

The Empire Club Presents

**AKAASH MAHARAJ, CLAIRE WOODSIDE
& PIERRE GRATTON:**

THE CRITICAL ROLE OF TRANSPARENCY IN THE FIGHT AGAINST CORRUPTION

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Distinguished Guest Speaker:

Mr. Pierre Gratton, President & CEO, Mining Association of Canada

Mr. Akaash Maharaj, Executive Director, Global Organization of
Parliamentarians Against Corruption

Ms. Claire Woodside, Director, Publish What You Pay Canada; Board Member,
Transparency International Canada

Guests:

Ms. Bronwyn Best, Senior Advisor, Transparency International Canada

Dr. Gordon McIvor, Executive Director, National Executive Forum on Public
Property; Director, Empire Club of Canada

Ms. M. J. Perry, Vice President and Owner, Mr. Discount; Director, Empire Club
of Canada

Ms. Andrea Wood, Senior Vice President, Legal Services, TELUS; President,
Empire Club of Canada

Welcome Address by Andrea Wood, President, Empire Club of Canada

Ladies and gentlemen, we can all name countries that enjoy

vast mineral wealth but that somehow have not succeeded in using that mineral wealth to eradicate rampant poverty and to generate economic growth and prosperity. One of the reasons for this is that citizens, elected officials and even municipal and state governments often are not aware of how much revenue is being paid by companies extracting those minerals to their national governments. This fosters conditions where corruption and mismanagement are more likely to occur. Our speakers today will help us to understand the reasons for this and the role that Canada is playing in the fight for greater transparency and accountability in the mining industry.

Our speakers today have between them decades of experience observing and commenting on governance in the extractive sector. Claire Woodside, please, come on up. Claire is the Director of Publish What You Pay Canada and a board member of Transparency International Canada. Claire is the author of *Lifting the Veil: Exploring the Transparency of Canadian Companies*, and she has over ten years' experience working on and researching issues related to the extractive sector and responsible resource governance.

Next on stage is Mr. Pierre Gratton. Pierre is President and CEO of the Mining Association of Canada. He also serves as First Vice President of the Inter-American Mining Society and Vice President of the Raw Materials Committee of the Business and Industry Advisory Committee to the OECD.

Prior to his appointment as president and CEO of the Mining Association of Canada, Pierre served as President and CEO of the Mining Association of British Columbia. Pierre has been honoured as a Distinguished Lecturer for the Canadian Institute of Mining, Metallurgy and Petroleum.

Finally, Akaash Maharaj is the professional leader—welcome, Akaash—of the Global Organization of Parliamentarians Against Corruption, otherwise known as GOPAC. GOPAC is an international alliance of democratically elected parliamentarians working together to combat corruption, strengthen good government and uphold the rule of law. Akaash has had articles published by newspapers in every populated continent. That is an extraordinary claim—well done—and he appears regularly on TVO's *The Agenda*. He has been named one of Canada's fifty most well-known and respected personalities by *Maclean's Magazine*, another incredible qualification.

So, ladies and gentlemen, welcome our panel.

AM: Thank you very much, Andrea. Before we begin, I would like to acknowledge on behalf of my colleagues at GOPAC—as well as my fellow panelists—our gratitude for being invited to be here today. I think we are all conscious of the fact that, in many ways, the history of the Empire Club is the history of Canada, and that for almost as long as Canada has been a country, the Empire Club has been stewarding

the national conversation, and by doing so, helping to shape Canada's national identity and our national presence on the international stage.

As Andrea said, GOPAC's name certainly lacks brevity, but what it lacks in brevity, it makes up for in clarity. Our parliamentary alliance has members in almost every country of the world. We have national chapters in 51 legislatures across the planet, and our members hail from different cultures, speak different languages, profess different faiths, pursue different political ideologies. Come election time, they try to cut one another's political throats, and some of them have had active combat experience against one another during a country's civil and international conflicts; however, the one thing that binds them all together is that they have agreed to come together under GOPAC's umbrella to combat corruption driven by the belief that, in the context of the end of the Cold War, corruption has become the single greatest threat to the viability of democracies everywhere, and that, while democracy has won the argument, it still remains to deliver the goods for too many people across the world.

And I promise you that I will not pelt you with a lot of statistics, but I will pelt you with three. The first is that, by our estimates, every year, political corruption kills about 140,000 children by depriving them of food, water and medical care. And that is far from being the

worst of its consequences.

But in our estimation, there are three areas where political corruption runs rampant and has the worst effects. The first is in large-scale, public infrastructure, the second in defense procurement, and the third in resource extraction which is what brings us here today.

For all of us, especially, as Canadians, we know that mining oil and gas can be a huge blessing. It can be a massive engine of job creation, especially, in countries where having a job makes a difference between life and starvation. It can make the difference for countries between prosperity and failure, and it can be a primary funder of social justice and social development. Equally, however, it can be a curse when the wealth is bled away by bribery and political corruption, where the funds are used to prop up despotism and brutal tyrannies and where the extractive industry becomes a weapon of exploitation and oppression by both public and private actors.

I think it will be no surprise to us as Canadians that the choice between those two powers, between whether resources are a blessing or a curse, is fundamentally a political choice, a choice made by governments, legislatures, private and public actors. But I think it may surprise many of us to know the extent to which those choices are choices made by Canadians and in

Canada for the entire world.

The other statistic I will pelt you with is that 60% of the world's mining companies are incorporated in Canada, and, in recent years, 75% of new mining finances have originated from Canada. As a result, the choices that Canadian governments and Canadian actors make in the regulation and in the operation of the mining and oil and gas sectors are very much choices that shape the entire global marketplace. They are choices that affect not just ourselves but people in every country on every continent across the world.

Today, I am very pleased to be here with Pierre and Claire to discuss Canada's role in the fight for transparency and the fight against corruption in the extractive industries, particularly, in mining and, especially, to look at one landmark Canadian choice which we are in the process of making as a country, and that is the reporting payments legislation, which is now part of the Budget Implementation Act. The legislation will require oil, gas, and mining companies to disclose all their payments to governments at all levels. It will apply to all publicly traded and all larger private companies, and, as a result of the concentration of mining companies in Canada, it will, at a stroke, affect the majority of mining companies on the planet. This latest legislation is in many ways a landmark step that has been brought about internationally by

a coalition of legislators, international institutions, mining companies, resource extraction companies and civil society organizations. And, in Canada, it has been, in particular, precipitated by the work of the Prospectors & Developers Association, Revenue Watch, the Mining Association of Canada and Publish What You Pay Canada. And so with that, our conversation will be on what this legislation is, what it means for Canada, what it means for the world, and, in a very real way, what kind of a world Canadians are in the process of creating through the choices that we have before us today. The first question I will ask is a fairly straightforward one, and that is to ask both Pierre and Claire what you believe to be the impact of this bill and how its pursuit of increased transparency will increase accountability of both public and private actors.

CW: You know, I think from the perspective of Publish What You Pay, which is a global coalition of over 800 civil society organizations in over 50 countries, this legislation is critical to the fight against corruption but also to improve accountability which is an essential part in the fight against corruption. And I think what we hear from our stakeholders in resource-rich and, particularly, developing countries is that they do not have the information they need to have informed conversations with their governments. Without that

information, which needs to be available in a rigorous and timely way, they cannot ask tough questions about where the money that their governments earn from resource revenues goes, and there have been too many instances where vast sums are paid to regional governments or federal governments in developing countries, and citizens on the ground do not see the benefits. I think that is the kind of situation that they are trying to change at the heart of this.

Canadian companies have a huge global presence with 8,000 properties in over 100 countries. We regularly have questions from coalition members about Canadian companies in their country because our coalition members are affected by Canadian companies, and they are interested in what they are saying in Canada. They are interested in who they are, what they are doing, and they are interested in what they are paying their governments. And I think that Canada's role in this is critical, not only because of our international presence, but because we really have put ourselves out there as a global leader on extractives. And setting an example that a really strong transparency standard is part of global leadership is something that we have seen the Canadian mining sector come out on, and now it is something we see the Canadian government come out on. And I think it is critical to showing other countries in jurisdictions that have yet

to implement this legislation that this is part of being a leader in the extractive sector.

PG: I do not have anything to say now. I think the interest in the industry is—there are multiple reasons for doing this, and I think we should not overstate what this legislation will accomplish. It is an important step. It is not a silver bullet. It is not going to eradicate corruption, but it is a step towards helping eradicate corruption. And the extent to which we can do that, all of industry is served because it is in all of our interests to operate in places where the rules are clear and the rules are obeyed by everyone and that there is a level playing field.

It is also an opportunity I think for the industry to show what it does do. There are often questions. People question whether the industry, our industry, contributes and in what way does it contribute to social and economic development. They question in what way we could better contribute if those monies were used in better ways and, by shining a light on those payments made, we have the opportunity to do that.

You mentioned the resource curse earlier. The resource curse is avoidable if the benefits and the monies that flow from that development are used strategically and with the view to long-term community development. That does not happen if the monies flow to national governments where they then sort of disappear. So the

extent to which this helps create a system where the revenue flows and the benefits are able to contribute to social and economic community development where the mines are, that is in our long-term interest as well. It helps make the case for mining.

AM: Perhaps one of the unusual aspects for Canada—not unique, though—is the relationship between resource extraction and relations with First Nations government. I noted that in the legislation that is before Parliament now that, although it requires reporting of payments to all other levels of government, it does not include reporting of payments to Aboriginal council governments. Is that something you would like to see in the long term?

PG: Yes, in the long term. We deliberately, as a group, left that piece out of our work and there were no recommendations in our report on that particular aspect, mostly, because we felt very strongly that, to do that, we would need to take the appropriate amount of time to consult with Aboriginal Canadians and their different organizations. And, given the timeframe, we figured we will deal with this first part and then we could look at that other piece afterwards.

So we have been similarly concerned that the federal government immediately included that in their proposal because we were not convinced they were undertaking the right amount of consultation. And,

certainly, we have heard from many ourselves; we have been approached by many Aboriginal groups expressing concern: What is this? Where is this coming from? What is it going to require? What is going to be included? These Impact and Benefit Agreements, their commercial arrangements—why is this? Why should this be made public? All of those very legitimate questions and also, the questions *What happens if this is disclosed? Will governments then use that information to claw back in other areas?* Very legitimate questions that they have.

So we, actually, encouraged the government to do what is done, which is to take more time to consult, and so there is sort of a two-year phase-in. I have a feeling we will still be talking about this, though, in two years and about whether it is the right thing to do at this time.

CW: Yes, we, Publish What You Pay Canada, do not have member organizations that we draw from the First Nations community, so we did not feel like we represented that voice. And I think when we established the Resource Revenue Transparency Working Group, which looked more specifically at this issue with the Mining Association of Canada and the Prospectors and Developers Association of Canada, we realized that, to look at that, we needed to have stakeholders at the table from Canada's First Nation and Inuit communities, and we did not have those, so

I think that really made our decision.

That said, you know, I am part of a transparency organization: I do not think I could sit here and say that transparency is going to convey a really negative impact from more disclosure. We do see huge benefits in other countries for, for example, municipal-level disclosure. And, even in Canada, we know we are not immune to municipal-level corruption, so it will be interesting to see what this legislation sheds light on at different levels of government, particularly, for example, the municipal level where there is almost no data in Canada on what resource extraction companies pay at that level of government. So we did make the deliberate decision not to look at that issue. The government has included it in the bill with a two-year delay, and we supported the delay for further consultation because we know that is critically important, and we share concerns about how it is implemented.

PG: I would just add that I think, by and large, my board feels much the same way. In the end, this is a good place to get to. It is how we get there that also matters. The process is often as important or sometimes more important than the end, and I think there is certainly a lot of conversation has been going on for a long time in our sector around impact benefit agreements—there are different names for them. But how—because they

are secrets—do you know when you are a new project what you are negotiating with? And it would be nice if there was a more level playing field if you know what kinds of things you should be negotiating. And more disclosure and transparency around those agreements might be helpful to all of us. So I think in the end, it is to your point: More transparency is a good thing. It is more a question of how we get there.

AM: I would imagine that part of the complexity that you have spoken about is precisely because this is regulation. It is not a voluntary code. It will be the law of the land in Canada, and enforcement will be compulsory. Not all businesses are in love with government regulation and legislation. That being the case, why did the Mining Association decide to support the path of compulsory legislation and regulation rather than voluntary codes?

PG: This can only work if it applies to everyone; otherwise, the whole system caves in. It does not work. It cannot just be voluntary. So, I mean, it is kind of a bit of a stereotype that industry will always oppose regulation. I do not think that is true. Industry will support regulation when it is going to achieve an appropriate objective.

Similarly, just a few years ago, we were asking Environment Canada to take steps to include the diamond sector under the Metal Mining Effluent Regulations because they were not included. And,

again, one of the reasons that there is a level playing field is so everybody at least knows what the entry rules of the game are. So regulation has its purpose, has its role, and, when industry gets concerned, of course—or anybody else for that matter—it is because it is administratively heavy. It is too burdensome and the administrative weight of something actually gets in the way of the objectives it is trying to achieve, but regulation in and of itself, I do not think is a bad thing, and it has its place. Do you want to agree with me there or no?

CW: These are more your reasons than ours. I have listened to it a lot. I have listened to the reasons.

AM: In your experience of listening to the reasons, do you feel that the industry has been enthusiastic about this process, or have they been reluctant participants?

CW: No, actually, if we go back to the beginning of when we first started the engagement with the mining sector, there was already a lot of voluntary disclosure, so voluntary disclosure was not really on the table as something we would work together on because there is the Global Reporting Initiative; there is the Extractive Industries Transparency Initiative. Companies just voluntarily will disclose a certain level of taxes paid, or, I think, when we first started the discussions, we were really interested in whether there room to talk about a mandatory regime. What we heard, at least, was

that, you know, there was already a lot of progressive Canadian companies voluntarily disclosing, so a mandatory regime might do what Pierre said, which is level the playing field, create a standard and align with other jurisdictions.

So at the heart of our initial memorandum of understanding, which we all signed in 2012, was an agreement that we would focus on a mandatory standard. How that was implemented was part of the process, so we did not necessarily come out saying it would be federal legislation, but the mandatory—

PG: It is still not.

CW:—nature of what we were going to ask for together was there in the initial agreement.

AM: There have been some industry hold-outs: The Canadian Association of Petroleum Producers declined to join the coalition that drew up the recommendations that led to this legislation. Why do you think that was the case?

PG: You are going to handle that one.

CW: I do not know. I am not a voyeur. I think our assumption is that there are maybe two reasons. One is they were fighting regulations, mandatory legislation, elsewhere, so they were involved in a fight in the United States through the Exchange Commission. I think that led to a kind of a withdrawal of interest on the issue. I think that is definitely one issue that played a role, but the

second is—I do not know. Part of me wonders if the oil and gas sector as an association engages with civil society in the same way. We find them very hard to approach and dialogue with. So I do not know if they have the same level of engagement, and I think there could actually be sectoral differences that influence the willingness to engage at a deeper level with a civil society organization, and that is something that we have seen throughout this process. So that is the other thing that I have kind of observed.

PG: A couple of points on this: I can say CAPP is kind of like where we were a few years ago where their mandate is domestic. They do not really feel that they have a role to play on issues that have an international dimension, and we were the same way. The whole debate over C-300, John McKay's bill, a few years back, sort of led our members to say, "If it's not MAC, we've got to create a MAC that would handle these types of issues." And, so, now, we do have that and a very active committee that has been leading the charge on these types of issues, and we are not engaging in this space. That did not used to be the case, but it still is with CAPP, so, I think part of it was there was not a home for this issue at their association.

But to touch on your point—and I am going to boast here a little, or it is going to come across that way—we started in the early 1990s with the Whitehorse

Mining Initiative, which is unparalleled to this day in Canada. It was a two-year, multi-stakeholder process that involved civil society, Aboriginal Canadians, organized labour governments and ourselves, and it led, after a two-year process, to an agreement on a broad set of themes, and that was the beginning of, I think, a process where we learned as an industry to look outside the mine gate and look at opportunities for working with other Canadians in a way that we had not historically done. And now, I would say about 20-some years later, we are pretty good at that and pretty relaxed about it, and we now are at a point where, you know, at our board table, if there are issues that we are dealing with, the questions will not be just *What do other industries think? and Can we work with them?* It will be *What do other groups think? Have we talked to any of the NGOs about this? Is there an opportunity for finding common ground?* Now, it is how we are wired to think, and we see ways of moving our own agenda forward by trying to build alliances with what used to be called sort of non-conventional partners, whereas now it is becoming a little more conventional.

AM: So based on that experience, for both of your organizations of bringing together NGOs and corporations who have not always worked together—historically, I think you are right. They have often talked *at* one another rather than *with* one another.

From this corporation, what do you think worked well? What do you think worked poorly? And how would you advise other industries, especially, other extractive industries that are looking at joining hands across civil society and industry?

PG: I think what made this a little bit easier than some is that there was an agreement very early on concerning the objective, and then the discussions were on the details and the arguments. They said there were arguments around the details—how are we going to define which payments are covered and all the rest of the stuff that went into the recommendations? That just had to be worked through, but there was already an agreement on where we wanted to get to, and that I think makes collaboration much easier from the start; otherwise, it can be a process that can really spin in circles, and people get frustrated and lose interest. So I think that was certainly one of the advantages we had in this particular case.

CW: I think that, yes, the initial document which was a signed, fairly official document, did not really help to identify the scope of the collaboration very, very clearly, and it provided initial language for what was to be included in the scope, and also a sense of what was not to be included in the scope to some degree, right? It was a collaboration with kind of narrow feel, you could say.

But I would say there are kind of two other things that helped to make this successful but also helped us resolve the problems when they emerged. One is time. We spent a lot of time together which also could be said to be trust because I think trust and time are inherently interlinked. When you spend a lot of time with someone else, you build a sense of personal trust with them.

PG: One hopes.

CW: Yes, or maybe distrust, but, in this case, trust, so we built sort of more personal relationships and trust in that you ended up with a kind of mutual understanding where we could explain the other's position to our own members sometimes without asking them very clearly, so you understood how to articulate how the other side was feeling about something or approaching something or their technical issues with a particular challenge you were facing whether it was, like, the definition of 'control' or understanding the concerns from civil society or the technical issues the industries face and then being able to kind of articulate those more broadly to each of our groups. I think that played a big role in those supporting one another but also just creating that base understanding of what we were talking about.

PG: I think her first point, too, so the rules of engagement, the terms of reference, I guess, the first document.

CW: The memorandum of understanding.

PG: Once it was negotiated and concluded, I do not know if we ever went back to it because by the time we reached that point, we had already, more or less, learned how to work together, so it was always there as a reference, but it was not something, like, "Well, wait a second. Hang on, guys. Look at this line: 5.2. You are in violation of that." So that initial work on sort framing how you are going to work together is an important first step, and then, after that, if you do that well at the beginning, then after that it can be a lot easier.

CW: But it was not used very much as a reference. It did in the very initial conversation. I remember holding industry consultations in Vancouver, and there were some industry folks who thought, "Why isn't this just voluntary?" And then it was very easy to say, "Oh, this is about a memorandum of understanding that we signed. We are looking at what is mandatory here, so we have to kind of start from that point." And that helped to define the conversation that everyone was having, so it was not necessarily employed as a tool, but it was sort of like a base standard that said, "No, the conversation is starting here."

AM: I guess part of the question I would have is, while this legislation is making its way through Canada's Parliament, there have been similar kinds of legislation in other G-7 countries—the Dodd-Frank Act in the

United States, the EU Directives on Accounting and Transparency. How do you think Canada compares, not just in terms of this legislation but Canada's political enthusiasm for transparency and disclosure in the extractive industries? Are we leading? Are we with the pack? Are we behind?

PG: It was interesting. Part of the history of our work was during the lead-up to the G-8 meeting where the Prime Minister made his announcement that he, that Canada would be developing some mechanism for mandatory reporting. At that point, we did not know if it was going to be federal legislation or not, but in the lead-up to that, we were dealing with sort of panic calls from officials preparing for the G-8, as we knew that transparency was one of the top three items on the agenda and Canada had nothing to say. But they had heard about our work, so they wanted to validate if this was real. They had trouble believing something on our side, that it was real, that we were, in fact, serious about moving forward with such a mandatory scheme. So they held a bunch of their own consultations across the country with the mining and oil and gas sectors going sort of beyond our own memberships, PDACs and MACs, to confirm if what we were saying is true. I forget which city it was but Enercan heard loud and clear from people that neither the PDAC nor ourselves knew but who were in the mining world. Canada is

late. We should be leading this because of our size, as you touched on earlier, and you are nowhere to be seen. This is not about leading. This is about catching up, and you are overdue. So Enercan was sort of taken aback by that, but that, of course, provided the impetus for the prime minister to, ultimately, make the commitment.

Now, I think fast forward today in the States: There have been a few stumbles, setbacks. I think we are now back in the leadership position. I think, certainly, our industry, the Canadian industry, has distinguished itself on the global stage. For the work that we have done, I do not think I will ever see again a page on Oxfam U.S. praising the Canadian mining industry—that was a wonderful moment.

AM: I hope you framed it.

PG: So I do think we have gone from behind to up front, and I think it is a good place to be.

CW: Yes, you know, I think Canada is going to be out there with the leaders on this issue, particularly, if you consider the implementation timeline. We will be depending on when the act actually comes into force, assuming it is by the deadline of June 1st, 2015. We will be one of the countries having reports available for the public, so, in that regard, I think, you know, Canada is definitely going to be leading.

We have, of course, some concerns about the

legislation, which itself has a few issues missing in terms of the global standard, particularly, regarding just the clarification that the payments will be available at a certain level of disaggregation which citizens need in order to actually ask those tough questions. If it is too high-level, they cannot ask the questions they need, specifically, at the municipal or provincial regional government levels. But this is something that can be addressed through the administrative process that is being developed within Enercan.

I think the government has indicated a clear intention to address it and the public intention to align with the global standard and to continue with the leadership. One of our concerns is that the process by which it will be addressed will not, indeed, be multi-stakeholders. One of the reasons we have been successful is that it has kind of been a civil society–industry collaboration that pushed this forward, and so we do have concerns that the next step will exclude civil society. I think that, globally, we know that having the people that actually use the data at the table talking about what is important for them is an important part of the discussion.

PG: Before you close, just for the public record, I would also say that we, too, have some concerns with federal legislation. We are still all on the same page on this, so we would agree with those comments as well. One of our biggest objectives in all of this was this notion of

‘equivalency’. If you are listed on the New York Stock Exchange, and you are a Canadian company as well—or if you are in the U.K.—it is one report. It is in our interest. We do not want to have to produce multiple reports because the requirements vary slightly. We want a system that allows you to recognize that one report fits all. It is also in the interest of civil society to not have to compare different data, so you want consistent data, and the federal legislation, currently, does not provide the kind of assurance we were looking for, that equivalency will be as fundamental as we think it should be.

And I would add that it was always our preference that it be done, that this be actually done through securities as it is in other jurisdictions. And, if I have one big disappointment, it is with our provincial governments who have not acted yet. Ontario, in particular, is such a dominant player in the mining world. They have said sort of all of the nice things in private meetings, but they have never actually come out and said, “We will build this through regulation.” And this is why equivalency is important. At some point, Ontario, B.C. and Québec, primarily, for our sector, will actually move forward with this, and then we actually will not really need the federal legislation at least insofar as it relates to mining because we are mostly publicly traded companies. So I think the provinces are not, for

the most part, used to looking beyond their borders all that much, so, perhaps, they are just not grasping the significance of this issue, but they should.

AM: You have each concluded with a comment about what you would like to see done differently in the future and what you would like to see done differently now. I will add my own, especially, for someone who works with parliamentarians. It is, at a minimum, an unsubtle irony—perhaps, a comical irony—that a bill on transparency is being passed by being buried in a colossal omnibus, but that is a discussion for another day.

PG: Very true.

AM: We will open it up out there. Any questions for our panel here?

Q: The question relates to gender and if we were in a hierarchy because, obviously, we know corruption tends to occur where there are pockets of power, either to access that power or manipulate it somehow. If more women were in positions of power, is there any empirical evidence gathered to date to suggest that there would be any less corruption and any more transparency if we were in a world of business and government entirely run by women?

AM: May I take that one?

CW: Yes, please.

AM: That is a very interesting question because it is one that GOPAC has researched quite a bit and has written about because we do think, in addition to the aspect of corruption, it delegitimizes governments and parliaments when they are not representative of the populations they seek to represent. It makes them less legitimate in the eyes of the population. It certainly makes them less effective and less capable of having a truly national discourse, leading to advance the national good.

But the question about whether gender makes a difference in corruption is a fascinating one. Our findings have been that, on the whole, female parliamentarians in systems where there is a low risk of getting caught, female parliamentarians are just as likely as male parliamentarians to cheat, steal and take bribes; however, in systems where there is a moderate to high probability of getting caught, female parliamentarians are much less likely to steal, cheat or take bribes. Now, you can read that many ways. There are some people who think, perhaps, it is because that means that female parliamentarians tend to be risk-averse. Perhaps, it means that in systems that are less corrupt, they tend to elect more women based on merit rather than based on corruption itself, that is, a highly corrupt system just reproduces more corrupt people. So I can only tell you that correlation strongly exists. I

cannot give you a definitive causal answer to it.

There is only one parliament today that has an outright majority of female parliamentarians, and that is Rwanda, and Rwanda is a fairly extraordinary place, so I would be reluctant to take any general conclusions based on what has happened in a country that has recently gone through a genocide.

Q: I am Professor Trevor Preston. I am a professor of international development at Centennial College, and I just have one question that maybe each of the speakers or maybe one speaker could address: Could you tell me more about the philosophy of disclosure in transparency? Is it simply an effort to put information out there, and people will take ownership of that information, publicize information, or does it serve as a bit of a deterrent—getting that information out there either will stop the payments or people will stop asking for it? Could you tell me what the philosophy of transparency or disclosure is?

AM: Thank you.

CW: I think, you know, at the heart of this is the belief that the data will be actively used, and we have seen this information be used. I was at a series of workshops with civil society organizations in Trinidad and Tobago who were using their first EITI report, which is the Extractive Industries Transparency Initiative, and they

had their first report, and, like a lot of EITI processes, it was four-year-old data. So the government that was there had changed, but they were trying to understand it. And it was at slightly too high a level, so it did not have all the kind of information they maybe needed, but they were actively engaging with the report and trying to see how they could use that information to understand why certain communities were not experiencing the benefits that they needed or wanted to see from the resource wealth. I think that we expect this active engagement book partly because our members are on the ground asking for it, so, in that way, I think, as a coalition we are kind of lucky because we have all these civil society organizations. Globally, they are saying, “We need this in this form so that we can ask the questions.”

Now, data does not automatically become transparency or even accountability, right? People have to actually access the data, and then it has to be translated often into something digestible because, in poor countries, even in Canada, a lot of people are not data-literate. Can somebody access an XBRL file and figure out what all that means in terms of real time? But there are a lot of groups out there, and there are a lot of researchers and a lot of academics who I think will engage with this information, make it more accessible, maybe turn it into images. We have done these kinds

of things in our coalition with certain countries—even broadcast it on the radio. They have done that in some of the countries where we have coalitions. There are lots of different ways to convey information. Put it on a billboard. But there will have to be people using the information for it to have an impact. However, we know that there will be.

AM: Your example of Trinidad is an interesting one. I spoke with some of our colleagues, my colleagues in Trinidad, in Trinidad’s senate, who said that before they used to get robbed blind. Thanks to transparency, they are getting robbed in broad daylight, and they are not sure if that is improvement or not.

CW: I do not know either.

AM: But, certainly, if you have the information you may not be able to enforce accountability, but if you do not have the information, you have no chance of enforcing accountability.

CW: That is true.

Q: Perhaps, as a follow-up to that, could you talk about investors and the role that they played in all this? And could you also offer just a word about the workshops that you carried out and how many people were involved and the purpose of those workshops—so, it is not just MAC or PDAC or Publish What You Pay Canada, but a lot more Canadians were involved in this whole process?

CW: So this is an issue that has had quite a lot of investor support. Canadian investors have come together to write letters in favour of mandatory transparency as have international investors, who have supported the introduction of mandatory reporting standards in Canada. There have been investors with \$5.8 trillion in assets who wrote Natural Resources Canada and called for them to introduce a strong mandatory reporting rule. But I think this information does have utility for investors, and this is where our recommendations did use a securities venue partly because of the investor interest in the data. Now, that does not mean that through federal regulations or federal legislation that investors will not access and use that data. I am sure they will in the same way they would through securities regulation, but part of the push for securities has come because of the investor interest in the data. I do not know if you want to talk further about the workshops.

PG: It was mostly done by Ben. I should give a shout out to my colleague, Ben Chalmers, who is presently on another continent talking about another transparency initiative of ours called “Towards Sustainable Mining.” He did all of the heavy lifting and hosted all of these workshops with you. We held some key ones in different major cities in Canada and tried to bring in civil society and industry. We tried to build as much awareness of what we were trying to do as we could.

CW: Yes, we had quite a number of workshops on different topics. Often they looked at substantive issues that we were coming up against, so getting broader perspective on some of the trickier issues we were facing. And, it was always more about awareness raising. But a lot of different companies attended, then we also held civil society focussed workshops where we reached out to the civil society community.

Q: Hi. Alanna with Barrick Gold Corporation. I want to thank you guys for your comments. It is just a quick one. It is mostly for Claire: One of the things I am most proud of the work that the industry did on this is that we were constructive and proactive in that we sort of got out and worked on problem solving ahead of time. So once we publish what we pay, what is next for you guys? What is next for all of us?

AM: That is an excellent final question.

CW: Yes. Well, we have got lots of ideas. I do not think my coalition has come together to finalize what that will be, but there is a lot of interesting work going on globally. We have a lot of members that are really interested in more contract transparency, and there are a lot of important issues now put into contracts. We have a lot of coalition members interested in that, and we just finished a securities search where we pulled up, and, basically, 400 oil and gas contracts that were

publically available previously but kind of unknown and about 35 of those are from SEDAR. So that is an issue that I think is definitely really big within our coalition. Our members are interested in that and in contract monitoring.

And then there are lots of other kinds of transparency issues around or related to tax and illegal tax evasion and things like the public disclosure of beneficial ownership: So who really owns a company? There has been a lot of these issues emerging, and I think as a coalition, we are going to have to look at what is going to be our priority issue in the coming years.

AM: Assuming the bill is passed in the upcoming session, there will be upcoming deliberations. The two of you will have to start working on a new memorandum of understanding. Thank you very much.

CW: I do not think our work is done yet.

PG: No, we are not done yet.

Q: My name is Ms. Helle Bank Jørgensen. I am head of the Global Compact Network Canada. Thank you very much for all your great insights here. I was wondering in terms of the assurance of this and in terms of the hotline, where if there is something out in the country where you say, “Oh, there’s something that has not been published. What has been paid?” Any thoughts on that—the whole assurance process of this?

CW: We have not really thought about a hotline. It would probably have to be something via text because, often, calling is too expensive in developing countries. But there are all kinds of very cool, online things you can do with texting now. We have definitely been brainstorming how to get information out there; for example, there are text services and different kinds of web platforms that allow you to access rural communities that are only really available kind of through text. So I do not know if there will be a hotline per se, but I think there will be some really neat, innovative tools using sort of locally available community resources, like, text services where that is available to communicate information and even to ask questions back and forth.

Q: So Helle did a great job teeing it up for me. I am from PwC Canada, so, on the topic of assurance, I think that notion here which is really important which you talked about is this information needs to be relevant. It needs to be accurate and, of course, it has to be reliable—and, of course, through PwC, we are in the business of providing trust. What are Transparency International and Publish What You Pay and MAC doing to ensure that the information that is provided is information people can trust? And, from a legislative perspective, what is happening there?

CW: I mean the legislation has a strong safeguard, so there is an attestation clause in the legislation whereby directors or officers of the company have to essentially attest to the information, and there is also director liability in the legislation. So those two things together create a fairly strong bar for assurance.

PG: This is actually an area where we also have a bit of an issue because the way it is drafted. It reads as though one's due diligence would have to attest for every last cent. The work of PwC does not assure to that level, so there is actually a bit of an issue here that needs to be worked through. Had this been through securities legislation—this notion of materiality is already built in—it would be fine. This is federal legislation using the criminal law power, and they have not embedded in this notion of materiality. So it is actually a bit of a problem that we are hoping can maybe be resolved through the guidance that is going to be developed on a go-forward basis.

So Claire's point is right. I mean there are strong levels of assurance here, but practically speaking, there are still some questions because you are not going to account for every last cent. Nobody in your firm or in your world would provide that level of assurance. What is important is that we are able to demonstrate that there are the kinds of assurance that would be expected for something of this nature.

AM: From a legislative perspective and in my experience, people often confuse ‘parliamentary sovereignty’ and ‘parliamentary supremacy’ with ‘parliamentary omnipotence’. One of the countries that has very, very strong anti-corruption laws is Ukraine. It also has a catastrophic level of political corruption across its entire political class because that legislation is simply not enforced, and enforcement agencies have neither the power nor the resources to attend to them. A key measure of this legislation as all anti-corruption legislation will be once it has passed is the government willing and able to devote the resources necessary to it so that it can be enforced.

PG: Though I think it is important to point out here that in this particular instance besides the burden of collecting that information and then submitting it, once you have set up your systems, it is not hard thereafter to provide that information. There is not really a strong disincentive for industry to not do it. So I mean there may be the possibility of an error that can be corrected. Industry in which particular legislation is not the culprit. The culprit is government, and what is happening to the monies that are submitted, and industry is trying to play a role in helping shine a light on what those monies are that are received by governments. So we are the enabler to being able to do that. I mean there is the Corruption of Foreign Public Officials Act, which

is sort of a parallel piece of legislation where you are actually talking about bribes, bribery, but, in this case, these are legitimate payments that companies make, and we want to disclose that so I do not think there will be that much of an issue with companies about not disclosing. They want disclosure, at least in the mining sector. We want disclosure. We have got 1,200 plus companies in Canada. It would not surprise me that there are some out there that do not know yet that they will very soon have this requirement, so it will be a bit of a wakeup call for them. But, certainly, in our respective memberships, PDAC and MAC, there is a high level of awareness, and they know that this is coming.

**Note of Appreciation by Yolanda Banks, Senior Advisor,
Corporate Responsibility, Export Development Canada**

Good afternoon, everyone. My name is Yolanda Banks. I am Senior Advisor of Corporate Social Responsibility at Export Development Canada. I have been given the very honorable role of thanking everyone today, so I have to also compliment the Empire Club for bringing this topic as part of its roster of lunches. This is not something that they typically offer or talk about, but it is a conversation that has been preoccupying business for several years now. I also have to complement the Empire Club as well as the Global Organization of Parliamentarians Against Corruption for the format. I think typical Empire Club luncheons are you have a speaker, a little Q&A, and it is done, but, to have a panel that actually has a dialogue, a free-flowing dialogue about a topic, is a very refreshing way to treat this. As well, we see together two groups, representatives from two groups that one could almost consider adversaries, the civil society and the mining industry or private sector, so, again, very innovative and cutting edge to put this together in this way. Corruption and transparency in business is a topic that very much concerns Export Development Canada because it can impede free and fair trade. When you have one entity or business that is willing to engage in corruption or bribery to gain an advantage they would not otherwise have, that does not lead to free trade or fair trade. It does not lead to the

best product for the best price, and what it does is channels benefits into the pockets of the few, rather than to the many. I think what we heard from the speakers today is that transparency through, perhaps, legislation is part of the solution to this. It will achieve, we hope, a more level playing field, and we know, based on what we heard, legislation is coming, so those who will be affected will begin preparing, and Canada has very much responded to voices that they have heard; they have heard from the Government of Canada, industry and from civil society in bringing this information and this legislation forward.

I think another final point that both speakers pointed to is that the success of this initiative has been through building trust between two groups that are typically considered adversaries, civil society and the private sector but with the cooperation of government as well.

So, once again, congratulations to the organizers, to the speakers and, thank you, to those of you who came out this afternoon. I know everyone has a very busy day, but it is an important topic, and we thank you for your time.

Concluding Remarks by Andrea Wood

I would like to thank our generous event sponsor, Export Development Canada. Thank you very much for enabling today's luncheon.

I would also like to thank the *National Post* as our print media sponsor. This meeting has been broadcast on Rogers TV.

You, in the audience, can follow us on Twitter at @Empire_Club and visit us online at www.empireclub.org.

Thank you all for coming. We hope to see you again soon at some of the exciting events that are coming up and that are described on the brochures at your table. Please, have a look before you go. This meeting is now adjourned.

Thank you for joining us.