were inappropriate and I communicated this to the Member in a letter and asked that he take better care in the future to separate the Member's duties and title from personal and private matters.
2. Another case involved a possible failure to declare to my Office an outstanding loan. I obtained legal documents related to the monies in question from the Member concerned. Based on this, I determined that I had no grounds to pursue the matter further but requested my Office to work with the Member to determine whether further compliance measures were required.
3. A third case related to a Member's involvement with a charitable foundation. An anonymous letter alleged that the Member was paying a member of her constituency staff from her office budget to work for the charitable foundation and that the Member was providing preferential treatment to donors to the foundation. My Office spoke to



the Member about these matters and I was satisfied that I had no grounds to pursue the matter further.

4. A member of the public contacted my Office alleging that a Member had sent constituents a survey containing leading questions in an attempt to improperly influence public opinion with respect to a decision of a federal electoral boundaries commission. My Office responded to the complainant that the issues raised did not come under my investigative mandate and provided details of other offices better able to address his concerns.
5. A member of the public contacted my Office about a complaint they had previously sent to Elections Canada regarding spending on election advertising. Following a review of the material provided, I determined that the concerns raised did not fall within my mandate. My Office explained my mandate to the member of the public and directed him to other bodies that could be better positioned to address his concerns.





## V. FIVE-YEAR REVIEW OF THE CODE

Last spring, I provided input to the House of Commons Standing Committee on Procedure and House Affairs (Committee) as part of its comprehensive five-year review of the provisions and operation of the *Conflict of Interest Code for Members of the House of Commons* (Code). I prepared a detailed written submission containing recommendations in six areas: the administration of the Code; encouraging and enforcing compliance; gifts and other benefits; managing investigations; harmonizing the Code and the *Conflict of Interest Act*; and regulating partisan behaviour. I appeared before the Committee in May 2012 to discuss my recommendations.

Even though I provided that input during the fiscal year just ended, I chose to discuss my recommendations in my 2011-2012 annual report. The Committee has not yet completed its study, which is ongoing. I hope to have an opportunity for further discussion with the Committee later this year, and hope to provide a more detailed update in my next annual report.

A summary list of my recommendations is included again this year as Appendix A.





## **VI. OUTREACH AND COMMUNICATIONS**

I continue to look for ways to strengthen communications with all stakeholders. Outreach and communications activities are directed toward informing and educating public office holders and Members of the House of Commons so they are better able to fulfill their obligations under the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (Code). They also play a role in increasing public awareness of Canada's federal conflict of interest regimes.

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

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

During the past year, my staff and I have given a number of presentations to organizations whose members have obligations under the Act as public office holders, including ministerial chiefs of staff, ministers' offices, the Security Intelligence Review Committee, the Canadian Broadcasting Corporation's board of directors, the Social Security Tribunal and the Belledune Port Authority.

My Office continues to issue a variety of documents to help public office holders understand their obligations under the Act and to contribute to public education. In the past year, I issued an information notice on the subject of outside activities, and an updated backgrounder on conflict of interest screens and other compliance measures.

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

I have established a tradition of offering annual presentations to the caucuses of all recognized parties in the House of Commons. In February, we offered presentations to all parties with official status in the House of Commons and individual meetings to other party caucuses and to independent Members of the House of Commons.

In November 2012, under the authority provided in subsection 26(4) of the Code to publish opinions for the guidance of Members, I issued an advisory opinion regarding the obligation to publicly disclose gifts received in connection with travel. This is discussed in the section Applying the Code.



## Parliamentary Activities

### *Reports to Parliament*

My reporting relationship with Parliament is at the heart of the parliamentary activities conducted by my Office. My reports to Parliament include my annual reports in respect of the Act and the Code, the annual list of sponsored travel by Members, and my reports on examinations under the Act and inquiries under the Code.

During this reporting period, I issued eight reports. These included my annual reports in respect of the Act and the Code, which I released in June 2012, and the *List of Sponsored Travel 2012*, which I submitted to the Speaker of the House of Commons in March 2013 for tabling that same month. The other five reports were examination reports under the Act: *The Raitt Report* (April 2012), *The Heinke and Charbonneau Report* (May 2012), *The Clement Report* (July 2012), *The Sullivan Report* (October 2012) and *The Hill Report* (March 2013).

### *Committee Appearances*

I am occasionally invited to testify before parliamentary committees about my Office and its work. I appear most frequently before two committees of the House of Commons. One is the Standing Committee on Access to Information, Privacy and Ethics, which has oversight responsibility for my Office and reviews its annual spending estimates, as well as matters related to my reports pursuant to the Act. The other is the Standing Committee on Procedure and House Affairs, which has responsibility for the Code and, with my input, may recommend changes to the Code.

In May 2012, I appeared before the Standing Committee on Procedure and House Affairs, which is conducting a five-year review of the Code, to discuss the recommended amendments that I set out in my detailed written submission to that Committee. I hope to have another opportunity to appear before that Committee before it completes the review. These are discussed in a separate section of this report.

In February and again in March 2013, I appeared before the Standing Committee on Access to Information, Privacy and Ethics, which is conducting a five-year review of the Act, to discuss the recommendations for amendments that I detailed in my written submission to that Committee.



I note that, in the earlier years of my mandate, I was invited to appear before the Standing Committee on Access to Information, Privacy and Ethics to discuss my annual reports under the Act, and before the Standing Committee on Procedure and House Affairs to discuss my annual reports under the Code. I was last invited to do so in 2010, in respect of my 2009-2010 annual reports.

In February 2013, I also testified before the House of Commons Standing Committee on the Status of Women in the context of its study on sexual harassment in the federal workplace.

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

My Office again participated in the Parliamentary Officers' Study Program in May 2012 and March 2013, presenting information about the Act and the Code and answering questions from the international participants.

### **Working with Others**

Domestically, I continue to fulfill a coordination role in the Canadian Conflict of Interest Network (CCOIN), which is made up of federal, provincial and territorial conflict of interest commissioners. My Office is responsible for gathering and disseminating within this network information and materials acquired or developed in the various jurisdictions within Canada. In September 2012, I attended the CCOIN annual meeting in Fredericton, New Brunswick. I am looking forward to hosting the 2013 annual meeting in Ottawa this September.

External speaking engagements last fall included a speech at a luncheon seminar of the Ontario Bar Association in Toronto, and two presentations to University of Ottawa law students.

I have also continued to welcome international delegations. During the past fiscal year, delegations from Korea (May 2012) and Tanzania (June 2012), and a group of students from Ukraine (October 2012), visited my Office to listen to presentations about my role and mandate and how my Office fits into Canada's broad ethical landscape. In November, my Office responded to a survey from the Organisation for Economic Co-operation and Development on managing conflicts of interest in the legislative branch.

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

My Office has continued to receive and respond to a growing number of requests for information from journalists and members of the public.

In the 2012-2013 fiscal year, we received and responded to 185 media inquiries, an increase of 80 per cent from the 2011-2012 total, which in turn had more than doubled from the



year before. This continues a growth trend that has been evident since 2008-2009, when we received and responded to 28 media requests. In 2012-2013 we also received a number of requests for media interviews, eight of which were accepted.

I attribute this significant increase to the growing awareness in the number of issues on which journalists may be inclined to seek comment from my Office, as well as to our approach to media relations, which seeks to foster awareness of my mandate and encourage accurate reporting of my Office's work.

The number of inquiries that we receive from members of the public has also continued on an upward trend. In the past fiscal year we received, via email, telephone, fax and letter mail, over 800 such communications, up from approximately 600 in 2011-2012. I believe that their growing volume is indicative of increased public awareness about my Office.

Inquiries related to my mandate that we received from members of the public include requests for information about the application of the Act and the Code, requests for documents issued by my Office, and requests for information about ongoing investigations or compliance issues. My Office also receives information from members of the public about possible contraventions of the Act or the Code.

Many of the inquiries from members of the public that we received in the past fiscal year 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 Code, whenever we receive requests about matters that fall outside my mandate, my Office provides information clarifying my mandate. Where possible, we also refer the correspondents to other bodies that are better suited to respond to the issues raised.

## 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*, do not apply to my Office.

As part of its commitment to good stewardship, my Office has invested considerable efforts towards establishing an internal management framework based on the principles of sound resource management followed in the public service. In addition, I have adopted a number of practices used 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. Internal controls are being documented and annual financial statements are audited. We are also in the process of developing a performance measurement framework to enhance our ability to measure and report on results.

My Office has negotiated a number of shared services arrangements with the House of Commons (information technology and security), the Library of Parliament (accounts payable and reporting) and Public Works and Government Services Canada (compensation). These arrangements provide greater efficiency and one more level of scrutiny in the management of resources.

### Human Resources Management

I continue to enjoy a high level of stability in the area of staffing. With the exception of one employee who retired, there was no employee turnover in 2012-2013 and only 2 per cent in 2011-2012. This impacts positively on our ability to deliver services in a consistent manner.

In order to ensure that employees benefit from the best possible workplace conditions, we monitor results of collective bargaining taking place in Parliament and in the public service and, where appropriate, amend the *Terms and Conditions of Employment* of our employees. In this context, our current *Terms and Conditions of Employment*, which came into effect on April 1, 2013, include changes made to leave provisions and severance pay. With the cessation of severance pay accumulation, we offered the same options to our employees as were offered to employees in the public service.



We have already put in place a strong policy framework in the area of human resources management and are therefore able to focus at this point on more specific matters. A joint labour relations committee consisting of representatives of both management and employees plays an instrumental role in the development of policies and guidelines related to human resources management. In addition to providing insight and initial comments on draft documents, the committee consults employees and recommends the necessary changes to proposed policies and guidelines. This process has proven to be very valuable in ensuring the effective adoption of new policies and guidelines.

A guideline on job shadowing came into effect on January 1, 2013 in an effort to support and encourage the career development of our employees.

A policy on workforce adjustment also came into effect on January 1, 2013 to ensure the equitable treatment of employees, should a workforce adjustment situation arise at the Office. The options presented in this policy are based on those in the public service and in Parliament, but take into consideration the challenges faced by a small organization, especially as they relate to a reasonable job offer. Two information sessions were held to explain the content of this policy to employees.

Other policies and guidelines are in various stages of development and include topics such as occupational health and safety, disability and duty to accommodate, and management of other leave.

While I consider that the low employee turnover in recent years and the absence of formal grievances and complaints are strong indicators of a healthy workplace at the Office, I plan to validate assumptions with actual feedback. I have therefore decided to proceed with an employee satisfaction survey in the 2013-2014 fiscal year. The survey, which will be conducted in a completely confidential manner by an independent third party, will be similar to the one used in the public service, but adapted to the context of the Office.

## **Financial Management**

I have maintained the same operating budget of \$7.1 million for the past five years. In accordance with the commitment made in my previous report, a spending review was conducted in 2012-2013 and opportunities for efficiencies were identified. Some examples are the use of emails rather than standard mail services to communicate with some of our many stakeholders, the removal of many individual printers and the consolidation of certain administrative functions, such as the procurement of goods. As a result of this exercise, and by reducing the reserve set aside to cover unexpected situations, I was able to apply a three per cent cut to the 2013-2014



budget allocated to my Office, with an additional one per cent in 2014-2015. I have, however, asked that salary budgets be adjusted to reflect the economic increases that will take effect in 2013-2014. For the second consecutive year, the annual financial statements for my Office, which are available on the Office website, were audited by an independent auditor. Again, these statements received a very positive opinion from the auditor. This year, the services of Ernst and Young were retained to perform the audit.

A table broadly outlining the financial information for the Office for the 2012-2013 fiscal year is provided in Appendix C under the heading Financial Resources Summary. Detailed financial information can be found on our website.

I continue to rely on the House of Commons and the Library of Parliament to provide shared administrative services in the area of information technology, security and financial services.

My Office also has a shared services agreement with Public Works and Government Services Canada for compensation services and makes use of this agreement on an ad hoc basis for specific situations related to human resource management that require third-party expertise.

In the context of internal control, I am pleased to report that, with the assistance of the financial team at the Library of Parliament, we have documented our internal financial management processes, identified potential risks, determined which internal controls are in place to address these risks, and conducted sample testing to ensure that the internal controls are being applied consistently. Preliminary results of the sample testing were very useful and we have already followed up on a few recommendations that were made by the Library of Parliament to further improve our internal processes. These include formalizing the monthly financial review process by directors and making adjustments to our internal forms.

As reported in last year's annual report, a new integrated case management system was launched on April 1, 2012. This new application has led to significant improvements in the electronic management of operational cases. As can be expected with any new application, we identified minor problems throughout the year and have further improved the system. The technical team at the House of Commons assisted my Office in addressing these issues.

We also invested resources in the development of a new application to manage the content of our website because the current application has reached its full capacity.





## VIII. LOOKING AHEAD

Within this next year, I expect that the five-year reviews of both the *Conflict of Interest Act* (Act), by the Standing Committee on Access to Information, Privacy and Ethics, and the *Conflict of Interest Code for Members of the House of Commons* (Code), by the Standing Committee on Procedure and House Affairs, will be completed. I have already contributed to those reviews by providing the committees with written submissions detailing my recommended amendments to the Act and the Code, and by appearing before them to discuss those recommendations and answer their questions. I would be pleased to participate in any further consultations if this is required. I am also prepared to undertake the implementation of any changes as required either by the government in relation to the Act or the House of Commons in relation to the Code.

I will also continue to work with these committees on other matters related to the administration of the two regimes.

As I look forward to the next year, I am conscious of the fact that I am approaching the final year of my mandate. Over the past six years I have developed a strong organization with dedicated employees and established clear procedures to ensure the effective and efficient administration of the Act and the Code. We review and refine these procedures as needed, but the underlying emphasis on preventing conflicts from arising remains the same.

My Office will continue to focus on providing timely and expert advice to help public office holders and Members meet their obligations under the Act and the Code.

We will undertake outreach initiatives as appropriate to promote awareness and understanding of the Act and the Code for those subject to the regimes, as well as members of the public. These initiatives will continue to be complemented by tools that explain our mandate and activities. Furthermore, we will enhance our communications efforts with the launch of an Office Twitter account, in conjunction with the release of this year's annual reports.

The area of investigations continues to be active, and we expect to report on the outcome of several ongoing investigations over the course of the coming year.

As well, we continue to pursue several other priorities, including the implementation of a performance measurement framework to effectively measure and report on results, in line with the approach used throughout the federal public sector but tailored to our own context.



I look forward to the results of the first employee survey, which was conducted in the Office in the spring of 2013. This survey will provide me with useful information about employee satisfaction levels in a variety of areas, including job responsibilities, workplace environment, resources and developmental opportunities.

Finally, I will be hosting the annual conference of members of the Canadian Conflict of Interest Network, scheduled to take place in Ottawa this coming September. This annual event provides an invaluable opportunity for conflict of interest commissioners from federal, provincial and territorial jurisdictions to exchange experiences and best practices.

I believe that my Office plays an important role in Canada's ethical landscape, upholding and maintaining the trust of Canadians in Parliament and its institutions. As always, my staff and I will focus our efforts in the coming year on ensuring that the way in which the Act and the Code are administered meets the expectations of Canadians and Parliamentarians with regard to transparency, integrity and accountability.



## APPENDIX A – SUMMARY LIST OF RECOMMENDATIONS (from pages 3 and 19)

[Excerpt from: *The Conflict of Interest Code for Members of the House of Commons: Five-Year Review —Submission to the Standing Committee on Procedure and House Affairs*]

- Recommendation 1: That the Code be amended to include a 120-day deadline to complete the initial compliance process.
- Recommendation 2: That the Code be amended to include a 30-day deadline to complete the annual review process.
- Recommendation 3: That the Committee consider the suggested amendments to sections 20 to 25 of the Code set out in the Appendix. *[Note: refers to Appendix in the submission to the Committee]*
- Recommendation 4: That the requirement for approval of forms and guidelines by the House of Commons upon recommendation of the Procedure and House Affairs Committee set out in section 30 of the Code be removed.
- Recommendation 5: That the Code be amended to introduce administrative monetary penalties, up to a maximum of \$500, for failures to meet reporting deadlines, and consideration given to introducing administrative monetary penalties for substantive breaches. Notices of penalty should be made public.
- Recommendation 6: That the Code be amended by adding prohibitions against personal solicitation of funds by Members where to do so could raise concerns relating to furthering private interests.
- Recommendation 7: That sections 8, 9 and 10 of the Code be broadened to include a prohibition against Members furthering the private interest of a relative or friend.
- Recommendation 8: That the Code be amended by adding broader disclosure and recusal obligations to include an obligation to disclose a private interest of a relative or friend (section 12), and a prohibition against participating in discussion, decision, debate or vote where the Member, or his or her relative or friend, has a private interest (section 13).



- Recommendation 9: That the Code be amended to introduce an acceptability test to be applied to sponsored travel, as is the case with gifts and other benefits. The current practice of publicly declaring sponsored travel should be continued.
- Recommendation 10: That the Code be amended to include an obligation for every new Member to meet with the Office of the Conflict of Interest and Ethics Commissioner to review his or her obligations under the Code. The meeting must take place within the same 120-day period as is proposed in this submission as a deadline for completing their initial compliance process.
- Recommendation 11: That the Code be amended to require Members to disclose to the Office of the Conflict of Interest and Ethics Commissioner all gifts valued at \$30 or more (or gifts from one source that total \$30 or more in a twelve-month period), to ensure that gifts received are acceptable. All acceptable gifts above this threshold would then be publicly declared.
- Recommendation 12: That Members consider whether they wish to make any amendment to the rules relating to invitations to occasions where meals or refreshments are offered.
- Recommendation 13: That the Code be amended to require that, where the Commissioner conducts an investigation into the same matter under both the Code and the *Conflict of Interest Act*, he or she may issue a single report and may make the report public on receipt by the Speaker, rather than on tabling in the House.
- Recommendation 14: That the Code be amended to allow the Commissioner to comment publicly on his or her reasons for not pursuing a matter, where doing so is in the public interest.
- Recommendation 15: That the Code be amended to require that Members requesting an inquiry refrain from commenting publicly on the request until the Commissioner has confirmed that he or she has received the request, and has notified the person who is the subject of that request.

- Recommendation 16: That the Code be amended to give the Commissioner explicit power to summon any witness or compel any document necessary in the course of his or her investigative role, and that the Commissioner be given direct access to any document requested from the House of Commons.
- Recommendation 17: That the Committee consider the suggestions related to section 27 set out in my March 2010 submission.
- Recommendation 18: That Parliament consider harmonizing the *Conflict of Interest Act* and the *Conflict of Interest Code for Members of the House of Commons* to ensure consistency of language and processes.
- Recommendation 19: That the House of Commons consider implementing a separate code of conduct to address the political conduct of Members and their staff.





**APPENDIX B – ANNUAL REVIEW QUESTIONNAIRE (from page 7)**

**CONFIDENTIAL WHEN COMPLETED**

«SalutationEn» «First Name» «Last Name», M.P.

**Please answer the following questions in order to meet your annual review obligations under the *Conflict of Interest Code for Members of the House of Commons*.**

***\*Throughout this document, “you” refers to yourself, your spouse and dependant children, when applicable.***

**ASSETS**

1. Did you open a new account (such as, but not limited to: investment account, registered retirement savings plan, tax-free savings account, registered education savings plan)?

Yes No

**If you answered “Yes”, please provide a recent and complete financial statement.**

2. Are any of your investment accounts composed of \$10,000 or more in publicly traded securities?

Yes No Not applicable

**If you answered “Yes”, please provide a recent and complete financial statement.**

3. Did you acquire any assets (such as real property, vacant land, business, etc.) that are not listed in the enclosed *Summary of Disclosure Statement* (Summary)?

Yes No

**If you answered “Yes”, please provide details.**

**TRUSTS**

4. Are there any trusts known to you from which you could, directly or indirectly, derive an income or benefit?

Yes No

**If you answered “Yes”, please provide details.**



## INVESTMENTS IN PRIVATE CORPORATIONS

5. Did you invest in a private corporation that is not listed in your Summary?

Yes

No

**If you answered “Yes”, please provide details.**

## OTHER SOURCES OF INCOME

6. Do you receive any other income (such as employment, contracts, royalties, rent, pension, etc.) that is not listed in your Summary, other than your income as a Member of Parliament?

Yes

No

**If you answered “Yes”, please provide details and indicate whether the amount is under \$10,000, or \$10,000 or more.**

## LIABILITIES

7. Do you have any liabilities (such as mortgage, car loan, credit card debt, etc.) that are not listed in your Summary?

Yes

No

**If you answered “Yes”, please provide details (nature and financial institution, and whether the amount is under \$10,000, or \$10,000 or more).**

## ACTIVITIES

8. Do you hold any directorships, offices or partnerships in a corporation, professional association or trade union that are not listed in your Summary?

Yes

No

**If you answered “Yes”, please provide details.**

## OTHER

9. In the exercise of your duties, did you recuse yourself from any discussion, decision or vote that you have not already disclosed to the Office?

Yes

No

**If you answered “Yes”, please provide details.**

10. Did you receive any gifts or other benefits that have a value of \$500 or more that you have not already disclosed to the Office?

Yes

No

**If you answered “Yes”, please provide details.**

11. Did you accept any sponsored travel arising from or related to your position that you have not already disclosed to the Office?

Yes

No

**If you answered “Yes”, please provide details.**

12. Is there any other information that should be disclosed to the Office?

Yes

No

**If you answered “Yes”, please provide details.**

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**Signature: «FirstName» «LastName»**

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**Date**





**APPENDIX C – FINANCIAL RESOURCES SUMMARY (from page 27)**

	(thousands of dollars)				
Program Activity	2011-2012 Actual Spending	2012-2013			Alignment to Government of Canada Outcomes
		Main Estimates	Total Authorities	Actual Spending	
Administration of the <i>Conflict of Interest Act</i> and the <i>Conflict of Interest Code for Members of the House of Commons</i>	5,894	6,338	6,338	5,698	Government Affairs
Contributions to Employee Benefit Plans	744	794	794	755	
<b>Total Spending</b>	6,638	7,132	7,132	6,453	
Plus: Cost of services received without charge	1,016	n/a	n/a	1,035	
<b>Net Cost of Department</b>	7,654	7,132	7,132	7,488	

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.

Since 2008-2009, the budget for the Office has remained at \$7.1 million, 74 per cent (or \$5.3 million) of which is dedicated to salaries and employee benefits. Of the remaining \$1.8 million, approximately \$700,000 is used to cover the cost of shared services provided by the House of Commons, the Library of Parliament and Public Works and Government Services Canada in the area of information technology, finance and compensation, respectively.

Complete financial statements can be found on our website at [www.ciec-ccie.gc.ca](http://www.ciec-ccie.gc.ca).

