
The Lobby Monitor

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Satellite Saga Spins Back to Canada

After a defeat at the hands of the FCC in Washington, the TVsatellite lobby has focussed its antennae to the north in the hopes Ottawa will get the picture. See Satellite page 2.

Code of Conduct

The government's Code of Conduct is at the first gate, and is expected to be before committee in the fall. Feedback to surveys has the Ethics Counselor's office buried in paper. See Code page 2.

Rail Abandonment Lobby Getting on Track

The National Transportation Act is "closed" for business, but that shouldn't stop farmers, provincial and municipal governments and railway workers from lobbying against rail abandonment in their own communities. See Rail page 3.

Top Lobby Firms By Client Registrations

Under the new LRA, who's on top and who's not? Check out the latest data from the 1996/7 Federal Lobbyist. See page 5.

Also in this issue: Registration Notes page 6, Revealing Registrations page 7, Summer Lobbying and People page 8.

Registrations in this Issue

Client Organizations

Abbott Laboratories Ltd
Alliance Pipeline Ltd Partners
Assn of Intl Auto Manf of Can
Cdn Bicycle Manuf. Assoc
Cdn Marine Manufacturers Assoc
Dialogue Canada Multimedia
DMR Group Inc.
Groupe Videotron Ltee
Hedley Technologies
Japan Auto Mfrs Assoc of Can
Lloyd's Investment (USA) Corp
Maple Leaf Foods Inc.
Motor Vehicle Manf Assn
Motor Vehicle Manuf Assoc

Ont Forest Industries Assoc
Ont Lumber Manuf Assoc
Postal Promotions
S. Cohen Inc
Scranton Times
Seigneurie Importations Ltee
Templeton Res & Invest Mgmt
Transcare Supply Chain Mgt Inc
Zygo Corporation

Lobby Organizations

Baker & McKenzie
Borden & Elliot
Corporation House Ltd (Ott)

Flavell Kubrick & Lalonde
Goodman Phillips Vineberg
Govt Business Cons Gp
Hill & Knowlton Canada (Ott)
IGRG-Industry Govt Reln
J. Cameron Millikin Cons
Marcotte Consulting
McMillan Binch (Tor)
Midpoint Consultants
Osler, Hoskin & Harcourt (Tor)
The Capital Hill Group (Ott)
Veritas Communications
Waymar Energy Inc

Satellite Saga Continues in Canada

The FCC's dismissal last week of the licence applications of **Telesat's** US partners **TelQuest Ventures** and **Tele-Communications Inc** marked another turning point in the battle for Canada's prime satellite space. It also changed the tactics, timing and targets – not to mention the intensity – of the lobby campaign on both sides of the border.

The Telesat reps have been given clear instructions to characterize the events as a "speed bump" rather than a "stop sign." Groups such as **Shaw Communications**, **Power Direct** and **Tee Comm** on the other hand, are painting the decision as an opportunity for **Industry Canada** to "set up a process" – which means more time – so the interested companies can get a proposal together.

The FCC Decision

The American giants **MCI** and **AT&T** are credited with convincing the FCC that Canadian cultural policy prohibited the Telesat partnership – their massive investment in buying the remaining US slots as a mere side issue.

The FCC's decision to throw the ball back into Industry Canada's court contradicts a condition of the provisional approval set out by the Minister. Manley threw tentative support be-

hind the Telesat deal provided it meet various conditions, including FCC approval.

The obvious "chicken and egg" analogy, however, may be misleading. MCI is reportedly not concerning itself with the Canadian side of the decision making process as it recognizes Industry Canada is in a state of policy paralysis. Telesat, on the other hand, has turned its efforts to pressuring Industry Canada to resolve the issue.

Strange Alliances

The other companies pushing for a chance to put their proposals forward insist that there is no coordinated effort to have the Telesat deal scuttled. But they acknowledge that their objectives are closely linked as they all want their own kick at the can.

Along the same lines, the efforts of the major US players to prevent satellites in the prime Canadian orbital slots, fits with Shaw's and Power Direct's short term goals. The Telesat representatives, of course, point to a coordinated attempt to prevent **ExpressVu** from being launched. They go on to suggest that if the other companies ever do put together a deal, US money and partners will be involved.

Characterizing the Lobby

"We're moving forward with the FCC's very valid suggestions," say the Telesat lobbyists with characteristic politeness and generosity towards Industry Canada. But while their public line is even tempered, other Telesat supporters seem to have a communications theme that suggests the lobby is getting increasingly ugly.

"The incompetence of [Industry Canada ADM Michael]Binder is the real issue," says one source close to the Telesat deal. "Binder says the department won't be driven by the US and yet the tentative approval was based on FCC approval. All eyes are on Industry Canada."

Others Telesat sources are discreetly reminding people of Power Direct's links to the Liberal government and of Shaw's effectiveness as part of the cable lobby.

The other side meanwhile, is applauding the FCC decision and urging the department to bring in a new multi-stage process to evaluate the other bids that they hope to pull together. "The lobby is very serious, it's intense," says **Elizabeth Roscoe** of Shaw going on to say with some satisfaction: "It's a very fluid situation in

Code of Conduct Closer to Completion

Lobbyists are one step closer to having a professional Code of Conduct under the Lobbyists Registration Act. The first round of stakeholder input on the Ethics Counselor's discussion paper has wrapped up after 5 months. The Office of the Ethics Counselor is working busily to compile the comments into a draft Code of Conduct which will go for a second round of stakeholder comment at the end of summer. Round three of the discussions, a review by a parliamentary committee, is expected in the fall session.

Feedback on the discussion document has been substantial, according to the **Office of the Ethics Counselor**. "We have received many comments from lobbyists, associations and GR

firms," says **Catherine Jarmain**. "There have been a lot of good suggestions for what to include in the Code of Conduct."

Thorn in the Side

The Code of Conduct has been a thorny issue with the GR sector since it was announced in the revisions to the LRA in 1995 — it rased concerns that it might conflict with the codes used by lawyers and other professional associations. But since they have little choice in the matter now, industry members have turned their attention to influencing the shape and content of the code.

The **Government Relations Institute of Canada** (GRIC), which passed its own Code of Conduct in December, wants to ensure that

the government's code does not deal with specifics. "The government's code should set out principles and standards and leave the specifics to the lobbyists and associations to determine.

"Many already have their own, more specific codes of conduct," says **Elizabeth Roscoe**, GRIC President.

SAMCI, the first GR firm to have its own professional code of conduct, favours an industry wide code and is not concerned about having two codes to follow. "Our code of conduct reflects our particular way of doing business. The Industry Canada code won't prevent us from continuing this," says lobbyist **Jill Maase**.

Continued on page 3

Rail Groups not Abandoning Lobby

The **National Transportation Act**, proclaimed on July 1, sets out streamlined regulations that allows rail companies to divest themselves of unprofitable railway lines and simplifies the line takeover by shortline operators – be that provincial government, municipalities or private firms. So ends the rail abandonment lobby campaign, right? Well, maybe.

The time-honoured lobbying principle of trying to influencing policy at the earliest possible stage still holds true, but on the heels of a government turn around on the **Mifflin Plan** for the BC fishery, there are indications that a lobby campaign to preserve prairie communities is in the making.

Concern From Many Angles

The shippers, unions and regions served by unprofitable lines will continue with the position they held throughout the campaign leading up to the new Act: For any number of reasons, the government or the rail companies have a responsibility to maintain these lines and the communities they serve.

New pressure, however, is expected from the provincial and municipal governments. “The legislation calls on the rail companies to move through a three stage process to try and find an operator. Provincial and municipal government have right of first refusal and at prices based on net salvage value. There is opportunity to step in but it depends on whether or not there is the political will,” says a department official. It’s this transfer in responsibility for

“political will” that will likely generate the most pressure. Those close to the scene suggest that the provinces will be calling for some kind of measure to offset the downloading of the problem.

“There will be an increased presence of municipal associations from the West and the North. Provincial governments as well, but they are somewhat removed from the frontlines – it’s the municipal governments that will really see it and they will be the ones pushing the provinces,” says an official.

“The new Act will get the railways off the backs of government. But there will be new pressure from the provincial and municipal level – who will be looking for some kind of equalizer,” says one lobbyist.

The Grassroots Pressure

“Who do I shoot?” was the question asked recently of a government official by a disgruntled farmer. The statement is used as an example of the feeling that is only now gathering speed. “Every farmer wants to know what this legislation will mean,” says an official.

Feeling among farmers, however, is not unanimous. “There was a push for abandonment by a lot of farmers over the last ten years because the costs were tied into the Crow Rate,” says **Gary Housch** of the **Brotherhood of Maintenance of Way Employees**. The elimination of the Crow Rate changed that thinking but there remains a diverse set of issues for farmers.

“The farmers are so tied up with the issue of selling their own grain,” says one official.

Sources in the agricultural sector suggest that many farmers don’t like the socio-economic aspects of rail subsidies and support a move towards viable transportation.

Perhaps because of the mixed opinions among farmers, the prospects of the rail abandonment issue stirring local action and translating into significant pressure as with the West Coast Fishery, are slim. “I think we would have seen a lot of lobbying from the producers and the communities but grain prices are very high,” says **Jack Wilkinson** of the **Canadian Federation of Agriculture**. “My sense is that there will be things stirred up but it won’t be widespread.”

Room For Movement?

“The Act is closed and it eliminates federal flexibility,” says a government source when asked about the state of the lobby campaign on rail abandonment. “There is little that the ministers can do – how can they say yes to subsidies of some lines and not to others? But that won’t stop the lobbying.”

The pressure may not be on the preservation of the rail lines as much as the preservation of the communities. Insiders suggest, that while the legislation is restrictive, safety valves exist. “The minister could pressure the railways to back off from the opportunity abandon,” says one government official, noting that the legislation is not up for review for another five years. Other sources suggest that an off setting program to upgrade roads – especially in provinces like Saskatchewan that will suffer under increased truck traffic – could be announced.

“The **Red Book** talks about multilateral agreements on road development. They might not embarrass themselves on the rail stuff but could compensate by pouring money into highways – it would be a good fit with the job creation stuff,” says one lobbyist.

Wilkinson says there is \$300 million earmarked for the transition from the **WGTA** that could be poured into highway reconstruction.

All sides of the issue agree that whatever route is chosen for rail abandonment or compensatory measures, there will be substantial costs involved.

Code of Conduct

Continued from page 2

Maase also believes the code should be general in scope, leaving room for individual firms to follow their corporate philosophy.

“The government’s code also does not need to deal with certain issues as they are covered by other pieces of legislation that govern the industry,” Roscoe adds. GRIC included in this list issues of privacy, employment equity and confidential information.

Hopefully the lobby industry won’t have long wait to see the what’s in the draft.

Registration Notes

Pedalling Input

The **Canadian Bicycle Manufacturers Association** has retained *Michael Flavell* of **Flavell Kubrick & Lalonde** to assist it in the monitoring of the amendments to the Special Import Measures Act. The SIMA is up for review says Flavell, and the CBMA is interested in being involved because of past experience with the Act, especially the anti-dumping portions. Flavell says the association supports the continuation of the legislation and hopes to participate in the review to ensure that position is represented.

Seeking Opinions

Graham Hardman of **Corporation House Limited** registered on behalf of the **Canadian Marine Manufacturers Association** while colleague **Doug Wurtele** was on leave. The association is responding to a Canadian Coast Guard request for information regarding boat licensing. The CMMA represents recreational boat manufacturers and

boaters in Canada. It is hoping to participate in the fact finding efforts surrounding a licensing process that will allow the Coast Guard to use a computerized system to determine the owner of a craft in distress. A CMMA spokesperson says Corporation House has been assisting the association in its dealings with Ottawa since 1993.

Hands Across the Border

Zygo Corporation, a US company working in the high performance and electro-optical sphere, is looking to expand into Canada through the acquisition of a Canadian firm working in the data storage and medical disposal field. *Carrie Smit* of **Goodman Phillips & Vineberg** who has registered for Zygo, is seeking a favourable ruling on a portion of the Income Tax Act to ease the acquisition. Smit says she did some corporate tax structuring for Zygo as well as dealing with the Department of Finance.

In the Drivers' Seat

David Dyer and *Herb Metcalfe* of **The Capital Hill Group** are registered on behalf of the **Motor Vehicle Manufacturers' Association**. *Mark Nantais*, spokesman for the MVMA says that they are concerned about the reform of financial institutions legislation, and

the possible entry of banks into direct vehicle leasing.

"The dealers have really led the charge on this one," says Nantais, who suggests that banks are already involved in leasing, a service usually performed at the retail level by dealers and the financial branches of member companies. Nantais says that the review of the Bank Act is the focus, although he adds that the next steps have yet to be determined since the release of the White Paper on the issue.

MMT Rides Again

The registrations over Bill C-29, the MMT (Maganese-based fuel Additives Act) initiative still in limbo, continue. This week *Neil Campbell* of **McMillian Binch** in Toronto registered for the Association of **International Automobile Manufacturers of Canada** and the **Motor Vehicle Manufacturers Association**. This list keeps growing like Jack's beanstalk. There are no new issues, says *Mark Nantais*, of the MVMA. He says they just want "to get the bill passed, it should have been done a year ago."

If a Tree Falls...

Michael Teeter of **Industry Government Relations Group** is registered on behalf of the **Ontario Forest Industries** and the **Ontario Lumber Manufacturers' Association** which represent 100 per cent of Ontario lumber manufacturers. At stake is the allocation of the softwood lumber quota, which has set limits on the export of lumber from four Canadian provinces – BC, Alberta, Ontario and Quebec. Teeter says that the key issue for his clients is that the quota be administered by the federal government. He adds that the two associations prefer for the system to respond to changes in the market instead of being fixed for five years.

Teeter says that the debate over whether or not the provinces should allocate the quota has gridlocked the system. He also says that the potential lack of standardization between provinces should they allocate the quota could create potential legal problems for the federal government. Teeter insists that if the provinces are given the responsibility to allocate the quota it will set a dangerous precedent for trade policy.

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Non-Consultant Registrations Revealing

With the implementation of new legislation requiring in-house lobbyists, both corporate and organizational, to register their activities, the lens on lobbying got wider. This new clarity is particularly helpful in the non-consultant class. Many times, corporations and organizations have a clear picture of their own agendas, even if they are less sure of the government agenda.

“We can’t tell what the activity of the government is going to be in six months,” says **Francesca Yacarto** of the **Canadian Chamber of Commerce**. At the organizational level, this usually means that they will be operating on a reactive versus proactive basis. **Donald McArthur** of the **Canadian Importers Association Inc.** says his association works both ways, depending on the issue.

One telling example of how the registrations are marking the paths of lobbyists is the anti-labeling campaign that emerged over C-222, MP **Paul Szabo**’s bill promoting warning labels on alcohol bottles. The lobby established itself well before crunch time, and worked with consultant lobbyists to develop a

strategy so that the associations and manufacturers could hit the bill where it would hurt the government – public opinion. Szabo’s bill did not pass in the House, and was returned to committee for study in a broader category, effectively killing it.

The Brewers’ Association, which spearheaded the anti-label lobby, commissioned a public opinion poll of Canadians’ knowledge of the effects of alcohol consumption to try to disable the pro-label forces public information effort. President **Sandy Morrison** also illuminated the US experience with labeling, which has not been proven to have made any impact according to studies performed in the early 1990s.

The Corporate Touch

For corporate in-house lobbyists, the broad reflection of the registrations focuses on financial and industry issues like the Income Tax Act, the Bank Act and other related financial institutions legislation and the Canadian Business Corporations Act and cost recovery initiatives. In various industries, the registrations are a tad more personal, focusing on

industry-specific items, like copyright, broadcasting and the Drug Patent Act review (C-91). One of those monitoring the scene is **John Brennan** of **Dupont Merck Pharma Inc.** who’s interest is C-91 and the transfer payments to the province.

Alan Davis, of **Smithkline Beecham Pharma Inc.** says the company has two concerns, federal taxes on health benefits and the discussions over regulation of new drug approvals. Davis says that the tax would download costs to employers, who would transfer the cost to employees. Cost recovery is also an issue for pharmaceutical companies. Because they pay for drug trials, companies want to ensure that performance standards go along with the investment. With C-91 slated for upcoming review, the registrations are emerging on this front as well.

While the registrations are not perfect, they do help to identify the foundations of lobbies as they develop. And the additional information is useful to those Ottawa watchers looking for footprints in the sand.

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No Lobby Siesta Season

Ask anyone in Ottawa where to find lobbyists during the months between June and September, and it's a sure bet that one of the first suggestions you hear will be "on the golf course." But some lobbyists are getting tired of that old canard. They insist that, far from dividing their time between the putting greens and the cottage, many lobbyists find themselves just as busy during the summer as they do in the fall.

Sean Moore of Gowlings says it's true that in summer, the metabolism of the town slows down. But that doesn't mean that the lobbyist machine grinds to a halt – it just takes a more leisurely pace. He adds that it's important to see golf for what it is: an important part of forming relationships.

"Social life changes in the summer," he says. Tennis, golf and other "in crowd" sports give lobbyists, legislators and mandarins alike a chance to mingle outside of the usual atmosphere of lunch meetings or business dinners.

"It's also very difficult to get in touch with people in the summer," says Moore. "There's the compounded difficulty of summer holidays and a lot of people leaving the public service for good."

According to **Scott Proudfoot of IGRG**, it used to be true that things quieted down during the summer. But now, he finds himself just as busy, whether it's June or December. "People are on vacation, but the work is steady," he maintains. Of course, there's always going to be a little downtime, and Proudfoot says he spends a fair amount of his summer siestas planning the next year's work. Proudfoot attributes the change from past years, when the industry would virtually shut down during the summer to the evolution of the business. However, he also points out that this may reflect the nature of his business and clients more than the industry as a whole.

At **Association House**, not much changes in the summer, according to **Brian Guest**. "Nothing is on the back burner just because the house isn't sitting." Guest says that summer or not, there are always files to be looked after. "Direct contact [with legislators] is not a necessity."

Tony Stikeman of **Tactix** takes advantage of the parliamentary downtime. "It means there's a little bit more free time on the part of bureaucrats and political assistants, which means they have more time to discuss things."

Dan Tessier, of the **Insurance Brokers Association of Canada**, says that most people do still think that the summer months are the "easy" ones. "Every year I want to believe that." Like Proudfoot, Tessier says he has a full plate of work during the summer. But there's an added dimension to the picture. For many client firms, the summer is traditionally a time to regroup, and do some thinking about fall and winter campaigns. And that means it's a perfect time to sit down with consultants and lobbyists to look over the last year, and try to formulate a working plan for the next year. "It's a time when a lot of people assess what they've done." Client firms aren't the only ones that take advantage of the lull in legislative activity to do a little brainstorming, either, according to Tessier. "This is a time reserved for creativity and planning within lobby firms, as well."

Of course, there's always the delicate question of capital. Even though there may be less work for lobbyists during the summer, it's important to keep those billable hours steady. Two months of downtime could mean more than a little belt-tightening for a firm, if outgoing costs remain steady. To forestall the dwindling of cheques for services rendered, some lobbyists make marketing a priority in summer. But it's a little like the grasshopper and the ants – how many potential clients are thinking about fall campaigns – and hiring outside help – when the sun is shining? "The best time to market is in the spring and summer," insists Tessier. But Proudfoot has had a different experience. "It's the only thing I don't do during the summer." And Stikeman, speaking like a true salesman, says it's always a good time for marketing.

So next time you spot a few familiar lobbyists dotting the greens, don't assume it's just more slacking off in the summer. After all, influence is never out of season, sometimes it just takes place in different venues.

PEOPLE

Michelle Marcotte of **Marcotte Consulting** has joined the ranks of lobbying in Ottawa. Marcotte Consulting has been in the national capital region for one year, and draws international business and government clientele in the agri-food technologies, food irradiation and regulatory sectors from the US, United Kingdom, Australia and Canada. Marcotte is the only Canadian member of the United Nations Environment Program Montreal Protocol technical committee, and is a member of the UN Environment Program - Methyl Bromide Technical Options Committee. Prior to her shift to consulting, Marcotte spent nearly ten years in market development for a leading equipment supplier in radiation processing, and worked for Agriculture Canada as a senior consultant.

Rick Anderson has loosened his ties to **Stormount Corporation**, operated by **Rod Bryden** of Senators and Corel Centre fame. Anderson has established his own company, **Anderson Strategic Consulting Inc.** or **ASCI**. While he is still working on a few projects with Stormount and with the Reform Party of Canada, Anderson says that the focus of Stormount is definitely not government relations. With only a handful of clients, and part-time consultant **Randal Goodfellow** having moved back to his own shop **Goodfellow Agricola**, Anderson says that Stormount's work is focused on providing financial advice and financial structure reengineering for clients.

"My work with Stormount is definitely not registerable," says Anderson.

The team at **Corporation House** appears to be adjusting well after the departure of long-time colleague **Dan Tessier**. While **Sam Hughes** is enjoying a lengthy summer vacation out of country, **Ron Lefebvre** says that Tessier's work has been divided between the remaining consultants. Lefebvre adds that they will not be replacing Tessier immediately, certainly not before the end of the summer anyway. As for focusing on specific areas of expertise, there has been no decision to concentrate on specific areas, although Lefebvre says they are providing a lot of assistance to clients in the environment sector.