
The Lobby Monitor

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Tobacco Lobby Still Alight

Compromise seems to be the name of the game as lobbyists continue to pressure the government to soften its stance on the tobacco legislation. *See Tobacco, page 2.*

Drug Patent Review Lobby Stirring

The show must go on, but when? Both sides continue their efforts to define the issue before the public and the politicians. *See Drug, page 3.*

Copyright Lobby Far From Finished

Amendments have been tabled, but few of the lobby groups involved feel that the fight is over. A few are glancing at the Red Chamber for possible redress. *See Copyright, page 8.*

Also in this issue: An inside look at the Government Relations structure at the **Alliance of Manufacturers and Exporters Canada, page 7; Registrations, page 4, Registration Notes, page 5, and People on the Move, page 6.**

Registrations in this Issue

Client Firms

Alliance Equicap Corporation
Anixter Canada Inc
Assn for Mountain Parks -AMPPE
Assoc of Blue Cross Plans
Assoc of Cdn Distillers
Assoc of Reg Int Designers ON
ATS Aerospace
Avenir Inc.
Bank Bros & Son Ltd
Bovar Inc.
Canwest Global Comm. Corp
Cdn Motion Picture Dist. Assoc
Cdn Payments Association
Cert Gen Accts Assoc of ON
Chem-Security (Alberta) Ltd
Cineplex Odeon Corporation
Craig Broadcast Systems Inc
Craig Broadcasting Systems Inc
Crop Protection Inst. of Can
Dylex Limited

Federal Express Canada Ltd
Frank & Tina Armellin
Gallium Software Inc
Hudson's Bay Co
Infinity 1997 Ltd Partnership
Interac Association
Istar Internet Inc.
JD Edwards
Magellan Aerospace Corporation
Maxlink Communications Inc.
Metcan Information Tech Inc.
Motor Vehicle Mfrs Assoc
Noranda Forest Inc.
Oshawa Group Ltd. (The)
RBC Dominion Securities Inc
Siemens Electric Ltd - Transpo
Vancouver Stock Exchange
Will Ketcham

Lobby Firms

David M. Sherman Tax Author/Consultant
Ernst & Young (Tor)

Goodman Phillips & Vineberg (Tor)
Govt Business Cons Gp
GPC Consilium Inc
GPC Govt Policy Cons (Ott)
Heenan Blaikie (Tor)
Hendin, Hendin & Lyon
Hill & Knowlton Canada (Ott)
Howard, Mackie
Lang Michener (Tor)
McCarthy Tetrault (Tor)
Osler, Hoskin & Harcourt (Ott)
Paragon: Reputation Mgmt
Peter Allan Straruch
Policy Insights Inc
Public Perspectives Inc
SAMCI (Ott)
Strategico Inc (Ott)
The Capital Hill Group (Ott)

Tobacco Lobby Still Alight

An eerie silence has descended upon the tobacco lobby battlefield...the kind of silence that makes people nervous. But while the media might have turned temporarily from the sponsorship issue and the minister's special assistant for tobacco, *Michelle Bishop*, has been lured to **SAMCI**, everyone knows that it's far from over.

Ministerial and department officials are still meeting with various groups in an effort to reach a new compromise.

"Amendments are going back and forth [between the government and the tobacco groups]," says one lobbyist. "The government tried to spin the first package as a compromise when, in fact, it was forced on them by their lawyers. The bill won't hit third reading in its present form."

What's In Play

For the manufacturers, the search for movement is said to be focused on the sponsorship issue. The **Alliance for Sponsorship Freedom** is still leading the tobacco lobby's efforts – publicly at least.

Before the bill returned from committee, anti-tobacco groups were promoting a replacement mechanism to address the sponsorship issue, but such a proposal was dismissed by Finance and is clearly off the table. "It's dead in the water," says *Heather Selin* of the **Non-Smoker's Rights Association**. "If they were ever serious about replacing funding they would have done it a long time ago and saved themselves a lot of trouble."

A rumour last week said that the government would introduce draft regulations before **C-71** moves through the House. The bill is said to be heavily dependent on regulations to give detail to its provisions. Introducing them before the bill advances is thought to be one way to relieve the lobbying pressure and ease the passage of the bill.

"The draft regulations might allow international exemptions and address the complaints out of Montreal and Toronto," says one lobbyist. Other possibilities include ex-

tending the phase-in period for the sponsorship provisions.

Who's Doing What

Widely regarded as the best lobby in town, the tobacco industry is said to be focusing on the inner sanctum to advance their cause. "They are only going through the motions with the MPs – they haven't mobilized the distributors or storeowners. The real lobbying is happening on a social level with the decision makers," says one health group lobbyist.

"Publicly, the Alliance is still giving all the quotes and meeting publicly," says one lobbyist. Last month *Murray Krantz* and *Charles Fremes* of **Edelman Public Relations** registered as lobbyists for the Alliance. Edelman had always been coordinating the group's efforts but was previously careful to distance themselves from direct involvement. That stance has clearly changed.

For their part, the anti-tobacco groups have adopted a two-pronged approach. "We're concerned with the quick passage of C-71," says Selin. "But the draft regulations are said to be coming and we are watching very carefully. If they are liberal in their interpretation of the bill's application, things definitely change."

Amendment suggestions from the health groups are said to include a cap on promotional spending by the manufacturers. Representatives from these groups met with the minister and other senior officials on January 16.

Scenarios

Possible timelines for the tobacco fight are varied. Lobbyists suggest that the bill could move through the House very quickly if compromise is reached and the draft regulations allay fears within the Alliance. Another theory says that C-71 will simply take its place on the crowded legislative agenda and move through the House and Senate in a more normal time frame. If no compromise is established, the manufactureres will be push-

ing to delay the process and have it die on the Order Paper.

Either way, all involved recognize the extent to which Health Minister *David Dingwall* wants the bill passed. "He wants this feather in his cap," says a lobbyist. "The question is what kind of a deal he is willing to strike in order to get it."

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Tobacco Registrations

David Angus, Herb Metcalfe, Jean Thi-beault and Nanci Woods of **Capital Hill Group** for **RJR MacDonald**

Louis Boudreau and John McDonald for **Rothmans, Benson & Hedges**

Cynthia Callard for **Physicians for a Smoke-Free Canada**

Margo Craig Garrison for the **Canadian Lung Association**

Robert Cunningham for the **Canadian Cancer Society**

Francois Damphouse and Lorraine Fry for the **Smoking and Health Action Foundation**

Marc Desmarais, Leo-Paul Landry, Joseph Mayer, and Mary Meldrum for the **Canadian Medical Association**

Luc Dumulong for the **National Association of Tobacco and the Confectionery Distributors**

Charles Fremes and Murray Krantz of **Edelman Public Relations** for the **Alliance for Sponsorship Freedom**

Donald Gracey of **CG Management and Communications** for **Rothmans, Benson and Hedges**.

Keith Kelly for the **Canadian Conference of the Arts**

continued on page 3

Drug Patent Review Climate Heating Up

Will the Drug Patent review start on time or will it be delayed to accommodate a possible spring election?

There are two camps on this one, the **Canadian Drug Manufacturers Association**, which represents the generic drug industry, and the **Pharmaceutical Manufacturers Association Canada**, representing the brand name pharmaceuticals.

Brenda Drinkwalter of the CDMA is expecting (or hoping) the review to start on schedule when the House reconvenes in the first week of February, and move at a brisk pace with a potential election looming on the horizon; possibly with a report by the end of March.

Dr. Robert Dougall, of PMAC, is not so sure. While the statutes suggest the review will be launched in February, he says that the government is still involved in internal consultations, and that the terms of reference have yet to be established. In contact with **David Walker**, chair of the Industry committee, as well as with officials at Health Canada and Industry Canada, Dougall says nothing is finalized. As for a speedy review – forget it. A careful read of the statutes not only calls for the drug patent review, but also a review of the Patented Medicines Prices Review

Board, and a review of the legislation as well.

Meanwhile the lobbying has gone to the streets. Both the CDMA and PMAC are involved in public awareness campaigns to bring this issue back into the limelight.

Two Campaigns, Two Messages

The CDMA says polling it did before Christmas indicates that Canadians remain concerned about the cost of drugs, and that patents are too long. Drinkwalter says this concern is fueled by the introduction of co-payments in Ontario and Quebec. The CDMA hopes to capitalize on this public discontent by continuing to work with coalition groups and seniors organizations to pressure the politicians. Advocacy advertising is being used by both parties. The CDMA is combating the TV influx of PMAC ads with its own messages, and will continue to put an emphasis on the health care angle. At the end of January, it plans to release a study on the cost of excluding generic drugs done by the Queen’s Health Policy group.

Gordon Quaiattini of SAMCI, who represents **Eli Lilly**, a member company of PMAC, says that they expect the review will get underway in February. While he is un-

sure of the final makeup of the committee, Quaiattini says the terms of reference should be specific to the issues of intellectual property and patent protection.

“It is in the government’s interest to have a focused review,” comments Quaiattini, who says that it is important for the government to get the review done before an election. The multi-national brand name manufacturers also want to make sure Canada meets international standards, which means a 20 year patent protection as the minimum. Quaiattini suggests that if the government is looking to attract foreign investment, international standards must be considered.

For PMAC, the message, broadly splashed on TVs across Canada is that “Research and Development continue to cure illness”. Dougall says that the question is not so much a health issue as an intellectual property issue.

“We want this to be a rational debate, limited to what it is – an industrial issue and an intellectual property rights issue – nothing else,” insists Dougall. PMAC’s position is that Canada is lagging behind in IP protection, and Canadian companies to be competitive in the global market need to have access to similar IP rights as countries like Japan and the U.S..

Certainly for both associations, the Quebec/Ontario card (and which companies are located where) is losing its value. With the integration of brand names into Ontario, and generics into Quebec, it has all but neutralized. What has changed, according to Dougall is the political landscape.

“The government has changed in Ontario, and seems to understand better. This is a change in the equation from four years ago,” comments Dougall. He also says that the federal Liberal caucus appears to be divided in Ontario, and somewhat sympathetic in Quebec.

Tobacco Registrations

continued from page 2

Lise Lalonde for the **Canadian Dental Association**

Robert Parker and **Marie-Josée LaPointe**, of **Canadian Tobacco Manufacturers Council**, with **Bill Neville** of **W.H.N & Associates Inc.**,

Janice Forsythe for **Canadian Council on Smoking and Health**

Eric Legresley, **Gar Mahood**, **Heather Selin**, and **David Sweanor** for the **Non-Smokers’ Rights Association** and the

Smoking and Health Action Foundation

Mark Resnick of **Parallax Public Affairs Inc.** for **Canadian Tobacco Manufacturers Council**

Norman Spector for **Imperial Tobacco**

Jodi White for **Imasco**

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Registration Notes

Know the Facts

Peter Landry of **Public Perspectives Inc.** is registered for the **Certified General Accountants Association of Ontario** on the issue of potential legislation on liability. There has been plenty of lobbying at the federal and provincial level by the big six accounting firms on the advantages of legislation on liability exposure for accountants. Landry says he will be working with the CGAA to bring a broader perspective to the debate, so that it includes what advantages and disadvantages the proposed legislation has for consumers and other professionals. He says that the first step will be to do a detailed analysis of all sides of the debate, including jurisdictional issues.

"We want to provide historic circumstance, and to show what's happening in other countries," says Landry. "This is a huge issue with enormous ramifications."

He adds that the CGAA is working to ensure that the political leadership is aware of all the details before it introduces change.

Improved Odds

J.D. Edwards, a software company which sells packaged applications and software, has hired **David Angus** and **Steven Dover** of the **Capital Hill Group**. Dover and Angus, although their exact roles have yet to be defined, are likely going to assist J.D. Edwards in its efforts to improve its opportunities to sell merchandise to the government.

Geoff Wood of J.D. Edwards says that while they haven't started any initiatives yet, what they are hoping to accomplish is to get involved in the decision making process earlier. Because the government tenders its contracts through requests for proposals (RFPs), Wood says many RFPs end up being preferential to a certain product, which makes it harder for other competitors. He adds that they will be working to develop contacts at the senior bureaucratic and political levels.

"We want to make sure that when the RFP hits the street, it is not biased against us," says Wood, who describes this as a minimum criteria. "Ideally we want to make our product the preferential product, but we also want to expose our product to folks who might be shopping."

Enviro Opportunities

Gordon O'Connor of **Hill & Knowlton's** Ottawa office is registered for **Bovar Inc.**, a company which provides a full range of environmental services from baseline studies to clean up and waste disposal across Canada. O'Connor says that Bovar is seeking business opportunities with the federal government, and wants to know where they will get the best use of their resources.

"We'll make them aware of the opportunities, and help check things out," adds O'Connor.

Technology Challenges

Ken MacKay of **Policy Insights Inc.** is registered for **i-Star Internet Inc.**, and is assisting them to develop a broad government relations strategy. Of interest to i-Star is how the federal government is examining the issue of regulation of the internet and competitive issues.

MacKay says that it is important for the government to understand not just how the internet operates, but the competitive issues as well. He adds that i-Star is trying to work with its partners in government so that there is better understanding of the technology.

"The internet is designed to get around blockages, like regulation, and internet providers will just go to Buffalo to get around any government block," says MacKay, who adds that sharing information will enhance any outcomes.

Another registration for MacKay is for **Gallium Software Inc.** He is assisting them with the requirements for technology partnership funding, a program with Industry Canada.

Taxing Problems

David Sherman, a tax author and consultant, is lending his expertise to **Bank Bros & Son Ltd.**, to assist them with a proposed amendment to the Exise Tax Act which would exclude GST on imports destined for export.

Sherman is also assisting **Frank and Tina Armellin** with an amendment to the Income Tax Act to accommodate a trust for a disabled dependent.

"I can't solve these problems with Revenue Canada, so I am looking for minor changes to the tax legislation," he says.

Team Player

Graham Hardman, who moved over to **Hill & Knowlton** from **Corporation House** in late November, is registered for H&K client **Chem-Security (Alberta) Limited**. Hardman says he is simply joining the team already handling this file and that there are no new issues.

Wet Feet

SAMCI's Don Moors is jumping in with both feet, joining a number of files for current clients. Moors will be contributing to the files for **Federal Express Canada Ltd.**, **Oshawa Group Limited**, **Hudson's Bay Company**, **Dylex Limited**, **RBC Dominion Securities Inc.**, **Canadian Payments Association**, **Vancouver Stock Exchange**, **Crop Protection Institute** and the **Interac Association**. Moors says there are no new issues except for Federal Express, which has an interest in the gun control regulations, specifically, the transportation of firearms.

Re-Registration

In the flurry to register lobbyists over the summer, **Peter Smith** of the **Canadian Public Affairs Consulting Group Inc.** was not registered for **Westaim Technologies Inc.** Staff in his office recently rectified the omission, and Smith says there are no new issues on the file.

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People on the Move

There are a few more changes at SAMCI this month, **Kory Macdonald** has left the company to go to South Africa. Macdonald will be replaced by **Jan Ramsey**, who will be a researcher for SAMCI. Ramsey, who started at the Ottawa office on Jan. 2, 1997, is a former legislative assistant to departing Reform MP **Stephen Harper**. Ramsey was also a Parliamentary Intern in 1995-96.

Michelle Bishop, a former special assistant on tobacco to Health Minister **David Dingwall**, has also made the switch from public to private, joining SAMCI's Ottawa office in mid-December. Bishop will not be registering for clients yet, but will be doing research, likely in the sectors of procurement and agricultural policy. She has been with Dingwall since the election, and started as his Ontario assistant at Public Works. When they moved over to health, her areas were phar-

maceuticals and tobacco. Prior to serving with the minister, Bishop was with the PCO in machinery of government secretariat when the **Campbell** team began the restructuring of government in 1993.

Public Perspectives Inc., is expanding its GR practice to include **Shelley Brown**, a lawyer by training, and an expert in the field of ethics and legislative compliance. Brown worked for twelve years at Prudential (London Life), where he spent the previous two years as the Ethics Officer. **Peter Landry** of PPI says that this step seemed like a logical expansion of their GR practice, and that he expects Brown to be working in a position of advising clients, but not necessarily providing registerable services.

For Brown, the shift has been a bit of a culture shock, but he has had previous experience in dealing with government at the federal and provincial level. While lobbying is

not a definite part of his role, he says they will err on the side of caution.

"Ethics and compliance is a growing field and important," says Brown, who adds he wanted to try it, and will wait to see where the chips fall. Brown started on Jan. 13, 1997.

David Sherman, a self-employed tax author and consultant, is a lawyer whose primary occupation is writing publications for specific and general professions. Much of his work is in the tax sphere, having completed works on the Income Tax Act and the GST. He says he consults occasionally, and has had dealings with the government on previous issues. Sherman says he registered to meet the requirements of the regulations on lobbying.

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Spector's Bold Move

The scene had tongues wagging all over town. A former senior civil servant turned lobbyist waded into the Airbus fallout by disclosing details of a conversation he had had with the Clerk of the Privy Council, **Jocelyn Bourgon**, some months earlier.

An already embarrassing situation for the government was suddenly starting to smell even worse as **Norman Spector's** statements suggested that the highest levels of the **Chrétien** government were aware of the Airbus investigation. Perhaps more damaging, his disclosure suggested that the idea of political direction of an RCMP investigation was a real possibility.

Thankfully for the government, shutting down the Somalia inquiry turned the media spotlight. As well, support for Bourgon's actions began pouring in.

But questions remain on how this remarkable situation evolved. Not to mention

the impact of the statements on Spector's new career, lobbying government.

How it Happened

"McDonald is an aggressive reporter and he can make people say things, but Spector is not naïve," says one lobbyist. Indeed, Spector is known as a cautious man who would not be forced into saying something that he didn't want to.

"It could be, quite simply, that the conversation did indeed take place and Spector wanted to set the record straight," says another observer. "He might also have felt obligated to his old boss, to bring the situation to light."

Most government watchers agree that misunderstanding is a real possibility. "Senior public servants speak to one another in very circuitous ways. In these types of conversations, recollections can fade. Not everything is laid out on the table."

Impact

However it came about, what does the it mean for Spector's future?

"Spector should have known that when you throw a grenade you make sure you pull the pin," says one lobbyist, noting that the issue has all but died. "Who is successful pissing on the shoes of the government?"

Other sources, however, suggest that the situation might not be so dire. "A senior civil servant is hired because of his contacts, but also because of his understanding. The tobacco lobby has so many people involved that Spector doesn't have to be the point of contact," says one lobbyist.

Change of Scene

Spector will be leaving his position with Imperial after only four months on the job. He will be taking a job as Publisher for **Conrad Black's** Jerusalem Post in Israel.

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Update: Alliance Combines Talents

After eight months, the **Alliance of Manufacturers and Exporters Canada** (Alliance) — the product of a merger between the **Canadian Exporters Association** (CEA) and the **Canadian Manufacturers Association** (CMA) — is still smoothing out a few rough edges. Nevertheless, **Mark Drake**, vice-president, says that he is pleased with what the merger has accomplished so far, and what it promises for the future.

When it comes to government relations, the two associations gained much from each other when they joined forces. For the CEA, the merger meant a greater presence at the regional level, and for the CMA it meant a greater presence in Ottawa.

“These were key things to emerge regarding representation,” says Drake, who

adds that the trade off has meant that the outcome is greater than the sum of the two parts. Surprisingly for two national associations, there was very little overlap in membership, with only 66 member companies holding memberships in both the CEA and CMA, and over 3500 total members in the new Alliance.

Drake says this broadened membership base means that they have a wider view of issues to present to the government. “It takes longer to synthesize these views into a position, but it means we have a stronger group to work with,” he comments.

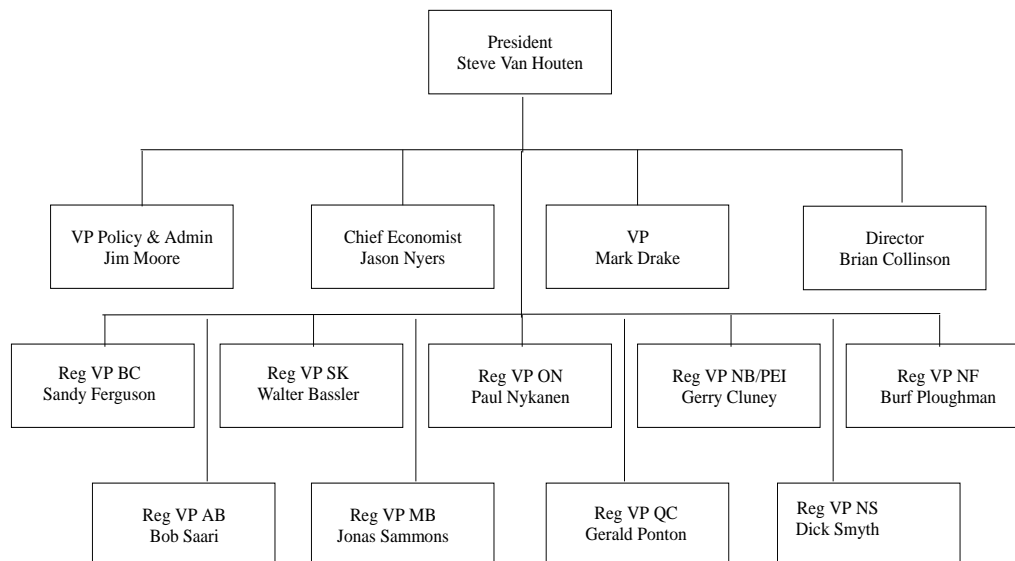
Not a month after the merger in May, the Alliance was joined by the **Association of Provincial Research Organizations**, which brought its 14-15 members into the fold. The Alliance now boasts a science and

technology committee which strengthens the technology end of their spectrum. Drake says two other organizations, one bi-lateral and one sectoral, are considering merging with the Alliance, and he expects more to follow suit.

The duties for GR are divided between the Toronto and Ottawa offices, and are spearheaded by a team of five senior executives. Overall, 33 of the 70 permanent staff people have registered for lobbying. While there is no one specifically assigned to GR on a full-time basis, the regional vice presidents are expected to carry the GR load at the provincial level. The other registrants are part of issues committees on projects that will be taken to government at some point. The Alliance maintains close ties to DFAIT, CIDA and Industry Canada, with whom they have frequent dealings because of overseas projects. The key players will be found in the accompanying chart.



Alliance of Manufacturers & Exporters Canada GR Component



All's Quiet on the Copyright Front?

The copyright bill is through the committee stage, but for lobby groups still unhappy with the amended text, this battle is far from over. Conventional wisdom dictates that once legislation has made it to Report Stage, the deed is done. But lobbyists on all sides of the copyright issue are convinced that in this case, there is still plenty of chance to affect the outcome, especially with talk of an election in the wind.

Bloody but Unbowed

"We'll fight this till the bitter end," says *Michael McCabe* of the **Canadian Association of Broadcasters**. Broadcasters, as detailed in Lobby Monitors passim, had a few bones to pick with the proposed legislation, especially as it dealt with ephemeral and time-shifting exceptions. Although the committee that studied the bill did pass an amendment extending these exceptions, McCabe says the CAB is less than impressed with the results. "What they have done is unbelievable. It defies the imagination to bring in an ephemeral exception loaded with qualifications and restrictions, and then have the chutzpah to tell MPs that the concerns of broadcasters have been met." McCabe can reel off reasons why the exceptions granted in the amendment are all but useless to association members, which can be summed up in three words: "too many clauses."

CAB has a few tricks left up its sleeve, especially when it comes to getting its side of the story to MPs. "We're reaching out to our member broadcasters with our message, and telling them to get in touch with local MPs." CAB is also looking to broaden its power base. According to McCabe, the proposed exceptions still would prevent telethons and other fundraising initiatives from using music under copyright, as well as pretaping performances by more than thirty days. "We'll be meeting with charities in the next while to tell them that we're sorry, but we may not be able to do this anymore," he

says, pointing to the CHEO telethon as an example of programming on the chopping block under C-32. But CAB isn't putting all its eggs in one basket. "We want real amendments, and if we can't get them in the House, it's on to the Senate." CAB has already sent feelers into the Other Place, ostensibly just to get a sense of the current mood in the Red Chamber. Don't be fooled: with the Liberal majority still uncomfortably slim, it's still the most promising territory for a legislative turn-around.

Defending its Young

Predictably, a different story entirely emerges from CAB's copyright nemesis, the **Music Copyright Action Group**, which represents the recording industry in Canada, especially big record labels. *Brian Robertson* calls the amendments "a compromise of sorts," pointing out that "music producers have given up quite a lot." While MCAG plans to continue to follow the bill as it progresses through third reading, the focus is more defensive than CAB. "We want to ensure that the information available to MPs is accurate," says Robertson. While CREA has also been making preliminary contact with senators, for Robertson the real question is whether the bill will make it to Royal Assent before the summer. "We can't get grounded by an election. After so much work, it would be a terrible waste."

Greg Kane of **Stikeman Elliot** says that for his client, the **Canadian Recording Media Association**, the amendments that were to address its interests just didn't go far enough. But he doesn't hold out much hope for changes at this stage of the game. "The likelihood of Report Stage amendments are pretty low." While he knows that he faces an uphill battle, Kane says that when it comes to the Senate, almost anything could happen. "Right now, it's not even certain what committee will be looking at it." Where Robertson sees the calendar as an enemy, Kane sees it as a potential

ally in CRMA's bid to slow down the bill's progress. "There are other bills with higher priority [headed to the Senate], particularly the GST harmonization agreement and the tobacco legislation."

Beat the Clock

If copyright gets caught in a horse race with an election breathing down the neck of the Liberals, it could be on the short-list to be jettisoned in favour of more crowd-pleasing legislative goodies. It could mean a reprieve for the bill's opponents and another few months of fat retainers for lobbyists — if not back to the drawing board for the government.

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