



Federal Accountability Act and Action Plan



Reforming the financing of political parties






On April 11, 2006, the Government of Canada introduced the Federal Accountability Act and Action Plan, delivering on its commitment to make government more accountable. The Federal Accountability Act received Royal Assent on December 12, 2006. This is one of a series of fact sheets describing proposed actions to respond to this commitment.

The context

The *Canada Elections Act* governs campaign donations and the financing of political parties and candidates in Canada. The law ensures transparency and regulates the financial relations and operations of political parties and candidates. However, more needed to be done to rebuild public confidence in the integrity of the democratic process, and to ensure that influence could not be bought through political donations. Donations from corporations, unions, and organizations were of particular concern, since they allowed for a contribution of funds from unknown original sources.

The Action Plan

The Government of Canada has toughened the laws around the financing of political parties and candidates to reduce the opportunity to exert influence through large donations. Effective January 1, 2007, the *Federal Accountability Act*:

-  imposes a complete ban on contributions by corporations, unions, and organizations;
-  lowers from \$5,000 to \$1,000 the annual limit on contributions an individual can make to a particular registered party;
-  provides for a new distinct \$1,000 annual limit on contributions an individual can make in total to the local entities of a particular registered party (candidates, nomination contestants, and district associations);
-  lowers from \$5,000 to \$1,000 the limit on contributions that an individual can make to a particular independent candidate; and
-  makes it an offence to wilfully give or to receive a cash donation of more than \$20.

What this means for Canadians

These changes increase transparency, reduce opportunities to influence politicians with contributions, and help Canadians feel more confident about the integrity of the democratic process. They level the playing field among individual contributors and encourage political parties to engage the electorate more directly.

In addition, the Act bans secret donations and gifts to political candidates (see related fact sheet called “Banning secret donations to political candidates” for details).

For more information

For more information on the measures proposed in the *Federal Accountability Act* and Action Plan, please visit www.accountability.gc.ca, or contact General Enquiries at Treasury Board of Canada Secretariat:

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Federal Accountability Act and Action Plan



Banning secret donations to political candidates




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The context



The *Canada Elections Act* governs campaign donations and the financing of political parties and candidates in Canada. The Government of Canada closed loopholes in the election laws by applying new restrictions on the use of trust funds and the receipt of gifts by candidates for federal political office.

The Action Plan

Effective June 12, 2007, the *Federal Accountability Act*:

-  prohibits candidates from accepting gifts that might reasonably be seen to have been given to influence them in the performance of their duties, if elected;
-  requires candidates to report any gifts they receive worth more than \$500; and
-  prohibits electoral district associations and political parties from transferring money to a candidate when that money is held in trust.

In addition, the *Federal Accountability Act* will:

-  prohibit Member of Parliament trust funds from being used for political purposes; and
-  require that the Conflict of Interest and Ethics Commissioner order Members of Parliament to wind up their personal trust funds, or not use the trusts for political purposes.

In addition, the Government has reformed how political parties are financed (see related fact sheet called “Reforming the financing of political parties” for details).

What this means for Canadians

These changes bring greater transparency and fairness to political financing. The Government has heightened disclosure requirements regarding the personal finances of Members of Parliament, and hence reduced the risk of their holding problematic financial interests. These measures allow Members of Parliament to hold legitimate financial instruments that do not influence their elected positions.

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Federal Accountability Act and Action Plan



Strengthening the role of the Ethics Commissioner





On April 11, 2006, the Government of Canada introduced the Federal Accountability Act and Action Plan, delivering on its commitment to make government more accountable. The Federal Accountability Act received Royal Assent on December 12, 2006. This is one of a series of fact sheets describing proposed actions to respond to this commitment.

The context

Canadians expect elected representatives and public office holders to make decisions in the public interest, without any consideration of personal gain. Public office holders must perform their official duties and arrange their private affairs in a manner that will avoid real or perceived conflicts of interest.

The Action Plan


The Government of Canada has strengthened the role of the Ethics Commissioner. Effective July 9, 2007, the *Federal Accountability Act*:

-  enshrines the provisions of the current Conflict of Interest and Post-Employment Code for Public Office Holders into a new *Conflict of Interest Act*;
-  prevents the Prime Minister from overruling the Commissioner on whether the Prime Minister, a minister, or other public-office holder has violated this Act;
-  prohibits the use of blind management agreements (“venetian blind trusts”), meaning that public-office holders will either have to sell assets in an arm’s-length transaction or place them in a fully blind trust; and
-  gives the public the ability to bring forward, through a Member of Parliament, information to the Commissioner for consideration and action, as appropriate.

What this means for Canadians

These measures create a strong conflict of interest and ethics regime to help build public confidence in our system of government and parliamentary institutions. By enshrining the Conflict of Interest and Post-Employment Code for Public Office Holders into law, the Government ensures that the current and future Prime Ministers abide by a consistent set of rules.

On June 12, 2007, the *Federal Accountability Act*:

-  gave the new Conflict of Interest and Ethics Commissioner the power to administer the proposed *Conflict of Interest Act*, initiate formal investigations, and levy monetary penalties for administrative breaches under this Act;

In addition, the Prime Minister has issued a revised edition of *Accountable Government: A Guide for Ministers and Secretaries of State* that includes ethical guidelines and guidelines for political activities of public office holders. These guidelines will ensure public confidence in the integrity, objectivity and impartiality of government is conserved and enhanced.

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Federal Accountability Act and Action Plan



Toughening the *Lobbyists Registration Act*







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The context

Lobbying is a legitimate part of our democratic system, but weaknesses with the *Lobbyists Registration Act* were identified. For example, compliance with registration requirements was low, the information disclosed was insufficient, and the Registrar of Lobbyists has lacked the necessary independence, powers, and resources to conduct effective investigations of possible infractions under the *Lobbyists Registration Act*.

The Action Plan




The Government of Canada is taking steps to assure Canadians that lobbying is done in an ethical and transparent way. Specifically, the *Federal Accountability Act* will:

-  establish a new Commissioner of Lobbying as an independent Agent of Parliament;
-  provide the Commissioner with enhanced investigative powers and mandate to enforce compliance with the proposed *Lobbying Act*;
-  prohibit ministers, ministerial staffers, transition team members and senior public servants from registering and lobbying the Government of Canada for five years after leaving office;
-  ban any payment or other benefit contingent on the outcome of a consultant lobbyist's activity, and require all government contracts and agreements to state that contingency fees will not be paid;
-  require that contacts with designated public office holders be recorded; and
-  double the monetary penalties for lobbyists who fail to comply with the requirements of the *Lobbying Act*.

What this means for Canadians

These changes will give the Commissioner of Lobbying the independence and necessary powers to ensure that lobbying is done in a transparent and ethical way. Canadians will be reassured that former designated public office holders do not use their personal connections to obtain special favours from government once they leave office, and that conflict of interest situations do not arise while they hold office.

In order to bring changes to the *Lobbying Act* into force, regulations are required to set out the administrative measures necessary for lobbyists to comply with the new requirements of the Act. The Government initiated a consultation process in March 2007 on regulations necessary to implement the new *Lobbying Act*. Specifically, these regulations are necessary to prescribe:

-  the form and manner of all returns, including the new monthly returns for consultant lobbyists and in-house lobbyists;
-  the type of lobbying activity to be reported on in a monthly return; and
-  the details on the subject-matter and other information that may be required in a monthly return.

For more information

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Federal Accountability Act and Action Plan



Ensuring truth in budgeting with a Parliamentary Budget Authority




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The context

Improving the transparency and credibility of the Government’s fiscal forecasting and budget planning process is fundamental to making the Government more accountable to Parliament and Canadians. To that end, parliamentary committees should have access to independent, objective analysis and advice concerning economic and fiscal issues, supported by timely, accurate information from federal departments and agencies.

The Action Plan

Effective December 12, 2006, the *Federal Accountability Act*:

-  expands the mandate and resources of the non-partisan Library of Parliament by establishing within it the position of Parliamentary Budget Officer;
-  gives this Officer the mandate to:
 - provide objective analysis to the Senate and House of Commons concerning the state of the nation’s finances, the estimates of the Government and trends in the national economy;
 - undertake economic and fiscal research for the Standing Committee on Finance, the Standing Committee on Public Accounts, or the Senate Standing Committee on National Finance, on the request of these committees; and
 - estimate the cost of proposals currently or prospectively under consideration in either House when asked to do so by a Member, a committee of the Senate or the House of Commons, or a committee of both Houses.
-  requires departments and agencies to provide the Officer with existing data necessary to fulfill his or her mandate.

What this means for Canadians

Together these measures increase transparency in the Government’s fiscal planning framework and enable Parliament to better hold government to account.

In addition, quarterly updates to current year fiscal forecasts are being issued through the *Fiscal Monitor*, the *Economic and Fiscal Update*, and the *Budget* in accordance with the International Monetary Fund’s *Code of Good Practices on Fiscal Transparency*.

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Federal Accountability Act and Action Plan



Making qualified government appointments




On April 11, 2006, the Government of Canada introduced the Federal Accountability Act and Action Plan, delivering on its commitment to make government more accountable. The Federal Accountability Act received Royal Assent on December 12, 2006. This is one of a series of fact sheets describing proposed actions to respond to this commitment.

The context

Legislative provisions that govern the appointment of Agents and Officers of Parliament were inconsistent and did not fully respect Parliament in the process. In addition, the appointment process for agencies, commissions, and boards was not as transparent or merit-based as it could have been. Furthermore, favoured treatment to ministerial staffers in filling public-service positions undermined both the non-partisan nature of the public service and its adherence to the merit principle.

The Action Plan


Effective December 12, 2006, the *Federal Accountability Act*:

-  institutes a uniform approach to appointing Officers and Agents of Parliament, and ensure a meaningful role for Parliament in the process;
-  provides for the establishment of a Public Appointments Commission in the Prime Minister’s portfolio to oversee, monitor, and report on the selection process for appointments to government boards, commissions, agencies, and Crown corporations; and
-  removes the entitlements of all ministers’ staff to priority appointments and instead allows them to apply for internal competitions for public-service positions for up to one year.

What this means for Canadians

These reforms assure Canadians that the appointments process for Agents and Officers of Parliament are approved by Parliament; that government appointments reward merit while respecting the values of fairness and openness; and that the potential for politicizing the public service is reduced.

Furthermore, effective February 10, 2007, the *Federal Accountability Act*:

-  allows the Chief Electoral Officer to appoint returning officers following an external appointment process, with provisions that ensure the merit principle is applied.

For more information

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Federal Accountability Act and Action Plan



Cleaning up the procurement of government contracts


On April 11, 2006, the Government of Canada introduced the Federal Accountability Act and Action Plan, delivering on its commitment to make government more accountable. The Federal Accountability Act received Royal Assent on December 12, 2006. This is one of a series of fact sheets describing proposed actions to respond to this commitment.

The context




In carrying out its programs and providing services to Canadians, the Government of Canada is one of the largest purchasers of goods and services in the country. It is important that the bidding process for government contracts, including those for polling and advertising, be fair, open, and transparent.

The Action Plan

To reinforce Canadians' confidence in the procurement process, effective December 12, 2006, the *Federal Accountability Act*:

-  includes an overarching statement of principles on procurement that commits the Government to promoting fairness, openness, and transparency in the bidding process;

The Government is currently developing regulations that will:

-  require that contracts include integrity provisions;
-  require the public disclosure of basic information on contracts over \$10,000; and
-  define the scope of the duties and functions of a Procurement Ombudsman, who will:
 - review procurement practices across government;
 - handle complaints from potential suppliers;
 - review complaints regarding contract administration;
 - ensure the provision of an alternative dispute resolution process for contracts; and
 - submit an annual report to be tabled in Parliament.

What this means for Canadians

Through these measures, the Government is ensuring that the procurement process is free of political interference, and that a clear process is in place to address complaints from potential suppliers. It is also providing greater opportunities for small vendors and vendors in all regions of Canada to compete for government contracts.

In addition, the Government:

- 🍁 welcomed the recommendations of an independent procurement expert on the draft policy on managing procurement to ensure it reinforces a fair, open, and transparent procurement process;
- 🍁 introduced the *Code of Conduct for Procurement* on September 19, 2007; and
- 🍁 announced on April 18, 2006, the establishment of six new Regional Offices of Small and Medium Enterprises, to be located in Halifax, Montreal, Toronto, Ottawa, Edmonton and Vancouver.

Furthermore, the Government has made reforms to government public opinion research and advertising (see related fact sheet called “Cleaning up government polling and advertising” for details).

For more information

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Federal Accountability Act and Action Plan



Cleaning up government polling and advertising



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The context

Past political scandals raised legitimate questions about the transparency, fairness, and value for money of the procurement process for public opinion research and advertising.

The Action Plan

To reinforce Canadians' confidence in the procurement process for public opinion research and advertising, effective December 12, 2006, the *Federal Accountability Act*:



-  prohibits verbal-only reports; and
-  requires departments and agencies to send a final written report on research findings obtained under contract to Library and Archives Canada within six months of completing data collection.

The Government amended its communications policy and related procedures in August 2006 to reflect the new statutory requirement for written reports, to include a requirement that contracting be open, fair, and transparent, and to add a new definition of advertising to distinguish it from collateral services such as public relations or events management.

The Government also requires departments and agencies to include contract information in public opinion research reports. Executive summaries of research reports, including contract information, are to be posted on a Library and Archives Canada web site for ease of public access.

Departments and agencies have been instructed to include advertising and public opinion research activities in the department's assessment of risks, as required by the *Policy on Internal Audit*.

The Government announced the pre-publishing of regulations on public opinion research in the Canada Gazette on March 31, 2007. The regulations will:

-  prescribe the form and content of the written research reports; and
-  the manner in which the reports will be made public.

What this means for Canadians

Together these measures help ensure fairness and value for money in contracting for public opinion research and advertising, and preclude those contracts from being awarded or used for partisan reasons or political benefit.

In addition, the Government has appointed an Independent Advisor for a period of six months to conduct a full review of public opinion research practices discussed in Chapter 5 of the Auditor General's November 2003 report and determine whether further action, such as a judicial inquiry, is required.

For more information

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Federal Accountability Act and Action Plan



Providing real protection for whistleblowers







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The context

The Public Service of Canada is a multifaceted institution staffed by professional, dedicated, and highly skilled people. Its employees play a crucial role in supporting the Government’s agenda and helping it deliver programs and services to citizens. Canadians have every right to expect that public office holders and public sector employees behave ethically and in accordance with their legal obligations. The public sector must, therefore, foster an environment in which employees may honestly and openly raise concerns without fear or threat of reprisal.

The Action Plan

The Government of Canada provides real protection for public sector employees who disclose government wrongdoing. Effective April 15, 2007, the *Federal Accountability Act*:

-  gives the Public Sector Integrity Commissioner an expanded mandate;
-  gives public sector employees direct access to the Commissioner to report wrongdoing in the workplace;
-  gives the Commissioner the authority to deal with reprisal complaints, conduct investigations, and attempt to conciliate a settlement between the parties;
-  creates an independent Public Servants Disclosure Protection Tribunal, comprised of judges, with the power to decide whether reprisal occurred and to order action to remedy the situation and ensure that those who took reprisal are disciplined;
-  introduces specific penalties for offences under the *Public Servants Disclosure Protection Act*, including tougher penalties for those who wilfully impede investigations of wrongdoing;
-  gives the Commissioner the power to authorize free access to legal advice for both public sector and non-public sector employees;

What this means for Canadians

These changes help create an environment in which employees and all Canadians can honestly and openly report wrongdoing in the federal government without fear of reprisal.

🍁 removes the ability of the Government to exclude Crown corporations from coverage under the *Public Servants Disclosure Protection Act*; and

🍁 requires open and transparent reporting of instances of founded wrongdoing.

For more information

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Federal Accountability Act and Action Plan



Strengthening access to information legislation

On April 11, 2006, the Government of Canada introduced the Federal Accountability Act and Action Plan, delivering on its commitment to make government more accountable. The Federal Accountability Act received Royal Assent on December 12, 2006. This is one of a series of fact sheets describing proposed actions to respond to this commitment.

The context


Access to government information allows Canadians and organizations to participate more fully in public policy development and better assess the Government of Canada's performance. The *Access to Information Act* sets out the right of Canadians to access information that the Government of Canada holds, with limited exceptions.

Many groups and individuals, including the Office of the Information Commissioner, have been calling for changes to the access law to make government more open.

The Action Plan

To promote a culture of openness and accessibility, the Government has strengthened access to information legislation. Effective December 12, 2006, the *Federal Accountability Act* has increased the number of investigators the Information Commissioner may use for investigations concerning information related to defence or national security.

Effective April 1, 2007, the *Federal Accountability Act*:

 expands the coverage of the *Access to Information Act* to the Canadian Wheat Board, and to the following Agents of Parliament and foundations created under federal statute:

Agents of Parliament

- Office of the Information Commissioner;
- Office of the Privacy Commissioner;
- Office of the Commissioner of Official Languages;
- Office of the Chief Electoral Officer; and
- Office of the Auditor General;

Foundations created under federal statute

- Canada Foundation for Innovation;
- Canada Foundation for Sustainable Development Technology;
- Canada Millennium Scholarship Foundation;

What this means for Canadians

By expanding the coverage of the Access to Information Act, the Government is more transparent and more open. It provides Canadians with access to more information from Crown corporations, Agents of Parliament, government-funded foundations, and the Canadian Wheat Board. At the same time, the Government will explore ways to further strengthen access to information legislation in consultation with parliamentarians and Canadians to ensure that their concerns receive careful attention.

- Asia-Pacific Foundation of Canada; and
- The Pierre Elliott Trudeau Foundation.

Effective September 1, 2007, the *Federal Accountability Act*:

- 🍁 provides a duty for institutions to assist requesters without regard for their identity;
- 🍁 expands the coverage of the Act to include wholly owned subsidiaries of all parent Crown corporations covered under the Act; and
- 🍁 expands the coverage of the Act to include the following seven additional Crown corporations:

Crown Corporations

- Canadian Broadcasting Corporation;
- VIA Rail Canada Inc;
- Atomic Energy of Canada Limited;
- National Arts Centre;
- Public Sector Pension Investment Board;
- Export Development Canada; and
- Canada Post Corporation.

In addition, the *Federal Accountability Act* ensures that institutions added to the coverage of the *Access to Information Act* will also be covered by the *Privacy Act*.

For more information

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Federal Accountability Act and Action Plan



Strengthening the power of the Auditor General

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The context

One of the most important roles of Parliament is to hold the government to account for its use of taxpayers' dollars. To do this effectively, parliamentarians need objective and fact-based information about how well the government spends public funds. The Auditor General is an independent and reliable source of such information.

In addition, the Government spends approximately \$28.6 billion each year in transfer payments for grants and contributions to individuals, corporations, and non-government organizations. It is imperative that the Government ensures that these programs are well managed.

The Action Plan

Effective December 12, 2006, the *Federal Accountability Act*:

-  gives the Auditor General the authority to “follow the money” by inquiring into the use of funds that individuals, institutions, and companies receive under a funding agreement with any federal department, agency, or Crown corporation; and
-  requires every department to review, at least once every five years, the relevance and effectiveness of its grants and contributions programs.

The Government is currently developing regulations that will deem specific provisions to exist in all funding agreements, indicating that recipients must co-operate with and provide records to the Auditor General on request.

What this means for Canadians

These changes reassure Canadians that their Government is using their tax dollars wisely. They strengthen the role of the Auditor General as an independent and reliable source of information about government spending. To maximize the use of taxpayer money, the Government will root out non-performing or irrelevant programs. Finally, these measures enhance the ability of Canadians and organizations to access government programs and services, and ensure that third parties that receive federal funding are not faced with an unnecessary administrative burden.

In addition, the Government is ensuring that the Office of the Auditor General has adequate resources to fulfill its mandate. The Government has been continuing to respond publicly to the Auditor General's recommendations, and will make sure that independent departmental audit committees monitor the implementation of corrective action plans.

In light of the independent review of grants and contributions programs, Budget 2007 committed to the development of an action plan to reform the administration of grants and contributions with a view to ensuring they deliver clear results in the most effective and efficient way possible within a sensible risk management framework.

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Federal Accountability Act and Action Plan



Strengthening auditing and accountability within departments





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The context

It is vital to government accountability that, within the framework of the minister’s overall responsibilities and his or her accountability to Parliament, the roles and responsibilities of deputy ministers are clear. In addition, independent, objective, and timely internal audit services within departments provide assurance to deputy ministers and reinforce good stewardship practices and sound decision-making.

The Action Plan

To clarify roles and responsibilities and strengthen internal audit, effective December 12, 2006, the *Federal Accountability Act*:




-  designates deputy ministers and deputy heads as accounting officers who are accountable before the appropriate committee of Parliament to answer questions related to specific areas of management within the framework of ministerial responsibility;
-  requires that a clear process be followed in the event that a minister and deputy minister are unable to agree on the interpretation or application of a Treasury Board policy, directive, or standard;
-  requires that deputy heads ensure an appropriate internal audit capacity and establish departmental audit committees; and
-  ensures that audit committees in Crown corporations are independent of corporation management.

What this means for Canadians

These measures clarify the roles and responsibilities of deputy ministers and, together with a stronger internal audit capacity, help ensure that departments are well managed to meet the needs of Canadians.

Effective March 1, 2007, the *Federal Accountability Act* creates a new offence of fraud involving public funds, carrying a maximum term of five years in prison for fraud of \$5,000 or less, a maximum term of 14 years in prison for fraud over \$5,000, and automatic dismissal for any public servant convicted of this offence.

In addition, the Government is:

-  implementing the new Treasury Board *Policy on Internal Audit*;
-  developing a compliance framework that ensures both sides of compliance are addressed, and includes training tools for employees, disciplinary codes to provide clarity on misconduct and related consequences; and
-  enabling the development of best practices and ensuring consistency in discipline across the core public administration, through the Deputy Ministers Advisory Committee on the Management of Compliance.

For more information

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Federal Accountability Act and Action Plan



Creating a Director of Public Prosecutions





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The context

It is important for transparency and integrity in government that the principle of independence of the prosecution function from the Attorney General of Canada and the political process be enshrined in legislation. Prior to passage of the *Federal Accountability Act*, Crown counsel within the Federal Prosecution Service of the Department of Justice and legal agents prosecuted federal offences throughout Canada, and provided legal advice to investigative agencies and government departments in matters of criminal law.

The Action Plan

Effective December 12, 2006, the *Federal Accountability Act*:

-  creates the *Director of Public Prosecutions Act* and the Public Prosecution Service of Canada that resides outside the Department of Justice;
-  gives the Director of Public Prosecutions jurisdiction to conduct prosecutions for offences under federal jurisdiction, including new fraud provisions under the *Financial Administration Act*;
-  gives the Director the power to make binding and final decisions on whether to prosecute, unless the Attorney General instructs the Director to do otherwise by means of public written notice; and
-  requires that the Director submit an annual report to the Attorney General for tabling in Parliament.

What this means for Canadians

The new Public Prosecution Service of Canada model reflects the best features of similar offices that currently exist in three Canadian provinces (British Columbia, Nova Scotia, and Quebec) and in several countries around the world, including the United Kingdom, Australia, and Ireland. The Public Prosecution Service of Canada has independence to pursue prosecutions under federal law and will report to Canadians on its performance.

In addition, through the Public Prosecution Service of Canada, the Government will review lessons learned and best practices for prosecuting cases of fraud involving governments, in collaboration with other jurisdictions in Canada and international partners.

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