

**Presentation to the
Committee of Experts of the Organization of American States
on the
Implementation of the Inter-American Convention against Corruption**

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Check Against Delivery

Good morning. On behalf of Transparency International Canada I wish to express my appreciation to the signatory countries comprising the Inter-American Convention against Corruption for providing spaces for participation by civil society.

Following a brief opening remark about Transparency International Canada, I will offer several comments that our organization believes are pertinent to this Fifth Round of Review of Canada's performance in implementing the Inter-American Convention against Corruption. I wish to note that while offering our comments, Transparency International Canada considers its working relationship with the Government of Canada to be very constructive and appreciates its openness to ongoing engagement as well as its participation in our annual Day of Dialogue.

Transparency International Canada is a member of the world's leading non-governmental, anti-corruption organization with more than 100 chapters worldwide and an international secretariat in Berlin. Through advocacy, research and capacity building, we are working toward a world that is free of corruption. TI Canada has been at the forefront of our national anti-corruption agenda.

While TI Canada's areas of expertise and effort converge around many elements of the Convention, our comments today are limited to the two primary areas being reviewed in this round; namely:

1. To "continue to strengthen systems for the procurement of goods and services by the government; and,
2. Ensuring that Canada has "systems for protecting public servants and private citizens who, in good faith, report acts of corruption.

Our primary concern related to government procurement is on beneficial ownership of companies. Until Canada establishes an enforceable and transparent system of beneficial ownership, the government will not know who they are really dealing with when they are procuring goods and services. In the same way that, without a registry of beneficial ownership, our financial systems are vulnerable to exploitation so also are Canada's public procurement systems. We welcome the Government of Canada's intention, as stated in the recent federal budget, to strengthen corporate and beneficial ownership transparency. When in place this will add to Canada's capacity to avoid corruption in its procurement systems.

As more countries put up barriers to the criminal and corrupt, those looking to abuse public as well as private systems will gravitate to jurisdictions with weaker standards. In a recent TI Canada report, *No Reason to Hide: Unmasking the Anonymous Owners of Canadian Companies and Trusts*, we highlight a 2015 TI analysis that found Canada's performance to be either "weak" or "very weak" in seven of the 10 G20 principles on beneficial ownership. In September 2016 the Financial Action Task Force published a highly critical evaluation of Canada's secrecy regime. The task force called on the government to make beneficial ownership information accessible "as a matter of priority." This Committee of Experts may wish

to encourage Canada to “fast track” the requisite legislation, considering its close link to the procurement focus under this Fifth Review.

Beneficial owners can remain entirely anonymous – their identities concealed even from the government agencies issuing government contracts or government agencies entrusted with enforcing laws and regulations. Anonymous ownership creates unnecessary obstacles for our law enforcement and tax authorities, fostering a climate of impunity due to low perceived risk. The Toronto Star and CBC, two important media sources, found that financial consultants abroad have a specific term for facilitating tax dodging and funneling illicit funds in Canada, ‘snow washing’. This is a stain on Canada’s reputation as a good global citizen. In the context of today’s meeting, our research supports the need for a registry of beneficial ownership as an essential tool to reduce the current vulnerabilities in Canada’s procurement processes.

In relation to the second, above stated, subject of this review on ensuring protection for civil servants who report wrongdoing, put otherwise as whistleblowing, it is the view of Transparency International Canada that Canada’s current legal framework is outdated and out of step with internationally recognized best practices. The most serious deficiencies are: 1) lack of protection for public sector whistleblowers, either at a federal or provincial level, and 2) an almost complete lack of coverage of the private sector.

Most of the current legislation focuses on procedures for handling allegations of wrongdoing, rather than on protection for the whistleblowers. At the federal level, the Public Servants Disclosure Protection Act (PSDPA) created two new agencies: (1) the Office of the Public Sector Integrity Commissioner and (2) the Public Servants Disclosure Protection Tribunal. Only the Tribunal can provide whistleblowers with a remedy, but access to the Tribunal is controlled by the Integrity Commissioner. The effectiveness of this mechanism has been brought into question, as the Commissioner has, to our knowledge, referred very few whistleblowers to the Tribunal, and no case has yet reached the point where the Tribunal could order a remedy for the whistleblower.

In closing, if not already raised with this committee by others, you, the Committee of Experts are encouraged to consider whether Canada has or could improve its efforts to combat bribery over earlier concerns that Canada had been less rigorous in applying and enforcing the Corruption of Foreign Officials Act than other countries.

Thank you for this opportunity to share our comments as well as to offer those parties representing the Canadian government the willingness of Transparency International Canada to contribute legislative, regulatory or judicial inputs to the process going forward.